

PROFESSIONAL EXAMINATION SYLLABUS

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IC 66	<u>MARINE INSURANCE CLAIMS (Marine Specialised diploma)</u>
IC 68	<u>MARINE INSURANCE COVERAGES (Marine Specialised diploma)</u>
IC 69	<u>MARINE INSURANCE RATING AND UNDERWRITING</u>
IC S01	<u>PRINCIPLES AND PRACTICE OF GENERAL INSURANCE AND SURVEY AND LOSS ASSESSMENT</u>
IC 101	<u>INSURANCE BROKING</u>
IC47/A1	<u>FOUNDATION OF CASUALTY ACTUARIAL SCIENCE (PART-I)</u>
IC84/A2	<u>FOUNDATION OF CASUALTY ACTUARIAL SCIENCE (PART - II)</u>
ICA3	<u>BASIC RATEMAKING</u>
ICA4	<u>ESTIMATING UNPAID CLAIMS USING BASIC TECHNIQUES</u>

IC 01 - PRINCIPLES OF INSURANCE

(Revised Edition: 2011)

Objectives

This course intends to provide a basic understanding of the insurance mechanism. It explains the concept of insurance and how it is used to cover risk. How insurance is transacted as a business and how the insurance market operates is also explained. The relationship between insurers and their customers and the importance of insurance contracts are discussed. Some commonly used insurance terms are also listed out. An overview of major life insurance and general insurance products is included as well.

Contents

Chapter 1: Risk Management: Provides an understanding of risk management – different types of risks – actual and consequential losses – management of risks – loss minimization techniques.

Chapter 2: The Concept of Insurance and its Evolution: The basics and nature of insurance – evolution and nature of insurance – how insurance operates today – different classes of insurance – importance of insurance – how insurance takes care of unexpected eventualities.

Chapter 3: The Business of Insurance: Management of risk by individuals – management of risk by insurers – fixing of premiums – reinsurance and its importance for insurers – role of insurance in economic development and social security – contribution of insurance to the society.

Chapter 4: The Insurance Market: The various constituents of the insurance market – operations of insurance companies – operations of intermediaries – specialist insurance companies – insurance specialists – the role of regulators – other bodies connected with insurance.

Chapter 5: Insurance Customers: Understanding insurance customers – different customer needs – importance of customers – customer mindsets – customer satisfaction – customer behavior at purchase point – customer behavior when claim occurs – importance of ethical behavior.

Chapter 6: The Insurance Contract: Terms of an insurance contract – principles which form the foundation of insurance – significance of the principle of insurable interest – the principle of indemnity – the principle of subrogation – the principle of contribution – disclosure of all relevant information – principle of utmost good faith – the relevance of proximate cause – the insurance contract.

Chapter 7: Insurance Terminology: Common terms used in insurance – terms common to both life and non – life insurance – terms are specific to life and non – life insurance – how insurance terms are used.

Chapter 8: Life Insurance products: The risk of dying early – the risk of living too long – different products offered by life insurers – term plans – pure endowment plans –

combinations of plans – traditional products – linked policies – features of annuities and group policies.

Chapter 9: General Insurance Products: Risks faced by the owner of assets – exposure to perils – features of products covering fire and allied perils – products covering marine and transit risks – products covering financial losses due to accidents – products covering financial losses due hospitalization – products covering miscellaneous risks.

Annexure: A write up on the history of insurance is provided.



IC 02 - PRACTICE OF LIFE INSURANCE

(Revised Edition: 2011)

Objectives:

To acquaint the candidates appearing for Licentiate Examination with the different aspects of life insurance ,its different applications and its detailed features.. It gives the reader an insight into the different types of life insurance plans & products, and its variations. The method of premium calculation and bonus, the different types of annuity plans, group insurance plans etc., are explained in a lucid style, for an easy understanding. Topics on unit-linked policies, nomination and assignments, lapsation and revival of policies, surrender values and foreclosure, as also policy claims have all been brought out very well.

This book has additional features of (1) Examples , (2) "Test yourself" questions in every chapter - (3) Learning outcomes and (4) Pictorial and diagrammatic representations for facilitating a good understanding of the subject.

Contents:

Chapter 1: Practice of Life Insurance: Overview of the Indian Insurance Market – Growth of Insurance business in India –Organisational structure of the Life Insurance Corporation of India (LIC) – Postal Life Insurance –Organisational structure of Postal Life Insurance – Appointment of life insurance agents and their functions – Need of an agent in life insurance selling – Appointment of agents – Remuneration to agents – Trends in life insurance distribution channels.

Chapter 2: Premiums and Bonuses: Concept of premium – Different types of premium – Different factors considered in calculating premium – Bonus in policies – Different types of bonus in life insurance policies.

Chapter 3: Plans of Life insurance: Different types of life insurance plans – Term Plan –Endowment Plan – Money Back Insurance Plan – Whole-Life Insurance Plan – Unit Linked Insurance Plans (ULIPs) – Joint Life Insurance Plans – Child Insurance Plans – Rider benefits – Industrial life insurance – MWP Policies– Keyman insurance – Health insurance and its types.

Chapter 4: Annuities: Understand the concept of annuity – Different types of annuity plans – Advantages and disadvantages of annuity –Annuity Vs Life Insurance – Important terms used in annuity

Chapter 5: Group Insurance: Importance of group insurance schemes – Main features of group insurance schemes – Eligibility conditions in group insurance – Different types of group insurance schemes – Group Term Insurance Scheme – Group Gratuity Scheme – Group Superannuation scheme – Types of group superannuation schemes – Group Leave Encashment scheme – Employees Deposit – Linked insurance Scheme – Group Insurance Scheme in-lieu of EDLI – Social Security Scheme.

Chapter 6: Linked Life Insurance Policies: Concept of Unit-linked policies – ULIP premium and its break-up – Types of funds in ULIPS – Traditional plans Vs ULIPS –How ULIPS work – Top Up & NAV – Features of ULIPS – Revival of ULIPS – IRDA guidelines on ULIPS.

Chapter 7: Applications and Acceptance: Fundamentals of life insurance contracts – Principles of utmost good faith – Insurable interest – Life insurance policy application and process – Proposal form and related documents.

Chapter 8: Policy Documents: Importance of a policy document – Format of a policy document – Policy schedule and its various components – Conditions and privileges in a policy document – Duplicate policies.

Chapter 9: Premium payment, policy lapse and revival: Premium calculations – Surrender value and non-forfeiture options – Revival of lapsed policies and its types – Revival of postal life insurance policies.

Chapter 10: Assignment, Nomination and Surrender of policy: Assignment of life insurance policies – Conditional assignment – Absolute assignment – Process of Assignment – Nomination – Process of Nomination – Features of Nomination – Assignment Vs Nomination – Surrender of policies – Foreclosure of insurance policies.

Chapter 11: Policy Claims: Different types of policy claims – Survival Benefits – Death Claims – Maturity Claims – Submission of Proof of title at claim processing stage – Early Claims & Non-early claims – Documents required for processing early claims – Death due to un-natural causes or accidents – Nomination – Assignment – Waiver of evidence of title – Claims Concession Clause and Extended Claims Concession Clause – Presumption of Death – Insurance Riders – Accidental Death Benefit rider – Permanent Death Benefit Rider – IRDA regulations w.r.t Claim payments –

Annexures:

References & Recommended Readings:

- Life and health insurance handbook— Davis W. Gregg

IC 11 - PRACTICE OF GENERAL INSURANCE

(Revised Edition: 2011)

Objectives:

This course primarily deals with practical aspects of General insurance within the framework of prevailing legislation and aims at familiarizing the reader with the market structure, procedures and practices, coverages under various insurance policies, underwriting practices, claims management, accounting, investments and customer service.

Contents:

Chapter 1: Introduction to General Insurance: Introduction of Indian Insurance Market – Structure, Classification, Salient features of Indian general insurance market – Development of international insurance market – Global relationship – Types of roles in insurance industry – Regulator - insurer – Reinsurer & Retrocessionaire - Insured – Intermediary – Ancillary role

Chapter 2: Policy Documents and forms: Insurance contract & elements – Components of an insurance policy - Interpretation of policies – Contents of insurance proposal form - Certificate of Insurance – Claim forms

Chapter 3: General Insurance Products - Part 1 (Fire & Marine Insurance): Fire insurance Coverage – Exclusions – Conditions of fire insurance policy – Coverage under special policies - Marine insurance Coverage -Marine insurance Act 1938 - Types of marine insurance policy - Marine hull policy

Chapter 4: General insurance Products – Part 2 (Motor Liability, Personal Accident and Specialty): Motor insurance policy – Important documents – Types of policies – Liability – Motor claims & procedures - Legal Liability policy - Public & Product Liability insurances - Personal Accident insurance – health insurance

Chapter 5: General insurance Products – Part 3 (Engineering & other Insurances): Classes of Engineering insurance - Burglary insurance – Baggage insurance – Fidelity Guarantee insurance – Jeweller’s Block insurance – Crime insurance – Aviation insurance – Satellite insurance –Oil & energy risks insurance – Micro insurance

Chapter 6: Underwriting: Concept and process of underwriting - Risk Management – Types of reinsurance – Method of reinsurance - Insurer’s role in risk management – Risk evaluation - Documentation procedure

Chapter 7: Ratings & Premium : Premium – Claims trends and factors – Burning cost method – Accuracy and reliability of outstanding claims reserves – Details of Soft market and Hard market - Bonus/Malus – Claims cost -

Chapter 8: Claims: Preliminary procedure – Loss minimization – Procedure – Process of claim management – Arbitration - Modes of settlement – Recoveries - Identifying claim

Chapter 9: Insurance Reserves & Accounting: Types of reserves – Stakeholder – Types of technical reserves – Reserving process of insurance companies – Investment theories - Types of investment – Basic of insurance accounting - Accounting modules -

References & Recommended Reading:

1. General Insurance, John Magee & David Bickelhaupt
2. Operational Transformation of General Insurance Industry during the period 1950 to 1990 & Beyond, R.D.Samarth
3. Study on Distribution Functions in General Insurance & Role of Intermediaries, ArunAgarwal / P R Rao
4. General Insurance for Information Technology Professionals, Martin Frappoli.



IC 14 - REGULATIONS OF INSURANCE BUSINESS

(First Edition: 2011)

Objectives:

The course is framed to create an appreciation of the importance of the Regulatory Environment necessary for the orderly and smooth functioning of the Insurance Business in India .The book puts forth the complex rules and regulations in a simple manner along with learning outcomes.

Contents:

Chapter 1: Development of Insurance Legislation in India and Insurance Act 1938: Development and growth of Life and Non-life Insurance industry in India – Nationalization of insurance Industry –Insurance association and Life and General Councils – GIBNA.

Chapter 2: IRDA Functions and Insurance Councils: Mission and Composition of IRDA –Duties and powers and Functions of IRDA –Regulations issued –Motor Vehicle Act 1988 – Salient features – No Fault liability – Hit and Run Accidents – Marine Insurance Act – The Bill of Lading Act – Indian Railways Act – Carriage of Goods by Sea act and various other acts – Workmen’s compensation Act – Employee State Insurance Act – Public Liability act – General and Life Insurance Councils – Formation, duration and dissolution of Executive committee – Functions and Powers of the executive committee.

Chapter 3: IRDA and its Licensing Functions: Licensing functions of IRDA-Code of Conduct, Qualifications, functions, Validity and Renewal of licenseapplicable to Brokers, Agents and Corporate Agents – Regulations for Third Party Administrators(TPA) –procedure for obtaining a license – revocation and cancellation – code of conduct and maintaining confidentiality by TPA – Procedure for Registration of Insurance companies – General and Capital Requirements – renewal and suspension of Registration – cancellation and revival of registration – Regulations for Registration of Life and General reinsurance – Code of Conduct and Categorization of Surveyors – licensing procedures – Duties and Responsibilities and practical training – Practical Training – Inspection

Chapter 4: Regulations on Conduct of Business: IRDA regulations on Obligation of Insurers for rural and Social sector – Classification of Rural – Obligations for Rural and social sector before and Sixth financial Plan onwards – Micro Insurance –concept and origin – Govt. recommendations on Micro Insurance – Conditions for Micro Insurance Agents – Life and Non-life Micro Insurers Product parameters – Regulation and working of ULIPs – IRDA guidelines – regulatory environment of ULIPs – Anti Money laundering – Concept and reasons – Stages and methods of Money laundering – Legislations and RBI guidelines – Know Your Customer process – Product and customer profile – Manner and Method of receipt of Premium – compliance of Sec 64 VB and relaxations – Memorandum of exchange Control regulations relating to Life and General Insurance premiums and claims for Residents and Non-residents– Sharing Data base Regulations– Approval and restriction on business of referral company – Obligations of

Referral and Insurer's – IRDA regulations on Advertisements – Compliance and control – Statutory warnings.

Chapter 5: Policy Holders Rights of Assignment, Nomination and Transfer:

Assignment and Transfer of policies – Recommendations of Law commission – Nomination by Policy Holder – Prohibition of Rebates – Repudiation clause – Recommendations of Law clause – Provisions of sec 64 VB – Exemptions to Sec 64 VB – Provisions for Nomination of policies – Recommendations of law commission – Provision for prohibition of rebates – Repudiation Clause.

Chapter 6: Protection of Policy Holders Interest: Stages of Insurance Policy – Pre and Post stage of Insurance Cycle – Free look period –its objective – Matters to be stated in a Life and General Insurance Policy – Grievance Redressal – Complaint handling – Policy Holders servicing Procedures – Claim procedures for Life and General Insurance Policies – Format of Key Feature documents .

Chapter 7 :Dispute Resolution Mechanism: Consumer protection Act – Feature and Structure – Appeals and penalties – Ombudsman –Nature of complaints – Pre requisite for filing Complaints – Suggested amendments by law commission – Jurisdiction.

Chapter 8: Financial Regulatory aspects of Solvency margin and Investments: Reserves maintained by Insurance companies – Management of reserves – Stakeholders – Types of Technical Reserves – Reserving Process followed by Insurance Companies – Premium Investment strategies –Indian regulations – Insurance Accounting .

Chapter 9: International Trends In Insurance Regulation: Purpose and area of focus of regulations – Regulatory systems of other countries.

Annexure:

Right to Information Act

Guidelines for Grievance Redressal by Insurance Companies

IC 22 - LIFE INSURANCE UNDERWRITING

(Revised Edition: 2012)

Objectives:

To acquaint the candidates appearing for Associateship Examination with the principles and concepts of underwriting, providing them an over – view of financial underwriting, impact of occupation, residence and avocations on decision making in underwriting, the current trends, processes and practices adopted in underwriting by life insurance companies today. It also covers topics on reinsurance, the anatomy and physiology of the human body with the diseases and medical conditions, and their impact on underwriting life insurance policies. The glossary and the annexures section also further help the understanding of underwriting of life insurance policies.

Contents:

Chapter 1: Life Underwriting - Principles & Concepts (Part-1) :Concepts of underwriting – Risk assessment – Mortality and morbidity –Assessing individual risks – Selection of lives – Classification of risks – Types of extra risks: Increasing, decreasing and constant extra risks – Sub – standard and other extra risks – Level premium – Temporary extra premium – Diminishing Lien – Exclusions – Postponement of acceptance of risk – Declinature of the acceptance of risk.

Chapter 2: Life Underwriting -Principles & Concepts (Part-2):Numerical Rating in underwriting – Standard, sub-standard and highly sub – standard risk – Limitations of the numerical rating system – Impact of nature of occupation on underwriting – Financial Aspects & Moral Hazard – Methods of rating sub – standard risks – Exclusions – Postponement or deferment of risk – Declinature of risk – Rider Benefits – Waiver of premium benefit – ADB-(Accidental Death Benefit) – TPD (Total permanent Disability) – Term rider – Critical Illness rider – Premium Loading – Terms of acceptance – Dating – back of policies.

Chapter 3: Underwriting: Structure and process: Processing of the Proposal (Application form) – Policy issuance process – Non-medical and Medical Underwriting – Medical Examination process – Underwriting the Life Insurance process – Issuance of the Policy Document (Policy Bond) – Structure of an underwriting function in a life insurance office – Chief Medical officer (CMO) – Underwriting – Support Team – Underwriting Authorities – Underwriting Philosophy & Risk management – Genetic testing in Life Insurance – Its advantages & disadvantages – Challenges faced in Underwriting.

Chapter 4: Financial Underwriting: Purpose of financial underwriting – Objectives of financial underwriting – Concept of Insurable interest & Insurable value – Personal Insurance Cover – Human Life Value – Insurance on Housewives & Women with no earned income – Insurance on Minors – Key Person Insurance – Partnership Insurance – “Employer-Employee” Insurance – Hindu Undivided Family (HUF) – Insurance under Married Women’s Property Act – Sources of financial data (documentation) – Standard Income Documents.

Chapter 5: Occupational, Avocational and Residential risks: Sources of information to assess Occupational, Avocational & Residential risks – Basic risk factors for occupation – Armed Forces, Aviation & Merchant Navy – Chemical Industry – Mining – Nuclear Power Industry – Oil & Natural Gas Industry – Basic Risk factors for Avocation –Aviation risks – Car – racing – Mountaineering – Residential Risks.

Chapter 6: Reinsurance: Need for reinsurance – Types of reinsurance – Facultative reinsurance – Automatic reinsurance – Catastrophe reinsurance – Advantages of reinsurance arrangements – Reinsurance treaty – Underwriting Audits by reinsurers.

Chapter 7: Blood Disorders: Functions of blood – Components of blood – Functions of blood cells – Key components of the CBC (Complete Blood Count) – Peripheral blood smear –Anaemia ,its causes and classification – Iron Deficiency anaemia – Thalassemia – Risk assessment of anaemia– Other important disorders of blood – Polycythaemia– Leukaemia– Lymphomas – Idiopathic Thrombocytopenic Purpura (ITP) – Haemophilia.

Chapter 8: Nervous System: Components of the nervous system – Main structures of CNS(Central Nervous System) – Brain Stem – Spinal Cord – Main Component of the Peripheral Nervous system – CSF (Cerebro Spinal Fluid & the meninges) – Common disorders of the nervous system – Common signs and symptoms of the Nervous System disorders – Common investigations done for diagnosing Disorders of the Nervous system – Common nervous system disorders – Neurovascular disorders – Stroke – Aneurysmal Subarachnoid hemorrhage – Underwriting considerations – Underwriting epilepsy & underwriting considerations.

Chapter 9: Diabetes Mellitus: Diabetes – Types of diabetes – Type I Diabetes –Type 2 Diabetes – Gestational Diabetes – Impaired fasting glucose(IFG) – Impaired Glucose tolerance (IGT) – Diabetes and insurance –(OGT) Oral Glucose Tolerance Test – Glycosylated Haemoglobin - Complications of Diabetes – Diseases of the circulatory system – Other complications of Diabetes – Clinical assessment of Diabetic applicants – Treatment of diabetes – Underwriting diabetics.

Chapter 10: Thyroid diseases : Thyroid gland –Coimmon problems encountered with the thyroid gland – Hypothyroidism and its main causes – Hypothyroidism – Diagnosis, treatment & underwriting implications – Hyperthyroidism –Graves Disease – Goiter – Diagnosis, treatment and Underwriting implications of hyperthyroidism.

Chapter 11: Urinary system: Components of the urinary system – Proteinuria & Albuminuria – Haematuria – Causes of haematuria– Kidney disease & its Diagnosis – BUN & Serum Creatinine – Disorders of the urinary system and their underwriting implications – Kidney stones – Renal (Kidney) failure – Urinary tract infections – Polycystic kidney disease – Diabetic nephropathy – Glomerulonephritis – Renal Cell carcinoma.

Chapter 12: The Respiratory System: Introduction – Components of the respiratory system – Mechanics of Respiration – Common respiratory conditions and underwriting implications – Asthma & its classification – Signs & symptoms of Asthma & Treatment – Exams & tests for respiratory disorders – Classification of severity of asthma –

Underwriting considerations – Bronchitis - (Acute & Chronic forms of bronchitis) – Underwriting considerations – Emphysema – Chronic Obstructive Pulmonary Disease (COPD) – Tuberculosis – Underwriting Questionnaire.

Chapter 13: Gastrointestinal (Digestive) System: Introduction – Common terminology and investigations of the digestive tract – Disorders of the digestive system – Tumors of the gastro-Intestinal tract – Liver functions tests (LFT's).

Chapter 14: Cardiovascular system: Introduction – Common terminology used in the diseases of the cardio-vascular system – Blood circulation – Common symptoms of disorders of the cardio vascular system – Common investigations for diagnosing disorders of the cardiovascular system – ECG-ECHO Cardiogram / ECHO Doppler – Exercise Stress test (Stress test/ Tread-meill test) – Coronary angiography – Nuclear cardiology – Cardiac CT – Blood pressure and Hypertension – Types of hypertension – Complications of hypertensions – Underwriting implications – Coronary Artery disease (CAD) , Coronary Heart Disease(CHD) – Ischemic Heart disease (IHD) – Risk factors – Symptoms & signs of CAD – Types of Coronary Artery Disease – Treatment of Coronary artery disease – Invasive and surgical procedures – complications of heart diseases – Underwriting information – Risk assessment of CAD –Valvular Heart disease, causes, treatment and underwriting considerations – Types of Congenital Heart Diseases – Underwriting considerations.

