

UGANDA MARTYRS UNIVERSITY, NKOZI CAMPUS

FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT

DEPARTMENT OF MANAGEMENT SCIENCE

BIBM II SEMESTER TWO 2022/2023

COURSE UNIT: LAW OF INSURANCE

● DATE: Monday, 22nd May 2023

Time allowed: 2:00pm -5:00pm

Instructions to Candidates:

Read the following before answering the examination questions.

1. Do not write anything on this question paper.
2. Write neatly and show all workings clearly.
3. Start every question on a new page
- 4. Clearly state the question number & sections attempted.
5. Each question from section B carries 25 marks
6. Answer **Four** questions only.
7. Citing of authorities will earn you extra marks.

Question One

(a) in the following cases calculate the contribution of each of the insurance firms based on the principle of contribution:

(i) A company insures a building against fire with 4 insurance companies W, X, Y and Z USD 20,000, USD 30,000, USD 30,000 and USD 15,000 respectively. A fire takes place during the period of insurance and a total loss of USD 28,500 is calculated. **(05 marks)**

(ii) A ship owner insures his ship with 2 insurance companies located in USA and China. In China, the company insures with Ping An Insurance Group while in the USA, it insures with Progressive insurance. With Ping An insurance, it insures GBP200, 000 while with progressive insurance, it insures GBP 46,000 to secure her ship. After a wreckage of the ship due to a storm, a total loss of GBP 81,000 was calculated. **(05 marks)**

(b) Discuss any **5 principles** which guide the development of different insurance policies **(15 marks)**

Question Two

(a) Andrew owns two motorcycles (commonly referred to as bodabodas in Uganda) and they ply the MukonoKatosi road. He has insured them through third party insurance with NIC insurance company. Recently, instead of using the usual registered riders, he hired two riders without inquiring their riding skills and finding out whether they had riding permits. He also did not provide helmets for the riders. One of the riders made an accident carrying a pillion (passenger). The leg of the pillion/passenger broke and he also had minor damages on his head. He then sought for treatment in a nearby hospital. The pillion then claimed for compensation of the money spent on hospital bills from the rider. When the rider reported the matter to Andrew, he forwarded it to NIC insurance claiming for compensation. However, NIC has taken the matter to court and is not willing to compensate the claimant under – Ex turpi causa. As an advisor on insurance matters, how do you support NIC? **(5 marks)**

(b) From your understanding of different insurance policies, generate an ex turpi causa scenario in which the claimant shouldn't be compensated under an agricultural insurance policy. **(5 marks)**

(c) (i) Explain any 5 risks and uncertainties that are likely to be faced by different actors along the coffee export value chain **(5 marks)**

(ii) Provide your opinion on how the above risks you have explained in c (i) can be hedged by the different actors in the coffee export value chain **(10 marks)**

Question Three

(a) Describe the features which distinguish general insurance policies from life insurance policies

(10 marks)(b) Give any four general conditions relied on in the determination of a proximate cause

(8 marks)

(c) Assuming you are an underwriter for an insurance company, what can you consider as a proximate cause under the following insurance policies for the company to be liable for indemnity?

(i) Fire insurance policy (3 marks)

(ii) Marine insurance policy (2 marks)

Question Four

(a) List any four different parties and or persons with insurable interest under marine insurance.

(08 marks)

(b) Describe any four marine insurance policies that exist in the world today (08 marks)

(c) Discuss the implied warranties that are presumed to be present in the contract of marine insurance and how they apply in different circumstances on the sea. (7 marks)

Question Five

(a) How can an insurer use the three types of air cargo insurance to describe his or her policies to possible clients?(9 marks)

(b) With reference to any four incoterms 2020, specify who is responsible between the buyer and seller to offer marine cargo insurance in a given contract for the international sale of goods.

(8 marks)

(c) A garments trader has been asked to provide quotes for the sale of various apparel goods to the SAARC region (Maldives). Because this shipment is needed for the holiday tourist trade, the importer requests that the shipment should be done through air freight. In order to minimize the cost and save on the time required to consolidate the shipment, it is decided that the goods will be exported on a ULD pallet. The suggested trading Incoterms are the CIP terms.

Which documents will the garments trader need to prepare by law?(8 marks)

Question Six

- (a) Explain any five fundamental functions of insurance regulatory law (10 marks)
- (b) What role does the Insurance Regulatory Authority play in Uganda (5 marks)
- (c) Explain the general claim process and the main documents required from the policy holder (insured) vis-à-vis the insurer with respect to claim settlement as stipulated by the Insurance Regulatory Authority of Uganda (you can refer to any insurance policy)(10 marks)

END