Assignment-1

(1) True

(2) Reinsurance is a form of insurance taken by insurance company to mitigate risk.
With the reinsurance contract in place, an insurance company transfers ~~it~~ some of its liabilities to the reinsurer.
Types of reinsurance:-
(1) Proportional reinsurance
i) Quota share reinsurance
A part of the insurance premium is ceded to the reinsurer, in return for sharing a portion of claim when recieved.
ii) Surplus share reinsurance
A part of the insurance claim once recieved is paid by the ceder, rest is paid by the ~~reisur~~ reinsurer.

eg:-
Incase an insurance company, say ICICI Lombard takes 80% of the claim amount and cedes the rest to the reinsurance company say, Munich Re, they will each be responsible for 80% & 20% of the claim amount respectively, is an example of Quota Share ~~however~~ whereas.
Incase ICICI Lombard takes responsibility of all the claims upto 20,00,000, ~~and at~~ above which the claim amount will be settled by Munich Re, for instance claim amount is 50,00,000,
ICICI – 20,00,000 Munich Re – 30,00,000
is an example of surplus share.

(2) Non proportional reinsurance.

i) Individual excess loss

reinsurer makes a payment when the claim amount for an individual claim exceeds a specified excess point or retention

ii) Stop Loss reinsurance.

The reinsurer is responsible to cover losses above a specified amount or percentage.

③ $\text{Expense ratio} = \dfrac{\text{Expenses}}{\text{GWP}}$

$\text{commission ratio} = \dfrac{\text{commission}}{\text{GWP}}$

$\text{Loss Ratio} = \dfrac{\text{GIC}}{\text{GWP}}$

$\text{combined ratio} = \dfrac{\text{Expence} + \text{commission} + \text{GIC}}{\text{GWP}}$

$\text{Net earned premium} = \dfrac{\text{Net written Premium}}{\text{Tenure}}$

$\text{Net loss ratio} = \dfrac{\text{Net incurred claim}}{\text{Net earned premium}}$

$\text{Net commission ratio} = \dfrac{\text{Net commission}}{\text{Net written premium}}$

$\text{Net expense ratio} = \dfrac{\text{Net expenses}}{\text{Net written premium}}$

④ The following contingencies are usually excluded under general motor insurance policies.

- Not having a Driving liscense
- under influence of intoxicating liquor/drugs.
- Accident taking place beyond geographical limits.
- While vehicle is used for unlawful purposes.
- Electrical/mechanical breakdowns.
- Damage to tyre/tube unless @ time of damage
- Consequential loss, depriciation, wear & tear

⑤ <u>History of insurance industry in India</u>

* Triton Insurance Company Ltd, established in Calcutta in 1850 A.D.

* Indian Mercantile Insurance Company Ltd started in Bombay in 1906-07. 107 insurers were amalgamated and grouped into 4 companies

  - National Insurance Company Ltd
  - New India Assurance Company Ltd
  - Oriental Insurance Company Ltd
  - United India Insurance Company Ltd.

* The General Insurance Corporation of India was incorporated as a company in 1972

(6) Combined ratio = $\frac{\text{GIC + expenses} \ldots}{\text{GWP}}$

Expenses = \$8500

Commission = \$5700

NWP = \$50,000

NIC = \$1,50,000

$$\frac{1{,}50{,}000 + 8500 + 5700}{50{,}000} = \frac{164{,}200}{50{,}000} = \boxed{3.284}$$

(7) Add-ons available on a motor insurance

1. Zero depriciation cover
2. Engine protect cover
3. Return to invoice (RTI) cover
4. Loss of personal belongings cover.
5. No claim bonus protect cover
6. Personal accident cover for passengers.
7. Key replacement cover.
8. Roadside assistance cover
9. Consumables cover
10. Daily allowance cover.

(8) Documents required to claim Health Insurance

- Health card
- Duly filled claim form
- Medical certificate
- Discharge summary or card (availed from hospital)
- All bills and receipts
- Prescriptions and cash memos
- Investigation Report.

(9) Third party Liability cover

Third Party liability cover is a mandatory insurance cover for your vehicle to be safe and secured. One has to buy third party liability cover for the mandated purpose under the law of motor vehicle Act, 1988.

~~This cov~~

This cover protects you against the loss and damage that occurred to the third party vehicle or property that causes someone's death or injury due to your vehicle. In this circumstance, you have to deal with the situation.

It would be easier when you have to incur the loss expense from your pocket.

One thing that you need to know about third party cover, is that it does not cover loss and damage to your own vehicle, which is responsible for the damage of third party vehicles. For the compensation of your own assignment, you have to buy own damage insurance cover. Also, does not process claim for the stolen or vandalized vehicle

(10) 7 types of health insurance products.

1. Individual Health insurance
2. Family Health insurance
3. Critical ~~Insuran~~ Iuness Insurance
4. Senior Citizen Health insurance
5. Top Up Health Insurance
6. Health Daily cash
7. Personal ~~E~~ Accident Insurance