Chapter 15: Special Senses: Disorders of the eyes, ears and nose: EYE – Anatomy of the eye – disorders of the eye – Cataract – Glaucoma – Retinopathies – Retinal detachment – Refractive errors – Blindness – Strabismus/ squint –Underwriting considerations of each other eye disorders.

EARS– Anatomy of the ears – Disorders of the ear – Otitis – Acute otitis media – Chronic Otitis media – Deafness – Presbycusis. **NOSE**– Anatomy – Disorders of the nose – Deviated Nasal Septum – Sinusitis – Nasal polyps.

Chapter 16: Glossary: Definition of commonly used terminology in underwriting

Annexure: Section containing commonly used forms, and questionnaires in underwriting.

References & Recommended Reading:

- Underwriting Principles-Author -, Joseph F Mangan / Connor M Harrison
- Advanced Underwriting Techniques--Author - -, Joseph F Mangan / Connor M Harrison,
- Guide to Life Assurance Underwriting including short glossary of medical terms--Author – J.E.Evans, J E / W N Mann /
- Underwriting management--Author – C.I.I.
- Underwriting Practice--Author –C.I.I.
- Life and disability underwriting-C.I.I.
- Life and health insurance underwriting --Author – Mary C. Bickley /Barbara Foxenberger Brown / Brown Jane Lightcap
- Life Insurance Underwriting --Author – K.C.Mishra / R.Venugopal

IC 23 - APPLICATIONS OF LIFE INSURANCE

(Revised Edition: 2013)

Objectives:

To acquaint the candidates appearing for Associateship Examination with the different types of life insurance and health insurance policies .It gives the reader an insight into concepts of financial planning and plans of pensions and annuities. The book also highlights the importance of reinsurance, the different tax laws and the claims management process. It also brings out the salient features and concepts of Takaful insurance (Islamic Insurance).

Contents:

Chapter 1: Financial Planning and Life Insurance: Financial planning process – Steps in financial planning – Financial planner – Components of financial planning – Risk management – Classification of risks – Personal risks – Property risks – Liability risks – risk management process – Risk and insurance – Concept of Insurable Interest – Human Life Value.

Chapter 2: Life Insurance Planning: Profiling of clients –Methods to evaluate quantum of life insurance – Key benefits of life insurance – Tax benefits of life insurance – Mortgage redemption – Long-term disability Insurance – Term Life Insurance – Convertible Term Insurance – Endowment Insurance – Whole Life policies – Unit-Linked Life Insurance – Annuities – Life Insurance & Estate planning – Estate planning tools /documentation (Will, Succession Certificate) – Types of life insurance Trust arrangements(Revocable & Irrevocable)– Ownership considerations in life insurance – Beneficiaries in Life insurance – Nomination – Assignment – Married Women’s Property Act Policies – Estate Planning Goals – Objectives of Estate Planning – Key Man Insurance policies – Partnership Insurance – Employee Benefit insurance plans – Deferred Compensation plans.

Chapter 3: Health Policies: Need for health insurance policies – Advantages of Health Insurance plans – Modes of Operating Health Insurance plans – Types of health insurance plans – Life Insurers & Health Insurance – Long-term -care insurance – Disability Income insurance – Personal Accident policy – Unit-linked health insurance policies – Health protection policies – Hospital Cash benefits – Surgical Benefits – Domiciliary Treatment Benefits – Riders on insurance policies – Global view of health insurance.

Chapter 4: Pensions and Annuities: Pensions – Retirement benefits – Gratuity – Employees’ Provident Fund – Employees’ Deposit Linked Insurance plan – Employees’ Pension Scheme – PFRDA (Pension Fund Regulatory and Development Authority) – Group Annuity Scheme – Advantages of PF managed by insurance companies – Advantages of Superannuation fund managed by insurance companies – Cash accumulation system – Types of Annuities – Administration of group superannuation schemes – Types of Annuities in UK– Types of occupational annuity schemes – Retirement plans in the U.S. – Hybrid & Cash balance plans – Individual Retirement Accounts (IRA’s) – KEOGH or HR10 Plans – Fixed Deferred Annuities – Variable

deferred annuities – Fixed Annuities – Joint-Life Annuity – Equity-indexed annuities – Split Annuities – Immediate Annuities – Deferred annuities – Unit-linked –deferred pension – Immediate annuities – Annuity certain –Lifetime annuity – Annuity with life cover etc.

Chapter 5: Takaful (Islamic Insurance): Introduction – Meaning of Takaful – Definition – History of Takaful Insurance – Selected Takaful Markets – Principles of Islamic Insurance – Elements of Takaful Insurance – Takaful Contract – Operations in Takaful Insurance – Models of Takaful Insurance –Re Takaful– Administration of a Takaful company – Risk & Investment funds in Takaful insurance – Salages & Recoveries – The shareholder’s fund – Product design – Pricing and types of policies in Takaful Insurance – Management of expenses in Takaful Insurance and provisions for profits – Bonus calculations in Takaful Insurance policies – Claims under Takaful Insurance.

Chapter 6: Reinsurance: What is reinsurance – History of reinsurance – Need for reinsurance – Functions of reinsurance – Types of reinsurance – Reinsurance –Special factors – Industrial risks and reinsurance – Property reinsurance – Engineering reinsurance – Fire reinsurance – Accident & Liability reinsurance – Marine Reinsurance – Aviation Reinsurance – Co-Insurance – Life Reinsurance – Non-standard risks – Administration of reinsurance – Different types of reinsurance clauses – Accounting process in reinsurance – Different types of proportional reinsurance – Types of non-proportional reinsurance – Premium & Loss portfolios – Interest & Tax – Brokerage – Inward accounts – Closing of annual accounts – Format of annual accounts – Additional reserves.

Chapter 7: Tax Laws and Life Insurance: Tax exemptions under Individual insurance – ULIPs and income tax rebates – Employer –employee Contracts & Retirement Benefits – Gratuity funds – Tax Breaks under approved gratuity funds – Superannuation funds – Tax Benefits of superannuation funds – Provident funds – Group Insurance – Group insurance in – lieu of EDLI – Group Savings Linked Insurance – Proposed direct tax code.

Chapter 8: Life Insurance –Claims Management: Introduction – Operative clauses – Sec 113 – Maturity claims – Exchange control regulations & NRI Policy holders – Death Claims – Presumption of death in missing persons – Sec 107 & Sec 108 – Evidence of title – Nomination – Assignment – Death of nominee – Several nominees – Minor nominee – Assignment/ nomination during the capacity of incapacity – Limitation Act 1963 – Payment of policy monies into court – Claims on small life insurance policies – Insurance Ombudsman.

Reference & Recommended Reading:-

- **Takaful Islamic Insurance—Concepts and regulatory issues.**(Author - Archer Simon / KarimRifaat Ahmed Abdel / Nienhaus Volker)--Publisher - John Wiley & Sons (Asia) Ltd.--Year of Publication - 2009
- **Principles of insurance: life, health and annuities.**(Author - Jones, Harriett E / Long, Dani L /) Publisher – LOMA--Year of Publication – 1997.

IC 24 - LEGAL ASPECTS OF LIFE INSURANCE

(Revised Edition: 2012)

Objectives:

Every life insurance policy involves a contractual relation between the insurer and the insured. The course is designed to help the student understand the legal principles and provisions of the life insurance contract. Starting with the sources from which law is derived, the course takes the students through the salient aspects of the life insurance contract, the rights and obligations of both parties to the contract and the legal environment within which life insurance practice is carried out.

Contents:

Chapter 1: Sources of Law: Definition of law - statute law and common law.

Chapter 2: Administration of Justice in India: The Supreme Court and other Courts – Arbitration and consumer forums – various laws and acts like shops and establishments act – Right to Information act – Cyber laws and prevention of money laundering act.

Chapter 3: Law of contract: Elements of a contract like offer and acceptance – capacity of parties to contract – consensus ad idem – consideration and legality of object – Salient features of the life insurance contract like the principles of indemnity, insurable interest and Utmost Good Faith.

Chapter 4: Provisions of Life Insurance Contract: Proposal and policy – Policy conditions and privileges – like days of grace – lapse and revival – surrender and loans – accident benefits

Chapter 5: Group life Insurance and other schemes: Group life insurance – Superannuation and Gratuity schemes – Reinsurance – Key man and Property Insurance.

Chapter 6: Life Insurance policies as property: Life insurance as actionable claim and mortgage – Policy loans – Stamp Act provisions.

Chapter 7: Rights under Life Insurance Policies: Assignment, Nomination and MWP Act provisions – loss of policies.

Chapter 8: Claim Settlements: Claims settlement process – Maturity claims – death claims – Presumption of death for missing persons – evidence of title and succession – Minors, Lunatics and Insolvents – Garnishee Orders – Attachment and Prohibitory orders.

Chapter 9: Tax Laws and Life Insurance: Tax on Income and wealth and life insurance – Service Tax.

Chapter 10: Insurance Intermediaries: The Contract of Agency – Appointment of agents – IRDA regulations with regard to Licensing of Agents, Brokers and Corporate Agents – authority of Agent – Rights and responsibilities of agents and Principal – Termination of agency and Renewal / Hereditary Commission.

Chapter 11: Legal status of individuals and life insurance: Nationality – Domicile and Citizenship – Exchange control regulations – Life insurance transactions involving foreign currency, like premium collection and settlement of claims.

Chapter 12: Nationalisation of life insurance: LIC Act 1956.

Chapter 13: Protection of consumer's interests: The consumer Protection Act 1986 – defining 'Consumer', 'Service Deficiency', Unfair and Restrictive Trade Practices – System for Redressal of Complaints – Implications of Consumer Protection act – Consumer Protection Councils and Ombudsman.

Chapter 14: Life Insurance Legislation abroad and Policy Initiatives in India: Life Insurance laws in UK, USA and the European Community – Insurance initiatives in India – formation of Malhotra Committee on Reforms in Insurance sector – Formation of IRDA.

Chapter 15: Provisions of IRDA Act 1999.



IC 26 - LIFE INSURANCE FINANCE

(Revised Edition: 2012)

Chapter 1: Elementary Principles of Accounts: Basic Principles of Double Entry – Group of Accounts – Principle of Journal and Ledger – Cash Book – Trial Balance – Final Accounts – Errors Disclosed and not Disclosed by Trial Balance – Distinction between Capital and Revenue Expenditure – Trading Account – Balance Sheet – Arrangement of Assets and Liabilities – Depreciation & its methods – Provisions and Reserves – Bank Reconciliation Statement – Errors and omission.

Chapter 2: Life insurance business: Important types of insurance policies: History of Life Insurance – Life Insurance Contract – Premium – Expenses of Management – IRDA Act 1999 – Audit – Reserve – Surrender Value – Valuation – Various insurance plans – Annuities/Pension.

Chapter 3: Accounting Procedures - Premium Accounting: Accounting of Premium – Renewal Premium – SSS Business – Reinsurance – Accounting Procedures.

Chapter 4: Accounting Procedures–Disbursements: Policy Loans – Free looks, Policy Payment including Claims, (Special Emphasis on Ulip Claims) Accounting and Health, Insurance.

Chapter 5: Accounting Procedure: Expenses of Management: Expenses of Management – Commission – Payment – Gratuity and Term Assurance – Incentives – Other Expensed of Management - (Special Emphasis On Ulip & Health Insurance Exp. Which Requires Allocation To Several Head)

Chapter 6: Investment: Approved Securities means – Investment Patterns for Unit Linked Insurance Business – Exposure/Prudential Norms – Income Recognition, Asset, Classification, Provisioning and Non-Performing Assets – Constitution of Investment Committee – Accounting for Investments (Including investment of ULIP, Pension Group Insurance & Health Insurance Policies).

Chapter 7: Final Accounts, Revenue Account and Balance sheet: Applicability of Accounting Standards – Acquisition Costs – Claim Costs – Actuarial Valuation – Determination of Value of Investment Disclosures Forming Part of Financial Statement – General Instruction for Preparation of Financial Statements – Contents of Management Report – Preparation of Financial Statements – Salient Features – Assets, Liabilities – Outstanding Expenses – Outstanding Commission (POLICYHOLDERS AND SHARE HOLDERS A/C.)

Chapter 8: Budget and Budgetary Control: Introduction – Objectives, Advantages, Requirement of Budgetary Control – Types of Budgets – Budget Review – Flexible Budget – Planning and Performance Budgeting – Budgeting Activity – Performance Budget – Critical/Financial Ratios.

Chapter 9: Innovative Concepts in Financial Reporting: Value Added Statement – Models of Human Resources Accounting – Economic Value Models – Objectives of HRA System – Inflation Accounting.

Chapter 10: Accounting Standard (Applicable to Life Insurance Companies): Different Accounting Standards – Disclosure of Accounting Policies – Cash Flow Statement – Cash Outflow – Cash Flow From Financial Activities – Effect of a Change in Accounting Policy – Depreciation – Employees Benefits – Segment Reporting – Related Party Disclosures and Transactions.

Chapter 11: Financial Analysis: Financial Statement – Prominent users of financial Statement – Shortcomings of Trend Analysis – Ratio Analysis – Liquidity – Capital Structure Ratios – Limitation of Ratio analysis – Quantitative Ratio – Fund Flow Statement – Cash Flow Statement and its purpose and use.

Chapter 12: Financial Management Environment in India: Introduction – Financial System – Types of Financial Market – SEBI – Money market Operations – Insurance Market – Mutual Fund – Banking System.

Chapter 13: Application of Financial Management Concept in Insurance Industry: Introduction – Different Financial Management Concepts – Assets Risks – Market Risks – Realization Risk – Asset Liability Management – Cash Management – Capital Market – Financial Ratio in Life Insurance Industry.

Chapter 14: Taxation (Current Scenario): Definition of Tax – Objectives of taxations – Income Tax – Income Tax on Salaries – What is Salary – Perquisite – Valuation – Exemptions – Tax Deduction Account Number (TAN) – Permanent Account Number (PAN) – Insurance Business – Payment of Advance Tax – Tax Audit – Service Tax.

Chapter 15: Anti-Money Laundering Guidelines and PMLA Act.: Background – Money Laundering – Know your Customer (KYC) – KYC & Risk Profile – Product to be covered – Verification – Reporting Obligation – Reporting of Cash Transaction – Appointment of Principle Compliance Officer – Customer Identification Procedure – Vulnerable Products – Illustrative List of Suspicious Transactions.

Chapter 16: Compliance with IFRS (Involving broader concepts): Introduction – Objectives of IFRS-4 – Definition – Scope – Key Features of IFRS 4.

IC 27 - HEALTH INSURANCE

(Revised Edition: 2013)

Objectives:

To acquaint the candidates appearing for Associateship Examination with the evolution and growth of health insurance sector in India, the constitutional provisions in areas of public health and its different financing models. It gives the reader an insight into the different types of health insurance products, health insurance pricing and the regulatory and legal aspects of health insurance. The book also highlights the importance of reinsurance in health insurance. It also brings out critical aspects with reference to the different kinds of insurance frauds, and methods to combat and mitigate them.

Contents:

Chapter 1: Introduction to Health Insurance: What & Why of Health insurance – Evolution and growth of Health insurance in India – Understanding the Health System in India – Constitutional provisions in areas of Public Health – Government Health Dept. at the Central level, State level & District & local levels – Infrastructure of the Health care system – Public & Private Health Centers & Health care providers.

Chapter 2: Health financing models and health financing in India: Health financing models – Financing of Health in India – National Rural Health Mission – Challenges of access to Health care and Service Quality – Health insurance mechanisms & Financial Protection.

Chapter 3: Health Insurance Products in India: Types of Health Insurance Products in India – Hospitalization Indemnity product – Personal Accident products – Critical Illness product – Daily Hospital Cash benefit – Disease management covers – Outpatient covers – Investment products in health insurance & health savings components – Products for senior citizens – Micro-insurance products – International Coverage products – Other specialized health insurance products.

Chapter 4: Health Insurance Underwriting: Health Insurance underwriting – What & why of health insurance underwriting – Factors impacting morbidity – Basic principles of underwriting (Uberrima fides – Insurable interest – Indemnity – Contribution clause – Proximate cause) – Documents used for underwriting – The underwriting process – Numerical Rating method of underwriting – Advantages & Disadvantages of the Numerical Rating Method – Types of underwriting decisions taken – General Exclusions & Standard Exclusions – Group Health Insurance.

Chapter 5: Health Insurance policy forms and clauses: Health insurance contracts – Insurance contracts VS other contracts – Proposal forms used in health insurance – Comparison of proposal forms & questionnaires of health insurance with Personal Accident insurance, Life insurance & Group Insurance... Disability benefit plans or Income Protection – Long term care plan – Health Savings / Investment Linked plans – Group Health Insurance Schemes – Commonly used clauses in health insurance – Pre-existing diseases and exclusions – Cancellation Clause – Renewability clause –

Standardization of definitions, forms, non-medical expenses in health insurance, standardization w.r.t treatments (STG) .

Chapter 6: Health insurance data, pricing & reserving: Importance and use of data in health insurance for insurers, regulators, government, TPA's and other stake-holders – Data mandated from insurance companies by regulators – data warehousing – Collection and collation of data – Data interpretation and advanced analysis of data – Insurance Information Bureau – Actuarial function in health insurance companies – Actuarial techniques – Fundamentals of pricing – Claim reserving – Data and data modeling.

Chapter 7: Regulatory and legal aspects of health insurance: Principles and practice of health insurance regulations – Need for regulations in health insurance – Various kinds of risks in health insurance – Regulatory structure – Licensing and registration – Types of regulations – Enforcement of regulations – Monitoring activity by regulators – Prevention of mis-selling – Health insurance regulations in India – Policy holder's regulation and Grievance redressal system – health insurance for rural and informal sector workers – Role of IRDA in initiatives for standardization – Pre-existing diseases(PED's) – renewability of health insurance policies.

Chapter 8: Customer service in health insurance: Consumer protection & policy – holder's protection – Claim servicing – types of cashless claims – Grievance redressal-survey on grievance redressal.

Chapter 9: Health Insurance fraud : Introduction – Cause and effects of frauds – Classification of frauds – health insurance frauds Vs general insurance frauds – types of frauds by the consumers – stages of insurance frauds – cash defalcation – types of fraud during in the contractual period and claims stage – methods to combat and mitigate insurance frauds – technology and process interface –Initiatives by IRDA and the industry.

Chapter 10: Reinsurance : Definition of reinsurance – utility of reinsurance – health insurance and reinsurance models – products supported by reinsurers – white labeling – social reinsurance – annual reinsurance programme.

Reference & Recommended Reading:

- Health Insurance Primer : **Study guide Part A**-Author – American Health Insurance Plans / Place - Washington DC., Publisher - American Health Insurance Plans
- Health Insurance nuts and bolts : **Study guide part B**- Author – American Health Insurance Plans / Place - Washington DC., Publisher - American Health Insurance Plans
- Life and health insurance handbook—Davis . W. Gregg
- Health Insurance –Author—O.D. Dickerson
- Evaluating the Health Insurance Risk –J.M.Wickman

IC 28 - FOUNDATION OF ACTUARIAL SCIENCE

(Revised Edition 2011)

Chapter 1: Compound Interest, Accumulated Value, Present Value, Investment Returns: Introduction – Simple and Compound Interest – Compound Interest Table – Present Value – Nominal and Effective Rates of Interest – Discount and Discounted Value – Varying Rates of Interest – Equation of Value – Equated Time of Payment – The Binomial Theorem.

Chapter 2: Level Annuities: Introduction – Present Value of Immediate Annuity – Accumulated Value of Annuity – Present Value and Accumulated Value of Deferred Annuity Certain – Perpetuity.

Chapter 3: Variable Annuities: Introduction – Increasing Annuity – Varying Rate of Interest – Decreasing Annuity.

Chapter 4: Redemption of Loans: Introduction – Repayment of Loan by uniform installments – Redemption of Loan by Sinking Funds – Lender's Sinking Fund – Redemption of Loan – Capital Redemption Policies – Office Premium – Surrender Value.

Chapter 5: Further Compound Interest and Investment yields: Introduction – Nominal and Effective rate of Interest – Average Interest Yield – Money Weighted rate of return, time weighted rate of return, Linked internal rate of return.

Chapter 6: Probability: Introduction – General Definitions of Probability – Properties – Permutations and Combinations.

Chapter 7: Mortality Table: Introduction – Different Mortality Functions – Probabilities of Survival and Death – Curtate Expectation of Life – Complete Expectation of Life – Central Death Rate – Selection and Select Rates – Ultimate table – Aggregate Table.

Chapter 8: Construction of Mortality Table: Introduction – General Procedure – Stages in constructing Mortality Table – The data to be used – Period of investigation – Unit of Investigation – Methods of Investigation – Application of Census Method – Determination of Exposed to risk and deaths – Mortality Rates – Graduation – Construction of mortality Tables.

Chapter 9: Well Known Mortality Tables and Indices for comparison of different mortality tables: Introduction – Mortality Investigation – Different British Tables – Assured Lives – Comparison of Mortality Tables – Comparison of Actual Deaths and Expected Deaths – Comparison between Mortality Tables – Recent Development.

Chapter 10: Life Assurance Premiums: General Considerations.

Chapter 11: Assurance Benefits: Introduction – Pure Endowment Assurance – Endowment Assurance – Term Assurance – Whole Life Assurance.

Chapter 12: Life Annuities and Temporary Annuities: Introduction – Commutation Function – Deferred Life Annuities – Temporary Immediate Life Annuity – Deferred Temporary Life Annuity – Variable Life Annuity – Increasing Life Annuity.

