Annexure – I

Syllabus for training and examination for Insurance Brokers
(as approved by Insurance Regulatory and Development Authority)

Compulsory Subjects:

1) Insurance Broking
2) Principles of Insurance
3) Insurance Business Environment
4) Law and Economic of Insurance
5) Risk Management

Optional Subjects:

1) Mathematical Basis of Life Assurance
2) Statistics
3) Life Assurance Underwriting
4) Application of Life Assurance
5) Legal Aspects of Life Assurance
6) Life Assurance Management
7) Life Assurance Finance
8) Hazards of Specific Industries
9) General Fire Hazards
10) Fire Insurance Underwriting
11) Consequential Loss (Fire) Insurance
12) Fire Insurance Claims
13) Cargo Loss Prevention
14) Commercial Geography
15) Marine Clauses
16) Marine Underwriting
17) Marine Insurance Claims
18) Agricultural Insurance
19) Motor Insurance
20) Personal Accident, Sickness & Miscellaneous Insurance
21) Liability Insurance
22) Engineering Insurance

The Direct Insurance Broker will have to select 3 subjects from Optional group and has to pass in addition 5 compulsory subjects.

The Reinsurance Broker will have an additional subject of Reinsurance (Principles and Practice) to be passed in addition to the 8 subject required of Direct Broker. A Broker transacting Life Insurance Broking will have to have qualified personnel qualifying for Life stream subjects (Optional papers) Sr. Nos. 1-7.
Similarly, for General Insurance Broking, in addition to Compulsory subjects, any 3 courses from Sr. Nos. 8-22 will have to be completed.

ANNEXURE

Insurance Broking

CHAPTER 1

ROLE & NATURE OF INSURANCE BROKING SERVICES

Role of Insurance Broker (Based on IRDA Regulations)


Nature of Insurance Broking services
Definition of Broker – Advantages & Limitations of Broking services – Role of Broker in Distribution & Servicing - Duty of disclosure.

CHAPTER 2

RISK ANALYSIS/LIFE INSURANCE SELECTION


CHAPTER 3

MARKETING & PLACEMENT OF INSURANCE
Marketing & Placement of Insurance


CHAPTER 4

CUSTOMER SERVICE

Efficient & Effective – Continuing service programme – Customer service manuals. (As per IRDA Benchmarks) – Comparison of products – Developing Client – Product portfolios – Relationship of each product to overall programme.

Insurance Claims Service


CHAPTER 5

ORGANISATION OF BROKERS OFFICE

Business Accounting for Insurance

Broker – Essential features of Accounting systems – Clients file & record – Accounting Standards – Annual returns to IRDA.

Structure – Specialist / General Broking units – Information Technology for Brokerage firm.

CHAPTER 6

LAWS & REGULATIONS BEARING ON A BROKER

Carriers Act, Indian Railways Act, The Indian Post Office Act, Carriage by Air Act, Multi-
Modal Transportation Act, Motor Vehicles Act, The Inland Steam Vessel Amendment Act,
Indian Stamp act, Foreign Exchange Management Act, Consumer protection Act, Insurance
Ombudsman Act.

CUMPULSORY SUBJECTS

01  Principles of Insurance

The concept of Risk – Kinds and classification of risks- Assessment – Transfer

The concept of Insurance – Classification of Insurance – Types of Life Insurance, Pure and
Terms – Types of General Insurance, Fire, Marine, Motor, Engineering, Aviation and
Agriculture – Insurance of Property, pecuniary interest, liability and person.

Insurance professionals and intermediaries

Basic principles of Insurance – Utmost good faith – Insurable Interest – Material facts-
Indemnity – Proximate cause.


Legal principles of Insurance - The Indian Contract Act,1872 – Insurable Interest –
Nomination and assignment – Utmost Good faith – indemnity – Subrogation – Contribution –
Proximate Cause.

Financial principles - Premium funds – Investments – Reserves – Surplus-Valuations of
Surplus.

Theory of rating – Actuarial principles – Mortality Tables – Physical and Moral Hazard –
Representations – Warranties – Conditions


Reinsurance – Concept and Methods.

02.  Insurance Business Environment

The Legal Environment, the Insurance Act, 1938 (as amended), Life Insurance Corporation
(Proposed)

1958, The Indian Railways Act, 1890 (as amended), The Carriers Act, 1865, The Carriage by

The Economic Environment, Indian Economy, Globalisation and Liberalisation, Agricultural Sector, Industrial sector, Small Scale Sector, Tiny Sector, Role of Insurance in International Economy, Monopoly and Competition Demographic Factors. GATT: Most Favoured Nation Clause, Tariff Negotiation W.T.O. Public Sector, Private Sector, Joint sector, Chamber of Commerce.


Insurance Business outside India.

**03. Law and Economics of Insurance**


Concept of social control and nationalization – Economics of public enterprise and insurance, Monopolies and Restrictive Trade Practices Legislation.

**04 Risk Management**

The scope and objective of risk management in corporate bodies, nationalised industries, local government and public utilities personal risk management.

Risk management process and administration.


Risk financing – Risk retention – Risk Transfer

Insurance – Benefits and limitations – Partial insurances – Captive insurance companies.


05. **Mathematical Basis of Life Assurance OR**

Elements of compound interest, accumulated value and present value-nominal and effective rate of interest – immediate annuities certain and deferred annuities certain – perpetuities - functions included in compound interest tables and their uses.

Redemption of loans – Sinking funds – average interest yield on the fund of a life office.


05. Statistics


Sampling – different methods of sampling – surveys – sampling errors and non-sampling errors.


