PGDM (IBM), 2018-20

Reinsurance Insurance

INS-406

Trimester-IV, End-Term Examination: September 2019

Time allowed: 2 Hrs 30 Mins   Roll No:----------------------
Max Marks: 50

Instruction: Students are required to write Roll No on every page of the question paper, Writing anything except the Roll No will be treated as **Unfair Means.** All other instructions on the reverse of the Admit Card should be followed meticulously.

Please attempt all 3 questions   Section A

30 Marks

CILO-I

A-1 (a) Why do we need Reinsurance ?

5

A-1 (b) Indian Insurance Companies Association initiated the formation of Reinsurance Pools in 1966. Why ?

5

CILO-II

A-2 Please explain the Reinsurance Process with suitable examples.

10

OR

A-2 Explain the various methods of Reinsurance.   10

CILO-III

A-3 (a) What is a bordereaux ? What does it contain ?

5

OR

A-3 (a) Please explain the different types of R I Commission.

5

A-3 (b) Which entities make up the Reinsurance market ?

5

OR

A-3 (b)The basis of accounting years has always been a challenge with the reinsureds. Please discuss the various treaties in this context.

5

PTO

Section B

Compulsory Questions. Each question carries 10 marks. CILO-311   2*10 =20

B-1 Commercial Liability Policy Limit $1,000,000

Annual Premium $10,000

The ceding company retains 25% net and places 75% facultative reinsurance on a pro rata basis. Reinsurance participation is expressed as $750,000 (75%) part of $1,000,000. The premium due to the Reinsurer would be paid less the ceding commission it pays to the ceding company to defray expenses and acquisition.

(a) Please compute the premium paid by the ceding company.   5

(b) If a covered loss of $400,000 occurs, please compute the losses paid by the ceding company and the reinsurer.   5

B-2 Sum Insured	Retention	1st Surplus 5 Lines	2nd Surplus 10 Lines	3rd Surplus 10 Lines
Rs. 5,00,000	Rs.5,00,000	??	??	??
Rs. 75,00,000	Rs.5,00,000	??	??	??
Rs.127,00,000	Rs.5,00,000	??	??	??

The retention of the ceding insurer is a limit for his maximum retention.
Please compute the ?? for the Surplus lines.   10

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