

IC 01 - PRINCIPLES OF INSURANCE

(Revised Edition: 2011)

Objectives

This course intends to provide a basic understanding of the insurance mechanism. It explains the concept of insurance and how it is used to cover risk. How insurance is transacted as a business and how the insurance market operates is also explained. The relationship between insurers and their customers and the importance of insurance contracts are discussed. Some commonly used insurance terms are also listed out. An overview of major life insurance and general insurance products is included as well.

Contents

Chapter 1: Risk Management: Provides an understanding of risk management – different types of risks – actual and consequential losses – management of risks – loss minimization techniques.

Chapter 2: The Concept of Insurance and its Evolution: The basics and nature of insurance – evolution and nature of insurance – how insurance operates today – different classes of insurance – importance of insurance – how insurance takes care of unexpected eventualities.

Chapter 3: The Business 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 – contribution of insurance to the society.

Chapter 4: The Insurance Market: The various constituents of the insurance market – operations of insurance companies – operations of intermediaries – specialist insurance companies – insurance specialists – the role of regulators – other bodies connected with insurance.

Chapter 5: Insurance Customers: Understanding insurance customers – different customer needs – importance of customers – customer mindsets – customer satisfaction – customer behavior at purchase point – customer behavior when claim occurs – importance of ethical behavior.

Chapter 6: The Insurance Contract: Terms of an insurance contract – principles which form the foundation of insurance – significance of the principle of insurable interest – the principle of indemnity – the principle of subrogation – the principle of contribution – disclosure of all relevant information – principle of utmost good faith – the relevance of proximate cause – the insurance contract.

Chapter 7: Insurance Terminology: Common terms used in insurance – terms common to both life and non – life insurance – terms are specific to life and non – life insurance – how insurance terms are used.

Chapter 8: Life Insurance products: The risk of dying early – the risk of living too long – different products offered by life insurers – term plans – pure endowment plans – combinations of plans – traditional products – linked policies – features of annuities and group policies.

Chapter 9: General Insurance Products: Risks faced by the 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 hospitalization – products covering miscellaneous risks.

Annexure: A write up on the history of insurance is provided.



IC 11 - PRACTICE OF GENERAL INSURANCE

(Revised Edition: 2011)

Objectives:

This course primarily deals with practical aspects of General insurance within the framework of prevailing legislation and aims at familiarizing the reader with the market structure, procedures and practices, coverages under various insurance policies, underwriting practices, claims management, accounting, investments and customer service.

Contents:

Chapter 1: Insurance Legislation: The Insurance Act 1938 – Insurance Regulatory & Development Authority (IRDA) Act 1999 – General Insurance Councils – Amendments to Life Insurance Corporation Act 1956 – Amendments to General Insurance Business (Nationalisation) Act regulations issued by IRDA – Motor Vehicles Act 1988 – Other Acts – Exchange Control Regulations – Consumer Protection Act 1986 – Insurance Ombudsman, Market – Statutes & Regulations that affect conduct of business in India,

Chapter 2: Insurance Market: Historical – Present scenario – Agents – Corporate Agents – Brokers – Third Party Administrators (TPA) – Surveyors / loss Assessors – Overseas Markets – U K – U S A,

Chapter 3: Insurance Forms: Proposal Forms – Cover Notes – Certificate of Insurance – Policy Forms – Endorsements – Interpretation of policies – Co-insurance – Standard policies.

Chapter 4: Fire & Marine Insurance Coverages: Fire insurance Coverages – Marine insurance Coverages – Types of Marine insurance policies – Duty & increased value insurance.

Chapter 5: Miscellaneous Coverages: Motor insurance – Liability only policy – Package policy – Personal Accident insurance – health insurance – Burglary insurance – Baggage insurance – Legal Liability insurance – Public & Product Liability insurances – Professional Indemnity insurance – Workmen's Compensation insurance – Fidelity Guarantee insurance – Banker's Indemnity insurance – Carrier's Legal Liability insurance – Jeweller's Block insurance – Composite policies – Aviation insurance – Engineering insurance – Rural insurances – Micro insurance.

Chapter 6: Specialised Insurances: Industrial All Risks insurance – Advance Loss of Profits insurance – Oil & Energy Risks insurance – Satellite insurance.

