

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**B. COMM INSURANCE AND RISK MANAGEMENT**

**PROPERTY-LIABILITY INSURANCE I – CIN 2105**

**JANUARY 2004 1<sup>ST</sup> SEMESTER EXAMINATION**

**DURATION : 3 HRS**

**INSTRUCTIONS TO CANDIDATES**

1. Answer all Questions in section A
  2. Answer 3 questions from section B
  3. Refer to legal material where appropriate
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**SECTION A (Answer both questions)**

1. Discuss the following:
  - a) Reinstatement
  - b) Declaration
  - c) First loss
  - d) Agreed value

**[20 marks]**
  
2. Explain the following:
  - a) Aggravated damages
  - b) Exemplary damages
  - c) Contemptuous damages
  - d) Nominal damages
  - e) Provisional damages

**[20 marks]**

**SECTION B (Choose any three question)**

3. a) Discuss the factors to be considered in underwriting a loss of profits policy. 

**[10 marks]**
- b) What do you understand by the term “fire waste”? 

**[4 marks]**
- c) Discuss two conventional ways of reducing fire waste 

**[6 marks]**
  
4. Discuss the key underwriting factors for public liability insurance. 

**[20 marks]**
  
5. Public liability policies contain a clause excluding liability assumed by the insured under agreement (contract). As a broker you have been asked to explain the reasons for this exclusion and the effect thereof to your client. How would you respond? 

**[20 marks]**

6. As a trainee property underwriter of Renaissance Insurance company, you have been asked to respond in writing to an enquiry by a Mr Webster, the proprietor of Webb Investments. Mr Webster wrote to your company asking for a quotation in respect of money insurance cover. Your response should be detailed and seek to meet the following objectives:

- a) Explain cover provided by a money policy (including extensions and exclusions).
- b) Request the information, which enables you to rate the risk.

**[20 marks]**

7. a) Liability insurance is termed long-tail business. Why is this so? **[2 marks]**

b) What is the effect and main reason of including a marine clause under a fire policy? **[5 marks]**

c) Discuss the following:

- i) Prescription
- ii) Vis Major
- iii) Necessity

**[9 marks]**

d) Why do Zimbabwean insurance companies exclude products liability cover for goods exported to Canada and the USA. **[4 marks]**

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**END OF EXAMINATION PAPER**