

6. A shipowner buys insurance with a sum insured of £10,000,000. The insurer buys facultative reinsurance in respect of 10% of the risk. If the individual makes a valid claim for £5,000,000, how much does the reinsurer pay the insurer?
- A. £90,000
 - B. £500,000
 - C. £1,000,000
 - D. £5,000,000

Key Option: B

Learning Outcome: 3.2