

PGDM (IBM), 2021-23

Reinsurance

INS-408

Trimester-IV, End-Term Examination: September 2022

Roll No: -----

Time allowed: 2 Hrs

Max Marks: 40

Instruction: Students are required to write Roll No on the cover page of the Answer Sheet. All other instructions on the question paper / Admit card should be followed meticulously.

Please attempt all 4 questions Section A

4*5 = 20 Marks

A-1 (a) As a prudent underwriter, what factors would you examine for a robust Reinsurance Programme for a new Insurance Company? Enumerate the various steps with examples to support your response. CO 1 5

OR

A-1 (b) Can we differentiate between the various practices of Annual Accounting for a Reinsurance Company? Cite examples to strengthen your response. CO 1 5

A-2 (a) Arrange for a Reinsurance arrangement for these 3 Insurance companies where the portfolio mix is as follows: 1) Major chunk of business is Motor. 2) Major portfolio is Fire and Engineering 3) Health Insurance is almost 65% of the total business. Why should we go with the arrangements as identified by you? CO 2 5

OR

A-2 (b) "A Bordereaux is an outdated document". Argue with suitable examples to strengthen your case. CO 2 5

A-3 (a) A PSU Insurance giant has an accumulation of capital from the previous years and has come out with an IPO. With a premium base of over INR 3150 crores, what is the necessity of an RI arrangement for this company? CO 3 5

OR

A-3 (b) The Reinsurance Clauses play an important role in the construction and design of an RI slip. How far do you agree with the statement? Cite relevant clauses and cases to elucidate your point of view. CO 3

5

A-4 (a) Give your views on the various methods of Reinsurance. Which amongst these is the most favoured one and why? CO 4

5

OR

A-4(b) The Alternative Risk Techniques (ARTs) have been a nonstarter in the Indian context. Is it true ? Give examples and studies to elaborate your opinion. CO 4

5

Section B

Compulsory Questions. Each question carries 10 marks.

2*10 =20

CO 3,4

B-1 Compute the earned premium for the year 2013 given the following data:

Details	Year	Amount (Rs.)
Premium net of commission	2012	Rs.100,000
Premium	1 qtr 2013	Rs 50,000
	2 qtr 2013	Rs 60,000
	3 qtr 2013	Rs 70,000
	4 qtr 2013	Rs 70,000
Commission	2013	20%
Portfolio Premium Transfer	2012	Half system
	2013	Half system

B-2

Whenever a reinsured places business with the Reinsurer, certain payments in the form of commission, brokerage, expenses etc come into play. Please identify the different payment heads under an RI treaty and elaborate upon the utility and significance of each one. Also note that each head of payment be explained with the help of an example.
