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Roll No. : 27

SUB: NON-LIFE INSURANCE

CHAPTER : UNIT 1&2

Assignment 1

Q1. The premium collected by an insurance company for the Portion of a policy that has expired is called:

Earned premiums

Q2. How is surplus reinsurance similar to quota Share reinsurance?

The reinsurer and the reinsured share of the claim is Propotionate

Q3. A Individual loss on an insured risk triggers the reinsurance coverage if it exceeds the deductible, is described as an excess of loss per risk treaty.

True

Q4 Non-Proportional reinsurance is usually expressed as a Percentage of the risk a reinsurer is taking from the Primary insurer

False

Q5. A reinsurance contract is contract of indeminity

True

Q6. What is reinsurance ? Discuss the types of reinsurance with example.

Reinsurance allows insurers to remain solvent by recovering all or part of a Payout. Companies that seek reinsurance are called ceding companies. Types of reinsurance include facultative, Proportional, and non-Proportional.

Q 7 How is stop loss reinsurance different from excess of loss reinsurance

Stop-Loss Reinsurance - an agreement wherely a reinsurer assumes on a per-loss basis all loss amounts of the reinsured, subjects to the Policy limit, in excess of a stated amount ; ~~A~~

Excess of loss reinsurance is a specific types of reinsurance where the ceding company is compensated for losses that exceed a specific limit

~~Q8~~

Q8. Discuss the various ratios used in Profit analysis of reinsurance

Various ratios used in profit analysis are.

$$\text{Expense ratio} = \frac{\text{Expenses}}{\text{Gross written premium}}$$

$$\text{Commission ratio} = \frac{\text{Commission}}{\text{Gross written premium}}$$

$$\text{Loss ratio} = \frac{\text{Gross incurred claim}}{\text{Gross written premium}}$$

$$\text{Combined Ratio} = \frac{\text{GIC} + \text{expense} + \text{commission}}{\text{Gross written premium}}$$

Q9 Write about the history of general insurance in India

The history of General Insurance can be dated back to the 17th Century ; during during the Industrial revolution. General Insurance in Insurance in India came as a British occupation so, Triton insurance Company Ltd. in the year 1850 in Calcutta Came to the introduced by the british in the year 1907. Indian Mercantil Insurance Ltd. was the first company to manage all classes of general insurance business.

Q10 Calculate combined ratio using the following information: expense amount to \$8500, commission is \$5700, net claims incurred in the period amount to \$150000. The net written premium is \$50000 and net premium earned is \$75000.

$$\text{Combined ratio} = \frac{GIC + \text{expenses} + \text{commission}}{\text{Gross written premium}}$$

GIC = \$150000   expense = \$8500   Commission = \$5700

Gross written premium = NWP + Premium earned

=> \$50000 + \$75000

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

=> 1.3136000