

PAPER - XI

PRINCIPLES AND PRACTICE OF LIFE INSURANCE (Course Code -48)

Objectives:

- To make the student understand Life Insurance Market in India.
- To discuss the issues related to risk management in view of life insurance.

UNIT-I

Life Insurance - Meaning – The Evolution and Growth of Life Insurance – Basic Principles of Insurance – Life Insurance Organizations in India— Competition and Regulation of Life Insurance

UNIT-II

Types of Life Insurance Policies – Term Life Insurance – Whole Life insurance – Endowment Life Insurance – Unit Linked Policies with or without Profit Policies –Customer Evaluation – Policy Evaluation – Cost and Benefit – Group and Pension Insurance Policies – Special features of Group Insurance / Super Annuation Schemes – Group Gratuity Schemes – Super Annuation schemes.

UNIT-III

Computation of Premiums and Settlement of claims: Premium defined – Premium Calculation Including Rebates – Mode of Rebates – Large sum assured Rebates – Premium Loading – Rider Premiums – Computation of Benefits – Surrender value – Paid up value – Settlement of claims: Intimation procedure, documents and settlement procedures.

UNIT-IV

Underwriting: The need for underwriting – Guiding principles of Underwriting – Factors affecting Insurability – Methods of Life Classification – Laws affecting Underwriting

UNIT-V

Financial Planning and taxation: Savings – Insurance vis-à-vis- Investment in the Units Mutual Funds, Capital Markets – Life Insurance in Individual Financial Planning – Implications in IT treatment.

REFERENCES

Insurance Institute of India- IC 23- Application of Life Assurance, IC 30 – Practice of Life Assurance, IC 33 – Life Assurance

Kanika Mishra, FUNDAMENTALS OF LIFE INSURANCE, THEORIES AND APPLICATIONS, *PHI: Delhi*.

Kutty, S.K., MANAGING LIFE INSURANCE, *Prentice Hall of India: New Delhi*

K.C. Mishra and C.S. Kumar, LIFE INSURANCE: PRINCIPLES AND PRACTICE, *Cengage Learning, Delhi*.

H. Sadhak, LIFE INSURANCE IN INDIA, *Respose Books, New Delhi*

PAPER - XII
PRINCIPLES AND PRACTICE OF GENERAL INSURANCE

Objectives:

- To help students understand general Insurance Market in India.
- To examine the issues related to risk management in view of insurance.
- To acquaint the student with different policies of general insurance.

UNIT-I

General Insurance: – The Evolution and Growth of General Insurance – Types of General Insurance – Fundamentals of General Insurance –Recent innovations. Organization and Management of General Insurance Companies – Regulatory Framework for General Insurance in India

UNIT-II

Fire Insurance: Standard policies – Fire Insurance coverage – Consequential loss (fire) Insurance policies – Declaration policies, Marine Insurance: Marine Cargo policies – Hull policies – Institute cargo clauses – Institute hull clauses – Open policies – Accumulation of risk per location -Motor Insurance: Types of policies – Third party Insurance – Comprehensive coverage – Conditions and Exclusions – premium.

UNIT-III

Non Life miscellaneous Insurances: Personal Accident Insurance, Health Insurance and Mediclaim policies, Liability Insurance, Burglary Insurance other Miscellaneous Insurances, Rural Insurance covers, Engineering Insurance and its Consequential loss covers, Aviation hull and Aviation liability.

UNIT-IV

Underwriting and Settlement of Claims: Proposal forms – Cover notes – Certificates of Insurance – Endorsements – Moral and Physical Hazards – Statistics – Spreading of Risks – Premium Rating –Premium Loading –

UNIT-V

Settlement of Claims: Claim procedure – TPAs – Claim forms – Investigation / Assessment – Essential Claim Documents – Settlement Limitation, Arbitration, Loss Minimization and Salvage.

