

IC-104

Fellowship

EXAMINATION QUESTION PAPERS MAY 2007



भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA
Universal Insurance Building,
Sir P. M. Road, Fort,
Mumbai - 400 001

Price Rs. 20/-

FELLOWSHIP EXAMINATION
REINSURANCE

Time: 3 Hours]

[Total Marks : 100

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

- | | Marks |
|--|--|
| 1. Discuss the origin and trace the historical Growth of reinsurance within the Orbit of the business of insurance. | 20 |
| 2. Compare and contrast Surplus Treaty Reinsurance with Excess of Loss reinsurance cover. | 20 |
| 3. Write short notes on any five of the following : | 4 each |
| a) Reciprocal and Retrocession Reinsuranace arrangements. | |
| b) Inward and Outward Reinsurances. | |
| c) Currency Clause and Reinstatement Clause. | |
| d) Sovereign ratings and Financial Strength ratings. | |
| e) "Accounting year" and "Underwriting year" basis. | |
| f) Per Risk cover and Catastrophe cover. | |
| g) Treaty provision for interest and tax. | |
| 4. a) "Credit ratings are recognized worldwide as the benchmark for assessing insurers' financial strength." Substantiate. | 15 |
| b) What are its limitations? | 5 |
| 5. Underwrite the following Risk under | 20 |
| a) Quota Share Treaty | |
| b) Surplus Treaty | |
| c) Excess of Loss Cover | |
| d) Calculate the premiums and losses due thereof. | |
| Sum Insured | : Rs. 20,00,000 (PML @ 25%
for underwriting surplus treaty) |
| Premium Rate | : 0.5%, - Loss 50% on 01-07-2006 |
| Company's Net Retention | : Rs. 4,00,000 |
| Excess of Loss Cover to pay Rs. 10,00,000 in excess of Rs. 2,00,000 on any one risk. | |
| Excess of Loss Premium Rate | : 1%, - GNPI : Rs. 1 Crore. |

6. a) Discuss the present Reinsurance Market in India and Suggest 10 each improvement, if necessary.
- b) Do you consider that Reinsurance Markets are a source of Capital and why?

7. a) Calculate Excess of Loss recovery from a Catastrophe cover which pays Rs. 5,00,000 in excess of Rs. 5,00,000 from Following data : 10 each

Date of Loss	Groundup Loss Rs.	
05-02-2006	7,00,000	any one risk
07-05-2006	10,00,000	any one risk
08-08-2006	15,00,000	any one event
10-12-2006	4,00,000	any one risk

- b) Calculate excess of Loss Premium which is subject to rates :-
minimum 2% and maximum 5% GNPI Rs. 80,00,000.

8. How Communication and Information Technology benefits Reinsurance business in the International Market? 20

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