**INSURANCE**

1. a – Insure

b – Risk

c – Premium

d - Insurer

2. i) Utmost good faith-ensures that details offered are up to date and correct for proper

 evaluation

ii) Indemnity-stresses the understanding that in the event of loss, the insure does not

 benefit/insures does not over compensate

iii) Contribution-creates understanding to insurers who may have jointly ensured a risk

iv) Insurable interest-ensures that insured does not incur losses on property not assured by

 insurer

3. - Bad debt cover

 - Consequential loss

 - Workman’s compensation

 - Personal accident cover

4. -Ignorance on the importance of these policies

-Wide spread poverty/low incomes

--Fear of losing their money because of past experience

-Corruption and embezzlement of funds by insurance company officials resulting in delay of

 compensations

-Long procedure of claiming

5. (a) Total constructive marine loss: When a ship and/or its cargo are totally damaged but can

 be retrieved

(b) General average marine loss: This is when some of the cargo are jettisoned into sea

 deliberately to save the ship and rest of the cargo from sinking

6. - The property or life being insured must be the subject matter of the insurance agreement

- There must be some property or life that is capable of being insured

- The relationship between the insured and the property or life must be recognized

- The insured must stand in relationship with the property or life being insured

7. - Occurrence of a loss must be accidental not deliberate

- Risk must not violate laws of the country

- Risk must be pure and not speculate

- Insured must suffer financial loss

- The risk must not be catastrophic

- The possibility of the risk taking place should not be near certainty

- For any misfortune the must be a large number of people affected

8. - Compensation is guaranteed

- Losses are shared by the group

 - Funds contributed by the group are large

9. i) A person wishing to acquire a policy must fill in the form

ii) The insurance company then accesses the applicant and then calculates the premium to be paid by the insured

iii) The insured then pays the first premium to the insurer/ insurance company

iv) The insured then issues a cover note to the insured to show that the contract is now on

v) Then finally the insured is issued with a policy document

 Note a step must NOT be skipped or confused for another

10. 400,000- true value of property

**INSURANCE**

1. (i) Where the policy has elapsed due to non-payment of premiums

 (ii) Where the occurrence of the risk was not accidental

 (iii) Where the insured had no insurable interest in the property insured

 (iv) Where the insurer fails to make a formal claim for compensation

 (v) Where the cause of the loss has no close relationship with the risk insured

Where the insured failed to disclose all the relevant material facts about the subject

insured and he/she is proved

2. - Identification of insures

* Filling in the proposal form
* Inspection of the subject matter and calculation of premiums
* Payment of the first premium upon which a binder is issued
* Issuance of the actual policy by the insurer

3. - Saving – The payment of premiums is a kind of saving to the policy holder

* Security – The policy is security for both the assured and beneficiaries
* The holder can secure a loan from the insurer without having to pledge for further security
* Interest/ Bonuses – The policy earns interest or bonuses on the paid up premium
* Investment – The holder may want to invest more by buying shares in the company
* Can use the matured amount after the stated period to invest

4. - Insurable interest : Insurable interests exists where due to a risk occurring a person is bound

 to suffer financial loss. A person has insurable interest in his or her own life and property but

 not in that of his or her mere friend

 - Indemnity: It is the restoration of the insured who suffers loss to his former financial position

 he or she was before the loss occurred

 -Utmost good faith: (“Uberrima fedei”)

 Obligation to both the insurer and the insured to disclose all the relevant material facts relating

 to the insurance contact

 - Proximate cause: The cause of the loss for which a claim for compensation is made should

 have direct or fairly close connection with the actual or real risk insured against

 - Contribution: Incase one insures with two or more insurance companies to cover the same

 risk, the different insurance companies will share proportionately. When it comes to

 compensating the insured for the loss arising from the occurrence of the risk. N.B Incase of

 life assurance policies each insurance company will for instance in the case of a bodily injury

 compensate the insured as per its contract with him or her

 -Subrogation: Once the insurer has indemnified the insured fully as a result, the insurer

 acquires all the rights the insured had in the destroyed property