REFERENCES

Insurance Institute of India – IC 32- Practice of General Insurance, IC 34 – General Insurance, IC 45- General Insurance Underwriting

H Narayanan, INDIAN INSURANCE, *Jaico Publishing House: Mumbai.*

K.C. Mishra and G.E. Thomas, GENERAL INSURANCE - PRINCIPLES AND PRACTICE, *Cengage Learning, Delhi*

**PAPER - XIII
RISK MANAGEMENT AND INSURANCE**

Objectives:

- To develop an understanding of what risk is, how it can be measured and transferred.
- To familiarize student with insurance business and its environment in India.

UNIT – I

Understanding Risk: Types of risk – Risk management - Objectives - Risk identification and measurement - Pooling arrangements and diversification of risk

UNIT – II

Risk aversion and demand for insurance – By individuals - By corporations- Insurability of risk- contractual provisions- Legal doctrine - Loss control –Risk retention and reduction decisions

UNIT – III

Analytical tools used in corporate risk management — products liability – Environmental liability – Directors and Officers liability-Issues in liability risk and management

UNIT - IV

Insurance - Definition – Insurable risk – Principles of insurance – Kinds of insurance – Costs and benefits of insurance – Pooling in insurance – Factors that limit the insurability of risk – Reinsurance

UNIT – V

Insurance business in India – Framework of insurance business – privatization of insurance business – Insurance Regulatory and Development Authority (IRDA) – Govt. Policy on insurance sector.

REFERENCES

Insurance Institute of India – IC 86 – Risk Management

George E. Rejda, PRINCIPLES OF RISK MANAGEMENT & INSURANCE, *Pearson: Delhi*.

Harrington. Niehaus, RISK MANAGEMENT & INSURANCE, *McGraw Hill: New York*.

P.K. Gupta, INSURANCE & RISK MANAGEMENT, *Himalaya Publishing House: Mumbai*.

**PAPER - XIV
INSURANCE LAW AND REGULATIONS**

Objectives:

- To introduce the student with insurance laws and regulations.
- To make them understand the controlling authorities existing in insurance industry.

UNIT – I

Sources of Law - definition of Law – Judicial set up in India — Insurance as a contract -Legal principles: Principle of indemnity, Insurable interest, Subrogation, and Utmost good faith History of Insurance Legislation in India — Life Insurance Corporation Act 1956 – General Insurance Business Nationalization Act 1973.

UNIT – II

Current Legal Environment – Insurance Act 1938 (as amended) & Insurance Regulatory & Development Act.- An Overview – Insurance Sector Reforms - The Insurance Regulatory Development Authority (IRDA) Act, 1999 – IRDA (Investment) Regulations 2000 – IRDA Guidelines for Insurance Brokers Securities and Exchange Board of India (SEBI) Act, 1992 – SEBI Guidelines.

UNIT – III

Insurance Intermediaries - Regulations issued by IRDA for Insurance Agents & Brokers - Agency Contract – License to act as insurance agent – Authority of a life Insurance Agent rights and responsibilities agent's compensation and hereditary commission termination of agency – nomination facility – Licensing of Insurance Brokers – Role & Responsibilities of Insurance Brokers.

UNIT – IV

Legal Aspects of Life Assurance - Mortgage of Life Policies – Different kinds of Proofs of Death – Various forms of Evidence of Testate – and Intestate Succession – Presumption of Death – Indemnity & Guarantee – Attachments and Prohibitory Orders – Provisions of Limitation Act as applicable to Insurance Contracts.

UNIT – V

Exchange Control Regulations as applicable to General Insurance – IRDA Directions for protections of policy holders – Consumer Protection Act 1986 – Arbitration & conciliation Act 1996 vigilance set up Insurance Ombudsman.

REFERENCES

Indian Institute of Insurance – IC 24 – Legal Aspects of Life Assurance

K.C.Mishra and M.Bakshi , LEGAL AND REGULATORY ASPECTS OF INSURANCE,

M. N Srinivasan, 'PRINCIPLES OF INSURANCE LAW

KSN Murthy & Dr KVS Sarma, 'MODERN LAW OF INSURANCE'

Vijayaraghavan. NC & Pradeep – General Insurance Claims through arbitration.

