

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**B. COMM INSURANCE AND RISK MANAGEMENT**

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

**JULY/AUGUST 2004 SUPPLEMENTARY EXAMINATION**

**DURATION : 3 HRS**

**INSTRUCTIONS TO CANDIDATES**

1. Answer any four questions
  2. Refer to legal material where appropriate
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1. Compare and contrast the operation of the claims made wording and the losses occurring wording as used in liability insurance. Which wording would you prefer as a reinsurer and why? **[25 marks]**

2. The following are some of the general defences in delict:

- a) Volenti non fit injuria
- b) Prescription
- c) Vis major
- d) Necessity
- e) Contributory negligence

Discuss all the above. **[25 marks]**

3. i) Comment on the insurance cover provided by a standard fire policy in respect of the following perils

- a) fire
- b) explosion **[10 marks]**

ii) What are the obligations of the insurer and the insured under a long-term agreement? **[5 marks]**

iii) Discuss the key underwriting factors to be considered when providing theft insurance cover **[10 marks]**

4. Why are insurers not keen on insuring contractually assumed liabilities? **[25 marks]**

5. Discuss the following basis of cover:

- i) Reinstatement
- ii) Indemnity
- iii) First loss

- iv) Agreed value
- v) Declaration

[25 marks]

6. Identify and discuss the key areas of a business, which a fidelity underwriter will consider when presented with a new risk. Give examples of the respective procedures the underwriter would like to see in existence or implemented.

[25 marks]

7. a) Differentiate (i) Robbery and aggravated burglary  
(ii) Earned premium and unearned premium

[5 marks]

- b) Discuss two ways used to reduce “fire waste”

[8 marks]

- a) Explain the following types of cover:
- i) Additional Increase in cost of working
  - ii) Machinery breakdown loss of profits
  - iii) Claims preparation costs
  - iv) Debt book insurance

[12 marks]

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**END OF EXAMINATION PAPER**