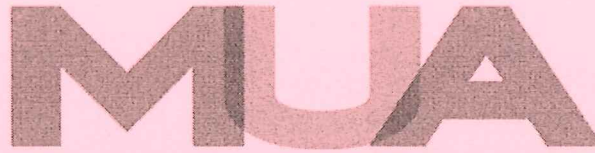


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**

**SCHOOL OF MANAGEMENT AND LEADERSHIP**

**DEGREE OF BACHELOR OF MANAGEMENT AND**

**LEADERSHIP/BACHELOR OF COMMERCE**

**INS 322: COMMERCIAL PROPERTY AND LIABILITY INSURANCE**

**DATE: 31<sup>ST</sup> MARCH 2025**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

**QUESTION ONE**

Read the Case Study below carefully and answer the questions that follow:

**RISK MANAGEMENT AT K-TECH INDUSTRIES**

A mid-sized manufacturing company, K-Tech Industries, operates several production plants across the country. Recently, a fire broke out in one of their warehouses, destroying valuable equipment and raw materials. The company had a commercial property insurance policy, but upon filing a claim, they discovered gaps in their coverage. The insurer denied compensation for specific losses, citing exclusions in the policy. Furthermore, the company faced business interruption, resulting in significant revenue losses. Upon review, it was found that K-Tech Industries had not adequately analyzed their commercial property exposures and had failed to include optional coverages that could have mitigated their financial burden.

Adding to their challenges, several employees were injured in the fire. K-Tech Industries had workers' compensation insurance, but some claims were delayed due to inadequate documentation. The affected employees raised concerns about their medical expenses and lost wages, leading to reputational damage for the company.

This incident has prompted the management to reevaluate their risk management strategies, commercial insurance coverage, and employee security measures to prevent future financial and operational setbacks.

**Required:**

- (a) Based on the case, analyze the risk management failures that contributed to K-Tech Industries' financial losses. **(10 Marks)**
- (b) Discuss five possible policy adjustments or additional coverages that could have improved K-Tech Industries' insurance protection. **(10 Marks)**
- (c) Propose measures that the company should implement to enhance its employee security and benefits programs. **(5 Marks)**

**QUESTION TWO**

A logistics company operating multiple warehouses and distribution centers recently suffered significant losses due to a series of natural disasters, including floods and earthquakes. Despite having commercial property insurance, the company realized that certain perils were not covered, leading to unexpected financial strain.

- (a) Assess how the company could have better identified and analyzed its commercial property exposures to enhance risk mitigation. **(10 Marks)**
- (b) Discuss two strategies that the company could implement to protect its assets from similar perils in the future. **(5 Marks)**

**QUESTION THREE**

A technology firm was sued for copyright infringement and misleading advertisements related to one of its software products. The lawsuit resulted in heavy legal fees and potential reputational damage. The firm had a Commercial General Liability (CGL) policy but found that certain claims were excluded from coverage.

- (a) Evaluate how a well-structured CGL policy could have helped the firm mitigate financial and legal risks. **(10 Marks)**
- (b) Recommend additional liability coverages the firm should consider to address future risks. **(5 Marks)**

**QUESTION FOUR**

A retail chain with multiple stores faced significant losses after an unexpected break-in and vandalism at several of its locations. While some damages were covered under its Building and Personal Property Coverage policy, others were denied due to policy exclusions.

- (a) Analyze the factors that determine whether a commercial property is covered or excluded under an insurance policy. **(10 Marks)**

- (b) Suggest ways businesses can ensure comprehensive coverage against potential threats. (5 Marks)

### QUESTION FIVE

A hotel chain faced significant revenue losses after a major supplier was forced to shut down due to a natural disaster, disrupting the supply of essential goods. Despite having business income insurance, the hotel found that it lacked sufficient coverage for dependent properties.

- (a) Examine how businesses can assess and mitigate risks related to business income exposures. (10 Marks)
- (b) Propose measures to ensure businesses are adequately covered against losses from dependent properties. (5 Marks)

### QUESTION SIX

A fast-growing company faced multiple lawsuits from employees alleging wrongful termination, discrimination, and workplace harassment. Despite having Employment-Related Practices Liability Insurance (EPLI), the firm struggled to manage the claims effectively.

- (a) Analyze how EPLI can help businesses protect themselves against such claims and improve workplace practices. (10 Marks)
- (b) Recommend strategies businesses can adopt to handle workers' compensation claims more effectively. (5 Marks)