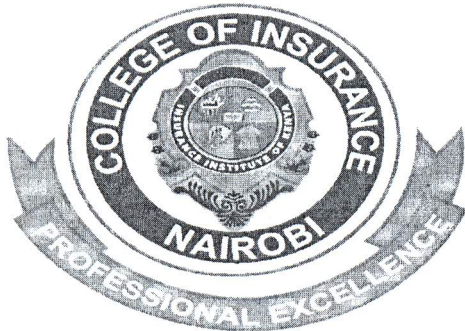


COLLEGE OF INSURANCE



DIPLOMA IN INSURANCE

CONTINUOUS ASSESSMENT TEST 2

SUBJECT TITLE : PRINCIPLES AND PRACTICE OF INSURANCE

SUBJECT CODE :DIP 102

DATE: 7TH MAY 2014

TIME: 11.30 A. M. TO 12.30 P. M. (1 HOUR)

ANSWER ALL QUESTIONS

SECTION A 20 (MARKS)

1. Distinguish between a cover note and a certificate of insurance. **(4 Marks)**
2. In takaful insurance, state two areas cited by Muslim scholars as contravening the Sharia law. **(4 Marks)**
3. Explain how long term agreements in general insurance operate. **(4 Marks)**
4. State four distribution channels of micro insurance products. **(4 Marks)**
5. Alice is a claims handler at AVO insurance Ltd who paid a claim to Ken by mistake. Outline four circumstances that will make it possible for AVO to recover the payment to Ken. **(4 Marks)**

SECTION B (30 MARKS)

6. You are a supervisor in the customer service department. A potential client has refused to purchase an individual life assurance policy stating that the consumer of insurance in Kenya is not protected at all. Explain to the client six forms of protection availed to the consumer of insurance in Kenya through the Insurance Act. **(12 Marks)**
7. Explain five circumstances that may make an insurance company to resort to facultative reinsurance. **(10 Marks)**
8. Explain four ways in which an insurance company can enter into bancassurance. **(8 Marks)**