**PAPER - XV
MARINE AND RURAL INSURANCE**

Objectives:

- To provide conceptual understanding of marine and rural insurance.
- To familiarize the student with different laws relating to marine and rural insurance.

UNIT – I

History of Marine Insurance (U.K.) Market in India – Parties to a contract and role of intermediaries – Contracts of Sale – Incoterms – Finance for trade (bill of exchange, documentary credits etc. – Marine Insurance Act, 1963 - The Indian Carriage of Goods by Sea Act, 1925 - The Indian Railways Act, 1890 (as amended), Indian Carriage by Air Act, Merchant Shipping Act - Multi-modal Transportation Act, etc.

UNIT – II

Scope & Policy Terms & Conditions for Cargo Insurance – Underwriting and rating factors in Cargo Insurance – Containers – Pallets and multi-modal transport systems and the particular characteristics of these systems - Types of Losses and the measure of indemnity applicable to them – Presentation – adjustment and settlement of claims in respect of Cargo, Hulls, Freight, Collision liabilities, General Average, salvage and salvage charges, particular charges including sue and labour.

UNIT –III

Scope & Functions of Insurance Surveyors & Average Adjusters - Exchange control regulations regarding payment of claims - Purpose – Scope - Application – Effect on claims settlements of abandonment – Subrogation – Recoveries - Common types of vessels including their operating and risk characteristics – Types of policies to cover ship owner's insurable interests – Salient features of Institute time Clauses Hulls (1.10.83) – Hull underwriting and rating – P & I cover in general freight insurance – Types of maritime frauds and precautionary measures for their prevention – Insurance of Sailing and Fishing Vessels.

UNIT – IV

Types of agricultural insurance – Organizations transacting agricultural insurance - Crop insurance underwriting and settlement of claims- Hail insurance - Problems of crop insurance- Farmers Package policy – Cattle wealth in Indian rural economy – Types of cattle and buffaloes – Valuation of cattle – premium rate structure methods of identification cattle insurance policy – Loss assessment and settlement of claims and - Loss minimization.

UNIT – V

Poultry insurance – Insurance of pigs, sheep and goats, camels et. – Other miscellaneous agricultural insurance – Aquaculture, Silkworm, Honeybees, Horticulture, Floriculture, Bio-gas, Animal driven cart – IRDA Regulations – Access through Co-operative Societies- Land & Agricultural Banks - SHG's – Training sales force.

REFERENCES

Insurance Institute of India: IC 67- Marine Insurance, IC-71 Agricultural Insurance, IC 65 – Marine Underwriting, IC-61 - Cargo Loss Prevention, IC-63 - Marine Clauses, IC-66 - Marine Insurance Claims.

Hodges, 'LAW OF MARINE INSURANCE', *Pap Routledge Cavendish April 1996.*

Hodges, 'CASES & MATS ON MARINE INSURANCE LAW' *Routledge Cavendish,*

PAPER – XVI

INVESTMENT AND PORTFOLIO MANAGEMENT

Objectives

- To have understanding on investment and avenues of investment
- To have exposure on analysis techniques of capital market and
- To understand various theories of portfolio management

UNIT -I

Investment – Basics of Investment – Investment, Speculation and Gambling – Investment Categories – Investment avenues – Non marketable Financial Assets – Money Market Instruments – Bond/Debentures – Equity Shares – Schemes of LIC – Mutual Funds – Financial Derivatives – Real Assets – Real Estate – Art – antiques and others.

UNIT- II

Fundamental Security Analysis – Economic Analysis – significance and Interpretation of the Economic Indicators – Industry Analysis – Industry Growth Cycle - Company analysis – Marketing – Accounting policies – Profitability – Dividend Policy – Capital Structure – Financial Analysis – Operating Efficiency – Management – Fundamental Security Analysis – Changes in the Financing Patterns of Indian Companies – Debt-Equity Ratio for India Companies.

