Non Life Insurance

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.

→ Proportional reinsurance refers to the claims being split in proportion with insurance company while Non-proportional splits the claims incurred by one insurance company on excess terms of the one insurance layer.

→ 2 types of proportional are:- Quota Share (where premiums and 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 are:- Individual excess loss (where the reinsurer pays for an individual claim that exceeds a certain limit) and stop loss (where the reinsurer pays for claims incurred by insurance company over a period of time that exceeds a certain amount or percentage of business measure) reinsurance.

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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% one Company paying out more than it is taking and vice versa when the ratio is <100%.

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

Expense ratio = $\frac{\text{Operating expense}}{\text{NWP}}$

Net Commission ratio = $\frac{\text{Acquisition Cost - RI Commission}}{\text{NWP}}$

4. Exclusion under motor insurance policy:
→ Not having a valid Driving license
→ Driving under influence of intoxicating Liquor/Drug,
→ Accident beyond geographical limits
→ Vehicle being used for unlawful purpose
→ Electrical/mechanical break downs.
→ Consequential depreciation, loss,
→ Damage to tyre/tubes unless vehicle is damaged at the same time.

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5. The first general insurance company was Triton Insurance Company Ltd. Established in Calcutta in 1850.
. Indian Mercantile Company Ltd. Started in bombay in 1906-07. 107 insurers were amalgated grouped into 4 companies Namely: National insurance Company Ltd; One New India Assurance Company Ltd, the Oriental Insurance Company Ltd. and One United India Insurance Company Ltd.

6. Expenses = $8500. net claims = $150000
Commission = $ ~~7500~~ 5700 NWP = $50,000
Net earned premium = $75000

Combined ratio = Loss ratio + expense ratio + Commission ratio

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

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

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 claims Bonus (NCB) protect cover
→ Personal Accident cover for the passenger
→ key replacement cover
→ Roadside Assitance cover
→ Consumable cover
→ Daily Allowance cover

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8. Documents required to claim Health insurance:
→ Health Card
→ Duly filled claim form
→ Medical certificate / form signed by Doctor
→ Discharge summary / Card (original) from Hospital
→ All bills and receipts
→ Prescription by 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 and 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 Insurance
→ Senior Citizen Health Insurance
→ Top-up Health Insurance
→ Mediclaims
→ Hospital Daily Cash.