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Non-Life Insurance.

* Assignment 1: *

Q.1) a) True

Q.2) Reinsurance is a form of insurance purchased by insurance companies in order to mitigate risk. The company passes some part of its own insurance liabilities to the other insurance company.

Q.3) Ratios Used in profit analysis of reinsurance

1) Combined ratio: Indicates the profitability of an insurance company from its insurance business.

Combined Ratio: Loss ratio + net commission + expense ratio

2) Loss ratio: The percentage of losses incurred to premium earned during the period. It is indicator of an insurer's underwriting discipline and skills at ~~mig~~ mitigating risk.

$$\text{Loss ratio} = \frac{\text{Incurred losses}}{\text{Earned premium}}$$

3) Net commission Ratio: Represent the cost of obtaining the insurance business. It includes

the intermediaries commission net of reinsurance commission other related expenses which relats to acquisition of business

) Net commission ratio = $\dfrac{(\text{Acquisition cost} - \text{RI commission})}{\text{NWP}}$

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

Operating Expense Ratio = $\dfrac{\text{Operating expenses}}{\text{NWP}}$

Q.4) General exclusions under a motor insurance policy :

→ Not having a valid driver's license.
→ Under Influence of intoxicating liquor /drugs.
→ Accident taking place beyond geographical limits.
→ While vehicle is used for unlawful purposes.
→ Electrical / Mechanical breakdown
→ Damage to types & Tubes and the vehicle isn't damaged.
→ Consequential loss, depreciation, wear & tear.

Q.5) History of general insurance in India :-

Ans→ 1818 saw the advent of life insurance business in India with the establishment of the Oriental life Insurance company in Calcutta. This Company however failed in 1834. In 1829, the 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 ~~mutual~~ Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were started in the Bombay Residency. This era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance and the Indian Offices were up for hard competition from the foreign companies.

Q.6) Expenses = \$ 8500
commission = \$ 5700
net claims = \$ 150000
net written premium = \$ 50000
net premium earned = \$ 75000
combined ratio = ?

$$\text{Loss ratio} = \frac{\cancel{1}50000}{7\cancel{5}}$$

$$\text{Combined ratio} = \frac{\text{GIC} + \text{expenses} + \text{commission}}{\text{GWP}}$$

$$= \frac{150000}{75000} + \frac{8500}{50,000} + \frac{5700}{50,000}$$

$= 2.284\%$

Q.7) Various add-on's available on a motor insurance

1) Zero depreciation cover
2) Engine protect cover
3) Return to Invoice (RTI) cover
4) Loss of personal belongings cover
5) No claim bonus (NCB) protect cover
6) Personal accident cover for the passengers.
7) Key replacement cover.

Q.8) Documents required to claim health insurance :-

→ Original insurance policy document

→ Tax payment reciept

→ Registration book in original

→ Authenticated theft declaration from the RTO

→ Details on the previous insurance policy such as company, policy number, duration and time of insurance etc.

→ Additional information handles and accessories, including warranty cards, booklets, duplicate keys etc.

→ FIR and final report of the police

→ Letter of subrogation

→ Claim Discharge voucher

→ Form 28, 29, 30, 35

Date
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Q.9) The third party 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 occured 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 loss expense incurred it wont come out of your pocket.

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

→ For the compensation of your own vehicle, you have to buy own damage insurance cover

→ It doesnt cover for stolen / vandalised vehicle.

Q10) Types of health insurance products:-

1) Individual Health Insurance.
2) Family health Insurance
3) Critical Illness Insurance
4) Senior Citizen Health Insurance
5) Top up Health Insurance
6) Hospital Daily Cash
7) Personal accident Insurance
8) Mediclaim

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