NAME: ARYAN SINGH RAJAWAT

ROLL NO. 27

SUBJECT: NON LIFE INSURANCE- PPP MODEL

ASSIGNMENT 2

1. The premium collected by an insurance company for the portion of a policy that has expired is called :

a) Unearned premium

b) Net direct premium

c) Earned premium

d) Underwritten premium

Ans. c) Earned premium

2. Third party liability insurance covers :

a) Damage caused to insured's vehicle when his vehicle another vehicle

b) Damage caused to another vehicle when hit by insured's vehicle

c) Damage caused to insured's vehicle when involved in a road accident

d) Damage caused to insured's vehicle when tree from his neighbour's yard fell on it

Ans. b) Damage caused to another vehicle when hit by insured's vehicle

3. What are the types of cover in motor insurance.

Ans. Insurance for vehicles can be availed in three forms

- Private Car Insurance
- Commercial Vehicle Insurance
- Two Wheeler Insurance

4. Mention few add-on coverages in motor insurance.

Ans. few add-on coverages in motor insurance are:

- Zero depreciation
- Engine protect
- Return to invoice
- NCB (no claim bonus) protect
- Roadside assistance
- Accident coverage for car passenger
- Daily allowance
- Key replacement compensation
- Consumables cover

5. What is covered under health insurance?
Ans. A health insurance policy can pay for hospitalisation expenses, medication and laboratory test costs, ambulance, doctor fees, etc. Some health plans also cover OPD expenses up to a certain limit.

6. What are the underwriting factors in travel insurance, marine insurance , fire insurance and motor insurance?
Ans. Underwriting factors for marine insurance:

- The nature of the goods
- The value of the goods
- The inherit risk that the product may cause
- The route, construction, and type of vessel
- The destination to which the goods will travel
- Any political risk, riots or civil commotion that could hamper the delivery of goods
- Historical data of incidents with the insured and overall

Underwriting factors for travel insurance:

- Trip cost
- Age

Underwriting factors for fire insurance are :

- Distance from fire hydrant
- Distance from fire department
- Rating of fire department
- Construction material of building
- Sprinkler system?
- Parapets and other construction features to limit spread of fire
- Occupancy type
- Premises hazards

Underwriting factors for motor insurance

- Geographical location
- Age
- Gender
- Marital status

- Years of driving experience
- Driving record
- Claims history
- Credit history
- Previous insurance coverage
- Vehicle type
- Vehicle use
- Miles driven annually
- Coverages and deductibles

7. What is not covered under health insurance, travel insurance, fire insurance, marine insurance and motor insurance?

Ans. health insurance

- Cosmetic procedures
- Fertility treatments
- Off-label prescriptions
- New technology in products or services

Travel insurance

- Pre-existing illness or circumstances
- Dental treatment
- Loss or damage due to mental disorder/suicide attempt
- Travel or medical treatment
- Complication due to pregnancy and child birth
- Natural adversities that begin before your policy purchase
- Adventure sports and activities
- Bad weather conditions

Fire insurance

- Loss, damage or destruction caused by war, invasion, warlike operations, mutiny, civil war, civil commotion, military rising, revolution and rebellion
- Loss or damage caused due to nuclear and allied perils
- Damage or loss caused to insured property by pollution or contamination. However, policy overs the pollution or contamination resulted out of insured perils. If an insured peril is a result of pollution or contamination, then that is not excluded.
- Aircraft damages arising out of pressure waves
- Loss or damages caused due to volcanic eruptions, earthquake and convulsions of nature. However, it can be included in the policy by availing add-on cover.
- Certain items like precious stones, artworks, manuscripts, securities, drawings, paintings, important documents, paper money, coins and computer system records are not covered under the fire and allied perils policy unless they are specifically stated or declared
- Deterioration of cold storage stocks due to change in temperature

- Damage or loss caused to any apparatus, electrical machine, fixture and fittings as a result of excessive pressure, self-heating, short circuit or by overrunning
- Loss of valuable by theft, housebreaking and burglary during or after the occurrence of insured perils. However, few insurers provide add-on cover for this. You can include them in the policy coverage by availing add-on at an extra premium
- Expenses incurred on surveyor, architect and consulting engineers' fees are not covered under the standard policy unless the add-on is availed to cover the expenses
- Debris removal charges are not covered under the basic plan unless the add-on is availed to cover the cost (up to a certain percentage of claim)
- Consequential losses

Marine insurance

- Insurance Contract Specifically Excluded
- Delayed Arrival
- Ordinary and Unavoidable Trade Losses
- Goods of Violence
- Dangerous Drugs Clause

Motor insurance

- Loss due to Wear and Tear
- Damage to Tyres, Electrical equipment, or Electronics
- Damage incurred if the insured is driving under influence of alcohol
- Any injury or property damage caused intentionally
- Damage Incurred during War
- Damage Due to Racing

8. What are insurance frauds? Give ways of committing fraud against an insurance company. Discuss a health insurance fraud. Discuss underwriting in health insurance.

