

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

B. COMM (HONOURS) INSURANCE AND RISK MANAGEMENT

INSURANCE AND THE COMMERCIAL ENVIRONMENT : CIN 4101

NOVEMBER/DECEMBER 2004 FIRST SEMESTER EXAMINATION

DURATION : 3 HOURS

Instructions to candidates

1. Answer any four Questions
 2. All Questions carry equal marks
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Question 1

- (a) Provide the rationale for insurance companies to increase their exposure to some markets, but reluctant to accept business in others? **[15 marks]**
 - (b) What makes a market unprofitable from an insurance company's point of view? **[10 marks]**
- [Total : 25 marks]**

Question 2

- (a) To what extent does the number of firms in a market affect the extent of competition in that market. **[10 marks]**
 - (b) How does foreign trade affect competition in the Zimbabwean insurance industry? **[15 marks]**
- [Total : 25 marks]**

Question 3

- (a) To what extent are building societies in competition with life assurance companies? **[15 marks]**
- (b) What ethical problems may arise if insurance companies use brokers commissions as a way to attract more business? **[10 marks]**

Question 4

- (a) Give a reasoned argument for the government to believe that an increase in interest rates will slow down the expansion of the money supply?
[15 marks]
- (b) In what ways does fiscal policy affect the insurance industry? [10 marks]
[Total : 15 marks]

Question 5

In what ways has modern technology changed the methods of communication between insurance companies and brokers? [25 marks]

Question 6

How does monetary policy affect the insurance industry? [25 marks]

END OF EXAMINATION PAPER!!!