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Div - B
Subject - Non-Life Insurance
Assignment 1

1. A reinsurance contract is a contract of indemnity.
   a) True

2. Reinsurance is second level of insurance. When an insurer transfers a part of risk on a particular insurance by insuring it with other insurer or other insurers, it is called reinsurance. It involves insuring the same risk.

Types of Reinsurance:

1. Proportional Reinsurance
   → Quota Share Reinsurance - The reinsurance company has to pay a fixed proportion of the claim irrespective of size of claim.
   Eg. If reinsurer agrees to pay 30%, a claim of ₹1,00,000 occurs then reinsurer will pay ₹30,000 of claim amount to insurance company.
   → Surplus loss reinsurance - A line is fixed between insurance and reinsurance company above which the reinsurance company has to

pay a proportion of claim amount.
eg. Line set is ₹ 1,00,000. The claim proportion is set as 50%. then if a claim of ₹ 2,00,000 occurs, reinsurance company will pay ₹ 50,000 while the remaining will bear by the insurance company.

2. Non-Proportional Reinsurance

→ Excess of loss reinsurance: There is a retention level set. Above this retention level any claim amount if made is to be borne by the reinsurer.
Eg. The retention level is ₹ 1,00,000 & claim is for ₹ 1,50,000 then ₹ 50,000 will be borne by reinsurer.

→ Stop loss reinsurance: The part paid by the reinsurer is not determined by the aggregate claims of the individual policy, only by the aggregate claims of the whole portfolio.
Eg. The aggregate claim of whole portfolio is say ₹ 10 crore & ₹ 8 crore is line then reinsurer pays ₹ 2 crore to insurance company.

3. Various Ratios in profit analysis of reinsurance -

1) Net Premium written → Sum of premiums written by an insurance company over the course of a period of time, less premiums ceded to reinsurance companies, plus any reinsurance assumed.
2) Earned Premium → Premium collected by an insurance company for the portion of a policy that has expired.
3) Net loss ratio → The ratio of net claims incurred to net earned premium.
4) Net expense ratio → The ratio of expenses to net written premium.
5) Net commission ratio → The ratio of commission to net written premium.
6) Net combined ratio → The sum of

4. General Exclusions under Motor Insurance ~~comp~~ Policy:

1. Not having a valid Driving License
2. Under Influence of Intoxicating liquor/drug
3. Accident taking place beyong Geographical limits
4. While Vehicle is used for unlawful purposes
5. Electrical/Mechanical Breakdowns
6. Damage to tyres & tubes unless vehicle damage at same time.
7. Depreciation.

5) History of General Insurance in India:

→ The first General Insurance company in India is ~~T~~ Triton Insurance Company established in Calcutta in 1850 AD

→ Indian Mercantile Insurance company Ltd started in Bombay in 1906-07

→ National Insurance Company Ltd, the New India Assurance Company Ltd, the Oriental Insurance Company Ltd.

→ The General Insurance Corporation of India was incorporated as a company in 1971 & it commence business on January 1st 1973.

6) Net loss ratio $= \frac{\text{net claims incurred}}{\text{net earned premium}}$

$= \frac{150000}{75000}$

$= 2$

Net expenses ratio $= \frac{8500 \text{ expenses}}{\text{net written prem}}$

$= \frac{8500}{50000}$

$= 0.17$

Net commission ratio $= \frac{\text{commission}}{\text{net written premium}}$

$= \frac{5700}{50000} = 0.114$



Combined Ratio $= 2 + 0.17 + 0.114 = 2.284$

7) Ad-ons available on a motor insurance policy

1) No Claim Bonus (NCB):
2) Nil Depreciation
3) Total Cover
4) Engine Protection cover
5) Consumables cover
6) Return to invoice
7) Roadside assisstance
8) Tyre Protect Cover
9) Key replacement
10) Loss of personal belongings

8) Documents required to claim health insurance
1) Health card
2) Duly filled claim form
3) Medical Certificate / Form which is signed by the treating doctor.
4) Discharge summary or card, availed from the hospital
5) All bills & receipts (orignal)
6) Prescription & cash memos from pharmacies or the hospital
7) Investigation report
8) If it is an accident case, then the FIR or medico legal certificate (MLC) is required.

9) Third Party Liability Insurance cover:

Third-party liability coverage is the portion of an insurance policy that protects the policyholder if policyholder is sued for a physical injury or damage to someone else's property.
If policyholder collides with car of a third party leading to death or bodily injury to the third party, ~~your~~ policyholder liability to the third party is covered by the insurer.
It also covers damage to property of ~~t~~ third party ~~is covered by the insurer.~~ caused by policyholder's car.
Damages to own car is not covered under third party cover.

10) Types of Health Insurance Product
1. Individual Health Insurance
2. Family Health Insurance
3. Senior Citizen Health Insurance
4. Top up Health Insurance
5. Mediclaim
6. Group Health Insurance
7. Personal Accident Insurance.