

FChFP 04 - Risk Management & Legal Aspects

This module offers the essential aspects of insurance contracts and the insurance industry while providing a substantially more conceptual analysis and attention to business risk management and public policy issues that exists in current texts, It also covers the issues in Liability Risk and Management.

Chapter 1. Fundamentals of Risk Management

1.1 Introduction.	
1.2 Types of Risk	1.2.1
Financial Risk and Nonfinancial Risk.	1.2.2
Dynamic Risk and Static Risk.	1.2.3
Fundamental Risk and Particular Risk.	1.2.4
Speculative risk and Pure Risk.	1.3 Special
Characteristic of Pure Risk	1.4 Risk
Management Process.	1.4.1
Determine Objectives.	1.4.2
Identify Risk.	
1.4.3 Analyze Risk.	
1.4.4 Assessment of Risk.	1.4.5
Implementation of Decision	1.4.6
Evaluate and Review.	1.5
Loss Financing	
1.6 Significance of Risk Management.	
1.7 Questions for Review.	

Chapter 2 General Principles of the Law of Contract

2.1 Law of Contract.	
2.2 Classifications of Contract.	
2.3 Special features of Insurance Contracts.	
2.4 Contracts in General.	
2.5 Proposal, Acceptance and their Communication.	
2.6 Parties to the contract and their capacity to enter into enforceable agreement.	
2.7 Consensus ad Idem.	
2.8 Legality of the object.	
2.9 Life Insurance Contract.	
2.9.1 Proposal.	
2.9.2 Competence to Contract.	
2.9.3 Insurable Interest.	
2.9.4 Policies on the life of Minors.	
2.9.5 Policies on the life of others.	
2.10 Principle of Indemnity.	
2.10.1 Human Value Life Concept.	
2.10.2 Representation and Warranty.	
2.11 Section 45 of the Insurance Act 1938.	
2.12 Indisputability of Policies.	
2.13 Contingent Contract.	
2.14 Contracts which are Defective.	
2.14.1 Void Agreement.	

- 2.14.2 Void Contracts.
- 2.14.3 Voidable Contract.
- 2.14.4 Unenforceable Contracts.
- 2.14.5 Illegal Agreements.
- 2.15 Discharge of contracts.
- 2.16 Principles of Insurance.
- 2.17 Agency Law.
 - 2.17.1 Sub Agent.
- 2.18 Revocation of Authority.
- 2.19 Agents Duty to Principal.
- 2.20 Principal's Duty to Agent.
 - 2.20.1 Effect of Agency on Contracts with third persons.
- 2.21 Appointments of Life Insurance Agents – License.
- 2.22 Authority of the Agent.
 - 2.22.1 Agent's Right and Responsibilities.
 - 2.22.2 Principal's duty to Agent.
 - 2.22.3 Commissions Payable to Agent.
 - 2.22.4 Termination of Agency.
- 2.23 Questions for Revision.

Chapter 3 Life Insurance

- 3.1 Group and Individual Insurance.
 - 3.1.1 Group Insurance.
 - 3.1.2 Individual Insurance.
 - 3.1.2.1 Terms Plans.
 - 3.1.2.2 Savings Products.
 - 3.1.2.3 Annuities.
 - 3.1.2.4 Health Insurance.
- 3.2 Financial Expenses and Estate Planning.
 - 3.2.1 Creating an Estate using Life Insurance.
- 3.3 Dependents Support.
 - 3.3.1 Educational Cost.
 - 3.3.2 Retirement Income.
 - 3.3.3 Investment Income.
- 3.4 Business needs met by life insurance and annuity Products.
- 3.5 Business needs met by Health Insurance.
 - 3.5.1 Disability Insurance for Employees.
 - 3.5.2 Benefits to Customers.
 - 3.5.3 Business use of individual disability income insurance.
 - 3.5.4 Types of Long term Disability Insurance.
- 3.6 Pricing of Life Insurance.
 - 3.6.1 Pricing Objectives.
- 3.7 Life Insurance Pricing Elements.
 - 3.7.1 Rate of death of large number of insured person.

- 3.7.2 Administration Cost and other expenses of the insurer.
- 3.7.3 Income from investment of Premium.
- 3.8 Methods for Funding Life Insurance.
 - 3.8.1 Mutual Benefit Method.
 - 3.8.2 Assessment Method.
 - 3.8.3 Reverse System.
 - 3.8.4 Solvency Margin.
- 3.9 Term Life Insurance.
 - 3.9.1 Characteristics of Term Life Insurance.
 - 3.9.2 Plans of term life insurance coverage.
- 3.10 Features of term life insurance policy.
 - 3.10.1 Renewable term life insurance.
 - 3.10.2 Convertible term life insurance.
- 3.11 Permanent Life insurance and Endowment insurance.
 - 3.11.1 Permanent life insurance.
 - 3.11.2 Traditional life insurance.
 - 3.11.3 Modified whole life insurance.
 - 3.11.4 Joint whole life insurance.
 - 3.11.5 Last survivor life insurance.
 - 3.11.6 Universal life insurance.
 - 3.11.7 Variable life insurance.
 - 3.11.8 Variable universal life insurance.
- 3.12 Waiver of premium for disability benefits.
- 3.13 Waiver of premium for payer benefit.
 - 3.13.1 Disability income benefit.
 - 3.13.2 Accident benefits.
 - 3.13.3 Dismemberment benefit.
 - 3.13.4 Income rider/Income benefit rider.
 - 3.13.5 Accelerated Death benefits.
 - 3.13.6 Critical (Terminal) Illness benefit.
 - 3.13.7 Dreaded disease benefit.
 - 3.13.8 Major surgery benefit.
- 3.14 Insurability benefit.
 - 3.14.1 Guaranteed insurability insurance.
 - 3.14.2 Paid-up addition option benefits.
- 3.15 Policy Provision.
 - 3.15.1 Common policy provision.
- 3.16 Types of bonuses.
 - 3.16.1 Based on time of accrual.
 - 3.16.2 Based on Variability.
 - 3.16.3 Based on Calculation method.
- 3.17 Additional policy ownership rights.
 - 3.17.1 Premium payments.
 - 3.17.2 Policy dividend options.

