

IC - 104

Fellowship

# EXAMINATION QUESTION PAPERS NOV 2008



भारतीय बीमा संस्थान

INSURANCE INSTITUTE OF INDIA

Universal Insurance Building,

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# FELLOWSHIP EXAMINATION

## REINSURANCE

Time: 3 Hours]

[Total Marks : 100

Answer any **FIVE** questions only.

All questions carry 20 marks each.

	Marks
1. Reinsurance is a contract of indemnity because it protects the insurer from a diminution of his property caused by insurance policy obligations - Elaborate this statement and analyze factors which influence the results of reinsurance.	20
2. a) What are the methods of placing a reinsurance program?	4
b) What is the role of an intermediary in the placement of a reinsurance program?	12
c) What are the advantages of placement with Professional Reinsurers directly?	4
3. Write notes on <b>any five</b> :	4 each
a) PML	
b) Stop Loss	
c) Line	
d) Cut-Through Clause	
e) Cash Loss Register	
f) Life Reassurance	
g) Surplus and Quota Share Treaty.	
4. What are the different methods of Non-Proportional reinsurance and their uses?	20
5. How do we determine the optimum retention schedule for property Insurance?	20
6. a) What is credit rating?	3
b) What are the key areas that a Credit Rating agency will look into while rating a Company?	9
c) What are the limitations in credit ratings?	8

7. Prepare a profit commission statement for the period 01.04.2007 to 31.03.2008 and calculate profit commission payable thereof on 3 years average basis on following results- 20

Premium : Rs. 90,00,000

Portfolio Entry:-

Premium : Rs. 30,00,000

Loss : Rs. 10,00,000

Portfolio withdrawal:-

Premium : Rs. 31,50,000

Loss : Rs. 9,00,000

Commission : 40%

Claims Paid : Rs. 25,00,000

Taxes & Charges : Rs. 20,000

Management Expense : 3%

Profit Commission : 20%

Profit for 2006-07 : Rs. 12,00,000

Loss for 2005-06 : Rs. 1,30,000

8. Why do we consider that processing information is the basis for Reinsurance decisions? 20

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