UNIT-III

Technical Analysis – Technical Tools - The Dow Theory – Primary Trend – The secondary Trend – Minor Trends – Support and Resistance Level – Indicators – Odd Lot Trading – Moving Average – Rate of Change – Charts – Technical indicators – Charting Techniques – Indicators of the Witchcraft Variety – Efficient Market Theory – Basic Concepts – Random-Walk Theory – Weak Form of EMH – Semi-strong Form – Strong Form – The Essence of the Theory – Market Inefficiencies.

UNIT-IV

Portfolio Analysis – Portfolio and Single asset Returns and Risk – Mean Variance Criterion – covariance – Beta (simple problems) – Portfolio Markowitz Model – simple Diversification – Risk and Return with Different correlation – Sharpe's Single Index Model – Sharpe's Optimal Portfolio – Construction of the Optimal Portfolio – Optimum Portfolio with short sales.

UNIT-V

Asset Pricing Model Portfolio Evaluation – Capital Asset Pricing Model (CAPM) – Security Market Line – Assumptions – Arbitrage Pricing Model (APT) – Portfolio Performance Models – Sharpe's Performance Index – Treynor's Performance Index – Jensen's Performance Index.

REFERENCES

Punithavathy Pandian, SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT, *Vikas Publications Pvt. Ltd, New Delhi, 2001.*

Kevin .S, SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT, *PHI, Delhi, 2011*

Yogesh Maheswari, INVESTMENT MANAGEMENT, *PHI, Delhi, 2011*

Bhalla V K, INVESTMENT MANAGEMENT: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT, *S Chand, New Delhi, 2009*

Prasanna Chandra, PORTFOLIO MANAGEMET, *Tata McGraw Hill, New Delhi, 2008.*

PAPER – XVII

FIRE AND MOTOR INSURANCE

Objectives

- To provide the conceptual understanding of fire and motor insurance.
- To familiarize the student with claims procedures and related regulations in fire and motor policies.

UNIT – I

Fire insurance: Introduction - History - Nature and functions – Causes of fire – prevention of loss – application of basic principles - The Standard Fire and Special Perils Policy – General exclusions and conditions – Reinstatement value policies – Declaration policies – Tariff rules – Floating policies – various clauses - Fire hazards: Originating hazards – Contributory hazards – Arising from construction – Miscellaneous hazards - Fire prevention

UNIT – II

Fire Insurance documents - Underwriting and Re-insurance - Indian fire reinsurance programme – Fire insurance claims - Legal Aspects Duties of the insured – Onus of proof – the Doctrine of Proximate Cause – Insured perils – Expected Perils – Rights of Insurers – Warranties – Ex-gratia payments – The amount of claims payable – Meaning of value - buildings, machinery etc. Fire insurance claims - Procedural Aspects: Surveys – examination of policies – Causes and assessment of loss.

UNIT – III

Consequential loss insurance: Basis of profits insurance – Measure of indemnity – the CL Policy – Insured standing charges – Some basic problems – Adjustment clause – Policy conditions – Losses not payable – Basis rate and CL rate – Insured's property at other locations – Examples of methods – Advantages of 'Dual Basis' – Lay-off compensation – New Business Clause – Claims procedure – Advance loss of profits cover and specialized policies and overseas practice.

UNIT – IV

History of Motor Insurance - Basic Principles - Types of Motor Vehicles – Introduction to Motor Vehicles Act 1939 & 1988 - Motor Policies – Standard form for Liability only policy – Liability to third parties - Package Policies for Private cars & two wheelers – Motor Policies – Scope of standard form for commercial vehicles 'Package' Policy – Loss or Damage – Risk covered – Protection & Removal Costs – Personal Accident cover for Owner - Motor Tariffs (Regulations) – Proposal Forms – Policy Forms Rating – Double Insurance – Class E, F and G – Underwriting– The vehicles – Moral Hazard– Claim Discount– Motor Insurance Statistics– Insurance & Road safety – Transfer of interest in motor insurance covers.

