

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**B.COMM INSURANCE AND RISK MANAGEMENT**

**STRATEGIC MARKETING OF INSURANCE (CIN 4204)**

**NOVEMBER/DECEMBER 2005 FIRST SEMESTER EXAMINATION**

**DURATION: 3 HOURS**

**INSTRUCTIONS TO CANDIDATES**

1. Answer all questions in SECTION A.
2. Answer one (1) question ONLY from SECTION B.
3. Answer two (2) questions ONLY from SECTION C.
4. Write clearly and legibly.

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**SECTION A**

**The following are TRUE/FALSE statements. On your answer sheet write “TRUE” in full against the question number if the statement is TRUE and write “FALSE” in full if the statement is FALSE.**

**QUESTION 1**

- (a) An insurance company can use the three generic strategies suggested by Michael Porter at the same time. **[1 mark]**
- (b) Consumers are a necessary inconvenience. **[1 mark]**
- (c) Grand – Re is an example of a reinsurance company in Zimbabwe. **[1 mark]**
- (d) Process, Planning and People are the additional Ps of a marketing mix in financial services marketing. **[1 mark]**
- (e) Conversion is a strategy of converting strengths into opportunities. **[1 mark]**
- (f) In marketing MIS stands for Management Information System. **[1 mark]**
- (g) Expected product is the same as potential product. **[1 mark]**

- (h) Economics based pricing takes into account fixed and variable costs. [1 mark]
- (i) EVR stand for external, Values and Resources. [1 mark]
- (j) Securitisation is an example of alternative risk transfer mechanism. [1 mark]

**SHORT ANSWERS. GIVE BRIEF ANSWERS**

- (a) Briefly outline the stages of marketing strategy formulation. [5 marks]
- (b) Give two models used in understanding consumer behavior. Describe the models briefly. [5 marks]
- (c) What is customization. [2 marks]
- (d) Differentiate a prestige leader from a knowledge leader. [2 marks]
- (e) Give two principles of service marketing planning process. [1 mark]

**SECTION B**

**QUESTION 1**

- (a) Outline the characteristics of insurance as a service that distinguish it from banking services. [10 marks]
- (b) Explain clearly the implications of the unique features of insurance on the marketing strategy of an insurance company. [15 marks]

**QUESTION 2**

Discuss the impact of the following on the marketing of insurance services.

- (a) Globalisation [5 marks]
- (b) Deregulation [5 marks]
- (c) Increased competition [5 marks]
- (d) Changing consumer behavior [5 marks]
- (e) ART [5 marks]

## **SECTION C**

### **QUESTION 1**

- (a) Outline the benefits that a Life Insurance office will derive from market research. **[10 marks]**
- (b) The benefits offered by whole life policies have been eroded by inflation leading to poor performance of this product. Design a marketing research plan aimed at repositioning this product to improve its profitability. **[15 marks]**

### **QUESTION 2**

Advise a medical aid society that is planning for new product development specifically to cater for the needs of young professionals. **[25 marks]**

### **QUESTION 3**

Design a promotional mix for an insurance product targeted at high value customers. **[25 marks]**

### **QUESTION 4**

- (a) Evaluate the effect of price wars currently taking place in the short – term insurance market. **[10 marks]**
- (b) To what extent can regulators curb this in order to promote good marketing practices? **[15 marks]**

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**END OF EXAMINATION**