

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE**

**DEPARTMENT OF INSURANCE AND ACTUARIAL SCIENCE**

**BACHELOR OF COMMERCE HONOURS (INSURANCE AND RISK MANAGEMENT)**

**PROPERTY AND LIABILITY INSURANCE PART TWO - CIN 2205**

**SECOND SEMESTER EXAMINATIONS - MAY/JUNE 2011**

**DURATION**

**3 HOURS**

There are seven questions and you are required to answer five questions in any order.

**Question 1** (20 MARKS)

- (a) Explain, briefly, what you understand by the following terms:
  - (i) Limit of liability (4marks)
  - (ii) Contractual liability exclusion (4marks)
  - (iii) Premises risk in the context of underwriting public liability risks (4marks)
  - (iv) "A work away risk" in the context of underwriting public liability risks (4marks)
  - (v) Accidental wordings in liability insurance cover (4marks).

**Question 2** (20 MARKS)

- (a) Explain liability in tort (5marks)
- (b) Explain Liability in contract (5marks)
- (c) Identify and explain four key policy covers of Public Liability insurance (10 marks).

**Question 3** (20 MARKS)

- (a) Identify five rating factors in product liability insurance and explain their significance using relevant examples where applicable (10 marks).
- (b) Explain product liability insurance cover exclusions (10marks)

**Question 4** (20 MARKS)

(a) Explain, briefly, the importance of the following factors in property and liability insurance claims:

(i) Proximate cause (3marks)

(ii) Duty of care (3marks)

(iii) Subrogation (3marks)

(iv) Contribution (3marks)

(v) Indemnity (3marks)

(b) Identify three defences in tort and explain their relevance to liability claims (5marks)

**Question 5** (20 MARKS)

(a) Explain what you understand by “determinants of demand for insurance” (10 marks)

(b) Identify and explain the key factors that may affect the supply of insurance (10 marks)

**Question 6** (20 MARKS)

Identify five (5) methods of handling risks and explain how an individual or firm can use them as alternative courses of action (20 marks).

**Question 7** (20 MARKS)

(a) Explain what you understand by “determinants of an insurer’s costs” (10 marks)

(b) Why is cost uncertainty a problem for insurance firms? (10 marks)

\*\*\*\*\*End of the examination paper\*\*\*\*\*