

## **DIPLOMA IN INSURANCE**

**Unit Name: Reinsurance and its Application**

**Unit Code: DIP 319**

### **SAMPLE QUESTION**

John is the manager in charge of reinsurance portfolio of XYZ Insurance Company Ltd in Kenya. John and the company Group Managing Director of the company went to United Kingdom on a reinsurance business trip in the month September 2023. The company went to the European market to meet some reinsurers for the first time. In UK they held several meetings on reinsurance arrangements and with other people in the market. Their discussions were centered on reinsurance covers for automatic risk placement in the year 2024. On one occasion John and his boss discovered that a document to be used on a contract with a reinsurer had some mistakes and therefore amendments were carried out. Before the visit to UK the Kenyan team had held a couple of meetings back at home to deliberate on the covers that could appropriately take care of risks accepted by the insurance company. The visit to UK bore fruits as most of the covers required were secured from the reinsurers approached.

Kenyan team also managed to settle with one of their reinsures a fire claim paid to insured cement manufacturer.

**From the information provided above you are required to:-**

a) Describe three other categories of parties that the Kenyan team could have engaged with during their visit.

**(6 marks) 2 d)**

b) Explain five categories of covers that the discussions might have centred on.

**(10 marks) 4 a)**

c) Describe the principles of insurance that had been taken into considered when preparing the document which had some errors.

**(6 marks) 6 a)**

d) Outline the primary objective that you had mind when discussing combination of various covers.

**(3 Marks) 5 a)**

e) Explain details of the company the reinsurers might have sought clarification on during the engagement.

**(4 Marks) 9 b)**

f) Identify the documents that Kenyan team must have carried with them for the claim settlement purpose.

**(6 Marks) 15 a)**