November, 2014

FIRE INSURANCE RATING & UNDERWRITING

[Time: 3 Hours]

[Total Marks: 100]

Answer EIGHT questions only. Question number TEN is compulsory which carries 16 marks.

Any SEVEN questions from Q. No. 1 to Q. No. 9 which carries 12 marks each.

In case of dispute in respect of Hindi translation of question, the English version shall be valid.

Q.1 Answer ANY THREE of the following:

a) What do we understand by the ‘Term Insurable Property’ in a ‘Fire Policy’?
   Give six examples of ‘Insurable Property’, which can be covered in a ‘Fire Policy’.

b) Explain the ‘Term Per Se Rating’ in a ‘Fire Policy’ with examples.

c) What is a ‘Stop Loss Treaty’?

d) Explain ‘Local Authorities Clause’ in a ‘Fire Policy’.

Q.2 Answer ANY THREE of the following:

a) While drafting a fire policy, why the legal aspects of the insurance contract has to properly manifested in a policy document?

b) Mention any six objects of reinsurance in fire underwriting.

c) State any eight items of information that must be incorporated in a policy schedule to ensure its completeness.

d) Why ‘Agreed Bank Clause’ needs to be attached to fire risks that are mortgaged to a bank?

Q.3 Answer ANY THREE of the following:

a) What are the interests of the insurer in an insurance contract?

b) Explain the ‘Total Loss’ and ‘Total Indemnity’ in a fire insurance policy.

c) How do you calculate the ‘Early Loss Working’ in a fire insurance policy?

d) Explain the ‘Difference in Indemnity and Value’ in a fire insurance policy.

Q.4 Answer ANY THREE of the following:

a) What is the role of an underwriter in a fire insurance company?

b) Explain the ‘Proportionate Liability’ in a fire insurance policy.

c) How do you calculate the ‘Excess of Loss’ in a fire insurance policy?

Q.5 Answer ANY THREE of the following:

a) What are the factors that affect the underwriting decision in a fire insurance policy?

b) Explain the ‘Risk Assessment’ in a fire insurance policy.

c) How do you calculate the ‘Risk Premium’ in a fire insurance policy?

Q.6 Answer ANY THREE of the following:

a) What is the role of an agent in a fire insurance company?

b) Explain the ‘Agent’s Commission’ in a fire insurance policy.

c) How do you calculate the ‘Agent’s Remuneration’ in a fire insurance policy?
Q.3 Write Short notes on ANY THREE of the following:

a) FEA Warranty – eligibility for discount in Fire Premium.
b) ‘Average Clause’ and ‘Signature Clause’ as applicable in the event of loss in relation to a fire cover note being issued.
c) ‘Removal of Debris’ cover as allowed in basic Fire Policy and also under ‘Add-on’ on extra premium.
d) Describe the role of appointed actuary in analysing data, review of emerging claims experiences and issuance of the certificate in case of a new product being introduced in the market (in support of the premium rate made).

Q.4 Answer ANY TWO of the following:

a) Mention the differences in the eligibility criteria for issuance of a Fire Declaration Policy and a Floater Declaration policy.
b) State the basic features of the covers available under ‘Additional Expenses of Rent for Alternate Accommodation’ under Fire Policy.
c) Why ‘Book Value’ should not be taken for fixing the sum insured of a building /property?

Q.5 Explain ANY TWO of the following:

a) ‘Escalation Clause’
b) Mid-Term revision of sum insured
c) ‘Renewal Notice’

Q.6 Distinguish Between ANY TWO of the following

b) ‘Proportional Treaty’ and ‘Non-proportional Treaty’ from Fire Reinsurance point of view.
c) ‘Margin Clause’ and Escalations Clause’ in relation to the sum insured of a Fire Policy.
Q.7 What are the Important points to be covered in the ‘Risk Assessment Report’ pertaining to an ‘IAR Policy’?

Q.8 Explain the following.
   a) The terms in ‘Petrochemical Insurance Policy’.
      i) Plant
      ii) Process- Unit
      iii) Bulk Tankage/ Tank Farms
   b) Role of ‘Appointed Actuary’ at the ‘Product Design Stage’ itself.

Q.9 For effective underwriting practice, explain the necessity of the following issues/ parameters:-
   a) A Good underwriting philosophy and a culture of research
   b) Data Warehousing and Data Analysis.
   c) Supportiveness of innovations and futuristic orientation
   d) Compliance of IRDA Guidelines.

Q.10 Discuss in details the various features of Indian Insurance Company’s Fire Reinsurance programme and the role of GIC in co-ordinating the same.