

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**B.COMM RISK MANAGEMENT AND INSURANCE**

**INSURANCE BROKING AND CLIENT SERVICES (CIN 4103)**

**APRIL/MAY 2006 SECOND SEMESTER EXAMINATION**

***DURATION: 3 HOURS***

**INSTRUCTIONS TO CANDIDATES**

1. Answer all questions.
  2. Write clearly and legibly.
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**Question 1**

Describe your understanding of the following approaches:

- a. Field based approach and Facility based approach **[5 Marks]**
- b. Analyse the benefits that an insurer will derive from a banc assurance arrangement. **[5 Marks]**
- c. Identify five influences on consumer perceptions. **[5 Marks]**
- d. Briefly explain the meaning of the insurance broker as provided for in the Insurance Act [Chapter 24:07] **[ 5 Marks]**

### **Question 2**

The insurance broking industry is characterised by low barriers to entry. Is this a perfect market? **[20 Marks]**

### **Question 3**

Analyse the extent to which employee skills, knowledge and experience can be used by a broker to gain competitive advantage over its rivals. **[20 Marks]**

### **Question 4**

Discuss the impact of the following on the future of insurance broking:

- i. Information technology **[10 Marks]**
- ii. Alternative risk transfers **[10 Marks]**

### **Question 5**

Robbie is an agent for Good Cover Company. He has authority to issue policies as well as collecting premiums from clients on behalf of the Company. Any premiums collected are supposed to be remitted by Robbie to the Company within thirty days of payment from the client. On 25 November 2005 Robbie issued a comprehensive Cover to Grace for her BMW. By 15 February 2006 Robbie has not remitted the premium to the company. On 13 February 2006 Grace's car is stolen and lodges a claim with Good Cover. Good Cover refuse to meet the claim citing non-payment of the premium by Robbie in terms of the agreement between Robbie and Good Cover.

- a) Grace approaches you for advice and specifically wants you to advise her chances of success as she intends to sue Good Cover. Advise her. **[10 Marks]**
- b) Assuming that Grace knew that Robbie was acting outside his authority would your advice be any different? Explain. **[10 Marks]**