



MUEO

MOI UNIVERSITY

**OFFICE OF THE DEPUTY VICE CHANCELLOR, ACADEMIC
AFFAIRS, RESEARCH & EXTENSION
UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC YEAR**

**END OF SEMESTER EXAMINATIONS
FOR THE DEGREE OF
BACHELOR OF CIVIL AVIATION MANAGEMENT**

EXAM CODE: BCM 202

COURSE TITLE: AVIATION RISK & INSURANCE

DATE: 19TH DECEMBER 2023

TIME: 9.00AM-12.00PM

INSTRUCTION TO CANDIDATES

➤ SEE INSIDE.

THIS PAPER CONSISTS OF (1) PRINTED PAGE

PLEASE TURN OVER

BCM 202 – AVIATION RISK AND INSURANCE
DECEMBER 2023 EXAM

Instructions

Attempt question ONE and any other TWO questions

QUESTION ONE

- a) 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. (4 Marks)
- b) George contends that insurance cover is available for all risks while Janeth believes otherwise. Discuss this statement with specific reference to the characteristics of insurable risks. (5 Marks)
- c) Explain the bases on which aircraft hull policies are written and describe four aircraft hull *exclusions* (5 Marks)
- d) Write short notes on the following: -
- i. Airport liability coverage (4 Marks)
 - ii. Air meet liability (4 Marks)
 - iii. Deductible (3 Marks)
- e) With regard to the doctrine of proximate cause. Explain the origin and define the meaning of *proxima causa* (5 Marks)
- f) 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)
- g) *'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 TWO

- a) Explain the methods available to an insurer in fulfilling its obligation to indemnify an insured. (4 Marks)
- a) Describe the underwriting considerations on an aircraft hull policy (6 Marks)

QUESTION THREE

- a) Identify and describe five main classes of insurance (10 Marks)

QUESTION FOUR

- a) 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 to be disclosed** by a prospective insured. (10 Marks)

QUESTION FIVE

- a) Identify and describe four **sellers** and four **buyers** of insurance in the Kenyan insurance marketplace (10Marks)

QUESTION SIX

- a) Define the term *reinsurance* and exhaustively discuss the reasons as to why insurers purchase reinsurance (6 Marks)
- b) Describe the essential features of insurable interest (4 Marks)