

DIPLOMA IN INSURANCE

Unit Name: AGRICULTURE INSURANCE

Unit Code: DIP 321

SAMPLE QUESTION

The government of Kenya has placed a high priority on insuring agriculture enterprises in Kenya as part of resilience building in the agriculture sector since 2016. To achieve this, the government collaborates with regulated insurers and intermediaries in **marketing** and pays a subsidy of 40% of the total calculated premium amount to the insurer after the farmer has paid for 60% of the premium.

Wekesa, a progressive farmer in the Western Kenya has **60 acres** dedicated to maize farming this year and want to insure. This after being sensitized by government regulated agriculture insurance intermediaries on approved insurers, crop insurance products and pricing as well as the associated benefits during their marketing outreach initiative.

Last Monday, Wekesa proceeded to one of approved agriculture insurance to get a quotation from an insurer clerk. After checking from Government records for approved average yield per acre for Western Kenya, the clerk found its 20 bags with a value of **KSHS 5,000/=** per bag and the premium rate is **7% of yield value**. At the same time, he was told the insurance pays calculated claim for yield shortfall below 16 bags per acre occasioned by **insured perils such as fire among others listed** in the product brochure.

Wekesa agreed with the Government approved maize insurance data and requested the clerk to go ahead and generate a quotation with all the information and tell him more before leaving.

As an Agriculture Insurance officer of **xyz** insurance company.

Questions

- A. Calculate the total sum insured for Wekesa Maize Farm. (5mks)
- B. Calculate the total premium for Wekesa Maize Enterprise. (5mks)
- C. How much is the government subsidy for Wekesa's insurance premium? (5mks)
- D. Discuss the benefits of Agriculture insurance to wekesa? (5mks)
- E. Highlight the key role of government in agriculture insurance in Kenya. (5mks)
- F. From your view regarding the place of government, insurers, and insurance intermediaries in Kenyan agriculture insurance, describe their roles in the agriculture insurance marketing . (5mks)
- G. Highlight the common perils that are insured in crop insurance. (5mks)