- 3.17.3 Transfer of policy ownership.
- 3.17.4 Life insurance policy beneficiaries.
- 3.17.5 Changing the beneficiary.
- 3.18 Insurance claim.
- 3.18.1 Claim form.
- 3.18.2 Special claim situations.
- 3.18.3 Accidental death benefit claims.
- 3.19 Life insurance requirements in different life stages.
- 3.20 Principles for buying.
- 3.21 Method to calculate life insurance need
- 3.21.1 Rules of thumb.
- 3.21.2 Needs approach.
- 3.21.3 Capital retention approach.
- 3.21.4 Capital liquidation approach.
- 3.21.5 Human life value approach.
- 3.22 Questions for revision.

Chapter 4 Annuities

- 4.1 Introduction.
- 4.2 Annuity Contract.
- 4.2.1 Immediate annuity.
- 4.2.2 Deferred annuity.
- 4.3 Classification of annuities.
- 4.4 Construction of mortality table.
- 4.5 Types of life annuities.
- 4.5.1 Fixed and variable annuities.
- 4.5.2 Guaranteed annuities.
- 4.5.3 Joint annuities.
- 4.5.4 Impaired life annuities.
- 4.6 Calculation related to annuities.
- 4.6.1 Accumulation phase.
- 4.6.2 Retirement phase calculation.
- 4.7 Questions for revision.

5 Principles of Group Insurance

- 5.1 Introduction.
- 5.2 Essential features of group insurance schemes.
- 5.3 Group insurance contracts.
- 5.3.1 Formation of contracts.
- 5.3.2 Certificates of insurance.
- 5.4 Group insurance underwriting considerations.
- 5.4.1 Group insurance policy provision.
- 5.4.2 Eligibility requirements.
- 5.4.3 Grace period provisions.

- 5.4.4 Incontestability.
- 5.4.5 Termination provisions.
- 5.5 Group insurance premiums.
 - 5.5.1 Premium rates.
 - 5.5.2 Premium amounts.
 - 5.5.3 Premium refund.
 - 5.5.4 Group plan administration.
 - 5.5.5 Group life insurance policy provisions.
- 5.6 Group life insurance plans.
- 5.7 Group term life insurance.
- 5.8 Accidental death and dismemberment plans.
 - 5.8.1 Accidental death.
 - 5.8.2 Dismemberment.
 - 5.8.3 Coverage types.
- 5.9 Questions for Revision.

Chapter 6 General Insurance

- 6.1 Introduction.
- 6.2 Overview of the special legal principles applicable to insurance.
- 6.3 Structure of policies.
 - 6.3.1 Operative clauses
 - 6.3.2 Warranties.
 - 6.3.3 Claims.
 - 6.3.4 General Claim procedures.
- 6.4 Arbitration policy condition, procedures and organization.
- 6.5 Property insurance.
- 6.6 Types of property insured.
- 6.7 Methods of arranging the cover in respect of the following.
 - 6.7.1 Fire and extra perils policy.
 - 6.7.2 Peril covered in the standard fire policy.
- 6.8 AAR policy coverage.
 - 6.8.1 Theft policy.
 - 6.8.2 Money policy.
 - 6.8.3 Goods in transit policy.
 - 6.8.4 Motor trade.
 - 6.8.5 Shops.
 - 6.8.6 Hotels/Guest Houses.
- 6.9 Business interruption insurance.
- 6.10 Liability insurance.
- 6.11 Categories of liability insurance.
- 6.12 The law and public liability.
- 6.13 Product liability policy.
- 6.14 Product guarantee policy.
- 6.15 Professional indemnity policy.

- 6.16 Director's and officer's liability policy.
- 6.17 Intellectual property policy.
- 6.18 Various kinds of intellectual property insurance products.
 - 6.18.1 Patent insurance.
 - 6.18.2 Patent infringement liability insurance.
 - 6.18.3 Intellectual property insurance.
- 6.19 Libel and slander policy.
- 6.20 Principles of motor insurance.
- 6.21 Motor vehicles act.
- 6.22 Provisions of the motor vehicles act, 1988.
- 6.23 Important definitions related with motor insurance.
- 6.24 Underwriting.
- 6.25 Insurance and road safety.
- 6.26 Questions for revisions.

7 Medical Expenses Insurance

- 7.1 Introduction.
- 7.2 Basic medical expenses coverage.
- 7.3 Major medical insurance.
- 7.4 Types of major medical coverage.
 - 7.4.1 Group plans.
 - 7.4.2 Individual plans.
- 7.5 Usual customary and reasonable fees.
- 7.6 Expense participation.
- 7.7 Disability income insurance.
- 7.8 Total disability.
- 7.9 Benefit period.
- 7.10 Elimination period.
- 7.11 Income benefit formula.