Chapter 7: Underwriting: Objectives and approach – Underwriting policy – Class Rated Products – Individually Rated Products – Filing of products – Role of Actuary – Compliance officer – Underwriting Practice in different classes of insurance – Moral hazard – Underwriting of physical hazards – Declined risks – Risk inspections –

Reinsurance – Risk Management – Insurer's role in risk management – Documentation procedure – Renewal procedure – Customer service – IRDA Regulation Protection of Policyholder's Interest.

Chapter 8: Rating & Premium: Classification of risks – Discrimination – Bonus/Malus – Claims cost – Acquisition cost – Management expenses – Classification of products – Premium – Short period scales – Failure of consideration – Refund / return of premium – Advance payment of premium.

Chapter 9: Claims: Preliminary procedure – Loss minimization – Procedure – Claims form – Investigation & assessment – Surveyors and loss assessors – Claims documents – Arbitration – Discharge vouchers – Post settlement actions – Recoveries – Salvage & loss minimization – In-house settlement – Practices in U K & USA.

Chapter 10: Investment & Accounting: IRDA Investment Regulations 2000 – Accounting – Reserves for outstanding claims – Unexpired risk reserves – Other reserves – Final accounts – Profit & Loss account – Balance Sheet – Returns – Returns for Management control – Claims, underwriting and general administration returns – Database on computer.

References & recommended reading:

1. General Insurance, John Magee & David Bickelhaupt
 2. Operational Transformation of General Insurance Industry during the period 1950 to 1990 & Beyond, R. D.Samarth
 3. Study on Distribution Functions in General Insurance & Role of Intermediaries, Arun Agarwal / P R Rao
 4. General Insurance for Information Technology Professionals, Martin Frappoli.
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IC 66 - MARINE INSURANCE CLAIMS

(Revised Edition: 2010)

Objectives:

This course is designed to provide a comprehensive understanding of the principles and practices of processing and settlement of claims under Marine Cargo, Hull and Freight Insurance policies. It emphasizes on developing an appreciation for various methods for assessment of claims and the risks covered. The focus is on providing a complete understanding of the procedures and calculation aspects of the claims and the conventions guiding them.

Contents:

Chapter 1: Introduction: Functions of Insurance – Utmost Good faith – Representation & Warranties – Insurable Interest – Indemnity – Subrogation – Contribution – Proximate Cause – Concurrent Causes – Different damages – The underlying principles of Insurance – factors for determination of claim – terminologies relevant – third parties associated with handling of losses.

Chapter 2: Types of losses: Actual/Constructive Total Losses – Losses under Freight Policies – Measure of Indemnity for total Loss – Subrogation and Abandonment – Particular average – General average – Sue and labour charges – Salvage Charges – York Antwerp Rules 1974 – Successive losses – Excess and Franchise.

Chapter 3: Cargo Claims-Part 1: Introduction – Procedure for intimation of claims – How claim arises under Constructive Total Loss and Particular average – Amount Recoverable – Detailed explanation of General Average Sacrifice, Expenditure and Contribution – Actual Total Loss – Amount recoverable – Normal, Natural or ordinary losses – Trade losses

Chapter 4: Cargo Claims-Part 2: Duty Insurance – Increased value Insurance – Claims under War Risks/Strikes clauses – Claims documents – Appointment of Surveyor – Purpose of survey – Survey Report – Short Packing – Supervised Discharge of cargo.

Chapter 5: Cargo Claims-Part 3: Cargo claims Procedure – Exchange Control regulations affecting claims – Direct Insurance outside India – Currencies in which marine Policies may be issued – Remittance of claims on exports – Payments in foreign currency of certain import claims – Customs clearance procedure – Refund of Duty – Bill of entry form.

Chapter 6: Cargo Claims-Part 4: Recoveries – Open Delivery of cargo – Claims settlement on shipments by sea – Claims settlement on dispatches by inland Transit – Different Acts – Marine Claim form contents – Time limits for lodging claims/filing suits with carriers/-Various Acts governing the carriage of goods by sea/air/rail/road – Hague Rules – Rights and Immunities – Hamburg Rules – Notice of loss/damage/delay.

