

**CONTINUOUS ASSESSMENT TEST (CAT 2)**

**ANSWER ALL QUESTIONS**

**SECTION A (20 MARKS)**

1. Distinguish between level term assurance and convertible assurance policy. **(4 Marks)**
2. State four types of benefits an insured can obtain from an inpatient health insurance policy. **(4 Marks)**
3. Explain two types of perils that are covered under a standard fire policy. **(4 Marks)**
4. The Insurance Act requires that a Balance Sheet, Profit and Loss Account and Revenue Account be prepared and signed by the principal officer and two directors. State four other types of Accounts and statements that require to be submitted. **(4 Marks)**
5. Explain two purposes of compulsory insurance. **(4 Marks)**

**SECTION B (30 MARKS)**

6. Explain the importance of risk management to insurance companies. **(8 Marks)**
7. Describe the risk management process. **(12 Marks)**
8. Your Board of Directors (BOD) has been told by a consultant that changes in the operations of National Hospital Insurance Fund (NHIF) may have an impact on private health insurance business. The BOD would like to understand how the NHIF currently operates.

Write a paper to the BOD with the following subheadings:

- 1.0 Membership
- 2.0 Contributions
- 3.0 Benefits
- 4.0 Management of NHIF

**(10 marks)**