

**FSO312 Insurance Management [4 Credits]**

**Learning Objective:** *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.

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 , NaliniPravaTripathy&Prabir Pal, Prentice – Hall of India , Pvt Ltd, New Delhi