Chapter 7: Cargo Claims-Part 5: Recoveries – Carriage of goods by Rail – Duties of Railways as a carrier – at owner's risk – Goods in defective condition – Carriage in open wagon – Delivery at private siding – Rail clearance procedure – Railway Claims Tribunal Act – Carriage by Road – legal aspects – Clearance procedure – Market Value – Multimodal Transportation of Goods Act – Liabilities and its limits – Liabilities of Port authority of India – Postal Sending's – Recovery from customs.

Chapter 8: Claims on Policies of Insurance on Ships: Hull insurance Claims – Total loss – Partial loss – Amounts recoverable –Warranties – Main Insurance coverage's for Hull and Machinery – Perils and exclusions – Particular Average claims procedure – Successive losses – Arrangements for survey – Policy deductible – Dry docking – Total Loss claims – Actual Total loss – Constructive total loss – Abandonment – Sue and labour charges – Claims Processing and documentation – Ocean Going Vessels – Sailing Vessels – Inland Vessels – Fishing Vessels – Hull survey Reports – Recovery.

Chapter 9: Collision Liabilities & freight Claims: How liability arises – Three / fourth collision liability – Single liability – Cross liability – Limitation of liability – Maritime Convention Act, 1911 – Sistership Clause – Protection and Indemnity clubs – Freight claims – Partial and Total loss –Types of freight – Insurance of freight – Measure of Indemnity for partial loss of freight – Franchisee clause – Total and Constructive Total loss of freight –Documentation and adjustment of freight claims.

Chapter 10:General Average and Salvage: The concept and meaning of General Average with examples – Essential features of General average – York Antwerp Rules – Guiding rules of practice for Average adjusters – Basis of valuation – Salvage remuneration – Temporary repairs – Expenses at port of refuge – Amount made good in G.A sacrifice – Contributing Interest and Contributing values – Vessel in ballast and under Charter – Interest on losses made good in G.A with examples of adjustment – General Average Adjustment procedure – Salvage and Salvage charges – Successive or Consecutive General Averages – Application of General Average to policies of Insurance – Application of General Average to policies on Ships /Cargo and to freight along with examples of claim adjustment.

Appendix

The Marine Insurance Act, 1963 – Definition – Insurable Interest – Warranties – Return of Premium – Rules of Construction of Policy

Recommended Books

The Principles of Marine Insurance - A.Primer by Harold Turner

Marine Insurance Claims by Leslie.J.Buglass, Marine Insurance Claims by J.K Goodcare ,Whetherby Clauses

IC 68 - MARINE INSURANCE COVERAGES

(First Edition: 2010)

Objectives:

The contents of this book are designed to develop a better understanding of concept, principles and practice of Marine insurance. It also helps to acquire an indepth knowledge of the clauses providing the coverage or exclusions for the Marine risks. It also acquaints them with trading clauses for various commodities.

Contents:

Chapter 1: Introduction to Marine Insurance: Institute of London Underwriters – The Marine policy form – Marine Policy drafting guidelines – Endorsements and their types – Rules of Interpretation of the Policy wordings – Uniqueness of Marine Insurance – Special features of Marine features .

Chapter 2: Fundamental Principles Applicable to Marine Insurance: Basic Principles - Utmost Good faith – Representation – Warranties – Insurable interest and their kinds – Passage of Interest and assignment of policies of Marine insurance – Indemnity – Valued and Unvalued policies – Principles of subrogation – Principles of Contribution – Proximate cause – Onus of Proof .

Chapter 3: Relevance of Inco Terms in Marine Cargo Insurance: Inco Terms – Purpose and Inferences – Structure of Inco terms – Relevance of Inco Terms – Developments.

Chapter 4: Marine Insurance Coverage's: Institute Cargo Clauses – Exports and Import (International Trade) – Marine Cargo policies – Marine Hull Insurance & its Covers.

Chapter 5: Marine Cargo Coverages-I: Marine Cargo Clauses – Losses covered – Analysis of the old and new Clauses – Comparative analysis of Risks covered by ICC (A),(B),(C) – extraneous risks – Stranding of vessels – overturning – collision of vessels – General Average Sacrifice – Jettison – washing overboard – Both to Blame Collision clause.

Chapter 6: Marine Cargo Coverages-II: Exclusions under the Institute Cargo Clauses – Implications of the changes – Explanatory Notes – Detailed analysis of the exclusions with examples – Unseaworthiness and Unfitness – Implications – Willful misconduct – War – Strike – loss by delay – Inherent vice.

