

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**B.COMM INSURANCE AND RISK MANAGEMENT**

**RISK AND INSURANCE (CIN 1202)**

**JULY/AUGUST 2005 EXAMINATION SUPPLEMENTARY EXAMINATION**

**DURATION 3 HOURS**

**INSTRUCTIONS TO CANDIDATES**

1. Answer all questions in section A.
  2. Answer (3) three questions from section B.
  3. Write neatly and legibly.
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**SECTION A**

- Q1. What type of risk is pollution. **[1 mark]**
- Q2. Define an insurance contract. **[1 mark]**
- Q3. Give an example of a pure risk. **[1 marks]**
- Q4. Explain the basic concept of insurance. **[2 marks]**
- Q5. What is the difference between
- (a) a hazard and a peril, give an example of each. **[6 marks]**
- (b) Franchise and excess; illustrate how each operates. **[6 marks]**
- Q6. Classify each of the following hazards
- (a) broken window **[1 mark]**
- (b) a bus driver who drives a bus across a flooded river **[1 mark]**
- (c) a manager who claims that his mobile phone was stolen when in fact he gave it to his daughter. **[1 mark]**

Q7. Identify the key aspects covered under an engineering insurance policy. [5 marks]

**SECTION B**

**Question 7**

“The principle of indemnity applies to personal accident insurance cover”. Discuss this statement. [25marks]

**Question 8**

Compare and contrast risk transfer and self insurance. [25 marks]

**Question 9**

Discuss the different methods that some insurance companies use to cede part of their risks to other companies. [25marks]

**Question 10**

Explain the benefits of insurance to society. [25marks]

**Question 11**

With the use of relevant examples discuss the principles of insurance. [25 marks]

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**END OF EXAMINATION**