Sanjana A.
Roll no. 2

PAGE No. 1.
DATE / /

26/3 Non-Life Insurance: Assignment 1 :-

1. (a) True

2. Reinsurance is a type of insurance purchased by an insurance company to mitigate the risks they bear.

→ There are 2 general categories of reinsurance i.e. Proportional and Non-Proportional reinsurance.

→ ~~Porpo~~ Proportional reinsurance refers to the claims ~~in~~ being split in ~~por~~ proportion with the insurance company, while non-proportional splits the claims incurred by the insurance company on ~~surplus~~ excess terms of the insurance layer.

→ 2 types of proportional are: Quota share (where premiums & claims are split in a fixed percentage) and surplus share (where the reinsurer takes liability of the amount that exceeds a certain limit until which the insurer is liable) reinsurance

→ 2 types of non-proportional ~~rei~~ are: Individual excess loss (where the ~~in~~ reinsurer pays for an ~~parti~~ individual claim that exceeds a certain limit) and Stop Loss (where the reinsurer pays for claims incurred by the insurance company over a period of time that exceed a certain amount

or percentage of business measure)
reinsurance.

3. The profitability of an insurance company is measured by the combined ratio.

Combined ratio = Loss ratio + Expense ratio + Net commission ratio

if the combined ratio has a value greater than 100% the company paying out more than it is taking and vice versa when the ratio is < 100%.

$$\text{Loss ratio} = \frac{\text{losses incurred}}{\text{earned premium}}$$

$$\text{Expense ratio} = \frac{\text{operating expenses}}{\text{NWP}}$$

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

4. Exclusions under motor insurance policy:
- → not having a valid Driving License
- → driving under influence of intoxicating liquor / drugs
- → accident beyond ~~geop~~ geographical limits
- → vehicle being used for unlawfull purposes
- → electrical/mechanical breakdowns

→ consequential depriciation, loss, wear & tear
→ damage to tyre/tubes unless vehicle is damaged at the same time. (eg. puncture)

5. • The first general insurance company was Triton Insurance Company Ltd. established in Calcutta in 1850.
• Indian Mercantile Company Ltd started in Bombay in ~~1960-16~~ 1906-07. 107 insurers were
• amalgated & grouped into 4 companies namely: National Insurance Company Ltd; The New India Assurance Company Ltd., The Oriental Insurance company Ltd. & The United India ~~India~~ Insurance Company Ltd.

6. expenses = \$8500 net claims = \$150000
commission = \$~~7500~~ 5700 NWP = \$ 50000
Net earned premium = \$75000

combined ratio = Loss ratio + expense ratio + commission ratio

$$= \frac{150000}{75000} + \frac{8500}{50000} + \frac{\cancel{7500}\ 5700}{50000}$$

$$= 2.284 = \boxed{228.4\%}$$

7. Add-ons on a motor insurance policy :
→ Zero depreciation cover
→ Engine protect cover
→ Return to Invoice (RTI) cover
→ Loss of personal belongings cover
→ No Claim Bonus (NCB) ~~cover~~ protect cover
→ Personal accident cover for the passengers
→ Key replacement cover
→ Roadside Assistance cover
→ Consumables cover
→ Daily allowance cover

8. Documents required to claim health insurance :
→ Health card
→ duly filled ~~cas~~ claim form
→ medical certificate/ form signed by doctor
→ Discharge summary/card (original) from hospital
→ all bills & receipt
→ prescription & cash memos from pharmacies & hospital
→ investigation report
→ if accident case, then FIR or MLC

9. Third Party Liability Insurance cover :
It is a mandatory cover for the insured vehicle.

It protects you against the loss & damage that occurred to the third party vehicle or property that causes someone's death or injury due to your vehicle.
It does not cover damage to your own vehicle. It also doesn't process for the stolen / vandalized vehicle.

10- Health insurance products :

→ ~~individual health insurance~~
→ family health insurance
→ critical illness ~~hs~~ insurance
→ senior citizen health insurance
→ Top-up health insurance
→ Mediclaim
→ ~~Daily~~ Hospital daily cash