

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

B. COMM (HONOURS) INSURANCE AND RISK MANAGEMENT

CORPORATE STRATEGY AND DECISION MAKING : CIN 4102

NOVEMBER/DECEMBER 2004 FIRST SEMESTER EXAMINATION

DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer four questions only.

Question 1

- (a) During the 1970s and 1980s insurance markets have experienced dramatic changes in the hitherto stable environment in which they operate.

Enumerate these changes and explain how they have created problems which management in insurance have to consider in their long range decisions.
[5 marks]
- (b) In insurance markets, independent intermediaries and insurance brokers exercise considerable bargaining power on behalf of buyers. Explain how some insurance companies have attempted to reduce this dependence. **[5 marks]**
- (c) A study of the external environment should consider the following areas, amongst others; “competitive outlook” and “Industry outlook”. Briefly distinguish the two. **[5 marks]**
- (d) Enumerate and explain the costs and benefits that can face an insurer contemplating to undertake international operations. **[5 marks]**

Question 2

“Grandiose Strategies are often created and discussed over cocktails and dinner, but until the money, people, time and effort are provided, it is all a pipe dream”

Evaluate this statement in terms of the resource based view of competitive strategy.

[25 marks]

Question 3

Discuss the merits of corporate planning process as a mechanism for managing in a rapidly changing world. [25 marks]

Question 4

Identify and explain the microeconomic opportunities and threats for insurance buyers that may be expected from the combined impact of deregulation and subsequent boost to competition. [25 marks]

Question 5

A strategy of cost-based competitive advantage obviously involves attempts to reduce unit costs below those of competitors.

Identify the segments of customers appropriate for this strategy in insurance markets and explain how you find them appropriate. [25 marks]

Question 6

Describe the market-product evolutionary matrix strategy concept and explain the extent this model is appropriate for analyzing an insurance company's strategic position. [25 marks]

Question 7

Define insurance broking and explain how this intermediary service can be a possible source for a differentiation strategy in the insurance industry. [25 marks]

END OF EXAMINATION PAPER!!!