



**Subject:** Insurance

**Chapter:** Unit 1

**Category:** Practice question

### Introduction to insurance

1. Define insurance.
2. What are the main characteristics of insurance?
3. Write a note on the essential features of an insurable risk.
4. How does life insurance benefit society?
5. What do we mean when we say 'cost of insurance'?
6. Is insurance different from gambling? Support your argument with relevant points.
7. Why is the principle of indemnity not applicable to life insurance contracts?

### Group Insurance

1. "Minimum cost". Discuss.
2. How can an employer help his employees to manage their retirement risk through group insurance?
3. What are the income tax benefits to employer and the employees flowing out of the implementation of the group schemes?
4. What are the major benefits of group employees benefit schemes?
5. Discuss the difference between group and individual insurance?

### Reinsurance

1.
  - a) Define Proportional and Non Proportional Reinsurance.
  - b) Define 2 sub categories each of Proportional and Non Proportional Reinsurance.

2. What is loss ratio? State its formula

If an insurer collects \$1,000 in policy premiums and pays out \$800 in claims and claim-related expenses, plus another \$150 in operating expenses. Calculate the loss ratio

Answer -  $(800 + 150) / 1,000 = 95\%$

3. Explain the following terminologies :

- a) Earned premium
- b) Gross written premium