NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY FACULTY OF COMMERCE

DEPARTMENT OF INSURANCE AND ACTUARIAL SCIENCE B.COMM (HONS) DEGREE IN RISK MANAGEMENT AND INSURANCE RISK AND INSURANCE [CIN 1202]

SECOND SEMESTER FINAL EXAMINATION-AUGUST 2009

Duration 3 hours

Instru	ctions	to	candidates

Answer any **FIVE** out of the seven questions, below. (Each question carries 20 marks)

- Q1. (a) Define risk and explain what the definition implies.
 - (b) A certain vehicle assembly plant has a consistent 10% sub-standard end product. For a batch of twenty assembled vehicles, what is the probability that;
 - (i) exactly two will be faulty
 - (ii) at most two will be faulty
 - (iii) at least two will be fault
 - (iv) none will be faulty
 - (v) all will be faulty.

(20 marks)

Q2. There are several methods of identifying risks and one of them is physical inspection. Discuss what a risk expert would look for on a manufacturing site, for example.

(20 marks)

Q3. Discuss the main techniques of risk control.

- (20 marks)
- Q4. Explain the benefits of insurance to both the individual and the state.

(20 marks)

- Q5. Discuss self-insurance and state its advantages and disadvantages.
- (20 marks)
- Q6. (a) What purpose does an insurance proposal form serve?
 - (b) Regarding general questions found on business insurance proposal forms, what information is normally furnished?
 - (c) Each proposal form includes a declaration and a warning. Discuss these terms.

(20 marks)

Q7. Discuss the reasons why the insurance industry must be regulated by the state.

(20 marks)

End of Examination	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,