

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE
DEPARTMENT OF INSURANCE AND ACTUARIAL SCIENCE
B.COMM (HONOURS) DEGREE IN ACTUARIAL SCIENCE

LIFE AND HEALTH INSURANCE - CIN 2109

APRIL/MAY 2009-FIRST SEMESTER EXAMINATIONS

DURATION: 3 HOURS

Instructions to Candidates

- 1. Section A is compulsory**
- 2. Answer any 3 Questions From Section B**
- 3. Show calculations where this is appropriate**

SECTION A – (ANSWER ALL QUESTIONS) [40 MARKS]

Question 1

With the aid of examples, explain the following terms in life insurance:

Selection	[3]
Morbidity	[1]
Life office Expenses	[3]
Valuation	[4]

What impact will HIV/AIDS possibly have on mortality [5]

Explain the difference between unit trusts and unit linked products [4]

Total [20 marks]

Question 2

For an existing life or health insurance company of your choice, give a detailed description of the following:

1. The type of products they offer [4]
2. The underwriting factors or other restrictions that they put on their products.[6]
3. The marketing strategies they use/have used to enhance their market share [5]
4. The factors that the company should consider when planning to enter the Ugandan insurance market. [6]

Total [20 marks]

SECTION B: (ANSWER ANY THREE QUESTIONS) 60 MARKS

Question 3

Describe underwriting process and its types in a life office, highlighting its importance to a life assurer.

Total [20 marks]

Question 4

- (a) By means of a table show the differences between the nature of a short-term insurance contract and a life insurance contract [6]
- (b) Briefly explain any four differences you have listed in your table [8]
- (c) Assume a taxpayer earns a salary of US\$4000 per year and also earns rental income from a block of flats of US\$24000 per year. Expenses towards the maintenance of the block of flats amounts to US\$5000 per year. If the taxpayer pays US\$150 to the pension fund per year, demonstrate how the amount the taxpayer is able to contribute towards a retirement annuity fund is calculated and determine its value. [6]

Total [20 marks]

Question 5

- (a) The main aim of regulation is to protect the consumer. Discuss this statement with reference to the aims of insurance regulation in Zimbabwe. [12]
- (b) Explain the need for a risk-based insurance supervision framework. [8]

Total [20 marks]

Question 6

- (a) Highlight the major issues that have been a source of constant debate within the health care environment. [5]
- (b) The idea of a National Health Insurance Scheme (NHIS) has been debated in both the lower and upper houses of parliament over the years post 2000. Discuss whether Zimbabwe need or does not need such a scheme, making special mention of its administrative structure and the current health delivery system. [15]

Total [20 marks]

Question 7

- (a) Describe any four aspects of the following:
- (i) Financial aspects of health care schemes [4]
 - (ii) Managed care concepts [6]
 - (iii) Funeral insurance [4]
- (b) Distinguish between dread disease cover and health insurance cover [6]

Total [20 marks]

*****END OF EXAMINATION*****