

The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF COMMERCE

INS 321: INSURANCE PRODUCTS AND REINSURANCE

DATE: 31ST MARCH 2026

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:

INSURANCE PRODUCTS AND REINSURANCE IN KENYA

Kenya's insurance industry has experienced significant growth over the past decade, driven by economic development, increasing awareness, and regulatory reforms. Key players in the industry include Jubilee Insurance, Britam, CIC Insurance, and UAP Old Mutual, offering various insurance products such as life, health, property, and liability insurance. Reinsurance has become integral to the Kenyan insurance landscape, helping insurers manage risk and maintain financial stability. Jubilee Insurance is one of Kenya's leading insurance companies, offering a broad range of products. In recent years, the company has expanded its portfolio to include innovative health insurance packages for individuals and corporate clients. These packages offer comprehensive coverage, including inpatient, outpatient, dental, and optical benefits. To manage the risks associated with these diverse products, Jubilee Insurance relies heavily on reinsurance arrangements, partnering with prominent firms like Africa Re and Swiss Re.

These partnerships are crucial for mitigating risk, especially in high-claim scenarios like natural disasters or significant health crises. Despite these efforts, the Kenyan insurance market faces several challenges, including low penetration rates, high levels of fraud, and a lack of consumer trust. Moreover, the regulatory environment, governed by the Insurance Regulatory Authority (IRA), continuously evolves, requiring insurers to adapt their strategies accordingly. To address these challenges and leverage opportunities, Jubilee Insurance has implemented several strategies. Product innovation is key, with the development of tailored insurance products that meet the specific needs of various market segments, such as low-income groups and SMEs. Robust reinsurance programs enhance risk management and ensure financial stability.

Customer education campaigns are launched to raise awareness about the importance of insurance and the benefits of their products. Technology integration is another critical area, aimed at streamlining operations, improving customer service, and combating fraud. Finally, regulatory compliance is essential, with Jubilee Insurance staying abreast of regulatory changes to maintain credibility and avoid penalties.

Jubilee Insurance's reinsurance strategy involves both facultative and treaty reinsurance arrangements. Facultative reinsurance is used for specific, high-value policies, while treaty reinsurance covers broader categories of risk. This dual approach allows the company to balance risk and maintain a healthy financial position. Through these strategies, Jubilee Insurance manages to mitigate risks effectively, ensuring that they remain solvent even in the face of large claims.

Jubilee Insurance's comprehensive approach to product innovation and reinsurance has yielded positive results. The company has maintained a strong market position and reported steady growth in premiums and profitability. However, ongoing challenges necessitate continuous improvement and adaptation. As the industry evolves, Jubilee Insurance must continue innovating, educating customers, and leveraging technology to stay ahead of the curve.

Required:

- a) Discuss five strategies Jubilee Insurance can employ to further innovate its product offerings to cater to underserved market segments in Kenya

(5 Marks)

- b) Examine five benefits of reinsurance in managing risks associated with diverse insurance products

(5 Marks)

- c) Analyze Five ways Jubilee Insurance can ensure it remains compliant with the law while also driving growth

(5 Marks)

d) Evaluate five potential benefits of integrating advanced technology into Jubilee Insurance's operations

(5 Marks)

e) Assess five strategies Jubilee Insurance can employ to enhance consumer trust and increase insurance penetration rates in Kenya

(5 Marks)

QUESTION TWO

a) Discuss any four types of social insurance available in Kenya .

(8 Marks)

b) Analyze the differences in health insurance products offered by various providers, discussing how these differences impact policyholders. **(7 Marks)**

QUESTION THREE

a) Analyze the impact of re-insurance on the risk management strategies of insurance companies, providing examples to support your arguments.

(8 Marks)

b) Omwenga has 10,000 units of houses in Kayole Nairobi which he wants to insure. His expectation of loss through fire during the year is Kshs. 75,000,000/-. The industry expenses ratio experience is 30%. It is expected that a profit margin of 15% of net premium is to be realized. Compute

i) Pure premium **(3 Marks)**

ii) Gross Premium **(4 Marks)**

QUESTION FOUR

a) Explore four characteristics of Life Insurance **(8 Marks)**

b) Reinsurance plays a very important role in the insurance industry and in the economy as a whole. Examine seven functions of re-insurance.

(7 Marks)

QUESTION FIVE

a) Explore the two endowment policies that are available in the market worldwide.

(5 Marks)

b) Discuss FIVE key milestones in the development of re-insurance, explaining their significance to the industry

(10 Marks)

QUESTION SIX

a) Discuss any five factors to consider while computing premiums **(10 Marks)**

b) Examine two applications of coinsurance in health insurance and property insurance products, providing specific examples.

(5 Marks)