Chapter 13: Net Premium for Assurance Plans: Natural Premiums – Level Annual Premium – Symbols for Level Annual Premium – Net Premium – Consequences of Charging Level Premium – Consequences of Withdrawals.

Chapter 14: Net Premium for Annuity Plans: Introduction – Immediate Annuities – Deferred Annuities.

Chapter 15: Premium Conversion Tables: Single Premium Conversion Tables – Annual Premium Conversion Tables.

Miscellaneous Exercise



IC 45 - GENERAL INSURANCE UNDERWRITING

(Revised Edition: 2012)

Objectives:

This course aims at familiarizing the reader with the concepts, principles, practices & procedures adopted by insurers in underwriting all classes of non-life insurance. The course also examines the impact of relevant IRDA Regulations on aspects of rating, underwriting, protection of policy holder's interests, as well as the significance & importance of research, development and applications of information technology.

Contents:

Chapter 1: Introduction to Underwriting: What is insurance – Profile of an Underwriter – What is Underwriting – Purpose & Objectives of Underwriting – Why Underwriting is important – The Underwriting Process – Functions of Underwriting – Risk selection – Classification & Rating – Policy Forms – Retentions and Reinsurance – Rate Making – Types of Underwriters – Underwriting Decisions – Policies on Preferred / Standard / Sub-standard Basis – Monitoring Underwriting Decisions.

Chapter 2: Methodology & Procedures of Underwriting: Underwriting of New Business – Scrutiny of Proposals – Limits of Acceptance – Acceptance subject to controlling office Approval – Acceptance of Extra Hazardous Risks – Underwriting Safeguards – New Business Procedure – Underwriting of Renewal Business.

Chapter 3: Principles of Rate Making: An introduction – making the Rate Structure – The Process of Rate Making – Mathematical Equations – Pure Premium and Loss Ratio Methods – Trended, Projected Ultimate Losses – Loading Factors – Individual Risk Rating – Experience Rating – Composite Rating.

Chapter 4: Rating Approaches in Pricing: IRDA Guidelines on Classification of General Insurance Products – Class Rated and Individual Rated Products – Class Rating – Individual or Merit Rating – Schedule Rating – Experience Rating – Objectives, Basis, Applicability, Essentials & Disadvantages of Experience Rating – Exposure Rating.

Chapter 5: File & Use Regulations: Goals of Regulatory Supervision of Insurance Business – Filing of Rates & Policy Forms for Regulatory Review – Prior Approval – File & Use – Use & File – FLEX rating Regulation – Components for Product Evaluation – Indian Insurance Market – IRDA Requirement for Consideration & Review of Products – Classification of Products.

Chapter 6: Applications of File & Use Regulations: File & Use Requirement – Role of Board – Underwriting Policy – Roles of Moderator / Compliance Officer / Appointed Actuary / Advocate – Internal Technical Audit – Practical Applications of Guidelines – detailed Discussion on Form A, B, C, & D.

Chapter 7: Tools of Underwriting: Risk Management Framework – Approaches as Tools – Tools for Effective Underwriting – Insurance Documentation – Proposal Form,

Policy Document, Endorsements, Reinsurance Placement Slip, Insurance Certificates, Cover Notes, Renewal Notices – Exclusions – Deductibles – Co-insurance – Reinsurance and Retention levels – Portfolio Management.

Chapter 8: Types of Policies: Classification of Insurance Covers by Subject Matter – Insurance of Property, Earnings/Profits, Liability and Persons – Classification by Insurance Act – Classification by Market Segments – Classification by Perils (Named Perils and All Risks) – Customised Policies – Special Covers.

Chapter 9: Underwriting Profitability & Review Strategies: Planning for Underwriting Profits – Importance of Underwriting Philosophy & Policy – Important Factors in Underwriting policy and Practice – Estimation of Underwriting Profit – Factors that affect Underwriting Results – Rating, Underwriting Guidelines, Policy wordings, Reserving, Claims Processing, High Exposures, High Expenses – Reviewing the Underwriting Policy – Analysis of Claims – Corrective Steps – Underwriting Audit – Review of Claims and Special Events.

Chapter 10: Protection of Policyholder's Interest: IRDA Protection of Policyholder's Interest Regulations 2002 – Stipulations relating to Point of Sale – Proposal – Grievance Redressal Procedure – Policy Contents – Claims Procedures – Servicing – Mutual Obligations – Policyholder's Awareness – Disclosure by Insurers/

Chapter 11: Research & development in Underwriting, Rating & Product Innovation – Challenges Ahead: Need for Research & development – Use of Emerging Technologies – Four Distinct Areas of New Challenges – New Potential Hazards, New Vulnerabilities, Untested Insurance Product, Growing Needs for International Coverages – Innovative Rating Programmes – Reasons for Underwriting Errors – Product Innovation process.

Chapter 12: IT. Applications in Underwriting: Challenging Market Conditions – Conceptual I.T. System Architecture – I. T. System Services – Need for Speed, Flexibility & Functionality – Individualization of Services and Policies – Important Business Concerns – Customer Relationship Management – Technology & Underwriting – Consistency & Speed, Business Process Automation, Managing Underwriting Workflow – Rules Engines – Case Management – Web -based Technologies – Benefits of Technology-based Underwriting – A Different Perspective.

Chapter 13: Glossary of Terms.

References & Recommended Reading:

1. Advanced underwriting techniques, Joseph Mangan & Harrison Connor
2. Insurance Company Operations Webb, Lauunie, Rokes and Willis Park
3. Study on Distribution Functions in General Insurance & Role of Intermediaries, Arun Agarwal / P R Rao
4. General Insurance for Information Technology Professionals, Martin Frappoli.

IC 46 - GENERAL INSURANCE ACCOUNTS PREPARATION AND REGULATION OF INVESTMENT

(Revised Edition: 2012)

Chapter 1: Accounting Scope, Concepts, Principles and Standards: Introduction – Meaning of Accounting – Objectives of Accounting – Functions of Accounting – Limitations of Financial Accounting – Books of Accounts – Accounting Concepts, Principles and Convention; Introduction – Accounting Concepts – Accounting Principles – Accounting Conventions – Accounting Assumptions – Financial Statements – Accounting Standards – Objectives and Interpretation; Introduction – Meaning of accounting standards - Objectives – Applications & Limitations – Indian Accounting Standard & International Accounting Standard – GAAP and IFRS – Accounting Policies– Objectives of Accounting Policies – Selection of Accounting Policies – Change in Accounting Policies – Accounting Policies applicable to Non-life Insurance Business – Disclosure of Accounting Policies. Accounting Process – Methods & Control and Finalization of Accounts – Golden Rules of Accounting – Primary Books & Secondary Books – Capital & Revenue Expenditure and Receipts and treatment – Accounting Methods & Control – Journals – Cash Book – General Ledger – Trial Balance; Objectives – Rules & Process – Final Accounts.

Chapter 2: Accounting Process, Methods & Control and Finalisation of Accounts: Accounting process – Introduction – Double entry Bookkeeping – Classification of Accounts – Golden Rules of Accounting – Principal and Subsidiary books – Accounting Methods and Control, Introduction – Journals – Types of Journals – Cash Book Preparation – Objectives, rules and process of preparation of the trial balance – Preparation of Final Accounts – Depreciation Accounting, Introduction – Brief Introduction of AS 6 issued by ICAI - Objectives of providing Depreciation – Methods of providing depreciation – Change in method of depreciation – Disposal of Depreciable Assets & Accounting Treatment – Revaluation & impairment of Depreciable Assets – Bank Reconciliation Statement: Introduction – Importance of BRS – Difference between cash book balance and pass book balance – Preparation of BRS – Analysis of BRS and Accounting Control – BRS and Accounting Adjustment Entry for rectification of errors – Introduction to Company Accounts: Introduction – Legal Requirements relating to preparation and presentation of financial statement – Types of Company – Financial Statements in Company – Accounting of Share Capital – Issue – Reissue & Forfeiture – Debenture – Non-life Insurance Business Accounting Methods – Buy Back Shares – Techniques & Process – Accounting Process & Techniques of General Insurance Business; Functional Divisions & Books of Accounts – Premiums; Received – Received in Advance – Outstanding – Earned – Claims; Paid – Incurred & Provisioning (including IBNR & IBNER) – Investments – Un-expired Risk Reserves – Co-insurance – Solvency Margin – Accounting Regulations; Introduction – IRDA Regulations on Insurance Accounts – IRDA Regulations – Applications & Interpretations – IRDA Regulations & Accounting Principles – Preparation & Presentation of Financial Statements; Non-life Insurance Business. Preparation of Financial Statements – Revenue Accounts – Balance Sheets – Profit & Loss Accounts – Cash Flow Statements – Financial Statement Analysis and Disclosures – Management Report.

Chapter 3: Non-Life Insurance Business Accounting Methods, Techniques & Process: Objectives: proportional & non-proportional arrangements – Requirements of Reinsurance Accounting – Reinsurance Portfolio Statement – Statement of Reinsurance Treaty – Reinsurance Accounting Techniques – Reinsurance Commission & Profit Commission Statement – Investment Accounting – Classification of Investments & exposure norms of investment – Valuation of Investments – Provisioning – Disclosures.

Chapter 4: Accounting Methods & Process of Special Accounting Transactions: Disclosures and Audit in General Insurance Business – Annual Reports; Basic Contents of Annual Reports – Contents of Directors Reports –Disclosure in Director’ Report – Interpretation of Directors’ Report – Annual Report & Director’s Responsibility statement. Audit; Introduction; Scope – Concepts and Standards of Audits – Internal Audit & Internal Control – Internal Audit Techniques & procedures in Computerized Environment – Statutory Audit & the Companies Act 1956 (As amended) – Statutory Audit & Auditing and Assurance Standards – Govt. Audit & Statutory Provisions – Special Audit (tax audit - regulatory inspections)

Chapter 5: Annual Reports, Audit & International Financial Reporting Standards: Introduction – Annual Report and statutory provisions for general insurance companies – Contents of an annual report – Disclosures in Directors Reports – Statutory Audit in General Insurance Business: Introduction – Responsibilities towards financial statements – Auditors Responsibilities towards financial statements – Specific Areas where auditors are required to express opinions – Audit Programmes – Contents of Audit Reports – Internal Audit in General Insurance Business: Introduction – Meaning and scope of internal audit – Objectives of Internal Audit – Relationship between statutory and internal Auditors – Internal Audit System –Internal Audit Queries in General Insurance Business – Detailed audit programmes to be carried out by internal Audit and inspection function – Fixed Assets – Reporting System for internal auditors – Standard on internal audits (SIA) – International Financial Reporting Standards-IFRS 4: Introduction – Important aspects of IFRS 4 – Requirements under IFRS 4 – Adaption of Insurance Accounting Standards – IFRS 4 – Significant Accounting Policies -

IC 57 -FIRE &CONSEQUENTIAL LOSS INSURANCE

(Revised Edition: 2010)

Objectives:

The objective of this course is to familiarize the reader with the coverage under Fire & Consequential Loss (Fire) Insurance policies and specialized policies for large industrial & petrochemical risks. The course also specifically deals with fire hazards & loss prevention, risk inspection report, rating & underwriting systems, policy drafting and legal, practical and procedural aspects of claims.

Contents:

Chapter 1: Basic Principles & The Fire Policy: Background – Insurable Property – Indian Contracts Act 1872 – Basic Principles of Insurance – Utmost Good Faith – Insurable Interest – Indemnity – Terms Relating to sum insured viz. Reinstatement Value, Market Value, Book Value – Subrogation – Contribution – Fire Tariff & its Sections – Standard Fire & Special Perils Policy – Insured Perils – General Exclusions – Conditions.

Chapter 2: Add On Covers & Special Policies: Spontaneous Combustion – Earthquake – Forest Fire – Impact Damage – Architects etc Fees – Debris Removal – Reinstatement Value Policies & Local Authorities Clause – Declaration Policies – Floating Policies – Floater Declaration Policies – Special Clauses,

Chapter 3: Fire Hazards and Fire Prevention: Hazard Based Risk Classification – Originating Hazards – Contributory Hazards – Hazards Originating from Construction – Constructional Features – Silent Risk – Hazards Arising from Goods – Miscellaneous Hazards – Fire Protection Systems – Good Housekeeping.

Chapter 4: Erstwhile Tariff Rules & Rating: The Standard Fire & Special Perils Policy – Partial Insurance – Short Period Rates – Cancellation of Policies – Mid-term Cover – Rating – Simple Risks – List of Hazardous Goods – Industrial & Manufacturing Risks – Utilities – Storage Risks – Classification of Goods – Tanks & Gas Holders,

Chapter 5: Documents: Information through Proposal Form – Risk Inspection Report – Premium – Cover Note – Warranties & Clauses – Policy Schedule – Endorsements – Renewal Notice,

Chapter 6: Underwriting: Definition of Underwriting – Classification of Underwriting Factors - Large Volume of Business – Selection of Business – Fixing Retentions – Reinsurance Objectives & Types – Proportional Treaties – Non Proportional Treaties – Indian Fire Reinsurance Programme – Guidelines on File & Use Procedures – Reinventing the Principles of Underwriting – Corporate Governance,

Chapter 7: Claims Legal Aspects: Essentials of Processing & Settlement of Claims – Duties of the Insured – Onus of Proof – Doctrine of Proximate Cause – Insured perils – Excepted Perils – Rights of Insurers – Warranties – Ex-gratia Payments – Without Prejudice – Rules of Interpretation – Amount of Claim Payable – Meaning of Value in

Relation to Buildings / Machinery / Furniture, Fixtures, Fittings / Stocks / Household Goods & Personal Effects – Salvage – Contribution – Subrogation – Pro-rata Average,

Chapter 8: Claims Procedural Aspects: First Step on Receiving Intimation of a Claim – Registration – Issue of Claims Form – Appointment of Surveyor – Preliminary Survey Report – Process of Surveying & Loss Assessment – Examination of Policies – Inspection of Scene of Loss – Cause of Loss – Assessment of Loss – Final Survey Report and its Contents – Final Assessment of Loss,

Chapter 9: Consequential Loss Insurance 1: Object of Consequential Loss Insurance – Basis of Profits Insurance – Measure of Indemnity – Indemnity Period – Sum Insured – Examples of Standing Charges – The C. L. Policy – Material Damage Proviso – Particulars in the Policy Schedule – The Specification – Definitions of Net profits / Standing Charges / Gross Profit / Turnover / Indemnity Period / Rate of Gross Profit / Annual Turnover / Standard Turnover – Adjustment Clause – Variations & Special Circumstances – Worked Examples / Departmental Clause – Return of Premium – Losses not Payable,

Chapter 10: Consequential Loss Insurance 2: Components of Rate of Premium – Basis Rate – C L Rate – Extensions of Cover – Insured Property at Other Locations – Damage at Supplier's Premises – Insurance of Wages – Auditor's Fees – 'Output' Basis Specification – 'Difference' Basis Specification – New Business Clause – Revenue Policies – Gross Fees Policy – Claims Procedure,

Chapter 11: Specialised Policies & Overseas Practice: Oil & Petrochemical Plants Insurance – System & Provisions of Erstwhile Special Tariff on Petrochemical Risks – Industrial All Risks Insurance Policy Details – Practice in U.K. relating to Standard Fire cover / All Risks Policy / Treatment of Other Perils / Fixation of Sum Insured / Combined Policies / Package Policies – Practice in the U.S.A.

Reference & Recommended Reading:

1. Business interruption insurance,
2. D Cloughton,
3. Principles and practice of fire insurance in the United kingdom, Frank Godwin
4. Small fire surveys, J Hunter Cox

IC 67 - MARINE INSURANCE

(Revised Edition: 2013)

Objectives:

This course familiarizes the students with Principles and Coverage's under Marine Cargo and Hull policies. It explains the considerations of rating and underwriting along with claims procedures to be followed. It also helps develop an understanding of General Average and its adjustments from Insurance perspectives and informs about the procedural aspects of recoveries from various third parties and measures for prevention of Maritime fraud.

Contents:

Chapter 1: Basic Concepts: Evolution and need for Marine Insurance – Various Acts to regulate the Marine Insurance Market – Organisation of Lloyds – International Maritime Bureau – Tariff Advisory Council – General Insurance Council – General Insurance Corporation of India – Marine Insurance Act.

Chapter 2: Fundamental Principles: Fundamentals of Principles guiding the Marine Contract- Warranties – Utmost Good faith – Insurable Interest – Reinsurance – Assignment and passage of interest in Marine Insurance – Indemnity – Valued and Unvalued Policies – Subrogation – Abandonment – Contribution – proximate cause.

Chapter 3: Arranging for Insurance (Cargo): Proposal Form – factors for acceptance – Type of Vessel – The Voyage or Transit – Type of Cargo – Packing forms – Containerization – Conditions of Insurance – Inco Terms – Declaration Forms – Marine Cover Note – Policy Form – endorsements – Container Transport.

Chapter 4: Cargo Insurance Coverage's Part 1: Rules of Interpretation – Stamp Duty for Cargo Policies – Risks covered by Institute Cargo Clauses (A)/(B)/(C) – Exclusions – Duration of cover – Termination of contract of carriage – Institute War Clauses – Institute Strikes Clauses – Sea/Air – Registered Mail and Postal Sending by Air – Institute Replacement Clause – Pair and Set Clause – Cutting clause- label clause – Picking Clause – Garbling Clause – Cargo ISM Endorsement – Loading /Unloading Clause.

Chapter 5: Cargo Insurance Coverage's Part 2 : Institute Trade Clauses – Institute Commodity Trade Clauses – Institute Coal clauses – Institute Jute Clauses – Institute Bulk Oil Clauses – Package Policy For Coffee – Package Policy for Cardamom Estates – Package Policy for Rubber Estates – Tea Crop Insurance – Cargo in sailing vessels Inland transit Clauses (Rail /Road)-(A)/(B)/(C) – Container Insurance – Limits Clause.

Chapter 6: Types of Covers: Specific Policy – Open covers – Declaration of Consignments – Open Policies – Annual Policy – Duty and Increased Value Insurance – Insurance on FOB terms – Shut out Cargo – Exports incentives Insurance – Sellers Interest Contingency – Special Storage risks Insurance – Package Policy under Duty Exemption Scheme – Scope of Cover – Multi Transit policy – Stock Throughput

Insurance policy – Sales turnover Insurance – Marine (Advance) Loss of profits Insurance – Buyer's Contingency Insurance –Important Conditions – Difference in conditions cover – Freight Contingency Insurance- Strikes expensive /war expenses.

Chapter 7: Hull Insurance - Part 1: Classification of Vessels – Indian register of Shipping – Types of vessels –Types of Policies – Institute Time Clauses –Hull – Perils covered – Pollution Hazard – Duty of the Assured (Sue & Labour) – Collision Liability – Sistership – Deductible – Notice of claims – Disbursements Warranty - Termination – Perils – Pollution Hazard –Class ISM – Optional covers –Institute Voyage Clause – Insurance of Freight – Time and Voyage freight clauses –Valued and unvalued Policies – Loss of freight – Loss of Time clause – Claim documents – Port risk insurance – Institute Fishing Vessels Clause – Protection & indemnity Associations.

Chapter 8: Hull Insurance - Part 2: Hull proposal form – details of the vessel –trade details – documents – Valuation of ship – Classification of vessels – Rating factors – Hull initial rating – Renewal rating – Risks with adverse underwriting features – Warranties – Insurance of Fishing vessels – conditions of Insurance – insurance of sailing vessels – Insurance of Inland Vessels – Damage Cargo – Salvage Loss – Insurance of dredgers.

Chapter 9: Marine Claims: Actual Total Loss – Constructive Total loss – Particular Average – Damage Cargo – Salvage Loss – General Average Loss – Sue and labour charge – Particular Charges – Salvage charges –Forwarding Charges – Extra Charges – Cargo Claims – Procedures – Intimation of Claim – Insurance Surveys – Claims Payable Abroad – Recoveries from third parties – Hull Insurance Claims –Total Loss – Partial loss – Particular Average – General Average – Salvage charges – Sue and labour Charges – Collision Liability –Claims of Ocean going vessels –fishing vessels –sailing vessels – inland vessels – General Average –Application of insurance to G.A Contribution and G.A Sacrifice- Adjustment of General Average – Salvage liability.

Chapter 10: Marine Recoveries: Marine recoveries from third parties – Indian Carriage of Goods by Sea Act –Shipowner's responsibility, liabilities/rights and immunities – Notice of loss or damage – Time limit for legal action – Carriage of goods by Rail – Rights /Liabilities of Railway Authorities Notice of Claim for Compensation – Carriage of goods by Road Act – Carriage by goods by Air – Multimodal transportation/responsibilities/liabilities/limits – Liabilities of Port Authorities – major and other ports – Postal Authority – Customs –Salvage Disposal.

Chapter 11: Role of Banker's in marine Insurance: Methods for payment in International trade – Consignment purchase – Down payment – Open account – Documentary Collections – Letter of Credit – detailed working procedure – Uniform customs and practices for Documentary Credits – Signatories –Cover note – Insurance Documents and Coverage – Currency of coverage – amount of coverage – port to port cover – excess/franchise.

