NON LIFE INSURANCE – PPP ASSIGNMENT 1

1. True

2. Reinsurance is a form of insurance purchased by insurance companies in order to mitigate risk. With reinsurance, the company passes on some part of its own insurance liabilities to the other insurance company.
   Types of reinsurance are as follows:
   a) Quota Share – Reinsurer and insurance company share all premiums and claims in a percentage, for example, Bajaj Allianz enters into a reinsurance contract with Munich Re with retained proportion of 80%. This means Bajaj Allianz pays 80% of the claim amount and gets to keep 80% of the premium received. Munich Re has to pay 20% of the claim amount and receives 20% of the premium.

   b) Surplus – Reinsurance company pays the claim after the retention amount has been crossed, for example: HDFC Ergo forms a surplus share reinsurance contract with Swiss Re and underwrites policies with a coverage of Rs 50,00,000 with retention of Rs 20,00,000. The remaining 30,00,000 are ceded to reinsurer.

   c) Individual Excess Loss – Reinsurer pays the claims if a particular claim exceeds particular amount

   d) Stop loss – reinsurer is liable for insured losses incurred over a certain period that exceed a specified amount or percentage of some business measure.

3. Expense ratio = Expenses/GWP
   Commission ratio = Commission/GWP
   Loss Ratio = GIC/GWP
   Combined Ratio = (GIC + expenses + commission)/GWP

4. The following contingencies are usually excluded under the Motor Insurance Policy:
   • Not having a valid Driving License
   • Under Influence of intoxicating liquor/drugs
   • Accident taking place beyond Geographical limits
   • While Vehicle is used for unlawful purposes
   • Electrical/Mechanical Breakdowns
   • Damage to tyres and tubes unless the vehicle is damages at the same time
   • Consequential loss, depreciation, wear and tear

5. Triton Insurance company Ltd., established in Calcutta in 1850, AD Indian Mercantile Insurance company Ltd. started in Bombay in 1906-07 107 insurers were amalgamated and grouped into four companies, namely, National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on January 1st 1973.

6. Expenses = \$8500
   commission = \$5700
   net claims incurred = \$150000
   net written premium = \$50000
   net premium earned = \$75000.
   combined ratio = (NIC + expenses + commission)/NWP
   = (\$150000 + \$5700 + \$8500)/ \$50000
   = \$164200/\$50000
   = 3.284

7. Various add-ons available on a motor insurance policy are :
   • Zero depreciation cover
   • Engine protect cover
   • Return to invoice cover
   • Loss of personal belongings cover
   • No Claim bonus protect cover
   • Personal accident cover for passengers
   • Key replacement cover
   • Roadside assistance cover
   • Daily allowance cover
   • Consumables cover

8. The documents required to claim health insurance are :
   • Health card
   • Duly filled claim form
   • Medical Certificate/ Form which is signed by the treating doctor.
   • Discharge summary or card (original), availed from the hospital.
   • All bills and receipts (original)
   • Prescription and cash memos from pharmacies/ the hospital.
   • Investigation report
   • If it is an accident case, then the FIR or Medico Legal Certificate (MLC) is required.

9. Third party liability is the 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 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 already have a third party liability cover. And, if not 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 vehicle, 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 are:
    - Individual Health insurance
    - Family Health insurance
    - Group Health insurance
    - Critical Illness insurance
    - Senior citizen Health insurance
    - Hospital daily cash
    - Personal Accident insurance