

IC-104

Fellowship

EXAMINATION QUESTION PAPERS MAY 2005



भारतीय बीमा संस्थान

INSURANCE INSTITUTE OF INDIA

Universal Insurance Building,

Sir P.M. Road, Fort,

Mumbai - 400 001.

Price. 10/-

FELLOWSHIP EXAMINATION REINSURANCE

Time: 3 Hours]

[Total Marks : 100

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

	Marks
1. A new insurer has two reinsurance facilities viz. facultative reinsurance and excess loss cover. Discuss in detail how a prudent underwriter protects his portfolio and give reasons.	20
2. Justify reinsurance protections for the growth of insurance business in the competitive market.	20
3. a) Why is commission and profit commission allowed under reinsurance Treaties.	8
b) Calculate commission and profit commission from the following.	12
Written premium for 2004 -	Rs. 1,00,00,000
Earned premium	Rs. 90,00,000
Portfolio premium Entry	Rs. 25,00,000
Withdrawal	35%
Portfolio loss - Entry	Rs. 5,00,000
Commission	40%
Profit commission	20% (M E 2%)
Claims paid	Rs. 20,00,000
Claims outstanding	Rs. 10,00,000
XL Recovery	Rs. 50,000
XL cost	1%
Cash loss	Rs. 1,00,000
4. a) What are the fundamentals of Contract Law as applicable to Reinsurance.	10 each
b) Explain the basic principles inherent in insurance and reinsurance.	

5. Write short notes on any **five** of the following :-
- Reinsurance documentation
 - Industrial All Risks Reinsurance
 - The Portfolio of risks.
 - Operative clause of Reinsurance Agreement.
 - Sliding Scale of Commission.
 - Credit rating : AAA, BBB, CCC, R, NR.
6. "Reinsurance program design for insurance business manifests various interests which form part of corporate philosophy of an insurer." What are the various objectives? 20
7. a) Differentiate Reinsurance accounting on "Accounting Year" and "underwriting year" Basis. 8
- b) Calculate premium rates and excess of loss premium for an excess loss cover - Net A/c on burning cost basis from the following: 12
- | | |
|--|------------------|
| Gross return premium Income | Rs. 10,00,00,000 |
| Net Retained Premium Income | Rs. 5,00,00,000 |
| XL Limit to pay Rs. 10,00,000 in excess of | Rs. 5,00,000 |
| Ground up loss | 1) Rs. 8,00,000 |
| | 2) Rs. 12,00,000 |
| | 3) Rs. 6,000 |
| | 4) Rs. 20,00,000 |
| Loading Factor | $\frac{100}{70}$ |
| Minimum and Deposit Premium | Rs. 10,00,000 |
| Rate Min 2% and maximum 4% | |
8. Discuss the Taxation Aspects and Exchange Control Regulations for Reinsurance Accounting. 20

----- END -----