Chapter 12: Loss Prevention, Reinsurance, Maritime Frauds: Cargo Loss control and prevention – Theft, Pilferage and Non – Delivery – Handling and Stowage damage – Water damage – Multi Modal containerization –its inspection and packing and stowing of cargo – Reinsurance of Marine cargo and hull risks –Methods of Reinsurance–

Proportional – Facultative – Quota share Treaty – Surplus Treaty – Non proportional – Excess of loss – Stop loss – Pooling arrangements – Alternative risk transfer – Common Reinsurance Programme – Maritime frauds – Scuttling frauds – Documentary frauds – Cargo thefts – Charter Party Fraud – Piracy – Maritime fraud – Scuttling Frauds – Documentary Frauds –prevention in cargo and hull insurance.

References & Recommended Reading

The Principles of marine Insurance by A Primer by Harold Turner, Controlling Cargo theft by TyskaFennely, Inland Marine Insurance –Roderick McNamma, Arnould on the law of Marine Insurance by Lord Chobley



IC 71 - AGRICULTURAL INSURANCE

(Revised Edition: 2013)

Objectives:

This course aims at providing a broad overview of Agricultural Insurance. The thrust is on understanding Agricultural/ Crop insurance as a distinct type of insurance, how it is operated abroad and how it evolved in the Indian market. The readers are introduced to different approaches – weather - based, yield - index - based, area - based etc that are followed by practitioners. The course covers insurance of livestock and a few insurances that are traditionally designed for the same market and go with agricultural insurance.

Coverage includes policy design, underwriting, reinsurance and claims considerations.

Contents:

Chapter 1: Introduction to Indian Agriculture: Situation of Agriculture in India – Growth of Agriculture over the years – Role of Agriculture in Indian Economy – Agriculture Distribution and Indicators – Agricultural Census – Agricultural Resources – Land records computerization.

Chapter 2: Risks in Agriculture: Agricultural Risks – Changing face of Agricultural Risks in India – Climate Change and Agriculture – Managing Agricultural Risks.

Chapter 3: Evolution of Crop Insurance in India: Individual based crop insurance – Pilot Crop Insurance Scheme (PCIS) – Comprehensive Crop Insurance Scheme (CCIS) – Experimental Crop Insurance Scheme (ECIS) – National Agricultural Insurance Scheme (NAIS) – Farm Income Insurance Scheme (FIIS) – Types of Agricultural Insurance – Obligations of insurers in rural sector – Formation of Agriculture Insurance Co of India Ltd.

Chapter 4: Crop Insurance Design Considerations: Insurability of Agricultural Risks – Concept of Agricultural relief – Risk Management considerations – Area based approach Crop insurance and Credit Loss Adjustment – Reserves and Reinsurance – Generic considerations in policy design and operations.

Chapter 5: Crop Insurance - Yield Index based Underwriting and Claims: National Agricultural Insurance Scheme (NAIS) – Components – Nature, Coverage and Integrity – Underwriting – Claims – Yield Data – Yield Estimation Methodology – Actuarial premium rating – Proposed modifications in NAIS.

Chapter 6: Weather Based Crop Insurance Model: Comparison between Area Yield and Weather based Crop insurance – Weather Insurance components – Weather data and Indexes – Product Design – Underwriting and Claims considerations – Understanding Crop Insurance Models.

Chapter 7: Traditional Crop Insurance: Hail insurance – Conceptual framework – Plantation/ Horticulture/ Floriculture insurance schemes – Traditional crop insurance – Premium rating, Underwriting and Claims.

Chapter 8: Agriculture Insurance in Other Countries: Agriculture insurance in developed countries like US, Canada, Spain, Japan, Italy, Sri Lanka, Mexico etc. – Role of Global Multi-Lateral financial institutions in promoting index based crop insurance scheme (World Bank, World Food Program etc.) – Problems associated with crop insurance – an introduction to Micro-insurance.

Chapter 9: Livestock Wealth in Indian Economy: Importance of livestock in rural India – Potential markets for dairy and poultry products – National Dairy Development Board – Military Dairy Farms – Government's efforts to promote livestock production, etc.

Chapter 10: Types of Cattle & Buffaloes: Cattle and buffalo breeds – breeding farms in India – Common diseases – Valuation of cattle – Cattle markets and cattle shows – Effect of climate on cattle/ buffaloes – Livestock census.

Chapter 11: Cattle Insurance in India: History of Cattle insurance – Cattle insurance policy – Livestock insurance schemes promoted by Central government etc. Cattle insurance policy – Loss assessment & settlement, Loss minimization, Methods of identification of cattle – Weather index based livestock insurance of Mongolia.

Chapter 12: Poultry Insurance in India: History of poultry insurance – Poultry insurance policy – Market agreements – Underwriting – Loss assessment and settlement – Loss minimization – Duck insurance policy.

Chapter 13: Miscellaneous Agriculture Insurance Schemes: Insurances of sheep, goat, horse, pony, mule, donkey, pig, camel, rabbit, elephant, dog, inland fish, silkworm, honey bee etc. – Insurance of Animal driven cart, hut, Farmers' package insurance policy, etc. – Agricultural Pump – set insurance – Personal Accident insurance covers – Janata, Gramin, Tribals, Farmers' package etc.

Chapter 14: Agriculture Reinsurance: Need for agriculture reinsurance – principles and benefits – Creation of capacity. Various techniques used in Agriculture reinsurance – Future of Agriculture reinsurance in India.

References & Recommended Reading:

1. Agriculture, Food Security & Rural Development, Asian Development Bank, ISBN # 9780198064664, June 2010.
2. Agriculture Risk & Insurance in India, Dr. S S. Raju & Dr. Ramesh Chand, NCAEPR, New Delhi, 2010, Books for Development, Bangalore, info@booksfordevelopment.org.
3. Agricultural Risk and Insurance in India - Problems and Prospects, S.S. Raju and Ramesh Chand, 2010, Academic Foundation, ISBN - 978-81-7188-765-1.
4. Government Support to Agricultural Insurance Authors: Mahul, Olivier; Stutley, Charles J, March 2010, ISBN: 9780821382172, <http://elibrary.worldbank.org/content/book/9780821382172>.
5. Agricultural Risk, Insurance & Income, Mishra, Pramod, the Maritime and Insurance Book Shop.
6. Indian agriculture in the new millennium: changing perceptions and development policy: Volumes 1 & 2, Mujumdar, Kapila, Uma Joshi, Academic Foundation, 2006.

IC 72 - MOTOR INSURANCE

(Revised Edition: 2010)

Objectives:

This course aims at acquainting the learner with Motor Insurance. It gives a detailed understanding of how insurance principles and legal aspects are applied in Motor Insurance. Different types of Motor insurance policies are dealt with in detail. Documentation specific to Motor Policies, important clauses, claims procedures and importance of data analysis are discussed to provide the learner with many of the practical aspects of Motor insurance. Matters like Motor third party pool, Tribunal and Governmental schemes are discussed. Where relevant, practices abroad are also mentioned.

Contents:

Chapter 1: Introductory: History of Motor Insurance – application of basic principles – types of motor vehicles – private cars, motor cycle/ scooters, commercial vehicles, trailers, miscellaneous and specific types of vehicles – types of policies.

Chapter 2: Legal Aspects 1: Motor Vehicles Act 1939 – Motor Vehicles Act 1988 – Definitions – Necessity for compulsory third party insurance – Certificate of Insurance – Liability – without fault – Compensation on structured formula basis – Hit and Run Accidents – Solatium fund.

Chapter 3: Legal Aspects 2: Motor Accident Claims Tribunals – Lok Nayalaya – Jald Rahat Yojana – International practices in third party insurance.

Chapter 4: Motor Policies 1: Types of Motor Policies – Coverage under Liability Only and Package Policies – Policy conditions – Add on covers – Exclusions

Chapter 5: Motor Policies 2: Types of Motor Policies – Private Car and Two Wheeler Policies – Commercial Vehicles – Motor Trade Policies; Scope of Standard Form of Policies – Schedule – Exceptions – Conditions; Concept of Insured's Declared Value .

Chapter 6: Motor Insurance Practice: Rules and Regulations – File and Use approval – Erstwhile Tariff Guidelines – Policy Design and Rating concepts during Tariff Regime – Scope for changes consequent to detariffing – practices abroad.

Chapter 7: Documents: Importance of documentation - Proposal Form - Certificate of Insurance - Cover Note- Policy forms – Endorsements and Renewal Notice.

Chapter 8: Underwriting: Underwriting and Rating considerations – the Vehicle – the Usage – the Area of Operation – the Driver – past experience – the Cover; Insurance and road safety – Importance of Statistical data.

Chapter 9: Claims 1: Own Damage Claims – Survey – Assessment – Settlement – Claim Documentation and Procedures – Types of losses – Fraudulent OD Claims.

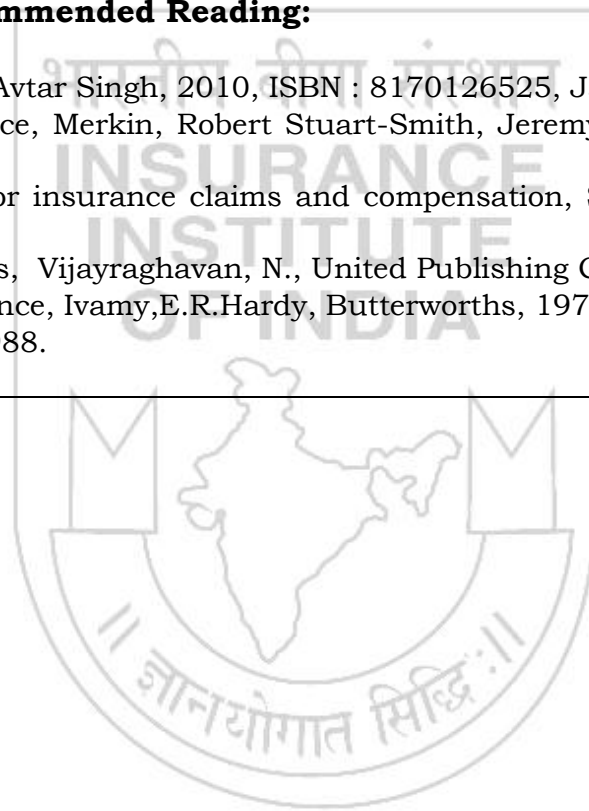
Chapter 10: Claims 2: Third Party Liability Claims – Procedural Aspects – Legal Aspects – Negligence – Types of Claims – Death – Disability – Property; Legal System – Tribunals – Courts – Knock for Knock Agreements – Fraudulent TP Claims.

Chapter 11: Motor Third Party Pool: The Pooling Concept – Objectives – Pooling Procedure – Pool Administration.

Chapter 12: IT Applications in Motor Insurance: Importance of Statistical data in motor insurance –Tariff Advisory Committee as statutory data repository – Data Inputs – Underwriting Data – Claims Data – Reports.

References & Recommended Reading:

1. Law of Insurance Dr. Avtar Singh, 2010, ISBN : 8170126525, Jain Book Agency
2. Law of motor insurance, Merkin, Robert Stuart-Smith, Jeremy Q.C., Sweet and Maxwell, 2004,
3. Motor accidents: motor insurance claims and compensation, Sarkar, UtpalRanjan, Sodhi Publications, 2005.
4. Motor accidents claims, Vijayraghavan, N., United Publishing Co., 2005
5. Fire and motor insurance, Ivamy,E.R.Hardy, Butterworths, 1978, 0 406 25252 1.
6. Motor Vehicles Act, 1988.



IC 74 - LIABILITY INSURANCE

(Revised Edition 2013)

Objectives:

The objective of this course is to familiarize the reader with the concepts, principles & practices adopted by insurers in the class of insurance business which deals with legal liability. The course also examines the latest enactments and insurance product arising out of social and economic developments in the society. Specimen wordings of Policy, Proposal & Risk Assessment Forms for Public & Product Liability Insurance form part of the course contents.

Contents:

Chapter 1: Introduction: What is Liability – Classification of Legal Liability – Historical Background – Basic Principles of Insurance – Scope of Liability Insurance – Special Features of Liability Insurance,

Chapter 2: Legal Background: Common Law & Statutory Law – Negligence – Duty of Care – Injury or Damage – Causal Connection Between Breach & Injury – Onus of Proof – Employer's Liability for Negligence of Employee – Principal's Liability for Negligence of Contractor – Fatal Accidents Act, 1855 – Damages – Property Damage – Punitive Damage – Structured Settlements – Defences – Nuisance – Law of Strict Liability – Law of Absolute Liability – Law of Limitation – Directors' & Officers' Personal Liability – Statutory Liability – The Public Liability Insurance Act 1991 & Other Statutes i.e. Water (Prevention & Control of Pollution) Act 1974, Air (Prevention & Control of Pollution) Act 1981, The Environment (Protection) Act 1986, The Factories Act 1948, The Central Motor Vehicles Rules 1989 & 1993, The Consumer Protection Act 1986,

Chapter 3: Liability Underwriting: The Underwriting Process – Identification & Evaluation of Physical Risks and Legal Risks – Liability Policy Operative Clause – Advantages and Disadvantages of Losses Occurring Basis and Claims Made Basis Policies – Defense Costs and Expenses – Admitted and Non – admitted Policies – DIC & DIL Policies – Umbrella Policies – Rating Guidelines – Structuring a Liability Programme,

Chapter 4: Statutory Liability: Compulsory Public Liability Insurance – The Public Liability Insurance Act 1991 – No Fault Liability – Compulsory Insurance – Claims Procedure – Policy Coverage – The National Environment Tribunal Act 1995 – Employer's Liability Insurance – The Workmen's Compensation Act 1923 – Policy Form, Rating, Proposal Form & Claims – ESIS – The Minimum Wages Act – Carrier's Legal Liability Insurance – Multimodal Transport Operator Liability Insurance – Rating,

Chapter 5: General Public Liability (Industrial/Non-industrial): Categorisation of Industrial & Non-industrial – Important Clauses, Exclusions and conditions of the Policy – Extensions of Coverage for Industrial & Non-industrial policies – Proposal Forms and Specific Questionnaires for different Risk Categories – rating

Chapter 6: Products Liability Insurance: Legal Background – Tort Liability – The Consumer Protection Act 1986 – Product Liability Insurance Policy – Special Clauses, Exclusions and Conditions – Risk Assessment – Underwriting & Rating – Extensions of Coverage,

Chapter 7: Professional Indemnities: The Need for Professional Indemnity Insurance – Policy Forms, Exclusions Conditions & Proposal Forms for Doctors & Medical Establishments, Chartered Accountants / Financial Accountants / management Consultants / Lawyers / Advocates / Solicitors / Counsels / Consulting Engineers / Architects / Interior Decorators / Insurance Brokers – Rating,

Chapter 8: Commercial General Liability: Demand for the Commercial General Liability Insurance – Policy Structure & Coverage – Section I: A. Bodily Injury & Property Damage Liability, B. Personal & Advertising Injury Liability, C. Medical Payments – Section II: Insured Defined – Section III Limits of Liability – Section IV Conditions – Section V Definitions – Proposal form – Rating,

Chapter 9: Directors' and Officers' Liability: The Need for D&O Insurance – Policy Coverage – Exclusions – Claims Conditions – Policy Extensions – proposal Form – Rating,

Chapter 10: Other Policies & International Practices: Errors & Omissions Liability – Clinical Trials Liability – Cyber Crime Liability – Stockbrokers' Liability – Practices in the U K & U S A Markets - Pollution Coverage, Professional Indemnities – Other Policies,

Chapter 11: Claims: Common Features of Liability Claims – Claim Form for Public / Product Liability Claims – Investigation – Settlement – Claims Procedure under Compulsory Liability Policies – Workmen's Compensation Claims,

Chapter 12: Reinsurance: Need for Liability Reinsurance – Methods of Reinsurance – Facultative – Treaty – Excess of Loss Reinsurance – Stop Loss (Excess of Loss Ratio) Reinsurance.

Reference & Recommended Reading:

1. Property and Liability Insurance Handbook, John Long & Davis Gregg
2. Commercial Liability Insurance and Risk Management, Donald Malecki, Ronald Horn & Eric Weining
3. Liability Insurance Claims, Kenneth Cannar
4. Public Liability Insurance, J. B. Welson
5. Insurance of Public Liability Risks, S V Kirkpatrick

IC 77 - ENGINEERING INSURANCE

(Revised Edition: 2013)

Objectives:

This course aims at providing a comprehensive understanding of various aspects of Engineering insurance. The focus is on historical developments of the business and relevant legislation, principles and practices followed by insurers, related aspects like Reinsurance, risk management, risk inspections, loss prevention and special types of covers in international markets.

Contents:

• Section I: The Engineering Insurance Business

Chapter 1: Development of Engineering Insurance and Relevant Legislation: Historical background – Development of Engineering Insurance in the international & the Indian Market – Statutes & Regulations that affect conduct of business in India,

Chapter 2: Classes of Business, Special Characteristics, Principles and Practices of Engineering Insurance: Construction Phase insurances – Operational Phase insurances – Principles – Practices – Procedures – Sectionalized policy wordings – Claims procedures,

Chapter 3: Types of Plant, Machinery, Equipment & Associated Hazards: Plant, machinery & equipment commonly found in all types of industries – their usage and associated hazards – Electrical machinery and hazards, Power plants and associated hazards

• Section II: Construction Phase Insurances

Chapter 4: The Project stages, The Works Contract & Other contracts: Project Stages – Need, feasibility study, project planning, call for tender, award of contract, land acquisition and site preparation, transportation of project property, site activities and defects liability period – The works contracts – Other contracts,

Chapter 5: Contractor's All risks Insurance: Object – Scope of Cover – Exclusions – Period of insurance – Sum insured & underinsurance – Supplementary covers – Basis of indemnification – Policy composition – Assessment of risk and technical control – Rating structure – Installment premium – Claims control

Chapter 6: Erection All Risks Insurance: Object – Scope of Cover – Exclusions – Period of insurance – Sum insured & underinsurance – Supplementary covers – Basis of indemnification – Policy composition – Assessment of risk and technical control – Rating structure – Installment premium – Claims control,

Chapter 7: Contract Works Insurance (CW): CAR Plus EAR – Questionnaire & Proposal – Policy Schedule,

Chapter 8: Contractor's Plant & Machinery Insurance: Object – Scope of Cover – Supplementary covers – Exclusions – Sum insured & underinsurance – Basis of indemnification – Machinery classification – Underwriting considerations – Technical & claims control – Rating factors – Recent trends & developments,

Chapter 9: Advance Loss of Profits (ALOP) / Delay in Start-up (DSU) Insurance: Basics – Financial consequences of a project delay – Insurance & delay period – Financial interests of parties – Critical differences between Operational LOP Vs. ALOP – Object – Insured – Sum insured – Period of insurance – Indemnity period – Time Exclusion – Scope of cover – Object of insurance – Definitions – Special exclusions – Special conditions – Risk categories for insurance – Underwriting information – Rating.

Chapter 10: Endorsements including Supplementary Covers & Information required for framing Construction Phase insurance programme for project.

• **Section III: Operational Phase Insurances**

Chapter 11: Machinery Insurance: Scope of insurance – Insured plant & machinery – Underwriting features – Exceptions – Sum insured & Average – Basis of Indemnification – Excess – Other important provisions – Technical control – Claims control – Special underwriting considerations – Rating factors – Recent trends & Developments,

Chapter 12: Boiler & Pressure Plant Insurance: Scope of insurance – Definitions – Special exceptions – Warranties – Sum insured & Average – Basis of indemnification – Policy conditions and provisions – Underwriting & Rating – Technical Control – Claims & claims control,

Chapter 13: Machinery Loss of Profits: The need – Items for MLOP – Material Damage Provision – Scope of insurance – Definitions – Insured Standing Charges – Exclusions – Sum insured & underinsurance – Loss Assessment – Excess – Premium adjustment – Risk Assessment – Underwriting & rating considerations – Claims control – Rating,

Chapter 14: Electronic Equipment Insurance: Scope of cover – Section 1 Material Damage – Section 2 External Data Media – Increased Cost of Working (ICOW) – General exclusions – Special exclusions to each section – Sum insured, Average and Basis of indemnification for each section – Technical control & Underwriting considerations – Rating,

Chapter 15: Other Annual Policies: Deterioration of Stocks (DOS) Potatoes & others – Civil Engineering Completed Risks (CECR),

Section IV Other Related Topics

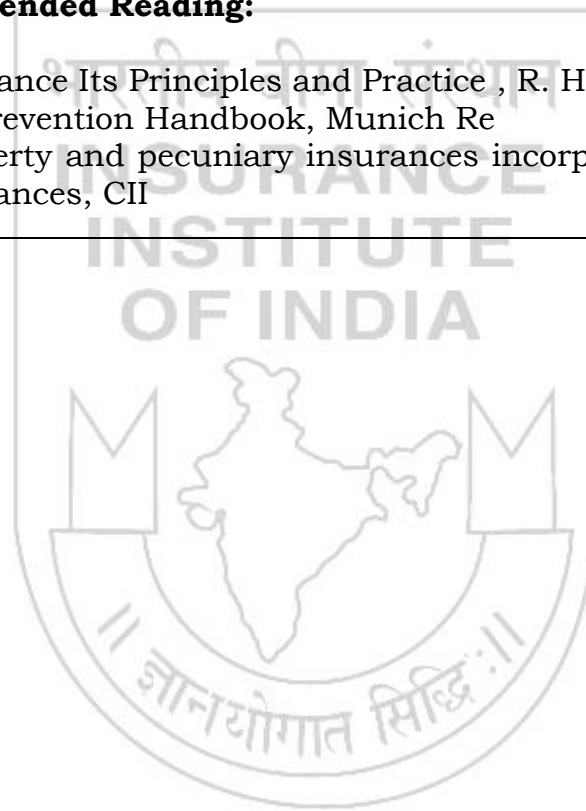
Chapter 16: Reinsurance: Reinsurance in India - Pre & Post Nationalisation & liberalisation, Statutory cessions – Functions of reinsurance – Types & methods of reinsurance – Reinsurance programme Reinsurance aspects of Engineering insurance

Chapter 17: Risk Management, Risk Inspections & Loss Prevention: Risk management – Purpose of Inspections – Loss minimization in Engineering Insurance – Role of engineers – Role of general insurance companies in loss minimisation – Good housekeeping – Fire prevention on construction sites, Check-list for fire prevention – Site monitoring – Maintenance predictive & preventive.

