

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF INSURANCE AND ACTUARIAL SCIENCE

B.Com (Hons) RISK MANAGEMENT AND INSURANCE

APPLIED RISK MANAGEMENT I [CIN 2107]

DURATION : 3 HOURS

FIRST SEMESTER EXAMINATION: April/ May 2009

INSTRUCTIONS TO CANDIDATES

1. Answer any **FIVE** out of the six questions. (Each question carries 20 marks)
2. Write clearly and legibly

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- Q1. (a) Discuss the different classes of peril, with examples, that could cause property losses. (10marks)
- (b) Apart from the loss of value of the real property itself, as a result of a fire accident, discuss incidental property losses that may be incurred. (10 marks)
- Q2. Discuss the methods of identifying potential losses that business enterprises may face, and the causes of those losses. (20 marks)
- Q3. Explain the options available with each risk control technique, giving some practical examples of your own. (20 marks)
- Q4. With reference to risk transfer and financing, discuss
- (a) the functions of the insurance industry. (12 marks)
- (b) the prerequisites of an insurable risk. (8 marks)
- Q5. With reference to risk financing tools
- (a) define captive insurer and discuss the major attractions of this method of funding. (8 marks)
- (b) Self-insurance is a special case of active retention. Discuss the conditions under which active retention should be considered. (8 marks)
- (c) Credit finance (credit life insurance) has increased markedly since 1945. Explain briefly how this policy operates. (4 marks)

