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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATIONS, 2024/2025 ACADEMIC YEAR
THIRD YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE (MATHEMATICS)
(SPECIAL EXAMINATION)

KMA 309: LIFE ASSURANCE

Date: 6TH DECEMBER 2024

Time: 8:30 AM-10:30AM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE: (30 MARKS)

- a) Define the following terms as used in life assurance practice:
- i. Whole life Assurance (1 mark)
 - ii. Annuities (1 mark)
 - iii. Endowment Product (1 mark)
 - iv. Investment policies (1 mark)
- b) State any four features of group policies (4 marks)
- c) Explain the policy exclusions that a personal accident policy will not pay on death or disablement. (4 marks)
- d) State the circumstances under which the evidence of health may be required in life assurance practice. (6 marks)
- e) State the methods used by underwriters in rating extra risks (4 marks)
- f) State the main considerations you would take into account when rating and calculating life premiums. (6 marks)

QUESTION TWO: (20 MARKS)

- a) State and explain four principles of life assurance (8 marks)

- b) Explain the process of New Product Development in the Kenyan market (12 marks)

QUESTION THREE: (20 MARKS)

- a) A life insurance company is developing a conventional without profits whole life product. The product has a relatively low maximum sum assured and customers will be accepted without any underwriting.
- i. Discuss the likely target market for this product. (6 marks)
 - ii. Discuss the potential method of distribution for this product. (8 marks)
- b) It has been suggested that the policy terms be altered so that the benefit paid on death is the higher of the selected sum assured and the total premiums paid to the date of death. Discuss this suggestion. (6 marks)

QUESTION FOUR: (20 MARKS)

- a) Explain the risk management process of a life issuing company (8 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)

QUESTION FIVE: (20 MARKS)

- a) Explain the role of Insurance regulatory authority (IRA) in Kenya (6 marks)
- b) Explain types of life assurance products sold in the Kenyan market (8 marks)
- c) State the three types of pension life assurance products in the Kenyan market (6 marks)