Chapter 7: Marine Cargo Coverages-III: Important sub clauses in ICC (A)/(B)/(C) – Transit Clause – detailed discussion with implications and explanatory notes – Termination of Contract of carriage – Insurable Interest clause – Forwarding charges Clause – Constructive Total clause – Increased Value clause – Benefit of Insurance – Not to Inure Clause – ICC (Air) – Law and Practice.

Chapter 8: Marine Cargo Coverages-IV: War and Strike clauses under ICC – Risks covered – Risks excluded – Duration of cover – Waterborne Clause – Port delay clause – Institute Strike Clause – ICC (Air)- War /Strike .

Chapter 9: Marine Cargo Coverages V: Other Clauses – Institute Classification clause for Vessels – Institute Replacement clause – Institute theft, pilferage and non delivery clause – Institute War cancellation clause – Label clause – Pair and Set clause – Pickings clause – Garbling Clause – Important Notice Clause.

Chapter 10: Marine Cargo Coverages VI: Trade and Commodity Clauses – Institute Commodity Trade clause – Institute Jute clauses – Institute Bulk Oil clause – Institute coal clauses – Institute timber trade federation clause – FOFSA trade clause – Frozen foods clause – Rejection Insurance – Frozen meat clause.

Chapter 11: Marine Cargo Coverages VII: Inland Transit clause – risks covered – risks excluded – Extraneous perils – Implications of whichever shall occur first – Inland vessel Transit clause – Sailing warranty – Insurance of cargo on sailing vessels – Termination of adventure clause – Open Policy – Annual Policy – Special Storage Risk Extension Clause – Claims.

Chapter 12: Designs of Coverages: Specific policy – Open cover – a detailed description of information sought – Open policy – Annual policy – Special storage risk extension clause – FOB clause – Shut out Cargo – War Clauses(Post) – Cover for Diamonds and precious stones – Multi transit policy – Seller's contingency insurance – Duty Insurance – Increased Value Insurance – Package policy for exporters covered under the duty exemption scheme – Package policy for coffee – Stock throughput policy – Sales turnover policy .

Chapter 13: Marine Hull Coverages-I: Marine Hull Clauses – scope and Coverages – Institute time clauses – The perils clauses and associated clauses – Strike exclusion – Pollution hazard – General Average and salvage – Wages and maintenance – Unrepaired damage – Constructive total loss – Sue and labour clause – Collision liability – Sistership – Notice of claim and tenders .

Chapter 14: Marine Hull Coverages-II: Warranties – Navigation – Breach of warranty – Disbursements warranty – freight – Continuation of Insurance Clauses – Termination of Insurance clause – Assignment – Freight Waiver – Returns for layup and cancellation – Institute voyage clauses – Time clauses Hull (excess liabilities).

Chapter 15: Marine Hull Coverages-III: Comparative analysis of ITC hulls 1983 and ITC hull 1995 – The new international hull clauses – principle insuring conditions – Additional clauses – Claims provision.

Chapter 16: Marine Hull Coverages-IV: Institute Fishing vessels clause –Salient features – Coverage's – deductible – fishing gear - Clauses for Builders Risk –Institute time clauses(ITC) Container 1/1/87 – ITC – Container War and strike 1/1/87 – ITC Hulls (Port Risks) –Institute Yacht clauses – Machinery damage extension clause – War and Strike – Clauses for other countries – American Institute hull clauses – Classification and Maintenance of Class clause – premium Installment clause – Hull

trading warranties – Geographical limits warranty – SRCC (Hulls) – Ship Repairers liability insurance .

Chapter 17: Marine Hull Coverages-V: War covers for Marine Hull – Coverages and scope -War risk time policy – Institute war and strike clauses.

Chapter 18: Marine Hull Coverages VI: Coverage for freight and disbursements – freight clauses – risks covered – franchise – total loss –Measure of indemnity – Loss of time clause – Freight Collision.

Recommended Reading

Marine Insurance –Ocean and Inland –William H Rodda ,The principles of Marine Insurance –A primer by Harold Turner, Inland Marine Insurance –Roderick Mc Namma, Limitation of Carrier's Liability by Earling Selvig.



