Abhinav Iyer , 12
Non-life insurance

Assingment 1

1) c) earned premium.
2) a) the reinsurer & reinsured's share of the claim is propotional
3) a) true , 4) b) false , 5) a) true.

6) Reinsurance is insurance of insurance companies. Basically insurance company transfers some of its risks to reinsurance companies.
a. ~~Proportional~~ Quota Shape - the direct writer & reinsurer share the cost of all claims for each risk. example, for a building insured against fire, the direct writer might retain 75% of premium & will be liable to pay 75% of all claims.
b. Surplus loss - ceding company determines max. loss it can retain for each risk in portfolio. every risk coverage greater than this, is ceded to surplus treaty on propotional basis, where portion varies with size of risk. for example, let the loss retention limit be 120%, & there are two policies A & B & its decided that any the proportion ceded if exceeded is 10%. Policy A - $ 150,000 (70%) & Policy B - $ 200,000 (125%) then reinsurance will cede 10% of $ 200,000.
c. excess of loss - insurer will pay any claim in full upto M, the retention level, any amount above M will be paid by reinsurer. example, if agreed retention amount on a car insurance portfolio is $150,000 & the premiums earnd is $175,000, the reinsurer will bare $ 25,000.
d. stop loss - it protects insurer from suffering losses that exceed a certain limit over the course of year. for example, if insurance company's total losses exceed 75% of its earned premiums, reinsurer would pay up the losses upto a coverage limit.

7) in excess of loss reinsurance, anything above a specified amount M is beared by reinsurer whereas in ~~excess~~ stop ~~of~~ loss reinsurance, reinsurance bears cedant's losses in any year over a particular percentage of the earned ~~pear~~ premium.

8. expense ratio = $\frac{\text{expense}}{\text{GWP}}$

GWP - gross written premium. total revenue from contract expected to be recieved by insurer before deductions for reinsurance or ceding comissions.

expenses - incurred by company like, renewal, claim settlement.

commision ratio : $\frac{\text{commision}}{\text{GWP}}$.

Loss ratio = $\frac{\text{GIC}}{\text{GWC}}$

G.I.C - gross claims incurred. all payments made in respect of the financial year + provision of claims - provision of claims of last financial year,

combined ratio = loss ratio + expense ratio + comission ratio. measure of profitablity used by insurance company to gauge how well its performing in its daily operations.

10) $= \frac{8500}{50\,000} + \frac{5700}{50000} + \frac{150\,000}{75\,000} = \underline{\underline{2.284}}$

7) ~~the~~ General insurance in india came as a british occupation. So, Triton insurance company limited, in the year 1850 in Calcutta came to the introduced by the British. In the year 1907, Indian Mercantile Insurance limited, was the first company to manage all classes of general insurance business. Since 1907, there's been no stopping for emergence of general insurance companies.