

IC-104

Fellowship
**EXAMINATION
QUESTION
PAPERS
MAY 2008**



भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA
Universal Insurance Building,
Sir P. M. Road, Fort,
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MAY, 2008

FG-85

FELLOWSHIP EXAMINATION
REINSURANCE

Time: 3 Hours]

[Total Marks : 100

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

- | | Marks |
|---|---------|
| 1. a) What are the advantages and disadvantages of underwriting surplus Treaty on i) PML Basis ii) Sum insured basis? | 10 |
| b) How excess loss reinsurance method differs fundamentally from Surplus reinsurance method? | 10 |
| 2. Outline the directives for reinsurance arrangement notified by IRDA Regulation 2000 on General Reinsurance. | 20 |
| 3. What are the key considerations in negotiations for arranging reinsurance program of an Insurance Company? | 20 |
| 4. a) Give reasons why an efficient statistical system is essential for successful global operation of reinsurance. b) What are the main aspects in evolving statistical system? | 10 each |
| 5. a) What are the main reasons for an insurer to write inward reinsurance business? b) What are the pre-requisites for an insurance company to write inward reinsurance business? | 12 8 |
| 6. Prepare the 1 st quarter accounts from the following details for XYZ Insurance Company on Fire Surplus Treaty and show the amount payable to ABC Reinsurance Company, who are participating at 20% of 100% on this treaty for 2007: | 20 |

| Year | 2007 |
|-------------------------|--------------|
| | Rs. |
| Premium | 50,00,000.00 |
| Portfolio Premium Entry | 12,50,000.00 |

| | Rs. |
|----------------------------------|--------------|
| Portfolio Loss Entry | 10,00,000.00 |
| Claims Paid | 20,00,000.00 |
| Commission | 7,50,000.00 |
| Taxes | 2,00,000.00 |
| Premium Reserve Retained at 10%. | |
| Common Account XL Premium at 1%. | |

7. Write notes on **any five** : 4 each
- a) Follow the fortunes clause
 - b) Stop loss
 - c) Four major credit rating agencies
 - d) IBNR
 - e) Groundup loss and ultimate Net loss.
 - f) Captives
 - g) Uberrima Fides.
8. Elaborate the reinsurance aspects of :
- a) Fire Re-Insurance and 12
 - b) Engineering Reinsurance and suggest the reinsurance method that can be opted. 8

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