

**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**THIRD YEAR FIRST SEMESTER EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 321**

**COURSE TITLE: LIFE ASSURANCE AND DEMOGRAPHIC STATISTICS**

**DATE: 10TH DECEMBER, 2014**

**TIME: 9.00 A.M-12.00 P.M**

**Instructions:**

Answer question **ONE** and any other **THREE** questions.

**QUESTION ONE**

1. Discuss **SIX** importance of life assurance to citizens of Kenya. (8 marks)
2. Define the term ‘Insurable risk.’ List and explain FIVE conditions that must be fulfilled for a risk to qualify to be an insurable risk. (8 marks)
3. Describe any **SIX** key factors to consider before buying Life Insurance an individual. (9 marks)

**QUESTION TWO**

1. Explain the meaning of “Personal Insurable Risks” and briefly describe any FIVE insurable risks of a personal nature in your country. (8 marks)
2. Discuss the factors that hinder the development of life assurance policy in Kenya. (7 marks)

**QUESTION THREE**

1. Explain the following types of risk: (9 marks)
2. Pure risk
3. Speculative risk
4. Fundamental risk
5. Describe the meaning and its application of the principle of insurable interest. (6 marks)

**QUESTION FOUR**

1. Describe the meaning of “Whole of life assurance policy.” Discuss **FIVE** advantages and disadvantages of purchasing whole of life assurance policy. (8 marks)
2. List and explain **THREE** types of whole of life assurance policy. (7 marks)

**QUESTION FIVE**

1. Describe the meaning of Endowment Life Insurance Policy and explain FOUR of its advantages. (6 marks)
2. Briefly explain the meaning of the following terms: (9 marks)
3. Unit-linked endowment.
4. Full endowments
5. Low cost endowment
6. Modified endowments
7. Traded endowments

**QUESTION SIX**

1. List and explain **SIX** differences between Endowment Life Insurance Policy and whole of life assurance policy. (7 marks)
2. What is Life annuity? Briefly explain the meaning of the following types of life annuity: (8 marks)
3. Fixed and variable annuities
4. Guaranteed annuities
5. Joint annuities
6. Impaired life annuities