UNIT – V

Registration and Insurance –Tariff for commercial vehicles – Regulations – Scope – Rating Factors– Minimum values– Motor Vehicles Act – Passenger Risk – Limitations - Own Damage

Claims – Preliminary – Assessment – Settlement – Claim discount–Types of loss –Third party Liability Claims procedural Aspects – Proof of Negligence – General damage for Death – General Damages for Disability – Property Damages claims – The Motor Accident Claims Tribunals – Judgements of Criminal Courts – Mediclaim – Form – Check List – Motor Claim minimization Measures & Loss Control programme.

REFERENCES

Insurance Institute of India - IC-57- Fire and Consequential Loss Insurance, IC-72 -Motor Insurance, IC-51- Hazards of Specific Industries, IC-52- General Fire Hazards, IC-54- Fire Insurance Underwriting, IC-56- Fire Insurance Claims
Kenneth Cannar, MOTOR INSURANCE THEORY & PRACTICE' *Hyperion Books*
Hickson, MOTOR VEHICLE INSURANCE RATING WITH PSEUDO EMISSIONS COVERAGE' Elsevier

PAPER - XVIII
ACTUARIAL MATHEMATICS AND SERVICES

Objectives:

- To develop the knowledge of the theoretical basis of certain actuarial models.
- To acquire the application of actuarial models to insurance and risk management.

UNIT I

Actuarial Models and Life Insurance – Survival Distributions – Survival function – Aggregate Survival models – Force of Mortality - Application of Actuarial models to Financial Risks – Individual Risk Model and Collective Risk Model; Curtate - Future – Lifetimes; Assumptions for Fractional Ages – Compound (Aggregate) Models.

UNIT II

Life Contingencies – Mortality table – Columns of mortality table – Completing an incomplete mortality table – Uses of mortality table- Expectations of life – Computing probabilities of survival and death using mortality tables.

UNIT III

Life Insurance – Insurances payable at the Moment of Death – Pure endowment, Term Insurance and Endowment Insurance - Whole Life Insurance – Deferred Insurance – Varying Benefit Insurance – Insurances payable at the End of the Year of Death - Relationship between Insurances payable at the moment of death and the end of the year of death.

UNIT IV

Life Annuities – Continuous, Temporary and Deferred Life Annuities and their Actuarial Present values – Discrete Life Annuities and its classifications – Annuities due and Annuities immediate – Present value of random variables – Life annuities with monthly payments.

UNIT V

Benefit Premiums – Premium principles – Equivalence principle – Fully continuous premiums – Percentile Premium – Fully Discrete Premiums - True monthly payment premiums – Benefit Reserves – Fully Continuous and Discrete Benefit Reserves. Bowers, Gerber, Hickman, Jones and Nesbitt, Actuarial Mathematics, Society of Actuaries: USA.

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Dickson, D.C.M., Herby, M.R., and Waters, H.R., ACTUARIAL MATHEMATICS FOR LIFE CONTINGENT RISKS, *Cambridge University Press: New York*.

Hossack, I.B., Polard, J.H., and Zehnwirth, B. INTRODUCTORY STATISTICS WITH APPLICATIONS IN GENERAL INSURANCE, *Cambridge University Press: New York*.

Jozef Teugels and Bjørn Sundt, ENCYCLOPEDIA OF ACTUARIAL SCIENCE, *John Wiley & Sons: England*.

Insurance Institute of India – IC 28- FOUNDATION OF ACTUARIAL SCIENCE

PAPER – XIX REINSURANCE

Objectives:

- To provide the conceptual basis of reinsurance to the students in general.
- To familiarize the student with the practice of reinsurance in Indian context.

