

Name – Arpit Chowdhary Class – FY-BSc Roll No - 13

1) True

2) Reinsurance is a form of insurance purchased by insurance

companies in order to mitigate risk. With reinsurance, the company passes on some part of its own insurance liabilities to the other insurance company.

Two types of Reinsurance are as follows: -

i) Proportional Reinsurance: the direct writer (original insurance company) & the reinsurer share the cost of all claims. There are further two types of Proportional Reinsurance: -

a) Quota share reinsurance – Reinsurer and writer share all premiums and losses according to a fixed percentage.

For example, ICICI Lombard enters into a reinsurance contract with Munich Re with retained proportion of

80%. This means ICICI Lombard pays 80% of the claim amount and gets to keep 80% of the premium received.

Munich Re has to pay 20% of the claim amount and receives 20% of the premium.

b) Surplus share reinsurance: A surplus share treaty is a reinsurance treaty in which the ceding insurer retains a fixed amount of policy liability and the reinsurer takes responsibility for what remains. Surplus share treaties are considered pro-rata treaties and are most commonly used with property insurance.

For example: Bajaj Allianz forms a surplus share reinsurance contract with Swiss Re and underwrites policies with a coverage of Rs 50,00,000 with retention of Rs 20,00,000. The remaining 30,00,000 are ceded to reinsurer.

ii) Non-Proportional Reinsurance: Under a non-proportional reinsurance arrangement, the direct writer pays a fixed premium to the reinsurer. The reinsurer will only be required to make payments where part of the claim amount falls in a particular reinsurance layer.

3) . The ratios used in profit evaluation of reinsurance are as follows –

- Net loss ratio – The percentage of losses (claims) incurred to top class earned during the period. It is the indicator of an insurer's underwriting

discipline and talent at mitigating chance. Internet claims incurred / net earned top class

- Net blended ratio – is the sum of loss ratio, cost ratio and fee ratio.
- Incurred loss ratio – the proportion of losses incurred o charges earned
- Net price ratio – It is calculated as underwriting fees divided via net written premiums; the rate ratio measures an insurer's efficiency. Costs / internet written top class

4) A car insurance exclusion involves risks or situations that are not covered in your car insurance policy. These are

always clearly mentioned in the policy documentation. It is important to know your policy exclusions so that you

are prepared when an incident occurs.

The following are excluded under the Motor Insurance Policy:

- Under Influence of intoxicating liquor/drugs
- While Vehicle is used for unlawful purposes
- Not having a valid Driving License
- Electrical/Mechanical Breakdowns.
- Consequential loss, depreciation.

5) The history of General Insurance can be dated back to the 17th Century; during the Industrial Revolution. General 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.

6.) Net blended ratio = net loss ratio + internet cost ratio + net commission ratio

Expenses = 8500

Commission = 5700

Net claims incurred = 150000

Net written top rate = 50000

Net premium earned = 75000

Net loss ratio = Net claims incurred/Net earned top rate = 150000/75000 = 2:1

Net fee Ratio = fees /Net written top class = 8500/50000 = 17:100

Commission Ratio = Commission / Net written top class = 5700/50000 = 57:500

Net Combined Ratio = 2 + (17/100) + (57/500) = 571:250 OR 2.284:1

7) 1. Zero depreciation cover - This is a popular motor insurance add-on plan that offers significant savings at the time of a claim. It is also referred to as nil depreciation cover or bumper to bumper policy.

2. Engine protect cover - A comprehensive motor insurance plan does not protect the vehicle from mechanical or electrical damages to the engine. Buying an engine protect cover offers your engine the much-needed protection, especially if you reside in an area prone to waterlogging.

3. Return to Invoice (RTI) cover - This add-on plan protects your vehicle from total loss expenses. In the event of a total loss scenario such as a car theft, it provides you the actual invoice value of the vehicle, without accounting for its depreciation with age.

4. Personal accident cover for the passengers - The comprehensive car insurance policy can be enhanced to offer protection for the passengers by opting for this rider.

5. Key replacement cover - Under this cover, the insurance company reimburses the cost of replacement of the vehicle keys if these were lost or misplaced.

8) Documents required to claim Health Insurance: -

- Health card
- Duly filled claim form.
- Medical Certificate/ Form which is signed by the treating doctor.
- Discharge summary or card (original), availed from the hospital.
- All bills and receipts.
- Prescription and cash memos from pharmacies/ the hospital.
- Investigation report

- If it is an accident case, then the FIR or Medico Legal Certificate (MLC) is required.

9) This cover protects you against the loss and damage that occurred to the third-party vehicle or property that causes someone's death or injury due to your vehicle. In this circumstance, you have to deal with the situation. It would be easier when you already have a third-party liability cover. And, if not you have to incur the loss expense from your pocket. One thing that you need to know about third party cover is that it does not cover loss and damage to your own vehicle which is responsible for the damage of third-party vehicles. For the compensation of your own vehicle, you have to buy own damage insurance cover. Also, does not process claim for the stolen or vandalized vehicle.

10) Types of Health Insurance Products: -

- Indemnity
- Fixed benefit
- Retail
- Employer-employee
- Personal Accident
- Critical illness
- Hospital Cash