

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 PML underwriting. | 10 each |
| b) How is reinsurance helpful to an insurance company. | |
| 2. Write short notes on any five of the following – | 4 each |
| a) UNCTAD | b) Cash Loss |
| c) 72 Hours clause | d) Acquisition Cost |
| e) Claims made basis | f) Unearned Premium Reserve |
| g) Risk Based Capital | h) Securitisation |
| 3. What are the key considerations in arranging reinsurance negotiations? | 20 |
| 4. a) Calculate the commission on Sliding Scale based on Earned premiums from following data :- | 15 |
| Premium ceded during year | Rs. 30,00,000 |
| Incoming Premium Reserve | 10,00,000 |
| Outgoing Premium Reserve | 12,00,000 |
| Losses paid during year | 12,00,000 |
| Outgoing Loss Reserve | 8,00,000 |
| Incoming Loss Reserve | 6,00,000 |
| Rate of Commission is 25% if loss Ratio is 65% or more | |
| 30% if loss Ratio is 50% to less than 65% | |
| 40% if loss Ratio is than 50% | |
| b) Prepare a Minimum and Deposit Premium Account rendered through Broker on Fire Excess Loss Cover - 2010 which pays Rs. 10,00,000 XS Rs. 5,00,000 from following data : | 5 |
| M & D Premium - Rs. 10,00,000 | |
| Brokerage - @10% | |
| Payable in 4 equal instalments. | |

- 10 each
5. a) What is the need for an efficient statistical system?
b) State the guidelines for evolving of good statistical system.
 6. Distinguish between Facultative and Treaty forms of Reinsurances. 20
 7. a) What is sovereign rating? 2
b) Is sovereign rating subordinate to individual company's rating? State reasons. 4
c) Elaborate the key areas that a credit rating agency will look into. 14
 8. What are the re-insurance aspects of Fire and Marine Classes of direct insurance business ? 20

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