UNIT - I

Reinsurance: Introduction – Nature of reinsurance – Functions of reinsurance - Methods of reinsurance - Proportional : Quote share – Surplus – Facultative obligatory - Non-Proportional : Excess of Loss – per Risk – Catastrophe - Stop Loss / Aggregate - Excess of Loss Law relating to reinsurance contracts - Fundamentals of Contract Law as applicable to reinsurance - Insurance and reinsurance contracts - Reinsurance documentation - Setting Retentions – General considerations and factors that influence retention – determining retentions for various classes of business – Property – Liability – Marine – Aviation.

UNIT – II

Programme design - Analysing reinsurance needs – Needs based on business strategy – financial needs – needs based on management style and attitude – construction of reinsurance programme – Negotiation and placement of reinsurance – direct placement – placement through intermediaries – role of intermediaries – advantages and disadvantages of direct placement and dealing through intermediaries.

UNIT - III

Reinsurance clauses: Common clauses – Operative Clause – Commencement and Termination Clause – Access to Records Clause – Errors and Omissions Clause – Intermediary Clause – Offset Clause – Claims Settlement Clause – Accounting Clause - Certain Special Clauses – Net Retained Lines Clause – Retention and Limits Clause – Ultimate Net Loss Clause – Loss Occurrence Clause – Reinstatement Clause – Cut – through Endorsement.

UNIT – IV

Reinsurance Accounting – Special nature of reinsurance accounts – formats of reinsurance accounting – Taxation aspects – Special Characteristics of certain important reinsurance markets – Reinsurance Exchanges – pools - Reinsurer Financial Security – Importance - Managing reinsurer security – Selecting reinsurers – Establishing criteria for evaluation of security – Financial Strength Ratings – Major rating agencies.

UNIT – V

Alternatives to reinsurance – new forms of reinsurance – Finite Risk / Financial Reinsurance – Reinsurance of Futures and Securitisation of reinsurance contracts – New markets – Impact of captives and high self –retentions on the reinsurance mechanism – Emerging trends in global reinsurance markets - Inward Reinsurance Business – need for inward business – Objectives – Business Strategy – Retrocession arrangements – Reciprocal trading.

REFERENCES

Insurance Institute of India- IC-85- Reinsurance Management

Module III, RISK MANAGEMENT AND REINSURANCE, *the Institute of Chartered Accountants of India, Delhi.*

Ruth Gastel, REINSURANCE: FUNDAMENTALS AND NEW CHALLENGES, *Insurance Information Institute: New York.*

PAPER – XX
MARKETING OF INSURANCE SERVICES

Objectives:

- To familiarize the students with the concept and tools of marketing
- To provide skills for evaluating competition and develop strategies of marketing

UNIT – I

Concept and Scope of Marketing- Marketing Orientations: Production, product, selling, marketing and societal. - Concepts – Emergence and growth of services – Understanding the Marketing Environment – Marketing Mix for services - Developing marketing plan.

UNIT – II

Consumer Behaviour – factors influencing purchase decisions - Purchase process- Marketing research – Definition –steps- Research approaches and techniques – Forecasting Market Demand.

UNIT – III

Market Segmentation- Factors Influencing Segmentation - Segmentation approaches Targeting: Differentiated and undifferentiated marketing- Positioning: concept and approaches - Repositioning.

UNIT –IV

Developing insurance services mix - Service product - Service pricing – Promotion –Distribution - Physical evidence – People - Service delivery process - Product/service Life Cycle – New service product Planning and Development – Understanding power of branding - Brand equity – Insurance salesmanship.

UNIT – V

Service Quality for Competitive Advantage - Customer relationship management – Marketing Strategies for different insurance services and businesses – e-selling of insurance and other advancements.

REFERENCES:

Lovelock, Christopher *et al.*, SERVICES MARKETING, *Pearson Education: New Delhi*

Harsh V. Verma, SERVICES MARKETING, *Pearson Education: New Delhi.*

Vinnie Jauhari, SERVICES: MARKETING & MANAGEMENT, *Oxford University Press: Mumbai.*

Course Book: IC-31, INSURANCE SALESMANSHIP, *Insurance Institute of India: Mumbai.*

S.M.Jha, SERVICES MARKETING, *Himalaya Publishing House*