IC 69 - MARINE INSURANCE RATING AND UNDERWRITING

(First Edition: 2010)

Objectives:

The syllabus of this book is structured to give a holistic view of the evolution of Marine Insurance Market. It helps to acquire a basic knowledge of various modes of transports and the Ports across the world and their risk features. It is designed to provide comprehensive understanding of the Coverage's and the operational aspects of Underwriting and Rating Marine Cargo and Hull Insurance. It helps to grasp the significance of Reinsurance in covering Marine Risks

Contents:

Chapter 1: Introduction: U.K Insurance Market – International Scene – Organisation of Llyods 's – Lloyd's Brokers/Agents – Marine Insurance Associations – Institute of London Underwriters – Salvage association – International Maritime bureau – Marine Publications – Marine Insurance Market in India.

Chapter 2: Transport-waterways: Growth of shipping Industry – world's major sea routes – Ship Canals – National Waterways.

Chapter 3: Ports of India, Important ports of Asia: Inland Ports – Harbour – Importance of Port for Insurance – Kinds of Ports – Major Indian Ports – Minor Indian Ports.

Chapter 4: Cargo Insurance – Policy Form, Premium payment, Types of Policies: Marine Declaration Form – Cover Note – Marine Policy – Endorsements – Rules of Interpretation – Stamp Duty – Payment of Premiums as per sec 64 VB –Rules 58 and 59 for premium payment – Exchange control regulations for Premium payment on cargo policies covering import and export – Open Cover – Open Policies – Basis of Valuation – Certificates of Insurance.

Chapter 5: Marine Cargo – Scope of Cover: Institute Classification Clause ICC(A)-ICC(B)- ICC(C) – Common Coverage's and exclusions – Inland transit Clause(A),(B),(C) – Rail \Road - Strikes ,Riots and Commotion clause – Inland Vessels – Premium considerations – Duty and Increased value Insurance – Insurance of Exports – Special Storage risks Insurance.

Chapter 6: Cargo Underwriting and Rating: Cargo Underwriting rating considerations – The Vessel – Approval of Vessels Operation – the Voyage or transit – Nature of Cargo – Extraneous Risks – Theft ,Pilferage and Non Delivery – rain water Damage – Types of damages – Conditions of Insurance.

Chapter 7: Important Ports of Asia and some main Foreign Ports: Information about different Ports of Asia as well as foreign ports.

Chapter 8: Hull Insurance: Introduction – Types of Vessels – Ocean Going Vessels – Liquid Bulk carriers – Combination Carriers – Container Vessels – Roll on roll off

vessels – Types of Hull Insurance Policies – Freight Policy – Time Policy – Voyage Policy – disbursements and Increased Value Insurance – Builder's Risk Policy – Ship repairer's Liability – Institute Time Clauses Hull – port risks.

Chapter 9: Hull Underwriting and Rating: Considerations for Hull Underwriting and rating – Technical details of the Vessel – Physical And Moral Hazard – Valuation of the vessel – Trading risks – Deferred Repairs – Towage Risks – Features for better Rating – Calculating the Rate on Risk Basis – Payment of Premium – Stamp Duty for Hull Insurance – Hull renewal rating – Return of Premiums – Indian register of shipping – protection and Indemnity Cover.

Chapter 10: Offshore oil & Gas Exploration & Production Insurance: Types of offshore Oil and Gas exploration units – factors for underwriting – seamless cover and operational covers.

Chapter 11: Reinsurance: Introduction – Purpose of Reinsurance – Role of Reinsurance in coverage of large Risks – functions of Reinsurance – Methods of Reinsurance – Proportional – Non proportional – Facultative Reinsurance – Treaty – Surplus Excess of loss – Reinsurance of Marine Risks – Cargo reinsurance – Proportional and Non proportional Contracts – Hull reinsurance.

Chapter 12: Maritime Fraud: Introduction – International Maritime Bureau for Prevention of Maritime fraud – Marine Fraud in Cargo and Hull and the role of Exclusions – Classification Of Maritimes Crimes – scuttling frauds – Documentary Frauds – Cargo Thefts – Frauds relating to Chartering of vessels – Prevention of Maritime Fraud – Precautionary Measures taken by various parties to Maritime Adventures.

Recommended Reading

The Principles of Marine Insurance – A.Primer by Harold Turner, Controlling Cargo theft by Tyska Fennely, Marine Insurance – Ocean and Inland – William H Rodda.

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