

## **DIPLOMA In INSURANCE**

### **SUBJECTS**

- 1. Fundamental of Insurance.**
- 2. Principal of Life Insurance.**
- 3. Fire and Marine Insurance.**
- 4. Administering Insurance.**
- 5. Property & Liability Insurance.**

## 1. Fundamental of Insurance

- UNIT - I. Introduction to Insurance • Purpose and need of insurance; Insurance as a social security tool; insurance and economic development.
- UNIT- II Fundamentals of Agency Law: Definition of an *agent*; Agents regulations; Insurance intermediaries; Agents' compensation
- UNIT - III Procedure for Becoming an Agent: Pre-requisites for obtaining a license; Duration of license; Cancellation of license; Revocation or suspension/termination of agent appointment; Code of conduct; Unfair practices.
- UNIT IV Functions of the Agent Proposal form *and other forms* for grant of Cover Financial and medical underwriting; Material information; Nomination and assignment; Procedure regarding settlement of policy claims.
- UNIT V Company Profile : Organizational set-up of the company; Promotion strategy; Market share; Important activities' Structure; Product; Actuarial profession' Product pricing -actuarial aspects' Distribution channels
- UNIT - VI Fundamentals/principles of Life Insurance / Marine / Fire, Medical / General Insurance:  
Contracts of various kinds; Insurable Interest

### Suggested Readings

1. Mishra M.N: Insurance Principles and Practice' S. Chand and Co., New Delhi
2. Insurance Regulatory and Development Act 1999,
3. Life insurance Corporation Act 1956.
4. Gupta OS: Life Insurance Frank Brothers, ~ Delhi.
5. Vinayakam N., Radhaswamy and Vasudevan SV; Insurance-Principles and practice S.Chand and Co., New Delhi.
6. Mishra MN: Life Insurance Corporation of India, Vols I, II & III; Raj Books Jaipur,

## 2. Principal of Life Insurance

1. Introduction: Need for security against economic difficulties, risk and uncertainty; Individual life insurance —nature and uses of life insurance; Life insurance as a collateral, as a measure of financing business continuation, as protection of property, and as a measure of investment.
2. **Life Insurance Contract:** Distinguishing characteristics; Utmost good faith; Insurable interest; Caveat emptor; Unilateral and allegory nature of contract; Proposal and application form; Warranties; Medical examination; Policy construction and delivery; Policy provision; Lapse; Revival; Surrender value; Paid-up policies; Maturity, nomination, and assignment; Suicide and payment of insured amount; Loan to policy holders.
3. Life Insurance **Risk:** Factors governing sum assured; Methods of calculating economic risk in life insurance proposal; Measurement of risk and mortality tables. Calculation of premium; Treatment of sub-standard risks; Life insurance fund; Valuation and investment~ *of surplus*; Payment of bonus.
4. Life **Insurance Policies:** Applications in different situations; Important life insurance polices; Life insurance annuities; Important legal provisions and judicial pronouncements 20% in India.
5. Life **Insurance Salesmanship:** Rules of agency; Essential qualities of an ideal insurance salesman; Rules to canvas business from prospective customers; After-sale *service* to policy holders.

### References

1. Mishra, M.N.: Insurance — Principles and Practice, S. Chand & co, Ltd., New Delhi.
2. Life Insurance Corporation Act, 1956, G. O. I.
3. Gupta O.S. : Life Insurance, Frank Brothers, New Delhi.
4. Balachandran, S.: Customer-Driven Services Management, Response Books (A division of Sage Publications), New Delhi.
5. Vinayakam, N.M. Radhasamy and S.V. Vasudevan: Insurance — Principles and Practice, S. Chand & Co. Ltd., New Delhi.
6. Mishra M. N. Life Insurance OCrporation of India- I, II & III Vol. Raj Book & Subscription, Jaipur.

### 3. Fire and Marine Insurance

- 1 Fire Insurance Contract** Origin of fire insurance Its nature, risks hazards and indemnity; Legal basis, stipulation, and conditions; Contracts; Full disclosure of material facts; Inspection and termination of coverage.
- 2 Fire Insurance Policies:** Issue and renewal of policies; Different kinds; Risks covered; -Recovery of claims; insurance option; Ex - gratia payment and subrogation; Policy conditions; Hazards not covered; Contribution and average; Re-insurance, double - insurance, and excess insurance. Types of fire protection policies.
- 3 Marine Insurance Contract:** Origin and growth; History of Lloyds; Evaluation of marine insurance business in India, Basic elements - insurable interest utmost good faith implied warranties; Policy document; Types of marine insurance contract —freight, cargo and -vessel; Procedure for obtaining marine protection policy; Marine policies and conditions; Nature of coastal marine
- 4 Marine Losses:** Total loss, partial loss, particular average loss, and general average loss; Preparation of loss statement; Payment of marine losses - requirement of the insured documents needed, procedure - for presentation of claim; Valuation of loss salvage; Limits of liability; Attachment and termination of risk.
- 5 General Insurance Corporation and Other Insurance Institutions:** Working of GIC in India, Types of risks assumed and specific policies-issued- by ECGC and private sector - insurers.

