May, 2013

REINSURANCE MANAGEMENT

[Time : 3 Hours]  Answer ANY FIVE questions only.
All questions carries 20 marks each.

[Total Marks:100]

Q.1 Write short notes on:
   a) Hours clause.
   b) “As if” basis.
   c) Burning cost
   d) Line.

Q.2 Write short notes on:
   a) Obligatory cessions in India.
   b) Layering.
   c) Reinsurance Negotiations.
   d) International Accounting standards (IFRS)

Q.3 a) What do you understand by securitisation of Reinsurance Contracts?
   b) What are IRDA regulations on Reinsurance?

Q.4 a) Explain the need for reinstatement provisions under excess of loss treaties.
   b) Briefly discuss the scope of application of EDP in Reinsurance.

Q.5 “Reinsurance agreement is a contract and the Law of Reinsurance is based
   primarily on Law of Contract” Elucidate.

Q.6 What are the various forms of Reinsurance? Explain with examples.

Q.7 GIC Re plays a major role in the Indian Insurance Market. Explain with special
   reference to the functions of a reinsurer.

Q.8 Calculate the profit commission payable on a sliding scale basis on:
   a) Annual basis.
   b) Three year average basis.

On the following treaty result for 2011:

<table>
<thead>
<tr>
<th></th>
<th>₹</th>
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</thead>
<tbody>
<tr>
<td>Premium</td>
<td>58,00,000</td>
</tr>
<tr>
<td>Port folio Entry</td>
<td></td>
</tr>
<tr>
<td>Premium</td>
<td>8,00,000</td>
</tr>
<tr>
<td>Loss</td>
<td>3,00,000</td>
</tr>
<tr>
<td>Commission</td>
<td>35%</td>
</tr>
<tr>
<td>Claims paid</td>
<td>56,00,000</td>
</tr>
<tr>
<td>Port folio withdrawal</td>
<td></td>
</tr>
<tr>
<td>Premium</td>
<td>18,00,000</td>
</tr>
<tr>
<td>Loss</td>
<td>16,00,000</td>
</tr>
<tr>
<td>Management Expenses</td>
<td>7.5%</td>
</tr>
<tr>
<td>Profit for 2009</td>
<td>15,00,000</td>
</tr>
<tr>
<td>Loss for 2010</td>
<td>5,00,000</td>
</tr>
</tbody>
</table>

Profit commission 15% on profit upto 10%.
20% on profit between 11% to 25%.
25% on profit between 26% to 50% and
30% thereafter.

END