

IC-104

Fellowship

# EXAMINATION QUESTION PAPERS MAY 2006



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.

- |  |             |
|--|-------------|
| 1. "Need for Reinsurance protection arises from the need for Insurance protection". Discuss.                                       | Marks<br>20 |
| 2. Write short notes on any five of the following:   | 4 each      |
| a) General Insurance Business (Nationalisation) Act, 1972  |             |
| b) Non-Reciprocal Treaties   |             |
| c) Reinsurance after liberalisation of insurance industry in India   |             |
| d) National Reinsurance Corporation  |             |
| e) Follow the fortune clause   |             |
| f) Loss occurring and Risk attaching basis   |             |
| g) IBNR  |             |
| 3. What are the objectives of an insurer in arranging Reinsurance?   | 20          |
| 4. Compare and contrast facultative Reinsurance with Treaty Reinsurance.   | 20          |
| 5. Calculate profit commission payable on (a) annual basis (b) 3 years average basis on following treaty result for the year 2004. | 20          |
- 
- |                         |   |                |
|-------------------------|---|----------------|
| Premium                 | : | Rs. 23,00,000  |
| Port folio entry -      |   |                |
| Premium                 | : | Rs. 7,00,000   |
| Loss                    | : | Rs. 5,00,000   |
| Port folio withdrawal - |   |                |
| Premium                 | : | Rs. 8,05,000   |
| Loss                    | : | Rs. 6,49,500   |
| Commission              | : | 45%            |
| Claims paid             | : | Rs. 6,00,000   |
| Taxes and charges       | : | Rs. 8,000      |
| Management expenses     | : | 2.5%           |
| Profit commission       | : | 20%            |
| Profit for 2004         | : | Rs. 3,45,000   |
| Loss for 2003           | : | (-) Rs. 50,000 |
| Profit for 2002         | : | Rs. 3,95,000   |

6. a) Explain the various uses of Excess Loss Reinsurance Cover. 12  
 b) Explain various stages in Reinsurance documentation involving Slip, Cover Note and Agreement. 8
7. Examine the reinsurance aspect applicable to : 10 each  
 a) Aviation Reinsurance  
 b) Life Reassurance
8. a) What are the various factors which influence the retention ? 15  
 b) What are the two types of retentions? 5

— END —