#### References :

- 1 Mishra, M.N.; insurance — Principles & Practice, S. Chand & Co. Ltd., New Delhi.
- 2 The Marine Insurance Act, 1963. G. O. I.
- 3 Vinayakam, N.M. Fiadhasamy and S.V. Vasudevar,; insurance-Principles and Practice, S. Chand & Co. Ltd. New Deih.

## 4 Administering Insurance

1. **Introduction** Law of probability, Forecast of future events Construction of mortality tables; Mortality tables for annuities.
2. Premium Determination: Basic factors; Use of mortality tables in premium determination; Interest, compound interest functions; Net and gross premium; Mode of periodical premium payment; Mode of claim payment; Benefit to be provided; Mode of loading for expenses; Gross Premium —general considerations, insurer's expenses; Margin adjusting; Premium for term insurance; Temporary insurance; Endowment insurance; Level and natural premium plan; Premium calculation for annuities, life and other policies; Elementary study of actuarial valuation.
3. Reserves and **Surplus**: Nature, origin, and importance of reserves and funds in life and property insurance; Retrospective and prospective reserve computation; Statutory regulation of reserves; Nature of surrender value; Concept and calculation of surrender value; Standard non-forfeiture law; Non- forfeiture value; Reduced paid up values; Settlement options, Automatic premium loan Nature and source of insurance surplus Special form of surplus Distribution of surpluses - extra dividend residuary dividend Investment of surplus and reserves - basic principles. Investment policy of LIC and GIC in India as specific cases.
4. Administration: Present administrative set up of General Insurance Corporation of India. Life Insurance Corporation of India, Provident Fund Societies, and other organizations doing insurance business; Establishment and control of branches; Machinery for decision making used by insurance organizations; Statutory administrative provisions,
5. Legislation: Detailed study of Life Insurance Corporation of India Act, 1956, General Insurance Corporation of India Act, 1976, Export Credit and Guarantee Corporation Act with particular reference to Life fund, other insurance funds, annual and periodical valuation of surplus bonus to anticipating policies; Investment regulations; Agency rules; Performance evaluation; A brief study of Indian Insurance Act, 1938; Role of Insurance Development and Regulatory Authority (IRDA) of India.

### References :

- 1 Mishra M. N.: insurance — Principles & Practice, S. Chand & Co. Ltd., New Delhi. Study of LIC Act and other relevant Acts & IRDA
- 2 Vinayakam N., M. Radhasamy and S.V. Vasudevan: Insurance —Principles and Practice, S. Chand & Co. Ltd., New Delhi
- 3 Singh, S.P.: Investment Pattern of the Life Insurance Corporation of India, Sahitya Bhavan, Agra.

## 5. Property & Liability Insurance.

1. **Introduction : Risk and insurance;** Insurable and non-insurable risks; Nature of property and liability **insurance, Crop and cattle insurance,** Types of liability insurance, Reinsurance.
2. **Basic Concepts of Liability Insurance:**
  - a) Basic concepts —Specific and all risk insurance; Valuation of risk; indemnity contracts and specific value contracts; Average and contribution; Excess and short insurance careers.
  - b) Liability insurance –Procedure for obtaining liability insurance; Legal position of insurance agent; Construction and issue of policy; Records of liability insurance; Policy conditions.
3. **Types of Liability Insurance Policy:** Dwelling property losses; Business interruption and related losses, Theft insurance contracts, Budgetary covers, Auto insurance Medical benefit insurance; Dishonesty, disappearance, and destruction insurance; Personal and residential insurance; Boiler machinery insurance; Commercial enterprises and industrial property insurance.
4. **Insurance Problems of Institutions:** Insurance problems of educational and religious institutions —hospitals, clubs, and associations; Professional package contracts; Errors and omissions insurance; Professional liability insurance; Accounts liability insurance; Limits on amount of insurance. Marketing and underwriting of liability insurance; Finance of liability insurance.
5. **Adjustment of Losses and Claims Compensation:** Nature of losses and their adjustment, Procedure of adjustment, Functions of adjuster, Responsibilities of adjusters, Survey of losses, Procedure for preparing claims statements Documents in use in claim settlement; Requirements of the insured in the event of loss; Apportionment and loss valuation; Statutory control over liability insurance in India; Liability policies issued by the insurers.

### References :

- 1 Mishra, M.N.: insurance –Principles & Practice, S. Chand & Co. Ltd., New Delhi.
- 2 The General insurance Business (Nationalisation) Act, 1972.
- 3 Vinayakam N., M. Radhasamy and S.V. Vasudevan: Insurance —Principles and Practice, S. Chand & Co. Ltd., New Delhi.