

TECHNICAL



MOMBASA

UNIVERSITY OF

School of Business

Department of business administration

UNIVERSITY EXAMINATION FOR:

BACHELORS DEGREE IN BUSINESS ADMINISTRATION

BMG 4202 BUSINESS LAW 1

SERIES: APRIL 2025

TIME: 2 HOURS

DATE: 2 MAY, 2025

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of five questions. **Attempt question ONE (Compulsory) and any other TWO questions.**

Do not write on the question paper.

Question ONE (Compulsory) – 30 Marks

Case Study: John vs. Bright Insurance Ltd

John, a businessman, applied for a life insurance policy with Bright Insurance Ltd. In the application form, he was required to disclose any pre-existing medical conditions. However, John failed to mention that he had been diagnosed with a heart condition two years earlier. The policy was approved, and he began paying premiums.

Two years later, John passed away due to heart complications. His family filed a claim with Bright Insurance Ltd, seeking compensation. Upon investigation, the company discovered John's non-disclosure and refused to pay out the claim, arguing that he had breached the principle of Uberrimae Fidei by not disclosing material facts about his health.

His family took legal action against the insurance company, claiming that John's death was covered under the policy and that the non-disclosure was unintentional.

- a) i Explain the principle of *Uberrimae Fidei*, and how it applies to this case. (4 marks)
ii. Give one reason why Bright Insurance Ltd had the legal right to deny the claim.

(2 marks)

- iii.) Explain three legal remedies available to John's family in this case. (6 marks)

b) Case Laws/ Judicial Precedents/ Judge-made Laws are principles formulated by Judges when deciding cases before them. The principles are relied upon by Law in subsequent cases under the doctrine of *Stare Decisis*.

Explain four circumstances a Judge may refrain from a binding precedence. (8 marks)

c) African Customary law is based on the customs, beliefs and practices of the various ethnic groups in Kenya. Explain five requirements that a custom must satisfy for it to be relied upon. (10 marks)

Question Two

a) Explain the doctrine of *ultra vires*. (10 marks)

b) Differentiate between a crime and civil wrong. (10 marks)

Question Three

a) Explain five vitiating elements or factors which may affect the validity of a contract.

(10 marks)

b) The fairness or justice of equity is best illustrated by its maxims. Explain five maxims of equity. (10 marks)

Question Four

a) Explain four essential Elements of a Contract. (10 marks)

b) In relations to the law of agency discuss how agency is created. (10 marks)

Question five

a) Explain **five** Five general defences available to a person sued in tort. (10 marks)

b) There are essential elements which distinguish a bill of exchange from other instruments. In line with the statement, explain **five** of these elements. (10 marks)