Sarthak - 43

Assignment - 1

Q1] a) True

Q2] Reinsurance is insurance for insurance companies. It is wherein an insurance company passes some risk to reinsurer who accepts it in return of premium. This allows insurance companies to pass on some its liabilities and take on more business.

Type of reinsurance :

1) Proportional → this is wherein insurer and reinsurer share the cost of claim.

Quota share : Both the claims and loss are shared according to a fixed percentage.

Surplus share : In this the insurer keeps a fixed amount of policy liability and rest is transferred to reinsurer.

2) Non proportional → under this arrangement there is fixed premium paid and claim is only required to make payments where part of claim amount falls in paticulare reinsurance layer

Individual excess loss : makes a payment when the claim amount for an individual claim exceeds specified excess point.

Stop loss reinsurance : this is wherein all losses of insurance company cross a threshold then reinsurer pays claim.

Q3] Ratios used in Profit analysis:

- Underwriting Profit = GWP − GIC − Expense − Commission

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

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

- Expense ratio = $\frac{\text{Expenses}}{GWP}$

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

All have net formula removing effect of reinsurance except expense ratio

Q4] Exclusions under motor insurance policy:

- Not having valid DL
- ~~Under~~ intoxicated driving
- Accident taking place beyond geographical limits
- Vehical used for unlawful purpose
- Mechanical / Electric Breakdown
- Damages to tyres and tubes unless the vehical is damages at same time
- Consequential loss, depriciation, wear and tear etc.

Q5] GI started with Triton Insurance company ltd in Calcutta in 1850 AD. Indian mercantile insurance company ltd started in Bombay in 1906-07. 107 insurer were amalgamated and merged into 4 companies; National insurance company, New India Assurance company ltd, Oriental Insurance company ltd and United India insurance company. GIC of India was incorporated as a company in 1971 and commenced business from 1973.

Q6] Combined ratio $= \dfrac{GIC}{NEP} + \dfrac{\text{expenses} + \text{commission}}{NWP}$

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

$$= \underline{2.284}$$

Q7] The various add ons available on a motor ~~vehicle~~ insurance policy:

1. Zero depreciation cover
2. Engine protection cover
3. Return to invoice
4. Loss of personal belongings
5. No claim bonus
6. Key replacement cover
7. Roadside assistance cover

and etc.

Q8] Documents required to claim health insuran

① Health card
② Duty filled claim form
③ Medical certificate / Form which is signed by treating doctor
④ Discharge summary or card (original) availed from hospital
⑤ All bills and receipts (original)
⑥ Prescription and cash memo from pharmacies / hospital
⑦ Investigation report
⑧ In case of accident, the FIR or medico legal certificate is required

Q9] In India, ~~TP~~ Third party insurance is mandatory for a vehical to be safe and secured. One has to buy a third party liability cover for the mandated purpose under the motor vehical act, 1988. The cover protects you against the loss and damage that occurred to the 3rd party vehical or property that causes someone's death or injury due to your vehical. It would be easier to deal with the situation when you have cover. This cover doesn't include loss or damage to own vehical ~~but~~ to includes that ~~TO~~ you need own damage cover.

Q10] 7 types of health insurance product:

1) Based on payout

a) Indemnity based products → Reimburses covered person for medical expense

b) ~~Base~~ Fixed Benefit → ~~lumpsu~~ lumpsum is paid as per policy on occurrence of covered perils.

2) Based on segment

a) Retail

b) Group

c) Employer - Employee

d) Other groups

1) Individual health cover
2) Family health cover
3) Critical illness cover
4) Senior citizen to Health insurance
5) Top up Health insurance
6) Hospital daily cash
7) Personal accident insurance