

B. COMM. (HONOURS) DEGREE IN INSURANCE & RISK MANAGEMENT

PROPERTY AND LIABILITY INSURANCE I (CIN 2105)

FIRST SEMESTER FINAL EXAMINATION : DECEMBER 2001

DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer five questions in all.
2. Candidates must attempt at least two questions from Part A and at least two questions from Part B.
3. All questions carry equal marks.

PART A

Question 1

Identify and discuss the alternative bases which can be used to arrange insurance cover for property indicating in each case the circumstances in which each method will be ideal.

[20 marks]

Question 2

Assess the impact of inflation on the following classes of business:

- (a) Property
- (b) Liability

How do insurers normally deal with inflation in property insurance portfolios?

[20 marks]

Question 3

You are the new Fire Insurance Manager for your company. One of your immediate tasks is to design an Underwriting Manual for fire business which will be used as a guide in the Underwriting Department. Outline the key underwriting information you would include in the manual which would be useful in the evaluation and assessment of fire risks. You should explain briefly why each item covered is considered important.

[20 marks]

Question 4

- (a) Discuss the reasons for carrying out a risk survey. **[12 marks]**
- (c) Suggest the information likely to be covered in a survey report for a fire risk.

[8 marks]

Question 5

Jambanja Security (Pvt) Ltd was formed two years ago. It employs a total of seventeen security guards six of which are women. The company has just won a tender to transport money and gold bullion from T.J. Gold Mine (Pvt) Ltd. to the mine's bank in the central business district of the city of Bulawayo. Identify the information an underwriter would need to know in order to successfully underwrite this risk. You are required to highlight the relevance of all the information you suggest to the underwriting of a risk of this nature.

[20 marks]

PART B

Question 6

Nathan is employed as a general hand by Countrywide Suppliers and Distributors (Pvt) Ltd a company involved in the supply and distribution of industrial detergents. It is a standing instruction at Countrywide Suppliers and Distributors (Pvt) Ltd that all people who handle detergents should wear protective gloves at all times while working with detergents. The company supplies these to its employees on a regular basis. One day as Nathan was loading a consignment of detergents into a delivery truck, he omitted to put on the gloves and his hands were exposed to leaking detergents. He suffers a skin infection as a result. In view of these facts:

- (a) Discuss the common law duties of an employer towards his employees.

[10 marks]

- (b) Should Nathan decide to sue his employer, assess his prospects of success.

[6 marks]

- (c) Is Nathan entitled to worker's compensation?

[4 marks]

Question 7

An insurer discovers that over the past five years the results of its motor account have been fluctuating widely. The company approach you as an insurance expert for advice on the possible causes of these fluctuations.

Required.

Identify and discuss the possible causes of fluctuation in the results of a motor portfolio.

[20 marks]

Question 8

- (a) A popular hairdressing saloon in town approaches you for advice on the liability risks it faces and how these can be insured. What advice will you give them?

[10 marks]

- (b) Outline the various methods which can be used to rate public liability risks indicating situations in which each method would be ideal.

[10 marks]

Question 9

Liability insurance is largely influenced by legal systems of different countries. Discuss.

[20 marks]

END OF EXAMINATION!!!