

**“QUESTION PAPER MUST BE ATTACHED ALONGWITH THE ANSWER BOOK.”**

**G-85**

October, 2013

**REINSURANCE MANAGEMENT**

Reg. No.

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[ Time : 3 Hours ]

[Total Marks :100]

Answer **ANY FIVE** questions only.  
All questions carries **20** marks each.

	<b>Marks</b>
Q.1 Write short notes on : a) PML b) Stop Loss Reinsurance c) Control of Accumulations d) GIC's role as a Reinsurer	5 each
Q.2 Distinguish between: a) Risk attaching & losses occurring basis b) Quota share and Non proportional methods c) Facultative and Facultative Obligatory d) Soft Market and Hard Market	5 each
Q.3 a) What is reinsurance treaty? List the common terms and conditions b) Briefly discuss the following treaty contracts - Facultative Reinsurance - Obligatory Reinsurance - Facultative Obligatory Treaty Reinsurance	5 5 each
Q.4 a) List and compare 3 fundamental difference between Life Insurance and General Insurance business . What are the practical difficulties in designing a reinsurance contract for a Life Insurance Company ? b) What are the general factors that influence the decision to set Retention Limits for an Insurance company seeking Reinsurance ?	6 4 10
Q.5 a) What methods are followed by reinsurance while providing for outstanding losses ? b) What is the importance of statistics in reinsurance ?	8 12
Q.6 a) How did the movement to alternate risk solutions start ? b) What are the major types of alternate risk carriers? Elaborate	6 14
Q.7 a) Discuss the responsibilities of the Direct Insurer and the Reinsurance Company while negotiating a reinsurance arrangement b) What is meant by Reciprocal Negotiation of reinsurance? What are its advantages ?	10 10

- Q.8 a) Define the following commission Arrangement 10  
 - Profit Commission  
 - Over Ride Commission
- b) Calculate the Profit Commission on the Sliding Scale basis for the given information on the following basis for year 2012 10  
 a) Three Year average Basis  
 b) Annual Basis

Premium	Rs. 60,00,000.00
Portfolio Entry	
Premium	Rs. 7,50,000.00
Loss	Rs. 2,50,000.00
Commission Rate	24%
Claims paid	Rs. 4,80,000.00
Portfolio withdrawal	
Premium	Rs. 5,00,000.00
Loss	Rs. 3,50,000.00
Management Expense @5%	
Tax accumulated charge (for Last 2 years paid in 2013)	Rs. 15,650.00
Profit commission is 15% on Profit up to 10% of Premium 35% on Balance Profit	
Profit for year 2011	Rs. 2,00,000.00
Loss for year 2010	Rs. 1,55,000.00

**END**