



MUEO

# MOI UNIVERSITY

OFFICE OF THE DEPUTY VICE CHANCELLOR  
(ACADEMICS, RESEARCH, EXTENSION & STUDENT AFFAIRS)

## UNIVERSITY EXAMINATIONS 2022/2023 ACADEMIC YEAR SECOND YEAR FIRST SEMESTER EXAMINATION

FOR THE DEGREE OF

**BACHELOR  
OF**

**CIVIL AVIATION MANAGEMENT**

**COURSE CODE:** BCM 202

**COURSE TITLE:** AVIATION RISK & INSURANCE

**DATE:** 14<sup>TH</sup> DECEMBER, 2022 **TIME:** 2.00 P.M. – 5.00 P.M

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### INSTRUCTION TO CANDIDATES

- SEE INSIDE.

THIS PAPER CONSISTS OF (2) PRINTED PAGES

PLEASE TURN OVER

**BCM 202 – AVIATION RISK AND INSURANCE**  
**NOVEMBER 2022 EXAM**

Instructions

Attempt question **ONE** and any other **TWO** questions

**QUESTION ONE**

- a) Explain the bases on which aircraft hull policies are written and describe **four** aircraft hull exclusions (7 Marks)
- b) Brian argues that insurance cover is available for all risks while Lauren believes otherwise. Discuss this statement with specific reference to the characteristics of insurable risks. (7 Marks)
- c) Indemnity refers to the obligation of the insurer to take back the insured to the same financial position he was in just before a loss. Concisely discuss the factors that limit the payment of indemnity. (6 Marks)
- d) Briefly describe the scope of cover accorded by the below listed policies in addressing various insurance/assurance needs
  - i. Term assurance policy (2 Marks)
  - ii. Marine insurance policy (2 Marks)
  - iii. Fire insurance policy (2 Marks)
  - iv. Public liability policy (2 Marks)
  - v. Hangers keepers liability policy (2 Marks)

**QUESTION TWO**

- a) With regard to the doctrine of proximate cause;
  - i. Explain the origin and define the meaning of *proxima causa* (3 Marks)
  - ii. Using relevant case law, explain the rules for the application of proximate cause (8 Marks)
- b) Explain the methods available to an insurer in fulfilling its obligation to indemnify an insured. (4 Marks)
- c) Describe the underwriting considerations on an aircraft hull policy (5 Marks)

**QUESTION THREE**

- a) The premium, which an insured pays, represents his contribution to the common pool and thus must reflect the value of risk and the degree of hazard brought to the pool. Explain the components of the insurance premium charged on an insured (5 Marks)
- b) Identify and describe **five** main classes of insurance (10 Marks)
- c) *'Subrogation is the right of one person to stand in the place of another, and avail himself all the rights and remedies of that other, whether already enforced or not'*.  
With regard to the foregoing;
  - i. Describe the extent to which subrogation rights are available to the insurer? (2 Marks)
  - ii. How do insurers modify the operation of the principle of subrogation? (3Marks)

**QUESTION FOUR**

- a) The life assurance contract has certain elements that set it apart from other types of contract. Exhaustively discuss these elements. (6 Marks)
- b) Utmost good Faith is a positive duty to voluntarily disclose, accurately and fully all facts, material to the risk being proposed, whether asked for or not. Explain what is meant by a *material fact* and list five facts that ought NOT be disclosed by a prospective insured. (6Marks)
- a) Define the term *reinsurance* and exhaustively discuss the reasons as to why insurers purchase reinsurance (8Marks)

**QUESTION FIVE**

- a) Describe the essential features of insurable interest (4 Marks)
- b) Write short notes on the following: -
- i. Whole life assurance (4 Marks)
  - ii. Air meet liability liability (4 Marks)
  - iii. Voyage policy (4 Marks)
- c) Identify four sellers or suppliers of insurance in the Kenyan insurance marketplace (4 Marks)