Chapter 18: Special Types of Engineering Insurance Covers in International Markets: Comprehensive Project Insurance (CPI) – Comprehensive Machinery Insurance (CMI) – Construction Annual Floaters – Machinery Leasing insurance – Aero engine breakdown insurance.

References & Recommended Reading:

2. Engineering Insurance Its Principles and Practice , R. H. Procter
3. Machinery Loss Prevention Handbook, Munich Re
4. Principles of property and pecuniary insurances incorporating construction and engineering insurances, CII



IC 78 - MISCELLANEOUS INSURANCE

(Revised Edition: 2013)

Objectives:

The Insurance Act 1938 had classified all general insurances other than Fire and Marine as Miscellaneous Insurance. Over a period of time, insurances of motor vehicles, engineering, aviation, liability and health developed more and hence are dealt with as separate course material by III.

This course gives an overall view of various insurances that are referred to in the India market as Miscellaneous Insurance, Rural Insurance, Non-traditional business, Specialized covers etc. An overview of Health Insurance is also given. Many of these insurances fall under different genres and are dealt with by experts. The course intends to provide a general awareness of these insurances.

Contents:

Chapter 1: Personal Accident Insurance: Introduction – Insurance Principles and legal aspects affecting Personal Accident Insurance – Basic Coverage – Additional Benefits – Exclusions – Conditions – Underwriting Considerations – Rating – Claims procedure – Legal Aspects of Personal Accident Insurance – Group Personal Accident Insurance – Types of Personal Accident Insurance.

Chapter 2: Introduction to Health Insurance: History of Health Insurance – Coverage – Exclusions – Rating and discounts – Schedule – Proposal; Developments in Health Insurance sector – Third Party Administrators - Covers for the Social sector – Group Schemes.

Chapter 3: Overseas Health Insurance: Basic concept – Basic coverage – Additional coverage – General exclusions – specific conditions – plans – proposal form – premium – policies designed for specific groups.

Chapter 4: Burglary Insurance: Introduction - Different IPC Sections and their relevance to Burglary Policy - Coverage - Exclusions - Conditions - Extensions - Underwriting Considerations - Rating Pattern - Claims Procedure - Investigation - Assessment - Types of Burglary Covers - Present day market scenario and demands.

Chapter 5: Money Insurance: Introduction, Coverage, Special features, Exclusions, Conditions, Underwriting considerations, Rating Pattern, Claims Procedure.

Chapter 6: Fidelity Insurance: Introduction, Coverage, Exclusions, Conditions, Underwriting Considerations, Rating Pattern, Claims Procedure, Types of policies – Court and Government Bonds – Commercial Guarantees.

Chapter 7: Bankers Indemnity and Jewelers Block Insurance: Introduction – Coverage, Exclusions – Conditions – Special features – Underwriting Considerations – Rating pattern – Claims procedure.

Chapter 8: Other Miscellaneous Policies: Pedal Cycle Insurance – Plate glass insurance – Missing Documents Indemnity – Neon Sign Insurance – Blood Stock (Horse) Insurance – Pet Dog Insurance – Sports Insurance etc.

Chapter 9: Package Policies: Shopkeepers Package (Evolution and basic details) – Doctors Package –Office Protection – Package for Executives and Businessmen – Package Policies for Credit Societies – House Holders Package – Complete Package for Families etc.

Chapter 10: Specialized Covers – The New Trend: Special Contingency Policies – Machinery and Equipment – Event Insurances – Matches – Entertainment events; Latest requirement of covers – Identity Theft – Theft of Portable items – ATM Withdrawals – Kidnap and Ransom – Intellectual Property Rights – E-Commerce – Web Business.

Chapter 11: Reinsurance: Concept of Reinsurance – Types of Reinsurance – Reinsurance Programs in India.

Chapter 12: Rural Insurances 1: Government Role, IRDA Regulations – Market Agreements – NGOs and Agents Role – Coverage available – Cattle Insurance – Sheep Goat – Poultry – Duck – Aquaculture.

Chapter 13: Rural Insurances 2: Different Policies – Insurance of Elephants – Pigs – Rabbits – Zoo – Circus Animals – Sericulture – Honeybee – Horticulture – Agricultural Pump set – Failed Well – Lift irrigation – Salt Works – Pedal Cycle – Cycle Rickshaw – Animal Drawn Vehicle – Hut – Farmers’ Package – Tribal Package etc.

References & Recommended Reading:

1. In depth study of personal accident insurance business in India, Rao, P.R., National Insurance Academy, 1984.
2. Subjective risk in personal accident insurance, Munich Re Group, 2000,
3. Insurance fraud in life, health and personal accident insurance, Munich Re Group, 1994.
4. Assessment of the moral hazard in personal accident insurance, Munichener Ruck, Munich Re
5. Improving access to finance for India's rural poor Basu, Priya, World Bank, 2006.
6. Rural insurance business: Potentiality and Marketing, Deshpande, S.P, National Insurance Academy, 1999.

IC 81 -MATHEMATICAL BASIS OF LIFE ASSURANCE

(Revised Edition 2014)

Contents:

Chapter 1: Life Insurance Products: Introduction – Term Assurance Products – Whole Life Products – Pure Endowment Products – Endowment Assurance Products – Without profit (Non-participating) Endowment Assurance – With profit (Participating) Endowment Assurance – Money Back Products – Unit Linked Products – Accumulating With Profit Products – Annuity Products.

Chapter 2: Office Premiums: Introduction – Effects of Interest Rates – Loading in Premium Rates for Expenses – Expression for Office Premiums – Bonus Loading in Premium Rates – Adequacy in premiums – Consistency in Premiums – Select Premiums – Selection Against The Insurer

Chapter 3: Policy Values: Introduction – Policy Value – Symbols – Calculation of policy Value for Unit Sum Assured – Retrospective Method and Comparison with Prospective Value – Derivation of Theoretical Expressions – Other Expressions for Policy Value – Surrender Values – Paid-up Policies – Alteration of Policy Contracts.

Chapter 4: Further Life Contingencies: Introduction – Premiums – Complete Annuities – Relationship between Policy Values – Extra Risks – Examples.

Chapter 5: Reinsurance: Introduction – Need for Reinsurance – Risk – Financing New Business Strain – Technical Assistance – Diversification of business - Reinsurance Contracts – Types of Reinsurance – Proportional Reinsurance Contracts – Proportional Reinsurance Contracts – Non-proportional Reinsurance Contracts – General Considerations – Regulatory provisions

Chapter 6: Data for Valuation: Introduction – Valuation Process – Functions of Valuation – Policy wise Data - Valuation of Non Standard Plans – Investigation – Reconciliation of data.

Chapter 7: Methods of Valuation: Introduction – Valuation of Liabilities – Premiums – Prospective Methods of Valuation – Methods of Valuation – Net Premium – Effects of Net premium – Business Strain – Modified Net Premium Method – Gross Premium Method – Gross Premium Method for With Profit Policies – Gross Premium Bonus Reserve Method – Concepts of Estate and Trading Profit – Special Use of Retrospective Method – Valuation of Unit-Linked Policies – Regulatory Provisions.

Chapter 8: Special Reserve & Adjustments: Introduction – Allowance for actual incidence in premium income – Adjustment for outstanding premiums – Reserve for payment of claims – Revival of Lapsed Policies – Provision for expenses of reduce paid up policies – Reserve for Elimination of negative values – Exchange Fluctuation reserve.

Chapter 9: Surplus & Its Distribution: Introduction – Profit – Surplus – Sources of Surplus – Effects of Reduction – Contribution Method – Reversionary Bonus System –

Uniform Compound Reversionary Bonus System – Bonus in Reduction of Premiums – Tontine Bonus – Discount Bonus – Interim Bonus – Guaranteed Additions – Valuation.

Chapter 10: Asset Share: Introduction – Surrender profits on with profits business – Profits from without profit business – Allocation from the estate – Initial and renewal expenses including commissions – Cost of providing life cover and other policy benefits – Tax – Profit to Shareholders – Cost of capital to support new business strain – Free Assets – Mathematical determination of Asset Share – Asset Share – Application of Asset share -

Chapter 11: Surrenders & Alterations: Introduction – Various Consideration in Allowing Surrender of a policy – Product types where surrenders are not allowed – Determination of Surrender Terms – Effect of Surrenders on Future Profits and Policy Reserves – Paid up Values – Alteration of Policy Contracts.

Chapter 12: Risks: Introduction – Various Risks and Mitigation – Economic Risks – Market Risk – Interest Rate Risk – Market Value Risk – Currency Risk – Liquidity Risk – Insurance Risks – Mortality Risk – Expense Risk – Withdrawal Risk – Life Insurance Product Designs – Mix of New Business – Size of Contract – Mix by Source – Volume of New Business – Reinsurance Arrangement – Management Actions – Operational Risks.



IC 82 - STATISTICS

(Revised Edition: 2012)

Chapter 1: Introduction to Statistics: Basic Concept – Historical Perspective – Vital Statistics – Descriptive Statistics – Inductive Statistics – Quantitative Data – Variable – Errors in Approximation – Causes – Applications to Insurance.

Chapter 2: Presentation of Data: Primary Data – Secondary Data – Frequency Distribution – Sorting of Data – Frequencies – Relative Frequencies – Pie Chart – Histogram – Frequency Polygon – Cumulative Frequency Curve – Diagrammatic Presentation of Data.

Chapter 3: Frequency Curves: Normal Frequency Curve or Normal Curve of Error – Frequency Curve corresponding to Histogram – Frequency Polygon – Linear Relationship.

Chapter 4: Measures of Location and Dispersion: Averages – Summation Notations Arithmetic Mean – Calculation of Median – Mode – Geometric Mean – Measures of Dispersion – Mid-Point – Range – Absolute Deviation (M.A.D.) – Variance (V) and Standard Deviation (S.D.) – Linear Transformation of Variables – Measures of Skewness.

Chapter 5: Theory of Sampling: Introduction – Population – Census – Sampling – Analysis of Data – Reliability and Degree of Confidence.

Chapter 6: Theory of Probability: Introduction – Relative Frequency Definition of Probability – Experiment, Outcome, Sample Space, and Event – Elementary Properties of Probability – Marginal Probabilities – Multiplication Law – Application of Permutations and Combinations.

Chapter 7: Probability Distributions: Definition – Theoretical Probability Distribution – Types of Probability Distribution – Cumulative Density Function – Expected Values of Probability Distribution – Measures of Variability – Mathematical Properties of Variance – Probability Distribution of Discrete Variables – Binomial Distribution – Proportion of Success – Geometric Distribution – Characteristics of the Poisson Process – Exponential Distribution.

Chapter 8: Estimation: Introduction – Application of Theory of Estimation – Point Estimates – Sampling Distribution – Significance of Distribution of Sample Mean – Law of Large Numbers – Square Distribution – Cost versus Reliability.

Chapter 9: Testing of Hypothesis: Introduction – Two-Action Decision Problems – Formulation of Hypotheses – Decision Rule – β Probability in Lower Tail and Upper Tail – Comparing Two Proportions – Test Comparing the Variance of a Normal Population Power Curve – Testing by 't' Statistics .

Chapter 10: Analysis of Variance (ANOVA): Variance Estimate – Splitting the Square Deviation into Components – Testing of Null Hypothesis – General Application of ANOVA – Simplification of Computations of Total Sum Square, Treatment Sum Square, and Error Mean Square .

Chapter 11: Linear Regression and Correlation: Uni-Variate Population –Bi-Variate Population– Mathematical Function of Linear Relationship – Spurious Correlation Coefficient – Correlation Regression.

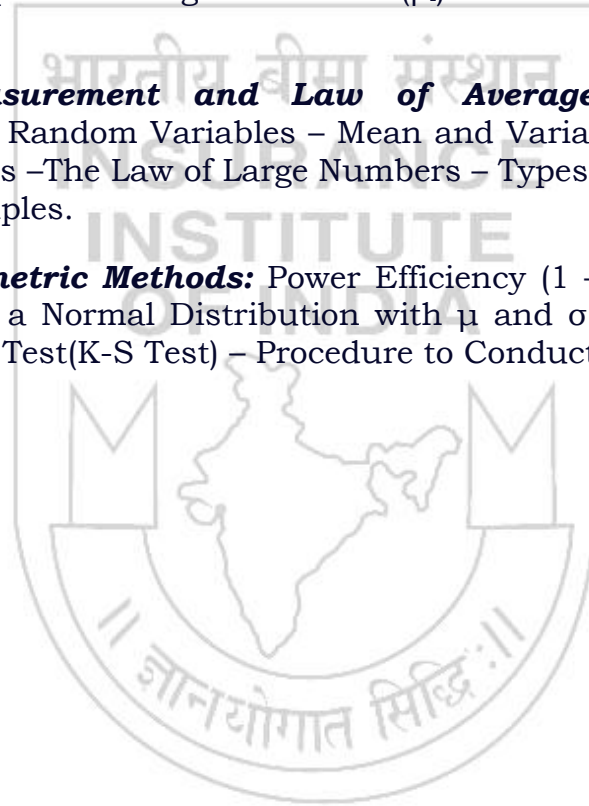
Chapter 12: Time Series: Introduction –Functional Relationship Between the Components – Secular Trend –Method of Semi-Averages – Method of Least Squares – Trend – Variations (Randomness) – Forecasting.

Chapter 13: Index Numbers: Purpose and Use of Index Numbers – Method of Computing Index Numbers – Average Price Index – Weighted Price Index (Laspeyres' Approach) – Weighted Price Index (Paasche's Approach) – Price Index.

Chapter 14: Multiple Regression Correlation Analysis: Determination of a Value of Interception (β_0) and Slope of the Regression Line (β_i) – Coefficient of Determination (ρ^2) – Regression.

Chapter 15: Risk Measurement and Law of Average Numbers: Probability Distribution of a Sum of Random Variables – Mean and Variance of a Distribution of a Sum of Random Variables –The Law of Large Numbers – Types of Portfolios – The Law of Large Hypothetical Examples.

Chapter 16: Non-Parametric Methods: Power Efficiency ($1 - \beta$) – Chi-Square Test of Independence – Test for a Normal Distribution with μ and σ Estimated – Kolmogorov Smirnov Goodness of Fit Test(K-S Test) – Procedure to Conduct the Test .



IC 83 - GROUP INSURANCE AND RETIREMENT SCHEMES

(Year of Edition 1986)

Objectives:

To acquaint the candidates are appearing for Associateship Examination with the different kinds of group insurance and super annuation benefits and its different financing models. It gives the reader an insight into the different types of group insurance products, concepts and administration methodologies. The book also details out important facts w.r.t. Provident fund, Superannuation, Gratuity and group products .It also brings out critical aspects with reference to the kinds of taxation treatment of provisions of retirement benefits. The Appendix section illustrates the different types of formats etc. which are useful to the students in making the understanding of the subject better.

Contents:

Chapter 1: Introduction: Retirement Benefit Schemes – Object of Employee Benefit Schemes – Service Benefits through insurance contracts – Segments of Group Schemes Market – Development of Employee-benefit schemes – Schemes of Group Insurance – Insurable interest in group insurance scheme policies.

Chapter 2: Superannuation Schemes -I: Object of the scheme – Development of superannuation schemes – Pension as a retirement benefit – Different ways of arranging pension schemes – Trustee Administered schemes vis-à-vis Insured schemes – Non-contributory schemes – Contributory schemes.

Chapter 3: Superannuation Schemes -II: Approved Schemes – Unapproved schemes – Minimum membership – Pattern of benefits – Pension on normal retirement – Commutation of pension – Pension in other contingencies.

Chapter 4: Superannuation Schemes -III: Methods of costing Pensions – Single premium costing – Annual premium costing – Cash accumulation system – Definite funding method – Indefinite funding method – Controlled funding.

Chapter 5: Group Life Insurance Schemes I: Object of scheme – Development of scheme – Development of scheme – Group insurance vis-à-vis individual insurance – Conditions for eligibility of group insurance – Eligible groups – Individual employer groups – Multiple employer groups – Labour union groups – Creditor-debtor groups – Miscellaneous groups – Financial aspects of group insurance – Group selection.

Chapter 6: Group Life Insurance Schemes II: Rate making in group insurance – Experience rating – Benefits of group insurance – Group insurance scheme in-lieu of E.D.L.I. Scheme 1976 – Group creditor insurance – Level premium temporary Assurance plan – Group insurance from non-employee groups – Unit Linked insurance scheme – Group Savings – linked Insurance scheme.

Chapter 7: Gratuity Schemes: Object of the gratuity scheme – Evolution of gratuity as a Service benefit – Nature of liability – Need for funding gratuity liability – Different ways of funding gratuity liability – Payment by employer – Creation of internal reserve – Funding through Trust – Group Gratuity scheme – Combination of plans – Group gratuity scheme – a tripartite arrangement – Trustee administered scheme Vs Insured

Scheme – Life Insurance Benefit – Experience rating adjustment – Nomination – Disclosure of gratuity liability in Balance Sheet – Methods of costing – Cash accumulation system.

Chapter 8: Provident Fund & Employees' Family Pension and Deposit-linked insurance Schemes: Recognised Provident fund – Employees Provident Fund Scheme – Administration – Employees Family pension scheme – Employees deposit – linked scheme.

Chapter 9: Taxation Treatment of provisions for Retirement Benefits-I: Why tax relief – Recognised Provident funds – Income Tax Relief – Approved super annuation schemes – Conditions for approval – Rationale of conditions.

Chapter 10: Taxation Treatment of provisions for Retirement Benefits-II: Superannuation schemes (contnd) – Rationale of conditions – Exemption from tax on gratuity – Group Insurance Schemes – Taxation under group insurance schemes.

Chapter 11: Group schemes and Data Processing: The Computer – Computer equipment–Computer systems for Administration of group schemes – Group insurance schemes – Group gratuity schemes – Group superannuation schemes – Appendix containing samples of formats of trust deeds etc.

Reference & Recommended Reading :-

- Health Insurance Primer : **Study guide Part A**-Author – American Health Insurance Plans / Place - Washington DC., Publisher - American Health Insurance Plans.
- Health Insurance nuts and bolts : **Study guide part B**- Author – American Health Insurance Plans/Place - Washington DC., Publisher - American Health Insurance Plans.
- Life and health insurance handbook— Davis . W. Gregg
- Health Insurance –Author—O.D. Dickerson
- Evaluating the Health Insurance Risk –J.M.Wickman

IC 85 - REINSURANCE MANAGEMENT

(Revised Edition 2013)

Objectives:

The objective of this study course is to familiarize the reader with all aspects surrounding Reinsurance, which plays an important role in supporting conduct of insurance business. The course maintains relevance with newly emerging concepts, trends and practices at the market place and exhaustively deals with emerging ideas in respect of reinsurance methodology, retentions, markets, financial security, alternatives to reinsurance and information processing for reinsurance decisions.

