

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

B. COMM. INSURANCE AND RISK MANAGEMENT

DECEMBER 2002 1ST SEMESTER EXAMINATION

LIFE AND HEALTH INSURANCE : CIN 2109

TIME: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer question 1 Section A
 2. Answer 3 question from Section B
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SECTION A

1. Statistics on a particular country indicate that the rate of AIDS/HIV infections, HIV related illnesses and death from AIDS/HIV related diseases continues to increase. How can life and health insurers in that country manage this risk
[25 marks]

SECTION B

2. Identify major aspects of the business of life and health insurance that are subject to government regulation. Why does government regulate life and health insurance?
[25 marks]
3. Critically analyse this statement “The decrease in mortality rates brings about an increase in morbidity rates?”
[25 marks]
4. a) Describe the fundamental elements of an annuity. **[10 marks]**
b) Explain the intent of financial underwriting. **[10 marks]**
c) What is the implication of the waiver of premium benefit?
[5 marks]
5. Ben is a 21 year old graduate trainee bank manager. He recently married Lyne (27) who is a divorcee with one child Kate (12) from her previous marriage. Kate’s father provides for Kate financially.

Using this information explain the principle of insurable interest. Support your explanation with examples of possible life and health assurance policies that persons mentioned can be covered under. In each case specify the life assured and the beneficiary(ies).

[25 marks]

- 6.** (a) What is the purpose of an executor fund? **[10 marks]**
- (b) Discuss the major factors that should be taken into account in determining the executor fund amount. **[15 marks]**

END OF EXAMINATION