

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

B. COMM (HONOURS) INSURANCE AND RISK MANAGEMENT

INSURANCE BROKING AND CLIENT SERVICES : CIN 4103

NOVEMBER/DECEMBER 2004 FIRST SEMESTER EXAMINATION

DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer **ALL** Questions from Section A
2. Answer **TWO** Questions from Section B
3. Answer **TWO** Questions from Section C.
4. Write clearly and legibly.

SECTION A

Question 1

Identify who the most likely principals and agents would be in the following circumstances. Justify your response.

- | | | |
|-------|---|-----------|
| (i) | negotiating for a premium rate reduction. | [5 marks] |
| (ii) | placing insurance cover. | [5 marks] |
| (iii) | negotiating for premium finance with a finance house. | [5 marks] |
| (iv) | negotiating for the settlement of an insurance claim. | [5 marks] |

[Total : 20 marks]

Question 2

In point form, compare and contrast an insurance broker with an insurance sales representative.

[10 marks]

SECTION B

Question 3

Justify the relevance of an insurance broker in a market practicing ART. [10 marks]

Question 4

- (i) Explain the cover that is provided under a professional indemnity insurance policy. [2 marks]
- (ii) Why are insurance brokers required to have professional indemnity insurance cover.

[8 marks]

[Total: 10 marks]

Question 5

Discuss the benefits that accrue to an insurance broker as a result of computerization of its operational systems. **[10 marks]**

SECTION C

Question 6

Discuss possible approaches that insurance broking firms can adopt to counter challenges posed by bank assurance. **[25 marks]**

Question 7

Identify and discuss the implications of key factors that regulatory authorities should consider in registering an insurance broker. **[25 marks]**

Question 8

“Traditional tactics employed by insurance brokers to acquire insurance business are damaging not only to the insurance broking profession but also to the insurance industry as a whole.” Discuss and evaluate this statement.

[25 marks]

Question 9

Compare and contrast financial services provided by an insurance broker with those provided by the central bank. **[25 marks]**

END OF EXAMINATION PAPER!!!