Non-Life Insurance

(Assigment - 1)

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Q1) (a) True

Q2) Reinsurance is a form of insurance purchased by insurance companies in order to mitigate risk. The company passes its liabilities to the reinsurance.

Q3) Ratios used in profit analysis of reinsurance:

① Combined Ratio: Used for profitibility of isurance business.

[combined ratio = Loss Ratio + net commision ratio + expense ratio]

② Net commision Ratio: Represent the cost of obtaining the insurance business.

(intermediaries comission net of reinsurance, other related expense which related to business acquisition)

[Net commision ratio → $\frac{\text{Acquisition cost} - \text{RI}}{\text{NWP}}$]

③ Loss ratio: The percentage of losses incured to premium earned during the period. It is indicator of insurer's underwriting discipline and skills at mitigating risk.

[Loss Ratio = $\frac{\text{Incurred Losses}}{\text{Earned Premium}}$]

④ Expense Ratio: Calculated as underwriting expenses divided by net written premiums, the expense ratio measures an insurer's efficiency.

[Expense Ratio: $\frac{\text{Operating expenses}}{\text{NWP}}$]

Q4) General exclusions under a motor insurance:

→ Not having a valid driver's liscence.
→ Under Influence of intoxicating liquor/drugs.
→ Accidents taking place beyond geographical limits.
→ While vehicle is used for unlawful purposes
→ Electrical/mechanical/Technical BREAKDOWN.
→ Consequential loss, depriciation, wear & tear.

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Q5) History of general insurance in India

India with the establishment of the Oriental Life Insurance company in Calcutta. This company failed in 1834. In ~~184~~ 1829, Madras Equitable had begun transacting life insurance business in the Madras Presidency. 1870 saw the enactment of the British Insurance Act and in the last three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1879) and Empire of India (1897) were started in Bombay Presidency. This Era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Assurance, Liverpool and London Globe Insurance and were in competition with Indian offices.

Q6) Expenses = \$ 8500
Commision = \$ 5700
net claims = \$ 150000
net written premium = \$ 50000
net premium earned = \$ 75000
combined ratio = ?

$$\frac{GIC + expenses + commision}{GWP}$$

$$= \frac{150000}{75000} + \frac{8500}{50000} + \frac{5700}{50000}$$

$$= 2.284\%$$

Q7) Various 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 belonging cover
5. No claim bonus ~~cover~~ cover. (NCB)
6. Personal accident cover for passengers.
7. Key replacement cover.

~~Q8)~~

Q8) Documents required to claim health insurance:-

→ Original insurance policy document.
→ Tax payment reciept.
→ Registration book in original.
→ Authenticated theft declaration from the RTO.
→ Details of previous policy.
→ FIR and final report of police.
→ Letter of subrogation.
→ claim discharge voucher.

→ Form no. → 28, 29, 30, 35

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Q9) The third party ~~tso~~ insurance cover:

→ It is a mandatory insurance cover for your vehicle under the law of motor vehicle act 1988

→ This cover protects you against the loss and damage that ~~occ~~ occoured to the third party vehicle or property that causes someone's death or injury due to the vehicle.

→ In this situation, you have to deal with the situation, Its easier, when you have a third party liability cover and if the lost expence in incurred it wont come out of your pocket.

→ It does not cover ~~tear~~ loss and damage for your own vehicle which is responsible for the damage of the third party vehicle.

→ It doesn't cover stolen/vandalised car.

Q10) Types of health insurance products:-

1. Indiviual
2. Family
3. Critical Illness

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4. Senior Citizen
5. Top-up Health
6. Hospital Daily cash
7. Personal accident
8. Mediclaim.