



**STAMFORD COLLEGE**  
**SCHOOL OF BUSINESS, MARKETING AND ACCOUNTING**

**DIPLOMA IN BUSINESS ADMINISTRATION**  
**(SEMESTER 5)**

**DBA 209: INSURANCE**

**Date : 27 August 2007**

**Time : 2.00pm – 5.00pm**

**Duration: 3 hours**

**Instructions to Candidates**

Answer any FOUR out of FIVE questions.

Please ensure that this examination paper contains FIVE questions on TWO printed pages before you start the examination.

Books, papers and other written materials are not allowed to be brought into the examination hall. A candidate who violates the examination rules of Stamford College or commits a malpractice will be disqualified from the examination.

Write your Examination Index Number on each page of your answer booklet.

Answer any FOUR out of FIVE questions.

### Question 1

- (a) Distinguish the following:  
(i) A valid contract  
(ii) A voidable contract  
(iii) An invalid contract  
(9 marks)
- (b) List and describe the four elements of a valid contract.  
(8 marks)
- (c) Define indemnity and give an example of a scenario as to how indemnity protection is utilised.  
(8 marks)
- (Total = 25 marks)

### Question 2

- (a) Define the following with an example each:  
(i) Peril  
(ii) Hazard  
(iii) Insurance  
(iv) Insured  
(v) Insurer  
(vi) Policy  
(vii) Premium  
(viii) Loss  
(ix) Risk  
(x) Moral hazard  
(20 marks)
- (b) Give reasons as to why an individual needs insurance coverage.  
(5 marks)
- (Total = 25 marks)

### Question 3

- (a) Describe an 'annuity.'  
(2 marks)
- (b) List and describe the FIVE criteria of an annuity.  
(10 marks)
- (c) Describe the TWO types of benefit an annuity may provide.  
(6 marks)
- (d) Describe the difference between a 'single premium annuity' and an 'annual premium annuity' with an example each.  
(7 marks)
- (Total = 25 marks)

#### **Question 4**

- (a) Explain risk management (5 marks)
- (b) Describe the steps in forming a risk management plan. (6 marks)
- (c) List and describe seven risk management tool (14 marks)

(Total = 25 marks)

#### **Question 5**

- (a) What is insurance? (4 marks)
- (b) Describe the FOUR basic components of insurance premiums. (12 marks)
- (c) List THREE advantages and THREE disadvantages of a self-insurance plan (9 marks)

(Total = 25 marks)

- **END OF PAPER** -