Contents

Chapter 1: Introduction to Reinsurance: Nature of reinsurance – Analysis of factors that influence results – Historical background – Reinsurance in India before & after nationalization and liberalization – GIC Re – Regional co-operation – Functions of reinsurance - Advantages,

Chapter 2: Forms of Reinsurance: Facultative reinsurance – Treaty reinsurance – Facultative Obligatory Treaty – Considerations for facultative placements,

Chapter 3: Methods of Reinsurance 1- Proportional Reinsurance: Surplus – Quota Share – Proportional Treaty – Bordereaux – Premiums – Ceding Commission – Claims – Quota Share Treaty – Quota Share & surplus combined – Specimen Treaty Slip,

Chapter 4: Methods of Reinsurance 2 – Non-Proportional Reinsurance: Excess of Loss – Working (Per Risk) XL - Catastrophe XL – Stop Loss XL – Aggregate XL – Non-proportional Treaty – Ultimate Net Loss – reinsured Retention – Premium – Burning Cost – Exposure Rating / Pareto Loss Distribution – Reinstatement – Claims – Inception & Termination – Specimen Treaty Slip,

Chapter 5: Retentions: Setting Retentions – General Considerations – Factors influencing retentions – Types of retentions – Accumulations within and between branches – Retentions for Property insurance – Engineering insurance – Accident & Liability insurance – Marine Cargo & Hull insurance – Aviation insurance – Life insurance – Special factors for different classes of reinsurance,

Chapter 6: Reinsurance Programme - Design: Programme objectives – Gross to Net evaluation – Reinsurers' accounts – Funds flow and Liquidity,

Chapter 7: Reinsurance- Distributing the Programme Arrangements: Negotiations and Placements – Key considerations in negotiations – Market considerations – Forms negotiation – Reciprocal negotiation – Direct Placements – Participation in Pools – Group underwriting & retention – placement with professional reinsurers – Placement through Intermediaries

Chapter 8: Law and Clauses relating to Reinsurance Contracts: Fundamentals of Contract Law as applicable to Reinsurance – Reinsurance contract wordings – Common clauses – Operative clause – Specimen wordings – Notice of cancellation – Termination – Alteration – Insolvency of other reinsurers – Access to records inspection by reinsurers – Errors and omissions – Intermediaries’ role – Arbitration – Set-off clause – Accounting clause – Currency clause – Loss advices – Special clauses for Proportional and Non-proportional reinsurances – Reinsurance documentation,

Chapter 9: Reinsurance Accounting: Special nature of reinsurance accounting – Proportional Treaty accounts – Formats and methods of accounting – Commissions – Flat rate, Sliding scale and Overriding commissions – Profit commission – Accounting year & Underwriting year basis – Cancellation – Reserves – Premium and loss portfolios – Valuation of portfolios – Interest & Tax – Non-proportional Treaty accounts – Rate of Exchange – Brokerage – Inward accounts – Annual Accounts – Convergence to IFRS – Taxation aspects – Exchange Control Regulations,

Chapter 10: Reinsurance Markets: Special characteristics – Reinsurance markets as source of capital – Redefining the intermediaries – Composite companies – Professional reinsurers – GIC Re – Underwriting Agencies – Captive companies – New geographies – Lloyd’s Syndicates – Pools – International bodies,

Chapter 11: Reinsurance Financial Security: Importance – Managing Reinsurer Security – Selecting reinsurers – Establishing criteria for security evaluation – Financial Strength ratings – Major rating agencies

Chapter 12: Alternatives to Traditional Reinsurance: Alternative Risk Transfer – Multi line Multiyear package – Multi trigger cover – Contingent capital – Finite risk – Financial reinsurance – Futures and Securitization – Special purpose vehicles – New markets – Brokers in the new markets – Impact upon reinsurance market,

Chapter 13: Inward Reinsurance Business: Need for Inward reinsurance business – Business strategy – Underwriting philosophy – Retrocession arrangement – Reciprocal trading – IRDA Regulations,

Chapter 14: Processing Information for Reinsurance Decisions: Importance of statistics in reinsurance – Gathering and analyzing statistics – Underwriting issues in reinsurance treaties – Provision for outstanding losses – Control of accumulations – System and procedures – Use of communication and information technology – Organization of reinsurance department

Chapter 15: Glossary of Reinsurance Terms

Chapter 16: IRDA Reinsurance Regulations

References & recommended reading:

1. Fundamentals of reinsurance, Edgar C. Werner
2. Law and practice of reinsurance, C E Golding,

3. Reinsurance, Kenneth R Thompson
4. Reinsurance in the Third world, J. O. Irukwu
5. Reinsurance principles and practices, Connor M Harrison,
6. Reinsurance Underwriting, Robert Kiln.



IC 86 - RISK MANAGEMENT

(Revised Edition: 2013)

Objectives:

Risk management enables an organization achieve progress toward its goals and missions on a direct, efficient, and effective path. Risk management and insurance is the study of methods used to manage activities whose outcomes cannot be forecasted exactly. The objective of this study course is to familiarize the reader with concepts, approaches, methodologies and measures taken by organizations and individuals to identify, analyse & reduce the risk of damage to physical assets, exposure to legal liability, or injury to employees or customers.

Contents:

Chapter 1: Theoretical Aspects of Risk Management: Risk concepts & possibilities – Risk classification & categorisation – Approaches & Philosophy – Cost of risk,

Chapter 2: Scope and Objectives of Risk Management: Formal system of risk threats – Contributory factors – Measures for economic control – Basic components of the risk management system – definitions – process & administration – Possible contributions & Potential benefits of risk management to a business,

Chapter 3: Building up an Effective Risk Management Programme: Deciding the programme objectives – pre & post loss objectives – Defining role, functions and duties of a Risk manager – Risk management policy – Objectives & Implementation strategies – Risks profiling & risk audits – Organising & putting the programme in place – Controlling the programme – Formulating a risk management policy.

Chapter 4: Identifying & analyzing loss exposures: Risk identification purpose & details – Types of risk identification techniques – Hazard identification & risk assessment – Statistical and other methods of assessing risk exposures – Prioritizing and mapping of risks

Chapter 5: Alternate risk management techniques: Risk control – Loss control management – Risk financing & Transfer mechanisms – Risk control – Risk financing & insurance – Risk retention & transfer strategy – Selecting the best technique – Managerial & technical decisions in implementation the selected technique – Monitoring & improving the risk management programme – Objectives, Timings & methodology, Inter-relationship of risk analysis, control and financing,

Chapter 6: Alternative Risk Transfer (ART) Mechanisms: Finite risk reinsurance – Risk transfer to capital markets as source of capacity – Global trends – Integrated risk management – Capital market products – Traditional & non-traditional options, Self-insurance, captives, risk retention groups and pools,

Chapter 7: Enterprise risk management (ERM): Importance, definitions and regulatory developments – Four categories of ERM objectives viz. Strategic, Operations,

Reporting and Compliance – Eight important components of ERM in achieving the objectives – Limitations – Impact on management practices – Contributions towards value creation,

Chapter 8: Business Continuity Management and Disaster/emergency/recovery planning: Definitions – Threats that can lead to emergency, disaster or catastrophe – Possible combination of disaster phases – Features of Business Continuity Planning (BCP) – process, impact analysis methods, cost effectiveness, international standards,

Chapter 9: Assessing Loss Exposures: Types of loss exposures – Concepts and approaches for assessing Property, Liability, Personnel and Net Income losses – Basic elements like values exposed to loss, perils causing loss and financial consequences of a loss – Property losses types, causes, monetary effects and valuation methods – Loss of profits and consequential loss analysis – Liability loss exposures – definitions, legal aspects and financial consequences – Personal loss exposures – categories, examples and financial effects.

Chapter 10: Risk Management Checklists, Charts & emergency management plan examples: Security & safety checklist – Property protection checklist – Checklist to assess vulnerability of Data Systems – Liability – Product liability and risk control audit checklist – Sexual harassment and discrimination checklist – Safety analysis chart – Emergency management plan through frequently asked questions & answers for staff members of Chicago university.

References & Recommended Reading:

1. Managing Risks – Jim Bannister
2. Risk Management & Insurance – C A Williams & R M Heins
3. Essentials of Risk Management – George Head & Stephen HornII
4. CHUBB – The Rewards of Managing Risks
5. BCP Guide – PACE (Property Advisors to the Civil Estate, U K
6. National Institute of Disaster Management
7. Reserve Bank of India Circulars
8. Websites of WIPRO, IBM
9. Munich Re Publications
10. Federal Financial Institutions Examination Council – Handbook
11. Disaster Risk Management Programme, Ministry of Home Affairs, Govt. of India

IC 88 - MARKETING AND PUBLIC RELATIONS

(Revised Edition 2001)

Objectives:

Marketing is the function which provides the bread and butter for the insurance industry. This course is designed to give the student an idea about some of the principles and concepts in marketing as it applies to the business of insurance.

Contents:

Chapter 1: Introduction to Insurance: What is insurance – how it works – importance of insurance industry – history of insurance.

Chapter 2: Introduction to Marketing: Consumer Focus – Who is a Consumer – What is a Market – Marketing and Selling – Market Segmentation – Marketing Mix – Market Research – Marketing Strategies – Marketing Programmes and Activities – Product Life Cycle – Positioning – Branding – Relationship Marketing – Marketing Management Process.

Chapter 3: Consumer Behaviour: It's Complexity – the Buying Process – Perceptions – Strokes – Dissonance – Reference Groups – Socio Economic Categories – The Insurance Consumer.

Chapter 4: Introduction to Services: Intangibility – Inseparability – Heterogeneity – Perishability – Ownership – Barriers to entry.

Chapter 5: Quality in Services: Why Quality – What is Quality – Satisfaction vs Expectations – Levels of Quality – Costs of Quality – Elements of Quality – Quality Gaps – Responsibility for Quality – Moments of Truth – Error Free – Monitoring Customer Needs and Expectations – Tools for Quality Control – Handling Complaints.

Chapter 6: Strategies for Insurance Marketing 1: Product and its Differentiation – Product Development – Flexible options – Product Image – Product Obsolescence – Boston Matrix – Pricing – Customer Service – Market Research – Distribution and Distribution Channels – Direct Marketing – Promotion – PR and Publicity – Merchandising – Personal Selling – People.

Chapter 7: Strategies for Insurance Marketing 2 : Role of Intermediaries- Insurance Agents, Bancassurance, Direct Marketing, Promotion, Merchandising, Reward Systems, Empowering.

Chapter 8: Rural Insurance: Profile of Rural Sector.

Chapter 9: Consumerism and Ethics: Marketing and Consumerism – Dimensions of Social Responsibility, Business Ethics.

References & Recommended Readings:

1. Customer Driven Services Management-S. Balachandran- Response Books New Delhi.
2. Marketing of Services-Bidi Chand - Rawat Publishers New Delhi.
3. Marketing Management- Kottler P. Prentice Hall.
4. Retail Marketing Management- Pearson Education Ltd.
5. Conference Papers 1990 and 2000- Insurance Institute of India.
6. Services Marketing – South Asia Publishers- Delhi. and Services Marketing- McGraw Hill- New York.



IC 89 -MANAGEMENT ACCOUNTING

(Revised Edition-2001)

Chapter 1: Accounting: Basic Principles of Accounts – Manufacturing & Insured Business – Insurance Act, 1938 – Final Accounts – Life & General Insurance Business – Revenue Account & Balance Sheet – Terms – Format – Adjustments – Provisions – Reserves – Problems.

Chapter 2: Basic Principles of Insurance Accounts – Various Terms – Income from General Insurance Business-Exchange Control-General Insurance-Non-marine insurance, Baggage Insurance, Personal Accident Policies, Reinsurance, Life Insurance

Chapter 3: The Insurance Regulatory & Development Authority (IRDA): Necessity of Regulation in an insurance industry.

Chapter 4: Management Accounting: Definitions – Comparisons with Financial Accounting – Ratio Analysis – Kinds – Advantages and Limitations – Problems – Usefulness of Ratio Analysis of Life & General Insurance Business – Problems.

Chapter 5: Financial Statements & Ratio Analysis: Terms in Trading & profit & loss account & balance sheet, Reserves, Share Premium, Ration Analysis – Meaning & Importance.

Chapter 6: Budget and Budgetary Control: General Terms – Advantages & Limitations – Preparation – Control in Insurance Business – Planning.

Chapter 7: Cash Flow - Funds Flow: Working Capital – Analysis – Advantages – Changes in Working Capital – Problems.

Chapter 8: Cost Accounting: General Terms – Definitions – Various Methods of Costing – Advantages & Limitations – Classification of Costing. Reconciliation of Costing and Financial Results.

Chapter 9: Standard Costing: Definition – Setting of Standards & Comparison with Actuals – Variance Analysis – Material –Labour– Fixed & Variable overheads – Problems – Standard Costing and Budgetary Control – Application to Insurance Provisions.

Chapter 10: Direct Costing in Life Insurance Company Operations – A Preview

Chapter 11: Marginal Costing: Concepts – Contribution – Breakeven Point – PV Ratio – Advantages & Limitations of Break-even Analysis – Problems.

Chapter 12: Capital Investment Decisions : Defination- Techniques- Cash Flow Principle-Incremental Principle, Post-Tax Principle, Long Term Funds Principle-Pay Back Method, Discounted Cash Flow Method, Compound Interest Method, Net Present Value Method, Inter Firm Comparison.

Chapter 13: Financial Management : Sources of Corporate Funds, Equity Capital, Debentures, Term Loans, Deposits, Working Capital Management, Working Capital Policy, Safety Stock, AB Analysis.

Chapter 14: Management Information System: Concepts – Importance – Usefulness of Reports – Audit – Types – Internal, Statutory – Cost – Management Audits – Computers. Importance – Usefulness to Industry and Insurance Business.



IC 90 - HUMAN RESOURCES MANAGEMENT

(Revised Edition-2000)

Objectives:

People are the principal force and resource in any organization. In the Insurance Industry which is labour intensive, there is a particular need for good managers who have a good understanding of human nature and human behavior and can lead people effectively. This course is designed to help the student get familiarized about the complexities and challenges of managing and developing human resources in organizations. The student would learn both the conceptual aspects and practices that have been followed in Human Resources Management.

Contents:

Chapter 1: The development of Management Science: Scientific Management, Bureaucracy and Administration Theory – Human Relations Approach – Systems Approach.

Chapter 2: Functions of Management: Planning, Organising, Staffing, Leading and Controlling.

Chapter 3: From Personnel Management to Human Resources Management: The distinctions between PM and HRM – factors in the evolution from PM to HRM.

Chapter 4: Human Resources Management and Behavioral Sciences: Relationship with Psychology, Sociology and Anthropology – aspects of perception, learning, motivation, leadership and group behavior.

Chapter 5: Acquisition of Human Resources: HR Planning and budgeting of human resources – job analysis – recruitment and selection – candidate specification – selection processes – decision and appointment – induction for new candidates – Transfers, Placements and promotions.

Chapter 6: Development of Human Resources: Aspects of Physical and Intellectual Development – training and training methodologies – Management development – Career planning and career development – Management of Change and Organization Development.

Chapter 7: Motivation of Human Resources : Concept of motivation – Maslow's Hierarchy of needs - Theory X and Y – Herzberg's Hygiene theory – Vroom's Expectancy Model – Achievement Theory – Motivation, Empowerment and Leadership – the Managerial Grid – the leadership Continuum – Communication, appraisal and Counseling .

Chapter 8: Maintenance of Human Resources: Salary administration – Employee Benefits and Services - Discipline and its procedures – Vigilance – Grievance Handling – Industrial Relations – Protection and Safety.

Chapter 9: Human Resources Management and Group Dynamics: Groups and their types – Characteristics of Groups – Individual Development and its Hindering Factors – Consensus and Conflict – Groups and Teams.

Chapter 10: Human Resources Management and Service Industries: Special features of services and the role of empowerment.

Chapter 11: International Human Resources Management: France – Germany – US – Japan – International management and Multinational Corporations – Managerial function in International organizations.

Chapter 12: Management and Society: Social Responsibility – Management and Labour – Management, Government, Consumers and Public – Management and Quality of Life – Management and Ethics – The future of management.

Chapter 13: The Future

References & Recommended Readings:

1. Essentials of Management- Harold Koontz, Heinz Wehrich - McGraw Hill Publishing Company;
2. Personnel/Human Resources Management-Davis A De Cenzo, Stephen P Robins- Prentice hall, New Delhi.
3. Excellence through HRD- Edited by T.V.Rao and Others,
4. Organisational Behaviour – Fred Luthans- McGraw Hill, Kogakusha Ltd., Managing Ethics- S. Balachandran- Sangeetha Associates Mumbai. Personel the Human Problems of Management- George Strauss, Leonard R Saytles- Prentice Hall.

IC 92 - ACTUARIAL ASPECTS OF PRODUCT DEVELOPMENT

(Revised Edition: 2013)

Chapter 1: What is a product?: Definition of Insurance Product – Physical Form of Product – Utility of Product – Legal Aspects of Product – Insurable Interest – Rights of Nominees, Assignors, Heirs and Successors.

Chapter 2: Why design of Product is Important?: Profitability – Design of Product – Health and other conditions – Maturity –Suppression of Information – Consumer Grievances – Regulators, Stakeholders.

Chapter 3: Pricing of Product-1: Meaning of Price and Premium – Equation of Value – Components of Premium – Problems in Determination of Premium – Renewal Expenses.

Chapter 4: Types of Insurance Products –Individual: Introduction – Long term Business – Life Insurance Business – Assurances – Pure Death Benefit Contracts – Annuities – Riders / Add-ons – Alterations – Profit Contracts – Different Bonuses – Discount in Premium – Investment Linked Contracts.

Chapter 5: Pricing of Products – 2: Methods of Determination of Price- Equation of Value – Formula Method – Different Contracts – Expenses/Commission – Cash Flow Method –Commutation Functions –Equation of Value and Premium Determination Exercise.

Chapter 6: Types of Insurance Products – Group: ‘Group’ and ‘Group Policy/Scheme’ – Insured Group Schemes – Experience rating – Profit Sharing.

Chapter 7: Premium bases – Interest rate: Use of Premium bases-Interest Rate – What is Interest Rate – How to determine this.

Chapter 8: Premium bases – Mortality and Morbidity rates: Use of Mortality and Morbidity Rates – What is Mortality and Morbidity Rates – How to determine this?

Chapter 9: Premium Bases – commission rates: Use of Commission Rates – What is Commission Rates – How to determine this

Chapter 10: Premium bases – Expense rates, Reinsurance Support: Use of Premium bases-Expense rates, reinsurance support – What is expense rates, reinsurance support – How to determine this?

Chapter 11: Financial Viability –Profit Margin and Solvency Margin: Reinsurance – Terms and Conditions of Treaty, Inter Alia – Types of Reinsurance Arrangement – Retention limits.

Chapter 12: Financial Viability – Profit Margin and Solvency Margin: Profit Margin – Solvency Margin.

Chapter 13: Conclusion

ANNEXURE I: Specimen Policy document, etc.. Specimen Proposal for Group Contract ETC IRDA File and use procedure – Life Insurance Buyer’s Guide -

IC 99 -ASSET MANAGEMENT

(Year of edition 2005)

Objectives:

This course provides an insight into the various dimensions of asset management that is crucial for efficient functioning of Insurance Industry. It also gives a brief overview of risk management and portfolio management and regulatory environment. The focus is on analysis of fundamental concepts and evaluation of various approaches.

Contents:

Chapter 1: Asset Management: Concept – objective –Importance of asset management

Chapter 2: Bond valuation: Meaning – valuation – Interest rates – yield spreads – yield to maturity – yield curve – swaps – Interest rate and bond swaps – spot and forward rates – Interest rate risks.

Chapter 3: Equity Valuation: fundamental analysis – meaning – various models – trading position and market efficiency – estimation of growth rate and return from share – sensitivity analysis – economy, industry and firm level analysis – charting and technical analysis – decision making.

Chapter 4: Securities: Nature and organization of securities market – government securities – Industrial securities – bonds/debentures – types – equities – direct and indirect equity investments – common stock – preferred stock – convertible stock – money market instruments

Chapter 5: Risk: meaning – types; default risk – financial risk – liquidity risk – maturity risk – call risk – Interest rate risk – Inflation risk – exchange rate risk – business risk – market risk – yield – types of return; Internal rate of return, bond rate, realized and expected return, holding period return, gross and net yield, nominal and real yield; risk return tradeoff.

Chapter 6: Portfolio: Effects of combining securities – portfolio selection – Investor preferences – risk penalty – portfolio analysis – traditional and contemporary approaches – problems in portfolio management – CAPM.

Chapter 7: Mutual Funds: Meaning – need – classification of MF schemes – operational, portfolio based classifications – Asset management Companies – functions – Indian scenario.

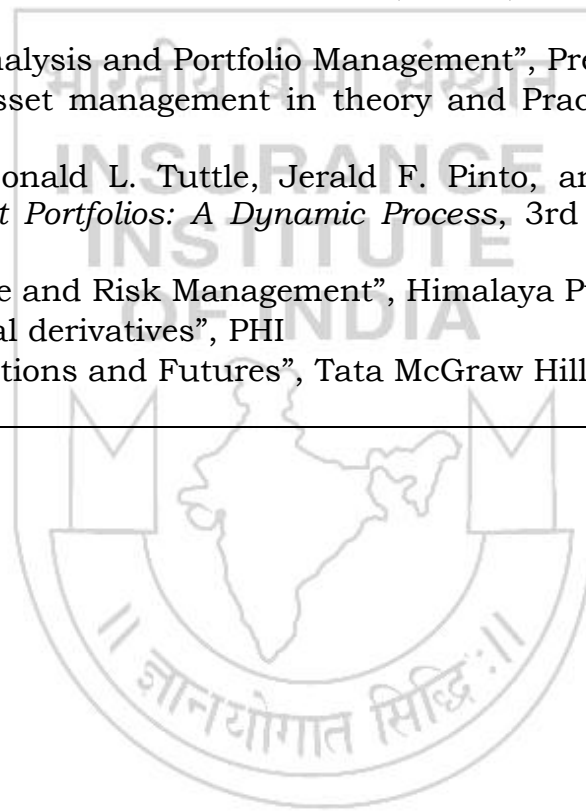
Chapter 8: Evaluation of Portfolio Performance: Need – different methods of evaluation – time horizon –Treynors measure – Sharpe measure – Jensen Measure – Fama Measure

Chapter 9: Derivatives: Meaning – futures – Options – hedging – hedging using futures – stock options

Chapter 10: Foreign Exchange Management Act (FEMA): Background – basic definitions provisions – main functions of RBI under FEMA – Securities and Exchange Board of India(SEBI) – organization – powers and functions – Insurance Regulatory and Development Authority (IRDA) – organization – powers and functions – other regulators – RBI – organization – functions.

