

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**B. COMM. INSURANCE AND RISK MANAGEMENT**

**DECEMBER 2005 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. (i) Discuss the three types of assurance policies, explaining the needs that each of them meets **[10 marks]**
- (ii) Why is the assurance industry important to the economy? **[15 marks]**  
**[Total: 25 marks]**

**SECTION B**

2. Discuss, with clear examples, the needs that the life assurance products currently in the market intend to meet. **[25 marks]**
3. The legal principles of insurance have special application to life assurance. Discuss the application of the duty of disclosure, and its importance in Life assurance **[25 marks]**
4. The extra-risks can be classified into three categories.
  - a) Using clear examples, explain these categories. **[10 marks]**
  - b) What are the methods of treating under average lives? **[15 marks]**
5. Due to the current economic conditions, Mr Ndlovu is unable to continue paying his premiums.
  - a) What is likely to happen to his policy? **[15 marks]**
  - b) What conditions are the assurers likely to request, should Mr Ndlovu wish to revive the policy? **[10 marks]**

**6.** Briefly explain the following terms: -

- |                              |                  |
|------------------------------|------------------|
| a) Renewable term assurance  | <b>[5 marks]</b> |
| b) Simple Reversionary Bonus | <b>[5 marks]</b> |
| c) Grace period              | <b>[5 marks]</b> |
| d) Chronic benefit rider     | <b>[5 marks]</b> |
| e) Double Accident rider     | <b>[5 marks]</b> |

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**END OF EXAMINATION**