

OCTOBER, 2010

FG-85

FELLOWSHIP EXAMINATION  
REINSURANCE

Time: 3 Hours]

[Total Marks : 100

Answer any FIVE questions only.  
All questions carry 20 marks each.

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- |  | Marks  |
|--|--------|
| 1. a) Distinguish between Fire Quota Share Treaty and Surplus Treaty Reinsurances.       | 12     |
| b) What are the advantages and disadvantages of each ?                                   | 8      |
| 2. Write short notes on any five of the following :-                                     | 4 each |
| i) Retrocessionnaire   |        |
| ii) Layering   |        |
| iii) Original conditions   |        |
| iv) P M L  |        |
| v) SYNDICATE   |        |
| vi) Uberrimae Fidei  |        |
| vii) Stop-Loss Reinsurance   |        |
| viii) Reinstatement  |        |
| 3. Calculate the profit commission payable on :  | 20     |
| (i) annual basis (ii) three years average basis on following Fire Treaty result for 2009 |        |

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Witten premium	1,00,00,000
Portfolio Entry	-
- premium	30,00,000
- Loss	15,00,000
Portfolio withdrawal	-
- premium	35,00,000
- Loss	17,50,000
Commission	40%
Taxes	1%
Claims paid	20,00,000
Cash loss Recovered	1,00,000
Management Expenses	5%
Profit Commission	30%
Results :	-
Loss for 2008	15,00,000
Profit for 2007	17,00,000

4. Outline the procedure to be followed for Reinsurance arrangements as per IRDA (Life/General Insurances - Reinsurance) Regulations, 2000. 20
5.
  - a) What are the advantages of reinsurance, to an insurance Company? 10 each
  - b) Why is it important to place reinsurance with a well rated reinsurer? 10 each
6.
  - a) What are the objectives to be kept in mind while designing a re-insurance program? 10 each
  - b) What are the points to be considered while deciding whether or not placement of re-insurance program should be done using intermediaries? 10 each
7. Elaborate the reasons why an insurance company would write inward reinsurance business. 20
8. What are the reinsurance regulations as per I R D A's General Insurance (Reinsurance) Regulations, 2000? 20

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