References & Recommended Readings:

1. Prasanna Chandra, “Investment Analysis and Portfolio Management”, second edition, Tata McGraw Hill
2. Peter L. Bernstein and AswathDamodaran(editors), “Investment Management”, Wiley, 1998
3. Kevin.S. “Security Analysis and Portfolio Management”, Prentice Hall of India
4. Dunken Hughes, “Asset management in theory and Practice”, Global Professional Publishing
5. Maginn, John L., Donald L. Tuttle, Jerald F. Pinto, and Dennis W. McLeavey, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition. Hoboken: Wiley, 2007.
6. PK Gupta,” Insurance and Risk Management”, Himalaya Publishing House.
7. S.L. Gupta, “Financial derivatives”, PHI
8. Baghri and vora, “Options and Futures”, Tata McGraw Hill.



IC 56 - FIRE INSURANCE CLAIMS (Fire Specialised diploma)

((Revised Edition: 2011)

Chapter 1: Basic Principles: Principles of Fire Insurance – Utmost Good Faith, Insurable Interest, Indemnity, Subrogation and Contribution –

Chapter 2: Standard Fire and Special Perils Policy: Coverage – General exclusions – Add-on Covers and related exclusions – Special Clauses applicable to basic cover and Add-on covers.

Chapter 3: Conditions and Warranties: Various Fire Warranties – Situations leading to Non-Standard Claims settlements and Ex-gratia settlement and their features

Chapter 4: Claims-Procedural Aspects: Preparation of Claim Notes –Office procedures relating to claims – Claim Forms – Appointment of Surveyors.

Chapter 5: Rights and Duties of Parties: Rights – Duties – Duty of the Insured – Onus of proof – Duty of the Insurers after a fire claim – Claims Under Special Policies – Reinstatement Value Policies Local Authority Clause – Declaration Policy – Floating Policy – Impact of ‘Omission to Insure Additions, etc.’

Chapter 6: The amount of Claim Payable-1: Clause – types of Losses – Meaning of Indemnity – Extent of indemnity & associated limitations – Meaning of Value and Depreciation – Reinstatement Value, Market Value, Depreciated Value and Book Value in Fire Insurance.

Chapter 7: The amount of Claim Payable-2: Issues Affecting Claim Amounts – Value of Salvage – underinsurance/pro-rata condition of average – Escalation Clause – Effects of Contribution –Subrogation – Claims under Concurrent & Non-concurrent Policies.

Chapter 8: Special Policies: Reinvestment Value Policy – Local Authority Clauses – Floater Declaration Policy – Salvage disposal Procedures – Arbitration Procedures.

Chapter 9: The Process of Surveying: Process Of Survey & Loss Assessment – Preliminary Survey Report – Final Survey Report – Loss minimization suggestions by the Surveyors

Chapter 10: Claims-Some Legal Aspects: Proximate Cause – Case Laws Related To Fire Material Damage – Doctrine of Proximate cause – Insured Perils/ Excluded Perils/ Extended Perils (add-on covers) – Modifications in ‘excluded perils’ wordings under the Fire policy – Direct & Indirect Losses – “Without Prejudice” Waiver & Estoppel – Rules of Construction of policy Assignment of Claim Proceeds – Payment by mistake –

Chapter 11: Case Studies on Critical Claims

Chapter 12: Various Redressal Forums Available: Frauds in Fire insurance & Fraudulent claims – Case Studies on Complicated claims –Worked out sums for simple & complicated Fire Claims and related question solving – Insurance Ombudsman – Various Redressal Forums Available in Relation to Fire Insurance Policies – Protection of the Policy Holders’ & Other Stake Holders’ Interest.

IC 58 – FIRE INSURANCE COVERAGES (Fire Specialised diploma)

(First Edition: 2011)

Objectives:

The course describes various types of Fire insurance policies as available and practiced in India & abroad. Objective of this course is to familiarize the reader with such policies along with the principles & practices of Rating & Underwriting of Fire insurance coverages.

Contents:

Chapter 1: Application of Basic Principles to Fire Insurance: Fire Insurance Cover – Meaning of Fire – A Legal Contract – Basic Principles viz. Insurable Interest – Indemnity – Utmost Good Faith – Proximate Cause – Average – Impact of Excess Clause,

Chapter 2: The Standard Fire & Special Perils Policy: Preamble – Perils covered viz. Fire, Lightning, Explosion/Implosion, Aircraft Damage, Riot, Strike, Malicious Damage, Flood Group of Perils, Impact Damage, Subsidence, Landslide including Rockslide, Bush Fire,

Chapter 3: General Conditions, Exclusions and Warranties: Deliberations on Conditions No. 1 to 15 – Policy Exclusions – Warranties,

Chapter 4: Special Types of Policies in the Indian Market: Reinstatement Value Policies – Floater Policies – Declaration Policies – Floater Declaration Policies,

Chapter 5: Structure, General Rules & Regulations of Erstwhile All India Fire Tariff: Tariff Structure – Sections with Headings – Policy Document together with Declarations, Schedule, Endorsements, Warranties, Clauses, Specification to form Part of the contract – Valued Policies – Long Term Policies – Mid-term Cover – Payment of Premium – Minimum Premium – Partial Insurance – Short Period Scale of Rates – Loadings – Cancellation Rules – Mid-Term Revision of Sum Insured – Escalation Clause – floater Policies – Declaration Policies – Floater Declaration Policies – Loadings & Discounts for Claims Experience – FEA Discounts – Silent Risks – Voluntary Deductibles – Rate Computation Method – Detariffed market Situation – Underwriter's Acumen – major issues in Detariffing – Regulator & Road Map – Data Collection – Detariffed Pricing Factors- Burning Cost & alternate Method,

Chapter 6: Policy Drafting, Endorsements & Premium Computation: Proposal form – Risk Inspection Report Scope & Purpose – Premium – The Schedule – Drafting of Policy – Endorsements – Renewal Notice,

Chapter 7: Add on Covers: Architects Surveyors & consulting Engineer's Fees – Removal of Debris – Spontaneous Combustion – Earthquake – Forest Fire – Spoilage Material Damage – Leakage & Contamination,

Chapter 8: Special Clauses: Agreed Bank Clause – Cost of Re-erection – Declaration Clause – Local Authorities Clause – Reinstatement Value Clause – Voluntary Deductible – Loss of Rent - Additional Expenses on Rent for Alternate Accomodation – Contract Price Clause – Designation of Property Clause – Temporary Removal of Stocks – Omission to Insure Additions, Alterations & extensions, Background of Growth and Fire Insurance Tariff – Classification of Flammable Materials – Tariff Definitions – Warranties – Rating Procedures – Voluntary Deductible – Industrial All Risks Insurance eligibility Criteria – IAR Policy Composition & Coverage Details – Deductibles – add-on Covers – Rating Considerations,

Chapter 9: Petrochemical Risks, Industrial All Risks & Mega Risks: Petrochemical Tariff Special Provisions – Salient Features – Scope – Definitions – Excess Clause – Silent Risks – Minimum Requirements – Rulings – Method of Rating – Rating Procedure – Various Hazard Factors & Rating Tables – Warranties for Discounts & Loadings – Mutual Aid Scheme, Industrial All Risks (IAR) Insurance – Eligibility – Policy Structure & coverage – Special Exclusions and Conditions – Rating Procedure – Add-on Covers, Mega Risks Policies – Definition – Structure – Sections, Proposal Forms and Additional Questionnaires, IRDA Regulation and its Important Features,

Chapter 10: Consequential Loss (Fire) Insurance: Background & History – Pre & Post Fire Situations Comparison Table – Loss of Earning Power – Interruption & Its Effects on Accounts – Consequential Losses Not covered – Moral Hazard – Percentage of Fire Loss Policies and Evolution of Coverage – Outline of Present Policy with Examples,

Chapter 11: Consequential Loss (Fire) Insurance Part II: Scope of Present Policy – The Standard Policy Form – material Damage Proviso – Policy Conditions – The Schedule – The Specifications for Turnover & Output Basis of Coverage – Indemnity Period – Accumulated Stocks – Standing Charges – Gross Profits – Rate of Gross Profits – Adjustment Clause – The Trend of business – Variations & special Circumstances – Increase in Cost of Working – Savings in Standing Charges – Average Illustration of Loss Computation,

Chapter 12: Fire Insurance Coverage in Global Markets (U K & USA): Practice in U.K. relating to Standard Fire cover / All Risks Policy / Treatment of Other Perils / Fixation of Sum Insured / Combined Policies / Package Policies – Practice in the U.S.A.

References & Recommended Reading:

1. Fire insurance: theory and practice, Smith & Francis
2. Property and Liability Insurance Handbook, John Long & Davis Gregg
3. Fire underwriting in theory and practice, George Hurren
4. Principles and practice of fire insurance in the United kingdom, Frank Godwin
5. Small fire surveys, J Hunter Cox
6. Business Interruption Insurance, D Cloughton

IC 59 – FIRE INSURANCE RATING & UNDERWRITING (Fire Specialised diploma)

(First Edition: 2011)

Objectives:

The objective of this course is to familiarize the reader with the concepts, principles & practices of Rating & Underwriting of Fire insurance business. The course also specifically deals legal, practical and procedural aspects of rating and underwriting as well as claims case studies and redressal mechanisms available to the insureds in case of complaints.

Contents:

Chapter 1: Basic Principles: Background – Insurable Property – Insurable Perils- Basic Principles of Insurance – Utmost Good Faith – Insurable Interest – Indemnity – Terms Relating to sum insured viz. Reinstatement Value, Market Value, Book Value – Subrogation – Contribution – General Terms & abbreviations used.

Chapter 2: Underwriting & Reinsurance: Underwriting Objectives and Factors – Spread of Business – Selection of Business – Fixing Retentions – Reinsurance Forms & Methods – Fire Reinsurance Programme of Indian Insurers.

Chapter 3: Drafting of Policies, Premium Calculation & Issuance of Endorsements: Proposal Form – Risk Inspection Report Objective, Purpose and Procedures – Premium & Acceptance Advice – Drafting of Policy – Endorsements,

Chapter 4: Tariff Rules & Regulations: Role of erstwhile TAC – All India Fire Tariff – The Standard Fire & Special Perils Policy - Proposal Form – Valued Policies – Long Term Policies- Mid-term Cover – Payment of Premium – Partial Insurance – Short Period Rates – Rules for Cancellation – Mid-term Revision in Sum Insured – Rating of Multiple Occupancy Risks – Silent Risk,

Chapter 5: Guidelines on “File & Use” Requirements: Applicability – Prohibition on Variations in Tariff Wordings – IRDA Requirements – Filing of Products – File & Use Requirement – IRDA’s Rights – Board Approval of Underwriting Policy – Classification of Products viz Class Rated, Individually Rated & Exposure Rated – Insurance of Large Risks – Data Support & Role of Actuary – Documents Required to be Filed,

Chapter 6: Underwriting Practices: New Dimensions in Underwriting & Rating – New Dimensions in Underwriting Fire Insurance – Board Approved Underwriting Policy – Role of other Institutions in Improving Fire Insurance Underwriting Standards – Add-on Covers – Evaluating the Add-on Covers,

Chapter 7: Special Policies & Clauses: Floater Policies – Declaration Policies – Floater Declaration Policies – Reinstatement Value Policies & Extension Clauses such as Local Authorities / Escalation / Removal of Debris / Architects Surveyors & consulting Engineer’s Fees / Loss of Rent /Additional Expenses for Alternate

Accommodation / Contract Price / Designation of Property / Temporary Removal of Stocks / Agreed Bank Clause / Omission to Insure,

Chapter 8: Petrochemical Insurance Policies: Background of Growth and Fire Insurance Tariff – Classification of Flammable Materials – Tariff Definitions – Warranties – Rating Procedures – Voluntary Deductible – Industrial All Risks Insurance eligibility Criteria – IAR Policy Composition & Coverage Details – Deductibles – add-on Covers – Rating Considerations,

Chapter 9: Protection of Policyholder's Interests: IRDA Regulation and its Important Features,

Chapter 10: Information Technology Application in Fire Insurance Rating & Underwriting: Background – Data Quality – MIS – Segmentation – Risk Management – Reinsurance,

Chapter 11: Overseas Practice: Practice in U.K. relating to Standard Fire cover / All Risks Policy / Treatment of Other Perils / Fixation of Sum Insured / Combined Policies / Package Policies – Practice in the U.S.A.

References & recommended reading:

1. Fire insurance: theory and practice, Smith & Francis
 2. Property and Liability Insurance Handbook, John Long & Davis Gregg
 3. Fire underwriting in theory and practice, George Hurren
 4. Principles and practice of fire insurance in the United Kingdom, Frank Godwin
- Small fire surveys, J Hunter Cox

IC 66 - MARINE INSURANCE CLAIMS (Marine Specialised diploma)

(Revised Edition: 2010)

Objectives:

This course is designed to provide a comprehensive understanding of the principles and practices of processing and settlement of claims under Marine Cargo, Hull and Freight Insurance policies. It emphasizes on developing an appreciation for various methods for assessment of claims and the risks covered. The focus is on providing a complete understanding of the procedures and calculation aspects of the claims and the conventions guiding them.

Contents:

Chapter 1: Introduction: Functions of Insurance – Utmost Good faith – Representation & Warranties – Insurable Interest – Indemnity – Subrogation – Contribution – Proximate Cause – Concurrent Causes – Different damages – The underlying principles of Insurance – factors for determination of claim – terminologies relevant – third parties associated with handling of losses.

Chapter 2: Types of losses: Actual/Constructive Total Losses – Losses under Freight Policies – Measure of Indemnity for total Loss – Subrogation and Abandonment – Particular average – General average – Sue and labour charges – Salvage Charges – York Antwerp Rules 1974 – Successive losses – Excess and Franchise.

Chapter 3: Cargo Claims-Part 1: Introduction – Procedure for intimation of claims – How claim arises under Constructive Total Loss and Particular average – Amount Recoverable – Detailed explanation of General Average Sacrifice, Expenditure and Contribution – Actual Total Loss Amount recoverable – Normal, Natural or ordinary losses – Trade losses

Chapter 4: Cargo Claims-Part 2: Duty Insurance – Increased value Insurance – Claims under War Risks/Strikes clauses – Claims documents – Appointment of Surveyor – Purpose of survey – Survey Report – Short Packing – Supervised Discharge of cargo.

Chapter 5: Cargo Claims-Part 3: Cargo claims Procedure – Exchange Control regulations affecting claims – Direct Insurance outside India – Currencies in which marine Policies may be issued – Remittance of claims on exports – Payments in foreign currency of certain import claims – Customs clearance procedure – Refund of Duty – Bill of entry form.

Chapter 6: Cargo Claims-Part 4: Recoveries – Open Delivery of cargo – Claims settlement on shipments by sea – Claims settlement on dispatches by inland Transit – Different Acts – Marine Claim form contents – Time limits for lodging claims/filing suits with carriers/ – Various Acts governing the carriage of goods by sea/air/rail/road – Hague Rules – Rights and Immunities – Hamburg Rules – Notice of loss/damage/delay.

Chapter 7: Cargo Claims-Part 5: Recoveries – Carriage of goods by Rail – Duties of Railways as a carrier – at owner's risk – Goods in defective condition – Carriage in open

wagon – Delivery at private siding – Rail clearance procedure – Railway Claims Tribunal Act – Carriage by Road – legal aspects – Clearance procedure –Market Value – Multimodal Transportation of Goods Act – Liabilities and its limits – Liabilities of Port authority of India – Postal Sending’s – Recovery from customs.

Chapter 8: Claims on Policies of Insurance on Ships: Hull insurance Claims – Total loss – Partial loss – Amounts recoverable –Warranties – Main Insurance coverage’s for Hull and Machinery – Perils and exclusions – Particular Average claims procedure – Successive losses – Arrangements for survey – Policy deductible – Dry docking – Total Loss claims – Actual Total loss – Constructive total loss – Abandonment – Sue and labour charges – Claims Processing and documentation – Ocean Going Vessels – Sailing Vessels –Inland Vessels –Fishing Vessels – Hull survey Reports – Recovery.

Chapter 9: Collision Liabilities & freight Claims: How liability arises – Three / fourth collision liability – Single liability – Cross liability – Limitation of liability – Maritime Convention Act, 1911 – Sistership Clause – Protection and Indemnity clubs – Freight claims – Partial and Total loss –Types of freight – Insurance of freight – Measure of Indemnity for partial loss of freight – Franchisee clause – Total and Constructive Total loss of freight –Documentation and adjustment of freight claims.

Chapter 10:General Average and Salvage: The concept and meaning of General Average with examples – Essential features of General average – York Antwerp Rules – Guiding rules of practice for Average adjusters –Basis of valuation – Salvage remuneration – Temporary repairs – Expenses at port of refuge – Amount made good in G.A sacrifice – Contributing Interest and Contributing values – Vessel in ballast and under Charter – Interest on losses made good in G.A with examples of adjustment – General Average Adjustment procedure – Salvage and Salvage charges – Successive or Consecutive General Averages – Application of General Average to policies of Insurance – Application of General Average to policies on Ships /Cargo and to freight along with examples of claim adjustment.

Appendix

The Marine Insurance Act, 1963 – Definition – Insurable Interest – Warranties – Return of Premium – Rules of Construction of Policy

References & Recommended Readings

The Principles of Marine Insurance - A.Primer by Harold Turner

Marine Insurance Claims by Leslie.J.Buglass, Marine Insurance Claims by J.K Goodcare ,Whetherby Clauses

IC 68 - MARINE INSURANCE COVERAGES (Marine Specialised diploma)

(First Edition: 2010)

Objectives:

The contents of this book are designed to develop a better understanding of concept, principles and practice of Marine insurance. It also helps to acquire an in-depth knowledge of the clauses providing the coverage or exclusions for the Marine risks. It also acquaints them with trading clauses for various commodities.

Contents:

Chapter 1: Introduction to Marine Insurance: Institute of London Underwriters – The Marine policy form – Marine Policy drafting guidelines – Endorsements and their types – Rules of Interpretation of the Policy wordings – Uniqueness of Marine Insurance – Special features of Marine features.

Chapter 2: Fundamental Principles Applicable to Marine Insurance: Basic Principles - Utmost Good faith – Representation – Warranties – Insurable interest and their kinds – Passage of Interest and assignment of policies of Marine insurance – Indemnity – Valued and Unvalued policies – Principles of subrogation – Principles of Contribution – Proximate cause – Onus of Proof.

Chapter 3: Relevance of Inco Terms in Marine Cargo Insurance: Inco Terms – Purpose and Inferences – Structure of Incoterms – Relevance of Inco Terms – Developments.

Chapter 4: Marine Insurance Coverage's: Institute Cargo Clauses – Exports and Import (International Trade) – Marine Cargo policies – Marine Hull Insurance & its Covers.

Chapter 5: Marine Cargo Coverages-I: Marine Cargo Clauses – Losses covered – Analysis of the old and new Clauses – Comparative analysis of Risks covered by ICC (A),(B),(C) – extraneous risks – Stranding of vessels – overturning – collision of vessels – General Average Sacrifice – Jettison – washing overboard – Both to Blame Collision clause.

Chapter 6: Marine Cargo Coverages-II: Exclusions under the Institute Cargo Clauses – Implications of the changes – Explanatory Notes – Detailed analysis of the exclusions with examples – Unseaworthiness and Unfitness–Implications – Willful misconduct – War – Strike – loss by delay – Inherent vice.

Chapter 7: Marine Cargo Coverages-III: Important sub clauses in ICC (A)/(B)/(C) – Transit Clause – detailed discussion with implications and explanatory notes – Termination of Contract of carriage – Insurable Interest clause – Forwarding charges Clause – Constructive Total clause – Increased Value clause – Benefit of Insurance – Not to Inure Clause – ICC (Air) – Law and Practice.

Chapter 8: Marine Cargo Coverages-IV: War and Strike clauses under ICC – Risks covered – Risks excluded – Duration of cover – Waterborne Clause – Port delay clause – Institute Strike Clause – ICC (Air)- War /Strike .

Chapter 9: Marine Cargo Coverages V: Other Clauses– Institute Classification clause for Vessels –Institute Replacement clause – Institute theft, pilferage and non-delivery clause – Institute War cancellation clause – Label clause – Pair and Set clause – Pickings clause – Garbling Clause – Important Notice Clause.

Chapter 10: Marine Cargo Coverages VI: Trade and Commodity Clauses – Institute Commodity Trade clause – Institute Jute clauses – Institute Bulk Oil clause – Institute coal clauses – Institute timber trade federation clause – FOFSA trade clause – Frozen foods clause – Rejection Insurance – Frozen meat clause.

Chapter 11: Marine Cargo Coverages VII: Inland Transit clause – risks covered – risks excluded – Extraneous perils – Implications of whichever shall occur first – Inland vessel Transit clause – Sailing warranty – Insurance of cargo on sailing vessels – Termination of adventure clause – Open Policy – Annual Policy – Special Storage Risk Extension Clause – Claims.

Chapter 12: Designs of Coverages: Specific policy – Open cover –a detailed description of information sought – Open policy – Annual policy – Special storage risk extension clause – FOB clause – Shut out Cargo –War Clauses(Post) – Cover for Diamonds and precious stones – Multi transit policy – Seller’s contingency insurance – Duty Insurance – Increased Value Insurance – Package policy for exporters covered under the duty exemption scheme – Package policy for coffee – Stock throughput policy – Sales turnover policy .

Chapter 13: Marine Hull Coverages-I: Marine Hull Clauses – scope and Coverages – Institute time clauses – The perils clauses and associated clauses – Strike exclusion – Pollution hazard – General Average and salvage – Wages and maintenance – Unrepaired damage – Constructive total loss – Sue and labour clause – Collision liability – Sistership – Notice of claim and tenders .

