

## **CO202 – INSURANCE AND RISK MANAGEMENT**

### **Objective:**

This course aims at giving in-depth knowledge of insurance business in terms of structure, products, pricing and risk management.

### **MODULE I – INTRODUCTION TO RISK MANAGEMENT (15)**

**Unit – 1:** 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

**Unit – 2 :** Risk Assessment, Analysis, Evaluation, Risk Control and Treatment - Risk Reduction - Transfer and Sharing of Risk - Elimination and Retention of Risk

### **MODULE II - INTRODUCTION TO INSURANCE BUSINESS (15)**

**Unit 1:** Definition of insurance - Characteristics of insurance – Principles of contract of insurance – General Concepts of Insurance – Insurance and hedging – Types of insurance – Insurance intermediaries

**Unit 2 :** 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 – Policies for children and females – Policies for handicapped lives – Pension plans – Health insurance – Claims settlement

**Unit 3 :** General Insurance Business - Fundamental principles of general insurance – Fire insurance – Marine insurance – Motor insurance – Personal accident insurance – Liability insurance –Miscellaneous insurance – Claims settlement

### **MODULE III: PRICING OF INSURANCE PRODUCTS (15)**

**Unit 1 :** 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.

**Unit 2:** Rate making in general insurance business – Principles – Basic methods of rate making – Judgment rating – Class rating – Merit rating.

**Unit 3:** Insurance Regulations in India

Insurance Act, 1938 – Summary provisions of Insurance Act, 1938

Insurance Regulatory and Development Authority (IRDA) – Introduction – Purpose, Duties, Powers and functions of IRDA – Operations of IRDA – Insurance policyholders' protection under IRDA – Exposure/Prudential norms.

Summary provisions of related Acts – Consumer Protection Act and Transfer of Property Act

**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