

## I: PRINCIPLES OF INSURANCE

**Objectives:** The objectives of the course are to

- ✓ provide a basic understanding of the Insurance Mechanism
- ✓ identify the relationship between Insurers and their Customers and the importance of Insurance Contracts
- ✓ give an overview of major Life Insurance and General Insurance Products

### **UNIT I: Risk Management, Concept of Insurance, Business of Insurance, Insurance Market and Insurance Terminology**

Understanding of Risk—Types of Risks— Actual and Consequential Losses –Unexpected Eventualities—Loss Minimization Techniques – Basics, Evolution and Nature of Insurance – Concept of Pooling in Insurance – Different Classes of Insurance – Importance 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 – Constituents of Insurance Market – Operations of Insurance Companies – Operations of Intermediaries – Specialist Insurance Companies – Insurance Specialists – Role of Regulators and Other Bodies Connected with Insurance—Common Terms and specific terms in Insurance: Life and Non Life – Usage of Insurance Terms – Understanding Insurance Customers and their needs and behavior in purchase and claims— Importance of Customers – Customer Mindsets – Customer Satisfaction — Importance of Ethical Behavior

### **UNIT II: Insurance Customer, Insurance Products and Insurance Contracts**

*Life Insurance and General Insurance Products:* Risk of Dying Early – Risk of Living too Long – Products offered – Term Plans – Pure Endowment Plans – Combinations of Plans – Traditional Products – Linked Policies – Features of Annuities and Group Policies. *General Insurance Products:* Risks faced by 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 to Hospitalization – Products Covering Miscellaneous Risks. Insurance Contract Terms – Principles of Insurance: Principle of Insurable Interest, Principle of Indemnity, Principle of Subrogation, Principle of Contribution, Relevant Information Disclosure, Principle of utmost Good Faith, Relevance of Proximate Cause

### **Suggested Readings**

1. Principles of Insurance : Insurance Institute of India
2. Risk Management : Insurance Institute of India
3. Role of Insurance in Financial inclusion : Brinda Publishing House, Hyderabad

5. Insurance Theory and Practice

: Tripathi PHI