Chapter 14: Marine Hull Coverages-II: Warranties – Navigation – Breach of warranty – Disbursements warranty – freight – Continuation of Insurance Clauses – Termination of Insurance clause –Assignment – Freight Waiver – Returns for layup and cancellation – Institute voyage clauses – Time clauses Hull (excess liabilities).

Chapter 15: Marine Hull Coverages-III: Comparative analysis of ITC hulls 1983 and ITC hull 1995 – The new international hull clauses – principle insuring conditions – Additional clauses – Claims provision.

Chapter 16: Marine Hull Coverages-IV: Institute Fishing vessels clause –Salient features – Coverage’s – deductible – fishing gear - Clauses for Builders Risk –Institute time clauses(ITC) Container 1/1/87 –ITC –Container War and strike 1/1/87 – ITC Hulls (Port Risks) –Institute Yacht clauses – Machinery damage extension clause –War and Strike – Clauses for other countries– American Institute hull clauses –Classification and Maintenance of Class clause – premium Installment clause – Hull trading

warranties – Geographical limits warranty – SRCC (Hulls) – Ship Repairers liability insurance .

Chapter 17: Marine Hull Coverages-V: War covers for Marine Hull – Coverages and scope -War risk time policy – Institute war and strike clauses.

Chapter 18: Marine Hull Coverages VI: Coverage for freight and disbursements – freight clauses – risks covered – franchise – total loss –Measure of indemnity – Loss of time clause – Freight Collision.

References & Recommended Readings

Marine Insurance –Ocean and Inland –William H Rodda ,The principles of Marine Insurance –A primer by Harold Turner, Inland Marine Insurance –Roderick McNamma, Limitation of Carrier’s Liability by Earling Selvig.



IC 69 - MARINE INSURANCE RATING AND UNDERWRITING

(Marine Specialised diploma) (Revised Edition: 2010)

Objectives:

The syllabus of this book is structured to give a holistic view of the evolution of Marine Insurance Market. It helps to acquire a basic knowledge of various modes of transports and the Ports across the world and their risk features. It is designed to provide comprehensive understanding of the Coverage's and the operational aspects of Underwriting and Rating Marine Cargo and Hull Insurance. It helps to grasp the significance of Reinsurance in covering Marine Risks

Contents:

Chapter 1: Introduction: U.K Insurance Market – International Scene – Organisation of Lloyds 's – Lloyd's Brokers/Agents – Marine Insurance Associations – Institute of London Underwriters – Salvage association – International Maritime bureau – Marine Publications – Marine Insurance Market in India.

Chapter 2: Transport-waterways: Growth of shipping Industry – world's major sea routes – Ship Canals – National Waterways.

Chapter 3: Ports of India, Important ports of Asia: Inland Ports – Harbour – Importance of Port for Insurance – Kinds of Ports – Major Indian Ports – Minor Indian Ports.

Chapter 4: Cargo Insurance – Policy Form, Premium payment, Types of Policies: Marine Declaration Form –Cover Note – Marine Policy – Endorsements – Rules of Interpretation – Stamp Duty – Payment of Premiums as per sec 64 VB –Rules 58 and 59 for premium payment – Exchange control regulations for Premium payment on cargo policies covering import and export – Open Cover – Open Policies – Basis of Valuation – Certificates of Insurance.

Chapter 5: Marine Cargo – Scope of Cover: Institute Classification Clause ICC(A)- ICC(B)- ICC(C) – Common Coverage's and exclusions – Inland transit Clause(A),(B),(C) – Rail \Road – Strikes ,Riots and Commotion clause – Inland Vessels– Premium considerations – Duty and Increased value Insurance – Insurance of Exports – Special Storage risks Insurance.

Chapter 6: Cargo Underwriting and Rating: Cargo Underwriting rating considerations – The Vessel – Approval of Vessels Operation – the Voyage or transit – Nature of Cargo –Extraneous Risks – Theft ,Pilferage and Non Delivery – rain water Damage – Types of damages – Conditions of Insurance.

Chapter 7: Important Ports of Asia and some main Foreign Ports: Information about different Ports of Asia as well as foreign ports.

Chapter 8: Hull Insurance: Introduction –Types of Vessels – Ocean Going Vessels – Liquid Bulk carriers – Combination Carriers – Container Vessels – Roll on roll off vessels – Types of Hull Insurance Policies – Freight Policy – Time Policy – Voyage Policy – disbursements and Increased Value Insurance – Builder’s Risk Policy – Ship repairer’s Liability – Institute Time Clauses Hull – port risks.

Chapter 9: Hull Underwriting and Rating: Considerations for Hull Underwriting and rating – Technical details of the Vessel – Physical And Moral Hazard – Valuation of the vessel – Trading risks – Deferred Repairs – Towage Risks – Features for better Rating – Calculating the Rate on Risk Basis –Payment of Premium – Stamp Duty for Hull Insurance – Hull renewal rating – Return of Premiums – Indian register of shipping – protection and Indemnity Cover.

Chapter 10: Offshore oil & Gas Exploration & Production Insurance: Types of offshore Oil and Gas exploration units – factors for underwriting – seamless cover and operational covers.

Chapter 11: Reinsurance: Introduction – Purpose of Reinsurance – Role of Reinsurance in coverage of large Risks –functions of Reinsurance – Methods of Reinsurance – Proportional – Non proportional – Facultative Reinsurance – Treaty – Surplus Excess of loss – Reinsurance of Marine Risks –Cargo reinsurance – Proportional and Non proportional Contracts – Hull reinsurance.

Chapter 12: Maritime Fraud: Introduction – International Maritime Bureau for Prevention of Maritime fraud – Marine Fraud in Cargo and Hull and the role of Exclusions – Classification Of Maritimes Crimes – scuttling frauds – Documentary Frauds – Cargo Thefts – Frauds relating to Chartering of vessels – Prevention of Maritime Fraud – Precautionary Measures taken by various parties to Maritime Adventures.

References & Recommended Reading

The Principles of Marine Insurance –A.Primer by Harold Turner,Controlling Cargo theft by TyskaFennely,Marine Insurance –Ocean and Inland –William H Rodda.

IC S01 -PRINCIPLES AND PRACTICE OF GENERAL INSURANCE AND SURVEY AND LOSS ASSESSMENT

(Year of Edition 2003)

Chapter 1: Risk and Theory of Probability: The Concept of Risk –Pure Risk– Minimisation of Risks– Classification of Risk –Insurable Risks – Exceptions– Theory of Probability –Insurance System.

Chapter 2: Origin, Development and Present Status of Insurance: Development of Insurance – Present Status of Insurance.

Chapter 3: Fire and Loss of Profits (Fire) Insurance: Fire Insurance – Exclusions– Special Policies – Reinstatement Value Policy – Declaration Policies– Floating Policy– Industrial All Risks Policy– Petrochemical Risks– Loss of Profits (Fire Insurance) – Indemnity Period – Perils Cover Material Damage Clause – Extensions of the Policy – Insurance of Wages – Lay – off/Retrenchment Compensation – Special Policies.

Chapter 4: Motor and Engineering Insurance: Motor Insurance – Types of Policies – Engineering Insurance – Classification of Engineering Insurance.

Chapter 5: Miscellaneous Insurance: Burglary Insurance – All risks insurance policy – Baggage Insurance – Different Miscellaneous Insurance – Types of Policies – Court Bonds – Excise Bonds – Bankers Indemnity Policy – Legal Liability Insurance – Personal Accident Insurance–Group Personal Accident Policy–Medicclaim Insurance– Rural Insurance–Property Insurance.

Chapter 6: Marine Cargo and Hull Insurance: Marine Cargo Insurance– Institute Cargo Clauses –Special Declaration Policy– Types of Marine Policies – Insurance Annual Policies –Duty and Increased Value Insurance Package Policy for Exporters, Marine Hull Insurance, War and Strike Risks.

Chapter 7: Utmost Good Faith: Duty of Disclosure – Material Costs – Risk Inspection – Duty of Agent – Representations and Warranties – Reciprocal Duty of Insurers.

Chapter 8: Insurable Interest: Definition – Essentials – Examples of Insurable Interest – Marine Insurance – Reinsurance – Assignment – Marine Policy – Motor Policies – Personal Accident Policies.

Chapter 9: Indemnity: Fire Insurance – Building – Machinery – Stocks – Consequential Loss – Modifications of the Principle – Marine Insurance – Motor Insurance – Engineering Insurance – Miscellaneous Insurance – Insurances of Property – Insurances of Liability – Reinstatement of Sun Insurance After Loss –Marine Hull.

Chapter 10: Subrogation and Contribution: Subrogation – Marine – Duty of insured –Miscellaneous Insurance – Insurances of Liabilities – Insurance of Interest – Limitations of subrogation rights – Contribution – Application of Contribution of Various Branches of Insurance.

Chapter 11: Proximate Cause: General Guidelines – Rules – Fire – Marine.

Chapter 12: Underwriting Practices -1: Introduction – Specified perils vs all Risks – Implied and Express Conditions.

Chapter 13: Underwriting Practices -2: Warranties – Different examples of Warranties – Representation and Warranties – Proposal Forms – Implied Warranties – Fire insurance – Escalation Clause – Miscellaneous Insurance – Physical Hazard and Moral Hazard – Fidelity Guarantee – Incorporative Clauses.

Chapter 14: Types of Loss: Actual Total Loss– Salvage Loss–Partial Loss–Consequential Loss.

Chapter 15: Layout - Hazards and Risk Exposures: Exposure Hazards– External Exposures and Internal Exposures– Segregation of Processes –Layout for Fire Protection Systems– Petrochemical Complexes –Other Industries.

Chapter 16: Laws & Relating to Insurance Business-1: Insurance Act 1938– Insurance Regulatory and Development Authority Act 1999 – Important Amendments – The Insurance (Amendment) Act 2002 – Consumer Protection Act 2002 – Consumer Forum Orders – Recommendations.

Chapter 17: Laws Relating to Insurance Business-2: Indian Contract Act–Offer and Acceptance – Legality of the Contract –Legality of the Contract– Construction of Policies– Insurance Policies Acts –Exchange Control Regulation – Indian Penal Code – Offences Against Property–Offences relating to documents–Offences affecting the Public Health– Safety Convenience – Decency and Morals.

Chapter 18: Introduction to Surveys: Human Element– Technical Element– Contractual Element–Administrative Element.

Chapter 19: Admissibility of Claims: Factors affecting the Admissibility of the claim– Examination of policy contents– Verification of Multiple Policies– Insurable Interest– Proximate Cause of Loss– Operation of Exclusions– Examination of Warranties.

Chapter 20: Evaluation and Loss Assessment: Basis of Indemnity – Basis of Valuation– Valued Policies– Market Value Policies–Reinstatement Policies–Protecting Property from damages –Insurer’s Liability/ Breach of Warranties, other issues.

Chapter 21: Loss Adjustment: Depreciation –Salvage Recovery – Methods of Salvage Disposal – Private Sale – Adjustment for “Deductible/Excess” – Contribution.

Chapter 22: Reporting: Survey Report – Policy Particulars – Insurable Interest – Extent of Damage – Insurer’s Liability/Breach of Warranties.

Chapter 23: Objectives, Processes and Professional Skills: Insurance Contract/ Policy– Nature and Conduct of the Insured–Business Expediency of the Insurer– Business Expediency of the Third Parties– Surveyors Limitations– Professional Skills– Investigation Skills– Negotiation Skills.

Chapter 24: Accounting Principles and Practices: Book Keeping – Double-Entry Book Keeping – Trial Balance – Final Account – Manufacturing Account – Trading

Account –Profit and Loss Account– Balance Sheet– Applicability of Accounting Knowledge–Limitations of Scrutiny of Books of Accounts.

Chapter 25: Survey Profession-Past and Present: Origin-Licensing of Surveyors, based only on qualifications–Licensing Procedure– Constitution and Functions of Surveyors and Loss Assessors Committee –Duties and Responsibilities of a Surveyor and Loss Assessor– Categorization of Surveyors – Code of Conduct– Practical Training.



IC 101 - INSURANCE BROKING

(Year of Edition-2004)

Chapter 1: Role and Nature of Insurance Broking Services: Historical Background of Insurance Broking – Functions of Direct Broker (Regulation 3) – Record of Documentation – Renewal of Policies- Negotiation Claims – Role of Reinsurance Brokers – Screening of Securities.

Chapter 2: Risk Analysis & Management: Risk Concepts –Risk & Uncertainty – Types of Risks – Risk Management – Role of the Insurance Brokers in Risk Management.

Chapter 3: Principles of Insurance: Insurance Contracts – Principle of Utmost Good Faith – Insurable Interest – Principle of Indemnity – Needs & Insurance.

Chapter 4: Premium and Bonuses: What is Premium – Loadings – Level Premiums – Life Fund – Actuarial Valuation - Bonus

Chapter 5: Life Insurance Products: Basic Elements – Variable Insurance Plans – Annuities.

Chapter 6: General Insurance Products: Classification – Special Conditions – Fire Insurance – Marine Insurance – Motor Insurance – Rural Insurances.

Chapter 7: Underwritings: Classification of Risks – Financial Underwriting – Underwriting by Broker.

Chapter 8: Insurance Documents: Introduction – Proposal Forms – First Premium Receipts, Renewal Premium Receipts – Broker's Slips – Endorsements.

Chapter 9: Policy Conditions: Introduction – LAP & Non-Forfeiture – Paid-up Values – Revival Assignment – Nomination – Surrenders and Loans – Alterations – Married Women's Property (MWP) Act Policies.

Chapter 10: Claims: Introduction – Maturity Claims – Survival Benefit Payment – Death Claim – Presumption of Death – Accident & Disability Benefits – General Insurance Claims.

Chapter 11: Rural & Social Sectors: Legal Provisions – Rural Sector – Social Sector.

Chapter 12: Insurance Marketing: Introduction –The Distribution Channel – Segments – Strengthening Relationships – Advertisement.

Chapter 13: Customer Service: Difference between need & want – Customer Delight – Product development – Market Surveys – Insurance Claims Service – Claims Procedure –Recovery of Claims – Dispute Resolution – Assessment of Lok Adalats.

Chapter 14: Organization of Brokers Office: Accounting Systems – Deposit Requirements –Segregation & Insurance Money – Maintenance of Books of Accounts, Records etc. – Structure of a Brokers Organization.

Chapter 15: Laws & Regulations having a bearing on Insurance Broking: – Insurance Act, 1938 – Commencement of Risk – Life Insurance Corporation Act, 1956 – General Insurance Business (Nationalization) Act – Insurance Regulatory & Development Authority Act, 1999 – Laws Relating to Marine Insurance – Different Acts – Insurance Ombudsman.

Annexure



IC47/A-1 FOUNDATION OF CASUALTY ACTUARIAL SCIENCE (PART-I)

(Year of Edition 2007)

Chapter 1: Introduction: The Actuarial Science – Theory And Practice – Credibility – Characteristics Of Actuarial Science–Actuarial Education –Actuarial Research – Emerging Risk – Insurance Risk – Rate Making – Pricing – Credibility – Reserving – Dynamic Financial Analysis – Scenario Testing – Stochastic Simulation.

Chapter 2: Risk Theory: Definition of Risk –Types of Risk – Risk Theory – Risk Management – Risk Control – Risk Financing – Risk Financing Option for An Insurer – Risk Retention – Financial – Solvency – Applications –Terminology – Loss Components – Examples.

Chapter 3: Rate Making: Concept of Rate Making– Basic Terminology – Rate Making Process – Trended – Projected – Ultimate Losses – Expense Provisions – Profit and Contingencies – Expense Provisions – Risk Analysis – Overall Rate Indications – Classification Rates – Summary.

Chapter 4: Individual Risk Rating: Introduction – Prospective Systems - Goal of Individual Risk Rating – Prospective Systems – Schedule Rating – Experience Rating – Composite Rating – Retrospective Rating – NCCI Retrospective Rating Plan – Designing an Individual Risk Rating System.

Chapter 5: Loss Reserving: Introduction –Accounting Concepts – Claim Department Reserving – Loss Reserve Definitions – Loss Reserving Principles – Loss Reserving Process – Explanatory Data Analysis – Loss Reserve Estimation Methods – Evaluation of Ultimate Loss Estimates – Paid Loss Development – Incurred Loss Development – Claim Count Development – Average Paid Claim Projection – Allocated Loss Adjustment Expenses – Unallocated Loss Adjustment Expenses – Evaluation Of Ultimate Loss Estimates – Monitoring Result – Reserve Discounting – Reserve Estimate Ranges – Definition of Liability –An Actuarial Model Of Loss Development.

Chapter 6: Risk Classification: Introduction – Relationship to Other Mechanisms – Exposure Base – Marketing and Underwriting – Criteria for Selecting Rating Variables – Operational Criteria – Ramification of Restrictions – Examples of Classification Systems –Forces Affecting Classification Systems –Relationship to Credibility – Measures of Efficiency – Estimating Class Relativities – Loss Ratio Approach – Premium Approach.

To suit the syllabus requirements of the Indian examination the book is published in two parts: Part I comprising chapters 1 to 6 and Part II comprising 7 to 10. The Index covering the entire book will appear in both the parts.

IC84/A-2 FOUNDATION OF CASUALTY ACTUARIAL SCIENCE (PART – II)

(Year of edition 2007)

Chapter 7: Reinsurance : What is reinsurance- the foundation of reinsurance – forms of reinsurance – the cost of reinsurance to the cedant – the reinsurer's margin – reinsurance pricing method – formula – thirteen step programme to reinsurance pricing – facultative certificates – property certificates – casualty certificates – the role of actuary – reinsurance treaties – monitoring and testing predictions – reinsurance loss reserving.

Chapter 8: Credibility: Classical credibility – least squares credibility – Bayesian analysis – conjugate priors – practical issues – solutions.

Chapter 9: Investigation Issues in Property Liability Insurance: Investment income – investment and tax strategies – rate return measures – impact of investment income on pricing.

Chapter 10: Special Issues: Valuing an insurance company – operating an insurance company – regulating an insurance company.

To suit the syllabus requirements of the Indian examination the book is published in two parts: Part I comprising chapters 1 to 6 and Part II comprising 7 to 10. The Index covering the entire book will appear in both the parts.



A-3 BASIC RATEMAKING

(Year of edition 2009)

Introduction- Rating manuals – Basic insurance terms – Fundamental insurance equation – Basic insurance ratios – Summary, **Rating manuals-** Rules – Rate Pages – Rating Algorithms – Underwriting Guidelines – Homeowners rating manual example – Homeowners rating manual example – Medical malpractices rating manual example – U.S. workers compensation rating manual example **Ratemaking Data-** Internal Data – Data Aggregation – External Data

Exposures – Criteria for exposure bases – Exposures for large commercial risks – Aggregation of exposures – Exposure trend, **Premium** –Premium aggregation – Adjustments to premium, **Losses and LAF-** Loss definitions – Loss data Aggregation Methods – Common Ratio involving loss statistics – Adjustments to losses – loss Adjustment Expenses, **Other expenses and Profit-** Simple example – Underwriting Expenses categories – All Variable expenses method – Premium based projection method – Exposure – Policy –Based Projection Method – Trending expenses – Reinsurance costs – Underwriting profit provision – Permissible loss ratios, **Overall Indication-** Pure Premium method – Loss ratio method – Loss ratio versus pure premium methods, **Traditional risk classification-** Importance of equitable rates – criteria for evaluating rating variables – typical rating (or underwriting)variables – determination of indicated rates differentials – worksheet example, **Multivariate classification** – Review of shortcomings of univariate methods – minimum bias procedures – the adoption of multivariate methods – The benefits of multivariate methods – GLMs – Sample GLM output – Sample of GLM diagnostics – Practical consideration – Data mining techniques – augmenting multivariate analysis with external data, **Special classification** – Territorial ratemaking – Increased limit ratemaking – Deductible pricing – size of risk for workers compensation –Insurance to value, **Credibility-** Necessary criteria for measures of credibility – methods of determining credibility of an estimate – desirable qualities of a complement of credibility – credibility using statistical methods, **Other considerations-** Regulatory constraints – operational constraints – marketing considerations.

Implementation-Example imbalance non-pricing solutions – pricing solutions – calculating new rates for an existing product – calculating new rate based on bureau or competitor rates –communication and monitoring

Commercial lines rating mechanism- manual rate modification techniques – rating mechanism for large commercial risks, **Claims made ratemaking-** Report year aggregation – Principles – Determining rates – coordination policies.

IC A-4 ESTIMATING UNPAID CLAIMS USING BASIC TECHNIQUES

(Year of edition 2009)

Part 1- Introduction: Overview – The claims process.

Part 2 - Information Gathering: Understanding the types of data used in the estimation of unpaid claims – Meeting with management – Development triangle – The development triangle as a diagnostic tool.

Part 3 - Basic Techniques for estimating unpaid claims: Development Techniques – Expected claims Techniques – Born huetter Ferguson Techniques – Cape Cod Techniques – Frequency Severity Techniques – Case Outstanding Development Techniques – Berquist Sherman Techniques – Recoveries: Salvage and subrogation and Reinsurance – Evaluation of Techniques.

Part 4- Adjustment Expenses: Estimating unpaid allocated claim adjustment expenses.

Appendices – statement of principles and Actuarial Standards of Practice. Appendices - A, B and C.



Updated as on 21-01-2015
BSR / DVG / SHV