

IC-104

Fellowship

EXAMINATION QUESTION PAPERS NOV. 2006



भारतीय बीमा संस्थान

INSURANCE INSTITUTE OF INDIA

Universal Insurance Building,
Sir P.M.Road, Fort,
Mumbai - 400 001.

FELLOWSHIP EXAMINATION

REINSURANCE

Time: 3 Hours]

[Total Marks : 100

Answer any **FIVE** questions only.

All questions carry 20 marks each.

- | | Marks |
|---|---------|
| 1. "The liabilities accepted by Insurers are onerous"- Discuss and how Reinsurance protects the insurers. | 20 |
| 2. a) Is the Stop-Loss and Excess of Loss Ratio reinsurance same? | 5 |
| b) Explain how a Stop Loss Reinsurance operates? | 15 |
| 3. Compare and contrast on any FOUR of the following: | 5 each |
| a) Facultative and Treaty Reinsurance. | |
| b) Sum Insured and P.M.L. | |
| c) Surplus and Quota Share Treaty. | |
| d) Per Risk and per Event Cover | |
| e) Commission and profit Commission | |
| 4. Suggest Reinsurance for a new Insurer having no Treaty Reinsurance Facility. What are the merits and demerits on the suggested reinsurance? | 20 |
| 5. a) What is Sliding Scale of Commission? | 10 each |
| b) Calculate commission on Sliding Scale from the following :-
Premium : Rs. 2,00,000
Loss paid : Rs. 1,00,000
Loss Outstanding : Rs. 50,000
Commission : 25% if loss ratio is 70% and more increasing by 0.5% for each 1% reduction in loss ratio below 70% subject to maximum of 33% for loss ratio of 50% or less. | |
| 6. "The alternative risk financing relegates insurance to just one of a complete range of risk financing techniques and is transforming the insurance industry to deal with hitherto uninsurable business risks." - Elucidate. | 20 |

7. a) What is the basis of premium rating under Excess Loss Cover?
 b) Calculate the premium on the following :-
 Rating 100/70th of average burning cost of incurred claims for 3 years subject to minimum rate 2% and maximum 6%.
- | | | | |
|-----------|--------------------|------------------------|-------------|
| Year 2003 | GNPI Rs. 8,00,000 | Inc. Loss to the Cover | Rs. 10,000 |
| Year 2004 | GNPI Rs. 10,00,000 | Inc. Loss to the Cover | Rs. 20,000 |
| Year 2005 | GNPI Rs. 12,00,000 | Inc. Loss to the Cover | Rs. 15,000. |

10 each

8. a) Why is an efficient statistical system essential in reinsurance?
 b) What are the main aspects to be looked into in evolving a statistical system for reinsurance?

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