

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**B.COMM INSURANCE AND RISK MANAGEMENT**

**INSURANCE AND THE COMMERCIAL ENVIRONMENT (CIN 4101)**

**JULY/AUGUST 2006 SUPPLEMENTARY EXAMINATION**

**DURATION: 3 HOURS**

**INSTRUCTIONS TO CANDIDATES**

**1. Answer ALL questions.**

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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 a risk point of view? [20 marks]

**Question 2**

The period 2003 to 2004 has seen the closure of many banking institutions and asset management firms. Discuss how such developments affect the operations in the insurance sector. [20 marks]

**Question 3**

Discuss the important of environmental analysis in the formulation of an insurance strategy? [20 marks]

**Question 4**

Explain in detail why despite an increase in inflation some individuals still sign assurance policies? [20 marks]

**Question 5**

As the investment manager of a composite insurance company, you are the custodian of large sums of policyholders' premiums. Outline the types investments you would make in the context of Zimbabwean current environment. [20 marks]

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**END OF EXAMINATION**