NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF INSURANCE AND ACTUARIAL SCIENCE

B.COMM (HONS) DEGREE IN RISK MANAGEMENT AND INSURANCE

INSURANCE AND THE COMMERCIAL ENVIRONMENT – CIN 4101

FIRST SEMESTER FINAL EXAMINATION- APRIL/MAY 2009

Duration 3 hours

Instructions to Candidates

- 1. Answer any four questions
- 2. Write legibly

Question 1 [25 marks]

- a) Define the term 'risk' as applied to the business environment. [10 marks]
- b) Illustrate how a person's risk attitude is important in his demand for insurance. [15 marks]

Question 2 [25 marks]

- a) What are the advantages and disadvantages of price regulation in the insurance industry? [10 marks]
- b) Explain how demographic factors have a bearing on insurance businesses. [15 marks]

Question 3 [25 marks]

In what ways have the globalisation and integration of financial services impacted on the insurance industry? [25 marks]

Question 4 [25 marks]

- a) Why is inflation considered to be an undesirable phenomenon in most countries? [15 marks]
- b) Explain why and how the government attempts to control money supply in an economy [10 marks]

<u>Question 5</u> [25 marks]

- a) How does the number of firms in a market affect the competition in that market? [15 marks]
- b) What factors do insurance firms consider in setting a price for their products? [10 marks]

Question 6 [25 marks]

Illustrate how the following affect a person's demand for insurance

[7 marks]
[6 marks]
[6 marks]
[6 marks]