Ans. Insurance fraud is any act committed to defraud an insurance process. It occurs when a claimant attempts to obtain some benefit or advantage they are not entitled to, or when an insurer knowingly denies some benefit that is due.

Frauds can be committed in different ways and on different stages of an insurance policy for example underwriting fraud, Application fraud, Claims fraud, Forgery of false documents, Phony policy fraud(scammers)

The most common health insurance fraud is Filing a claim for treatments or services that were never administered. This is often done by forging genuine patient information and manufacturing admission in connivance with service providers.

The underwriting for health insurance is also called medical underwriting. During the medical underwriting process, insurance companies examine the medical history, demographic profile, lifestyle, and other factors that may relate to a candidate's current and future medical needs. Through actuarial analysis, an estimate of the risk associated with providing health coverage to that person is determined and priced.

9. What are the coverages in travel insurance, marine insurance, personal accident insurance?
Ans. travel insurance

- Trip cancellation coverage
- Medical emergencies
- Lost baggage or passport, delayed flights etc
- Emergency Evacuations

Marine insurance

- Sinking, stranding, fire, explosion
- Loss in loading or unloading cargo
- Total loss coverage
- Earthquake or lightning
- Unforeseeable administrative expenses
- Jettison or washing overboard
- Collision, overturning, derailment, accident
- Natural calamities
- General average

Personal accident insurance

- Accidental Death Cover
- Permanent Disability Cover
- Permanent Partial Disability Cover
- Temporary Total Disability

10. How is travel insurance different from other non-life insurance products like health insurance and motor insurance?
Ans. travel insurance differs from the likes of health and motor insurance in a lot of ways some of which are:

- Personal accident covers in case of permanent disability/death during the time of travel.
- Coverage for issues related to personal possession or baggage loss during the course of the travel.
- Coverage for loss of passports and other important documents.
- Coverage for expenses related to trip delays and trip cancellations

11. Discuss the history and type of Marine insurance policies.
Ans. Marine insurance was the earliest well-developed kind of insurance, with origins in the Greek and Roman marine loan. It is the oldest risk hedging instruments to mitigate risk in medieval times were sea/marine (Mutuum) loans, commenda contract, and bill of exchanges. Separate marine insurance contracts were developed near Genoa, in Camogli. in 1853 and other Italian cities in the fourteenth century and spread to northern Europe. Premiums varied with intuitive estimates of the variable risk from seasons and pirates.
Types of Marine insurance policies: -

- Voyage policy
- Time Policy

- Mixed Policy
- Open (or) Unvalued Policy

- Valued Policy
- Port Risk Policy
- Wager Policy
- Floating Policy
- Single Vessel Policy
- Fleet Policy
- Block Policy

12. Calculate combined ratio using the following information: expenses amount to $8500, commission is $5700 , net claims incurred in the period amount to $150000. The net written premium is $50000 and net premium earned is $75000.
Ans.

$$Combined\ Ratio = \frac{Losses + Expenses}{Earned\ Premiums}$$

Combined ratio = ($8500+$5700+150000)/$75000

⇨ 2.1833

13. What do you understand by crop insurance? Discuss what is covered and not covered under crop insurance.
Ans. Crop Insurance is a comprehensive yield-based policy meant to compensate farmers' losses arising due to production problems. It covers pre-sowing and post-harvest losses due to cyclonic rains and rainfall deficit. These losses lead to reduction in crop yield, thus, affecting the income of farmers. In India, crop insurance is offered in the form of Pradhan Mantri Fasal Bima Yojna.
What Crop Insurance Covers?
Following stages of the crop loss are covered under crop insurance:

- **Localised calamities:** It covers localised calamities and risks like hailstorm, landslide affecting isolated farms in the notified area
- **Sowing/Planting/Germination risk**: Any problem in planting or sowing because of deficit rainfall or adverse seasonal conditions
- **Standing crop loss:** Comprehensive risk insurance to cover yield losses because of non-preventable risks, such as dry spells, flood, hailstorm, cyclone, typhoon
- **Post-harvest losses**: It covers losses for up to a maximum period of two weeks from harvesting

14. What are underwriting factors for credit insurance?

Ans. there are various underwriting factors in a credit some of which are:

- Credit rating of the company
- Past records etc.

15. What is engineering insurance?

Ans. Engineering insurance refers to the insurance that provides economic safeguard to the risks faced by the ongoing construction project, installation project, and machines and equipment in project operation