

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

B.COMM INSURANCE AND RISK MANAGEMENT

INSURANCE AND THE COMMERCIAL ENVIRONMENT (CIN 4101)

NOVEMBER/DECEMBER 2005 FIRST SEMESTER EXAMINATION

DURATION: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer ALL questions.

Question 1

- a) Why is a person's attitude to risk particularly important in determining his or her demand for insurance?
- b) How and why does an increase in a person's income affect his demand for insurance? **[20 marks]**

Question 2

Provide a reasoned argument why insurance firms need to understand the implications of fiscal and monetary policy on their operations. **[20 marks]**

Question 3

The insurance business is affected by a large number of environmental factors. Select any two market related factors and describe how they affect the insurance businesses. **[20 marks]**

Question 4

- a) In what ways can tax considerations affect the demand for insurance?
- b) What is the effect of tax increases on performance of fund managers? **[20 marks]**

Question 5

In what ways are computer networks used for communication between insurance companies and brokers? How did brokers and companies communicate before the development of computer networks? **[20 marks]**

END OF EXAMINATION