PGI - Personal General Insurance Singapore Practice Test Questions and Answers

1. What is 'stop loss' reinsurance?

A) Reinsurance that stops losses from exceeding policy limits

B) A reinsurance contract that pays when the cedant's total losses for a defined period exceed a stated percentage of earned premium

C) Reinsurance that stops at the cedant's retention level

D) A per-risk excess of loss arrangement

2. What is 'retrocession' in reinsurance?

A) The act of cancelling a reinsurance treaty

B) When a reinsurer passes on part of the risk it has accepted from a cedant to another reinsurer (the retrocessionnaire)

C) When a cedant cancels its reinsurance and retains all risks

D) The reinsurer returning premiums to the cedant

3. What is a 'quota share' reinsurance treaty?

A) A treaty where the reinsurer takes all losses above a fixed amount

B) A treaty where the cedant cedes a fixed percentage of every risk to the reinsurer, sharing both premiums and losses proportionally

C) A treaty covering only the largest risks in the portfolio

D) A treaty activated only after a catastrophe

4. What is a 'treaty reinsurance' arrangement?

A) A reinsurance arrangement negotiated risk by risk

B) An agreement where the cedant automatically cedes and the reinsurer automatically accepts a defined portfolio of risks

C) A reinsurance arrangement with government-owned reinsurers only

D) An international agreement between countries on reinsurance

Answers: 1-B 2-B 3-B 4-B