1)a) True

2) Reinsurance is a type of insurance purchased by insurance companies to avoid bankruptcy and mitigate risk. Some part of the liabilities (claim amounts) get passed on to the other company (re insurer).

Types of reinsurance:

(i) Propotional :

In this, the original insurance company and the reinsurer share the cost of the claim amount.

They are of two types.

a) Quota share reinsurance: Original company and reinsurer share all premiums and losses according to a fixed percentage.

eg. Bajaj Allainz enters into a reinsurance contract with Munich Re with a proportion of 80%.

b) Surplus share re-insurance:

It is a treaty in which the ceding

insurer retains a fixed amount of policy Liability and the re-insurer takes responsibility for what remains.
eg. HDFC Ergo forms a surplus share re-insurance contract with Swiss Re and underwrites policy with a coverage of ₹50,00,000 and retention of ₹20,00,000. The remaining ₹30,00,000 is ceded to reinsurer.

(ii) Non-proportional:

The direct writer pays a fixed premium to the re-insurer. The reinsurer is only required to make payments where part of the claim amount falls in a particular insurance Layer.

a) Individual excess loss:
Re-insurer makes a payment when the claim amount of an individual exceeds the retention.

b) Stop loss reinsurance: The reinsurance is liable for the insured's losses over a certain period that exceed a particular amount or some

% of business.

3) Ratios used in profit analysis:

- Underwriting profit: Earned premium remaining after losses have been paid and the administrative expenses have been covered.
Formula: GWP - GIC - Expenses - Commision

- Loss ratio = $\frac{GIC}{GWP}$

- Combined ratio = $\frac{GIC + expenses + commision}{GWP}$

- GWP is earned throughout the period.

- Expense ration = $\frac{Expense}{GWP}$

- Commision ratio = $\frac{Commission}{GWP}$

4) Exclusions under the motor insurance policy?
A car insurance exclusion involves

risk or situations that are not covered in your car insurance policy.

They are :-

- Not having a valid driver's licence
- Under influence of mind altering substance (alcohol, drugs).
- Accident taking place beyond geographical limits
- Vehicle is being used for unlawful purposes.
- Electric/Mechanic malfunction.
- wear and tear

6) Combined ratio = ?

Expenses = $8500

Commission = $ 5700

net claims incurred amount = $150,000

net written premium = $ 50,000

net premium earned = $ 75000

$$\text{Combined ratio} = \frac{\text{GIC} + \text{Expences} + \text{Commission}}{\text{GWP}}$$

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

$$= \underline{2.284}$$

7) motor insurance add ons:

The riders are to be purchased from the same insurance company by paying additional amount.

They are.

i) Zero depreciation cover

(ii) Engine protection cover
(iii) Return to invoice cover
(iv) Loss of personal belongings cover
(v) No claim bonus (NCB) protect cover
(vi) Personal accident cove for the passengers - by opting for this rider.
(vii) Key replacement cover.
(viii) Roadside assistance cover.
(ix) consumables cover
(x) Daily allowance cover.

8) Documents required to claim Health insurance
(i) Health card
(ii) Medical certificate / Form which is signed by treating doctor.
(iv) Discharge summary or card (original), awailed from the hospital
(v) All bills and receipts (original).
(vi) Perscription and cash memos from pharmacies.
(vii) Investigation report.

(viii) If it is an accident case, the FIR or Median Legal Certificate (MLC) is required.

9)

9. Third Party Liability Insurance Cover:

→ In India, third party liability insurance is mandatory for a vehicle to be safe and secured. One has to buy third party liability cover for the mandated purpose under the motor vehicle act, 1988. The cover protects yours against the loss and damage that occured to the 3rd party vehicle or property that causes someone's death or injury due to your vehicle. It would be easier to deal with this situation when we already have a third party insurance cover; and if not then we would have to incur the loss expense from our own pocket.

It does not cover loss and damage to your own vehicle which is responsible for the damage of the third party's vehicle. For insurance of our car an own damage insurance is supposed to be bought by us. It doesn't process claim for stolen or vandalized vehicle.

10) 7 types of Health Insurance products.

1) Based on payout:

a) Indemnity based products:
Reinsures the covered person for incurred medical expenses.
Eg: Retail health insurance

→ Group health insurance.

b) Based on Fixed Benefit:
Lumpsum is paid under the policy on occurence of covered perils.
Eg → Personal Accident
→ Critical illness
→ Hospital cash

2) Classification → based on segment
a) Retail
b) Group
c) Employer - Employee
d) Other groups.