

KIBABII UNIVERSITY



203

UNIVERSITY MAIN EXAMINATIONS

2017/2018 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: **BCI 338**

COURSE TITLE: **INSURANCE MARKETS**

DATE: 8/1/2018 **TIME: 9 - 11AM**

INSTRUCTIONS TO CANDIDATES

Answer All questions in Section A and Any other **TWO (2)** Questions from section B

SECTION A

QUESTION ONE

- a) Describe briefly the four main participants in the Kenyan insurance industry (4 Marks)
- b) Outline five factors necessitating development of insurance market in Kenya (5 Marks)
- c) State the main objectives of the Insurance Regulatory Authority (5 Marks)
- d) Write short notes on the following concepts as used in insurance markets
 - i). Captive Insurance Companies (4 Marks)
 - ii). Underwriting (4 Marks)
 - iii). Loss Adjustment (4 Marks)
 - iv). Facultative and Treaty Reinsurance (4 Marks)

SECTION B

QUESTION TWO

Mr. Samuel is an underwriting manager of a Kenyan-based insurer who is looking to write business in other countries. Senior management have ruled out the possibility of developing a network of offices and employing new staff based overseas, and has asked him to consider finding a suitable cover holder to partner with. Senior management have also asked him to consider how he could ensure that service levels are monitored and controlled once authority has been delegated to a coverholder in a different country to protect your reputation and brand.

- a) Explain the international considerations he will need to take into account before making any decision to look for a suitable coverholder. [10 Marks]
- b) Identify and explain briefly **five** key areas that he might include in a service level agreement [10 Marks]

QUESTION THREE

You are the Claims Manager of a Kenyan-based insurance broker who has been granted an underwriting and claims authority agreement with an insurer. In order to satisfy the insurer's Claims Manager that your claims team are fully competent and ready to operate the claims authority agreement, you have been asked to design a training programme for your claims team to ensure they are all aware of the legal and regulatory environment in which they will be operating.

- (a) Explain with justification, six of the most important legal and regulatory issues that would be included in your training programme for your claims staff. [12 Marks]
- (b) Identify and describe two activities, other than claims and underwriting that could also be delegated by an insurer to a coverholder. [8 Marks]

QUESTION FOUR

- a) You are a broker making a presentation to your company's graduate trainees about the global reinsurance marketplace. Describe the characteristics of a successful international reinsurance centre. [8 Marks]
- b) Discuss the main challenges and opportunities that an organisation operating worldwide will face in taking a global approach to its insurance arrangements. [12 Marks]

QUESTION FIVE

- a) Discuss the historical development of insurance from as early as 3000 BC to present highlighting significant milestones along the way. [12Marks]
- b) Distinguish between the two basic types of reinsurance and explain when each type may be used. [8 Marks]