



**UNIVERSITY EXAMINATIONS**  
**FOURTH YEAR EXAMINATION FOR THE AWARD OF THE**  
**DEGREE OF BACHELOR OF COMERCE/BUSINESS**  
**ADMINISTRATION/ECONOMICS**  
**FIRST SEMESTER 2023/2024**  
**[AUGUST-DECEMBER, 2023]**

**BBAM 445: SOCIAL INSURANCE**

**STREAM: Y4 S1**

**TIME: 2 HOURS**

**DAY: THURSDAY, 12.00 – 2.00 P.M.**

**DATE: 16/11/2023**

**INSTRUCTIONS**

- 1. Do not write anything on this question paper.***
- 2. Answer Questions ONE and any other THREE Questions***

**QUESTION ONE COMPULSORY]**

- A. Citing examples, explain the reasons for social insurance. (9 Marks)
- B. Explain global problems mirrored with social insurance institutions. (7Marks)
- C. Describe the benefits fully insured workers are entitled to. (9 Marks)

**QUESTION TWO**

- A. Explain possible causes of government failure in providing social insurance in Kenya. (7Marks)

B. Social security benefits are financed largely through payroll taxes. The more you earn (up to the maximum earnings base), the more tax you pay. Income benefits, however, favour lower-income workers. Explain why lower-income people are favoured. (8 Marks)

### **QUESTION THREE**

A. A worker is entitled to Worker's Compensation benefits when disability arises out of and in the course of employment." A pregnant employee applies for medical and income benefits, alleging that her condition arose out of and in the course of the company's annual Christmas party.

REQUIRED:

(i) Explain if the female employee is entitled to benefits. Why or why not? (5Marks)

B. Explain the criticisms labelled on social insurance. (10 Marks)

### **QUESTION FOUR**

A. Citing examples, describe the drivers of social insurance. (7 Marks)

B. Explain why social insurance has become a major threat to health. (8Marks)

## **QUESTION FIVE**

Roseline Okello, single, age twenty-five, received two job offers after college graduation. Both were with organizations that she respected, and the nature of the work at each place sounded very interesting to her. One job was with a larger, well-established firm and offered Ksh22, 000 per year in salary plus noncontributory benefits worth Ksh7, 000 per year. The other job was with a small business and offered a salary of sh30, 000 per year without employer voluntary benefits (the employer is required to pay for social insurance programs). Roseline's mother suggested that she make the choice between the two jobs based on which offered better total compensation.

### **REQUIRED:**

- A. Explain the factors Roseline should consider in determining a better package that maximizes her total compensation. (10 Marks)
- B. Explain your answer on which employer is economically better off (all else being equal, the one offering salary plus benefits or the one offering salary only). (5Marks )