

COO4A5 Insurance Management [4 Credits]

Learning Objectives: To acquaint the student about the changing scenario in Life Insurance and the techniques of General Insurance- understanding the pricing mechanics –Risk management and about the different Regulators for Insurance Sector.

UNIT 1: Introduction to Insurance Business

(12 Hours)

Definition of insurance - Characteristics of insurance – Principles of contract of insurance – General Concepts of Insurance – Insurance and hedging – Types of insurance – Insurance intermediaries
Life Insurance Business - Fundamental principles of life insurance – Basic features of life insurance contracts - Life insurance products – Traditional and unit-linked policies – Individual and group policies - With and without profit policies – Types of life insurance policies – Term insurance – Whole life insurance and its variants – Endowment insurance and its variants – Annuities – Claim settlement

UNIT 2: General Insurance

(12 Hours)

General Insurance Business - Fundamental principles of general insurance – Fire insurance – Marine insurance – Motor insurance – Personal accident insurance – Property and Liability insurance – Rural insurance – Social Insurance –Miscellaneous insurance – Claims settlement

UNIT 3: Pricing of Insurance Products

(12 Hours)

Meaning of rate/premium, Objectives of rate making, Rate making in life insurance business – Basic methods of rate making – Net single premium – Net annual level premium – Premium concepts – Level premium – Basic premium – Office yearly premium – Premium tables – Tabular premium – Rebate – Extra premium – Rider premium – Bonus – Calculation of premium and bonus. *(Includes Practical Problems)*

Rate making in general insurance business – Principles – Basic methods of rate making – Judgment rating – Class rating – Merit rating.

UNIT 4: Risk Management in Insurance Sector

(12 Hours)

Risk management – Objectives of risk management – Risk management process – Identifying and evaluating potential losses – Selecting appropriate technique for treating loss exposure – Risk financing – Implementing and administering risk management program – Personal risk management – Loss forecasting
Risk Assessment, Analysis, Evaluation, Risk Control and Treatment - Risk Reduction - Transfer and Sharing of Risk - Elimination and Retention of Risk

UNIT 5: Regulatory Framework and Underwriting Process

(12 Hours)

History and Growth of Insurance in India - Formation of LIC/GIC – Regulatory environment – Need for Regulation in Insurance sector - Insurance Act 1938 – IRDA Act 1999 – Purpose, duties, powers and functions – Registration and Licensing of Insurance Re-insurance contract-- Underwriting Process – Definition – Objectives and Principles of Underwriting – Underwriting in Life Insurance

Suggested Readings:

1. George Rejda, Principles of Risk Management and Insurance, Pearson Education.
2. S. Balachandran, General Insurance, Insurance Institute of India.
3. S. Balachandran, Karve, Palav, Life Insurance, Insurance Institute of India.
4. M. Y. Khan, Indian Financial System, Tata McGraw-Hill.
5. Bharti Pathak, Indian Financial System, Pearson Education.
6. C. Arthur, William Jr., Michael Smith, Peter Young, Risk Management and Insurance, McGraw-Hill
7. Trieschmann, Gustavson, Hoyt, Risk Management and Insurance, South Western College Publishing.
8. Gupta, P. K, Insurance and Risk Management, Himalaya Publishing House
9. Insurance Theory and Practice , Nalini Prava Tripathy & Prabir Pal, Prentice – Hall of India , Pvt Ltd, New Delhi

