

Paper: (BC 301): PRINCIPLES OF INSURANCE

Paper: BC 301
PPW: 2 Hrs, *Credits: 2*

Max. Marks: 40+10
Exam Duration: 1 ½ Hrs

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 behaviour in purchase and claims– Importance of Customers – Customer Mindsets – Customer Satisfaction — Importance of Ethical Behaviour

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
4. Insurance Theory and Practice: Tripathi, PHI