



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
THIRD YEAR, FIRST SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(MATHEMATICS)

Date: 13th April, 2022
Time: 8.30am – 10.30am

KMA 309 -LIFE ASSURANCE

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) What is a life assurance product? (2 marks)
- b) Differentiate between the following terms as used in life assurance practice
- i) Free-look period and Grace period (4 marks)
 - ii) Surrender Value and Paid-up Value (4 marks)
 - iii) Premiums and Riders (4 marks)
- c) Explain four reasons why life assurance companies set up reserves. (4 marks)
- d) Define the meaning of reinsurance of life assurance. (2 marks)
- e) State the three types of pension life assurance products in the Kenyan market (6 marks)
- f) Irene has two policies of 5 million each. Assuming that the first policy she gets a bonus on simple reversionary method and 2nd policy she gets bonus using compound reversionary method. The SRB declared on the policy is sh 25 per 1000 of the Sum Assured while CRB declared 3% throughout the term. Of the two policies, which one will have higher accrued Sum Assured at the end of the 10 years. (6 marks)

QUESTION TWO (20 MARKS)

- a) State and explain four principles of life assurance. (8 marks)
- b) Explain how reserves are calculated by the life assurance companies. (6 marks)
- c) Explain the two types of reinsurance products in Kenyan market. (6 marks)

QUESTION THREE (20 MARKS)

- a) Explain the factors that affects the penetration of life assurance industry in Kenya. (8 marks)
- b) Explain the claims payment process by the life assurance companies (8 marks)
- c) Why is asset liability matching important in life assurance operations? (4 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the process of New Product Development in the Kenyan market. (14 marks)
- b) Explain the risk management process of a life issuing company.

QUESTION FIVE (20 MARKS)

- a) Explain the role of Insurance regulatory authority (IRA) in Kenya. (8 marks)
- b) Explain types of life assurance products sold in the Kenyan market. (12 marks)