

NON-LIFE INSURANCE ASSIGNMENT

AAGAM SHAH, ROLL NO – 64

Qs 1)

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

Qs 2)

Reinsurance is “ insurance for insurance companies ” in other words second level of insurance.

Types of reinsurance are as follows:

1. Proportional reinsurance:

- under a proportional reinsurance arrangement , the direct writer and the reinsurer share the cost of all claims for each risk.
 - Eg: For a particular vehicle insured against accident , the direct writer might retains 70% of the premium and will be liable to pay 70%.
 - Proportional insurance can be divided into 2 parts namely quota share reinsurance and surplus share reinsurance.
- Quota share reinsurance:
 - reinsurer and writer share all premium and losses according to a fixed percentage
 - For example: insurance company enters into a contract with bi-insurance company with retained proportion of 60% this means one has to pay 60% of the claims and collect 60% of the premiums and the other has to pay 40% of the claims and collect 40% of the premiums.
 - Surplus share reinsurance:
 - it is a reinsurance treaty in which the seeding company determines the maximum loss that it can retain for each risk in the portfolio. this amount is called a line.
 - Example: If A form surplus share reinsurance with B and underwrites A coverage of 6,00,000 with the retention of 4,00,000. The remaining 2,00,000 will be seized to reinsurance.

2. Non proportional reinsurance:

- Under a non proportional reinsurance arrangement the direct writer pays a fixed premium to the reinsurer.
 - The reinsurer will be required to make payments where the part of the claim amount falls in a particular reinsurance layer.
 - Non proportional insurance can be divided into 2 parts namely individual excess loss and stop loss reinsurance.
- Individual excess loss:
 - reinsurer makes payment when claim amount for an individual claim exceeds a specified point or retention.
 - Example: A enters treaty with B and the reinsurance Layer is fixed to 50,00,000 to 3,00,00,000. For a claim above 3,00,00,000 B has to pay.

- Stop loss reinsurance:
 - reinsurer is liable for the incurred losses over a certain amount that exceeds a specified amount or percentage of some business measure such as earned premiums return up to the policy limit.
 - Example: A and B enter into reinsurance contract and the contract states that A is responsible for losses up to 50,000. thus, the reinsurance company B is responsible for any losses above it.

Qs 3)

The ratios that are used in the profit analysis of reinsurance are as follows:

- 1) Net loss ratio which is the ratio of net insurance claim to net earned premium.
- 2) net expense ratio which is the ratio of expenses to net return premium.
- 3) net Commission ratio which is the ratio of net Commission to net return premium
- 4) Net combined ratio which is the ratio of sum of net insurance claims, expense, Commission to net return premium.

Qs 4)

the general exclusions under a motor insurance policy are as follows:

- Not having a valid driving licence.
- Under influence of intoxicating liquor or drugs.
- Accident taking place beyond geography limit.
- While vehicle is used for unlawful purpose.
- Electrical/mechanical breakdown.
- damage to tires and tubes unless the vehicle damages at the same time.
- consequential loss depreciation, wear and tear.

Qs 5)

The history of general insurance in India is as follows:

- Triton Insurance company Ltd., established in Calcutta in 1850 AD
- Indian Mercantile Insurance company Ltd. started in Bombay in 1906-07, 107 insurers were
- amalgamated and grouped into four companies, namely
- National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance
- Company Ltd and the United India Insurance Company Ltd.
- The General Insurance Corporation of India was incorporated as a company in 1971 and it
- commence
- business on January 1st, 1973.

Qs 6)

$$6) \text{ Combined Ratio} = \text{Loss Ratio} + \text{Net commission Ratio} + \text{Expense Ratio}$$

$$\text{Loss Ratio} = \frac{\text{Net claim}}{\text{Net earned premium}} = \frac{150000}{75000} = 200\%$$

$$\text{Commission Ratio} = \frac{\text{commission}}{\text{NWP}} = \frac{5700}{500} = 11.4\%$$

$$\text{Expense Ratio} = \frac{\text{Expense}}{\text{NWP}} = \frac{8500}{50000} = 17\%$$

$$\therefore \text{Combined Ratio} = 200 + 11.4 + 17 \\ = \del{228} 228.4\%$$

Qs 7)

Various add on available on motor insurance policy are as follows:

- 1) zero depreciation cover
- 2) engine protect cover
- 3) return to invoice cover
- 4) loss of personal belongings cover
- 5) no claim bonus protect cover
- 6) personal accident cover for passengers
- 7) key replacement cover

Qs 8)

The documents required to claim health insurance are as follows:

- 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 (original)
- 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.

QS 9)

Things covered by third party liability insurance:

- 3rd party liability insurance is mandatory under the vehicle act of 1998 if one does not have he is liable to pay the penalty for the same
- Third party liability insurance covers death or bodily injury to any person including occupants carried in the vehicle.
- Damage to property other than property belonging to the insured or held in trust or in the custody or control of the insured

Qs 10)

Different types of health insurance are as follows:

- Individual health insurance.
- family health insurance.
- critical illness insurance.
- senior citizen health insurance.
- personal accident insurance.
- Mediclaim
- group health insurance
- top up health insurance
- hospital daily cash.

