

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**FOURTH YEAR EXAMINATION FOR THE AWARD OF  
DEGREE OF BACHELOR OF COMMERCE**

**BCOM 445: HEALTH INSURANCE**

**STREAMS: BCOM (Y4S2)**

**TIME: 2 HOURS**

**DAY/DATE : WEDNESDAY 22 /09/ 2021**

**2.30 PM – 4.30 PM**

**INSTRUCTIONS TO CANDIDATES:**

- Answer Question One and any other Two Questions.
- DO NOT WRITE ANYTHING on the question paper.

**QUESTION ONE**

- (a) Mary got involved in an accident and sustained severe injuries, when a building caught fire in a supermarket where she was shopping. She incurred a medical bill of kshs. 400,000/= from her treatment as she stayed in hospital for a long period. Luckily enough, Mary had a health insurance cover whose limit was kshs.500,000/=. On the other hand, the supermarket had a public liability policy that indemnifies the insured against legal liabilities arising out of injuries sustained by third parties. The limit of liability for medical expenses of public liability in respect of the supermarket on any one person was kshs.100,000/=

**Required:**

- i) Demonstrate how Mary will be compensated. [4 Marks]
- ii) Assume that the limit of liability for the above liability policy was Kshs.500,000/=. Show how Mary will be compensated, giving reasons for your answer. [4 Marks]

- iii) Show the factors that need to be established by Mary’s insurer if it has to reimburse her. [2 Marks]
- (b) Analyse the elements that a prudent underwriter can use to establish the premium and define the benefits payable under a disability income insurance policy. [10 Marks]
- (c) Tom was recently employed by Uzima Health Insurance Company and assigned a responsibility in underwriting department. As one who has knowledge on health insurance, bring Tom to understanding on the factors he would need to consider in selecting a risk for coverage. [10 Marks]

**QUESTION TWO**

- (a) Assume you have been invited to give a presentation to a group of people interested in purchasing long term care insurance policy. Show the areas that you will cover which will form part of your presentation. [10 Marks]
- (b) Demonstrate, your understanding on “group health insurance coverage” [10 Marks]

**QUESTION THREE**

- (a) Illustrate the critical steps an insured should take to avoid problems in claims and maximize health insurance payouts. [10 Marks]
- (b) Write brief notes on the following medical coverages offered in the Kenyan market;
  - i) Comprehensive policies. [5 Marks]
  - ii) Senior policies [5 Marks]

**QUESTION FOUR**

- (a) Explain the advantages and disadvantages of Health Maintenance Organisations (HMOs) [10 Marks]
  - (b) Evaluate the components of extended care services in the medical insurance benefits, [10 Marks]
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