



**KISII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**

**SPECIAL EXAMINATIONS**  
**SECOND YEAR EXAMINATION FOR THE AWARD OF THE**  
**DIPLOMA IN LAWS**  
**FIRST SEMESTER, 2021/2022**  
**(FEBRUARY - JUNE, 2022)**

**DLAW 0217: ELEMENTS OF INSURANCE LAW**

**STREAM: Y2 S1**

**TIME: 2 HOURS**

**DAY: THURSDAY, 3:00 – 5:00 P.M.**

**DATE: 28/07/2022**

---

**INSTRUCTIONS**

- 1. Do not write anything on this question paper.***
- 2. Answer question ONE (Compulsory) and any other TWO questions.***
- 3. Illustrate your answer with relevant cases and statutory provisions where applicable.***

**QUESTION ONE**

- a) Mr. Maraga is a law student at Kisii University School of Law. He has just been introduced to a new course that is; Introduction to the Law of Insurance. He is quite perturbed as he does not understand this new course and its key concepts. He has been approached by Mr. George who has insured his property worth Ksh 12,000,000 with two insurance companies; AMACO LTD for Ksh 9,000,000 and Prudence Assurance Co. LTD for Ksh 8,000,000. The value of property was estimated as Ksh 8,000,000 after fire

outbreak. Mr. George is stranded on where to claim. Advise him on the possible options available with regard to double insurance. (15 marks)

- b) The principle of average clause requires that one bears proportion of any loss if ones assets were insured for less than their reinstatement value. Elsea Grace owns a building worth Ksh 2,000,000 but insured it for 500,000 which is totally destroyed by floods. Advise her on what she should claim the insurer. (7 marks)
- c) Generally, both the insurer and insured bear the loss proportion to the covered and uncovered sum. Ms. Juma owns a car worth Ksh 1,500,000 which she insured for Ksh 1,300,000 and the fire insurance policy comprises the average clause. Due to fire outbreak, the property was partly destroyed. It was found out that the value destroyed Ksh 750,000. Ms. Juma has approached you for an advice on the amount she is expecting from insurer. Advise her accordingly. (8 marks)

## **QUESTION TWO**

As an expert of insurance law, you have been invited to give a key note address on insurance law. Your address is aimed at enlightening the attendees on the double insurance, reinsurance and insurance.

- a) State and explain the features of insurance. (8 marks)
- b) Discuss the key objectives of reinsurance. (6 marks)
- c) Differentiate the terms; insurance, reinsurance and double insurance. (6 marks)

## **QUESTION THREE**

- a) State and discuss the major types of insurance. (10 marks)
- b) Define the following terms;

- i) Cover note. (2 marks)
- ii) Risk. (2 marks)
- iii) Insurable interest. (2 marks)
- iv) Policy. (2 marks)
- v) Subrogation. (2 marks)

#### **QUESTION FOUR**

In the case of Joseph Kitheka vs Mitchell Nzioka & another, the contract of indemnity was defined to mean, a contract where a person promises to indemnify another for consideration called premium, against losses that might happen as a result of perils or events against insurance is taken.

- a) Based on the above statement, discuss the meaning of contract of indemnity. (8 marks)
- b) State and explain the methods of indemnity. (8 marks)
- c) Discuss the extent of the application of the principle of indemnity in relation to principle of subrogation. (4 marks)

#### **QUESTION FIVE**

Make short notes on the following subheadings:

- a) Formation of insurance contract. (5 marks)
- b) Uberima fides. (5 marks)
- c) Assignment and surrender. (5 marks)
- d) Duties of insurer. (5 marks)