

B.Com (H) Sem V DSE	
BCM 544: Principles & Practices of Life Insurance	
Teaching Scheme	Examination Scheme
Lectures: 4hrs/Week	Class Test –12Marks
Tutorials: 1 hr/Week	Teachers Assessment – 6Marks
	Attendance – 12 Marks
Credits: 5	End Semester Exam –70 Marks

Course Objective

This Course aims at familiarizing the students with the Principles and practices of Life Insurance starting from designing of product to settlement of claim. This includes both theoretical and practical inputs on all functions/operations carried but by Life insurance companies;

Course Learning Outcomes

After completing the course, the student shall be able to:

- CO1: This course intends to provide a basic understanding of the insurance mechanism.
- CO2: It explains the concept of insurance and how it is used to cover risk.
- CO3: it will help in understanding types and calculation of premium.
- CO4: Identify various policy conditions.
- CO5: Learning some principles of calculating claims.
- CO6: Understand life insurance concept.

Unit I: Life Insurance Industry
Historical perspective of life insurance, insurance Companies as business organizations & as financial Intermediaries, role of life Insurance in the economy, determining appropriate distribution system; Introduction to concept of Risk, Management of Risk, Risk and Insurance, Risk differentiated from peril etc. Concept of insurable interest, Insurance Contract, definition, essentials & need for insurable interest
Unit II: Utmost Good Faith
Legal background of insurance contract, types of Contracts, essentials of a contract, insurance contract vis-a-vis general contracts, principle of Utmost Good Faith, reciprocal duty, material facts, duration of duty, breach of duty of Utmost Good Faith, misrepresentation, non-disclosure, void & voidable Contract, Indisputability of policy.
Unit III: Computation, Calculation & Types of Premiums and Insurance Documentation
Premium – First Premium/ First year Premium/ Renewal Premium, Level Premium, Net Premium, Gross Premium, Divisible Surplus, Calculation of premium. Proposal, FPR, Policy, Renewal Notice, Renewal Receipt Legal basis of Documentation, Insurance Products & Riders Term, Pure Endowment, whole life, Combination Plans, Annuities Children Self-study, Deferred Plans, linked & Non linked Plans & Riders
Unit IV: Policy Conditions
Premium Payment, Non-forfeiture Regulations, Lapsation of Policies, Revival of Policies, Assignment, Nomination, Loan, Surrender, Suicide Clause, Foreclosure, Dividend options, Settlement options, Free look Period etc.

Unit V: Administering Claims

Overview of claim function, Types of claims, Maturity Claims, Survival Benefit Payments, Death Claims, Non-early claims, Early Claims, Claim-decision Process, Claim Investigation, Disputed Claims, Claim Repudiation, Calculation of Claim Amount.

Suggested Readings

- Life and health insurance handbook -- Davis, W. Gregg
- Life and health insurance underwriting -- Author -- Mary C. Bickley / Barbara Foxenberger Brown / Brown Jane Lightcap
- Life Insurance Underwriting -- Author -- K.C. Mishra / R. Venugopal
- Principles of insurance: life, health and annuities (Author - Jones, Harriett E / Long, Daniel A) Publisher -- LOMA.

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