NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF INDUSTRIAL TECHNOLOGY

DEPARTMENT OF INDUSTRIAL ENGINEERING

BUSINESS STUDIES III (Insurance & Risk Management) - TIE 5105

1st SEMESTER EXAMINATIONS NOVEMBER/DECEMBER 1999

Time Allowed:	3 hours	S
Instructions:	(i)	Answer ALL questions in Part A and Part B.
	(ii)	Answer TWO questions from Part C

PART A

Qu. 1	Draw the Heinrich Triangle and explain briefly what it represents.		
Qu. 2	What is a composite insurer?	[2]	
Qu. 3	Define the following terms of Risk Management and Insurancei.Moral hazardii.Pure riskiii.Contributioniv.Common Poolv.Equitable premium	[2] [2] [2] [2] [2]	

Qu. 4 Define fundamental and particular risks making a clear distinction between the two. [8]

PART B

- Qu. 5Discuss in detail two risk identification techniques.Using a diagram illustrate
the use of each technique in a real practical situation.[20]
- Qu. 6 What are the main functions of insurance? [4]
- Qu. 7 What does an Engineering Policy cover? List three exclusions of the policy.[5]
- Qu. 8 Discuss the various options available to a risk manager who has identified an area of potential risk. [8]

Qu. 9 What is the main difference between the flow chart and HAZOP methods of risk identification? [10]			
Qu. 10	How would a company approach:[4]i. a high frequency/low severity risk?[4]ii. a low frequency/high severity risk?[4]		
	PART C		
Qu. 11	List and discuss two forms of risk control making clear the difference between the two. [10]		
Qu. 12	"Both frequency and severity are important dimensions of Risk Management if we are to establish the full impact the risk will have on a company." Discuss. [10]		
Qu. 13	In order for a risk to be insurable it must be fortuitous. Explain what is meant by <i>fortuitous</i> and its relationship to insurability. [10]		
Qu. 14	What benefits does insurance bring to the economy as a whole? [10]		
Qu. 15	What are the advantages of the fault tree approach to risk identification. [10]		

END OF EXAM