

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE**

**DEPARTMENT OF INSURANCE AND ACTUARIAL SCIENCE**

**B'COM [HONS] RISK MANAGEMENT AND INSURANCE**

**INSURANCE BROKING AND CLIENT SERVICES [CIN 4103]**

**FIRST SEMESTER FINAL EXAMINATION – APRIL/MAY 2009**

**Duration** **3 hours**

**Instructions to Candidates**

1. Answer question one and any other three
2. Write neatly and legibly
3. Indicate questions answered at bottom of the answer booklet. Begin the answer to each full question on a fresh page of the answer sheet.

**Information for candidates**

This examination paper contains six (6) questions

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**Question 1**

Mr Gondo, a successful business man intends to insure his property and he approaches your broking firm with the following request.

“I want you to make sure that my house is protected by insurance. I bought it for US\$100 000 and it has a US\$1 500 marble durawall and a US\$3 000 state of the art swimming pool. In addition I bought a plasma TV from Taiwan for US\$800. Property in my house is valued at approximately US\$20 000. My wife is running a canteen which employes three maids and contains a stove, some chairs and tables all costing US\$8 000. Our canteen was once flooded by water and we couldn't serve our clients for one week and we lost out about US\$1 000 as we make roughly US\$250 per day.

If this happens again can I be compensated and if my employees steal from me say goods worth US\$400 am I covered. Kindly advise me if I can insure against or be sued just in case my wife serves unhealthy food. If so what cover can I get say up to a limit of US\$5 000. My wife and I own 3 cars valued at US\$30 000 and last year I had to repair a neighbour's vehicle after I hit his car from behind, is there cover for that? In the event that I accidentally die I want my kid to be looked after. For a man of my stature I am sure my family needs US\$100 000 to be comfortable, but in the event that I am incapacitated can I receive monthly or weekly wages equivalent to what I am currently earning, namely US\$2 000?”.

**Required:**

Arrange insurance for Mr Gondo and advise him approximately how much he has to pay for his insurance.

**Total [25 marks]**

**Question 2**

Present a sound argument on the role of the broker in the development of insurance.

**Total [25 marks]**

**Question 3**

Critically analyze the law of agency vis-a-vis broker insurer relationship and broker-client relationship.

**Total [25 marks]**

**Question 4**

- a) Suggest improvements to the insurance legislation to make it water tight to ensure effectiveness. [10 marks]
- b) Critically analyse the difference between a broker and an agent. [10 marks]
- c) Identify differences between group personal accident policy and a personal accident policy. [5 marks]

**Total [25 marks]**

**Question 5**

- a) Outline the effects of other players like Banc assurance, call centers and others, on the survival of the broking fraternity. [15 marks]
- b) Identify any five marketing tools used by insurance brokers to acquire business. [10 marks]

**Total [25 marks]**

**Question 6**

Design a specific and relevant framework to guide insurance brokers in selecting an insurer.

**Total [25 marks]**

\*\*\*\*\* END OF EXAMINATION\*\*\*\*\*