

Time Allowed: 90 Minutes

M.M.50.0

1. All questions carry equal marks
2. Simple calculator is allowed in the examination hall.

Q.No.1:

(a) what is reinstatement premium in reinsurance contracts. Discuss the ways by which it can be done.

(b) Eastern Insurance Company wrote a large risk involving sum insured of Rs 1,00,00,000. (Rs 1.0 Cr.) To protect the risk, it bought a risk excess of loss cover as follows: Rs 1,00,00,000 Xs Rs 25,00,000 with one reinstatement

The risk suffered following losses:

Loss 1	Rs 60,00,000
Loss 2	Rs 25,00,000
Loss 3	Rs 45,00,000
Loss 4	Rs 55,00,000
Loss 5	Rs 1,05,00,000
Loss 6	Rs 30,00,000

Calculate the loss recovered under the treaty with reinstatement.

Q.No.2: (A) What do you mean by the deposit premium.

(B) Calculate the adjustment premium of situation I to 2.

- Deposit premium of Rs 15,500, minimum premium to be charged is Rs 22,000
- Burning cost adjusted at 100/70, subject to a variable rate of 2.5% to 5.5%
- The treaty covers (Limit) 35,000 Xs 20,000
- The original gross net premium income (GNPI) is 18,00,000.

Situation A - One Loss 40,000

Situation B - One loss of 55,000 from ground up

PTOPage 2

Situation No.	Loss	Retention (Reinsured)	Incurred loss to treaty (Reinsurer)
A	40,000	20,000	20,000
B	55,000	20,000	35,000

Calculate the adjustment of premium payable to reinsured and or reinsurer.

Q.No.3: (A) Discuss Excess of Loss Cover under Losses occurring basis and policy attaching basis.

(B) Problems encountered by underwriters in rating of excess of loss covers.

Q.No. 4: Discuss the following terms:

(A) What do you mean by the calculation of premium on Burning cost Method. (M.M.2.0)

(B) Gross Net Written Premium Income (GNWPI): (M.M.2.0)

(C): Gross Net Earned Premium Income (GNEPI) (M.M.2.0)

(D) Ceding company have provided have following data of claim to the reinsurance company. How premium will be calculated based on the pure burning costs and loaded burning cost. (M.M. 4.0)

Loading factor is 100 / 70.

Year	GNPI (Rs-In lacs)	Incurred Losses to XL(In lcs)
2020	600	20
2021	700	15
2022	400	23
2023	550	19

Q.No 5: (A)What do you mean by stop loss or excess of loss ratio reinsurance.

(B) Sigma Insurance company purchases reinsurance from Lloyds Reinsurance company for its Liability portfolio. To minimize losses, it purchased a stop loss treaty for 80% of any claims in excess of premiums of 100% up to 140% of premiums.

Annual premium income of ceding company Rs 15,00,00,000 (15.0 Crores) and losses reached to an amount of Rs 20,00,00,000 (20.0 Crores)

Will the stop treaty will trigger, if yes then how the loss will be paid by the reinsurance company.