

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**B.COMM (ACTUARIAL SCIENCE) HONOURS DEGREE**

**GENERAL CASUALTY INSURANCE I – CIN 2113**

**NOV/DEC 2005 FIRST SEMESTER EXAMINATION**

**DURATION: 3 HOURS**

**Instructions to Candidates**

1. Answer any five (5) questions.
  2. All questions carry equal marks.
  3. Write eligible and clearly.
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1. Discuss the role of Insurance in the national economy. **[20 marks]**
2. (a) Explain the distinguishing features between captive insurance and self-insurance. **[10 marks]**  
(b) What are the advantages and disadvantages of self-insurance? **[10 marks]**
3. (a) Discuss why insurable interest is important in the transaction of insurance business. **[12 marks]**  
(b) Explain when must insurable interest exist, both in life and property insurance arrangements. **[8 marks]**
4. Insurance is a contract of fiduciary nature but all parties have a duty to disclose all material facts.  
(a) Which facts should be disclosed? **[8 marks]**  
(b) Which facts need not to be disclosed? **[8 marks]**  
(c) What is the duration of the of the duty of disclosure under property insurance. **[4 marks]**
5. What are the reasons for state regulation in the conducting of insurance business? Discuss. **[20 marks]**

6. Giving examples in each case, explain any two proportional treaty and any two non-proportional treaty reinsurance programmes. **[20 marks]**
7. Manston Court building consists of eight (8) individual flat compartments ranging from the first floor to the fourth floor. The ground floor is two commercial properties, one selling bond paper and the other selling motor spare parts.
- (a) Discuss the types of insurances that can be offered to Manston Court Owners association. **[10 marks]**
- (b) Manston Court building is insured for \$25 000 000 000 through an insurer who has the following reinsurance treaty programme.
- 1<sup>st</sup> layer \$4 000 000 000 XL \$1 000 000 000.  
2<sup>nd</sup> layer \$10 000 000 000 XL \$5 000 000 000.  
3<sup>rd</sup> layer \$10 000 000 000 XL \$15 000 000 000.

Also it is given that the insurer's net account is protected by surplus treaty with a retention of \$500 000 000. Show how a five loss of \$18 000 000 000 to the Property will be apportioned between the insurer and different reinsurers?

**[10 marks]**

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**END OF EXAMINATION**