Analysis of variance (including Latin square) – co-relation and regression – time series – index numbers – (candidates will be supplied with graph sheets and log tables in the examination. They may also make use of their own calculating machine in the examination).
OPTIONAL SUBJECTS (MIN IUM 2 SUBJECTS)

01. Life Assurance Underwriting

Need for and purpose of selection: Underwriting policy in relation to the objectives of an Insurer.


Main sources of information for the insurer to determine the various factors affecting rates of mortality, Medico-actuarial investigations, insurance medicine.

Concept of extra-mortality – incidence of extra risk.

Methods of providing for extra-mortality – Extra premiums, lien exclusion of specific risks by clauses.

Methods of underwriting – rating up age – Numerical rating method etc.

Sources of underwriting data – Proposal, Personal Statement, Medical Report – Special examination and tests – Inspection Reports by Agents and Field staff – Medical Organisation.

Non-Medical Underwriting – Revival underwriting – Group underwriting.

Occupational hazards – Army, Navy and Aviation personnel, Professional Athletes, Boxers, Wrestlers, Mountain Guides, Gymnasts, Divers etc.

Well known impairments – Their effect on longevity – Analysis of such effect according to different plans of assurance – Special medical tests – Their utility for underwriting.

Miscellaneous problems – Reconsideration of extra charges – Double Accident & Disability benefits.

Keyman Insurance

Partnership Insurance.

02. Application of Life Assurance
Growth of Life Insurance in India:

Basic Principles of Life Insurance – Co-operation – Large numbers – Equality or risks - Foundation of Underwriting Practice – Premium Concept – Insurable Interest – Legal Aspects – Prior investigation – Transparency & Disclosures – Cooling off period


03. Legal Aspect of Life Assurance

Definition and Sources of Law

Administration of Justice in India – Powers of Supreme Court and other courts and tribunals.


Exchange Control Regulation – Collection of Premiums and Claim Procedure of Polices issued to NRIs.

Provisions of Insurance Act as regards Investment of Life Fund – Recommendations of the Committee in this regard.


04. Life Assurance Manage

Principles of organisation – Different structures

Office procedures

Handling grievances.

Consumer Protection Act

05. **Life Assurance Finance**

Basic of Accounting Systems.

Life Insurance Accounting – Legislation – Procedures

Investments.


Controls – Audit – Budget.

Accounting standards – New concepts – Taxation.

06. **Hazards of Specific Industries**

The processes, fire hazards, loss prevention measures and special features and insurance requirements of the following:

- Warehouses and godowns
- Cotton ginning and oppressing factories
- Textile Industry
- Tea Industry
- Rubber Industry
- Paper Industry
- Chemical Industry
- Solvent extraction plants
- Engineering industries
- Jute industry
- Power Plants/Industries
- Cigarette factories
- Match factories

07. **General Fire Hazards**

Originating and contributory causes of fire hazards.

- Fire load - Fire resistance – Fire grading of structures- hazards arising from construction. Tariff classification of Bldgs.,
- Hazards arising out of exposure, height, size and multiple occupancy – Silent Risks.
- Hazards of air-conditioning and ventilation system. Air moving equipment, Refuse handing systems and such other services.
- Hazards of boilers and furnaces
- Industrial furnaces /ovens – Heat transfer and fluid power system – Internal combustion engines
- Nature of combustion, explosion and implosion.
- Inorganic and organic chemicals and their hazards.
- Industrial processes – Night work.
- Hazards of electrical equipment – Power transmission.
- Hazards of State electricity.
- Misuse of electricity – Prevention of electrical hazards.
- Hazards of dangerous atmosphere
- Assessment and prevention of fire hazardous of substances
- Spontaneous combustion.
- Fire protection and detection systems – Management and good housekeeping – Role and function of LPA and Fire Brigade – Mutual Aid Schemes.

08. **Fire Insurance Underwriting**

- Insurable property – Application of Basic Principles
- Coverage under various Fire policies – Special Perils, Exclusions, Policy conditions and clauses.
- Tariff Rules and Regulations, Rating.
- Godowns and warehouses, High rise buildings, Material in the open, Manufacturing risks,
- Special policies – Reinstatement value policies – Floating policies – Declaration policies – Buildings in construction – Pipelines outside the compound of industrial complex – Petrochemicals
- Fire Loss Prevention – PML Fixation – Retentions and Reinsurance methods – New developments

09. **Consequential Loss (Fire) Insurance**

History, evolution and scope – Effects of interruption – Conditions and exclusions.

Underwriting – Rating – Forms

Determination of loss.

Extensions and additional perils.

10. **Fire Insurance Claims**

The law relating to fire insurance contracts – Indian Contract Act, Common Law – Principles of utmost good faith, insurable interest – indemnity, subrogation and contribution.
Coverage under policies, A/B/C – Conditions and Warranties.

Claims under special policies, special perils extensions and other extensions of the policy.


- Ascertainment of amount of loss payable.
- Average and escalation clause.
- Salvage.

Appointment of loss under double insurance and concurrent and non-concurrent policies.


11. Cargo Loss Prevention


Packing and Packaging: Progress made in other countries of the world. Various types and methods of packing. Role of Indian Institute of Packaging.

Storage of cargo: Factors affecting safety of cargo in storage. Staking methods for bagged cargo, cases, cartons, bales, barrels, drums, C. I. Sheets, pipes and bars, etc. Special precautions for storage of hazardous cargo.

Material handling: Safe handling practices for various types of packages and cargo. Road transportation of hazardous substances – Motor Vehicles Act and Rules – Loading and unloading operations and suitability of cargo handling gear, safe working practices and systems.

Common causes of loss/damage to cargo during inland transit by rail/road and minimization of losses.

Stowage on board ships: Types of damage cargo can suffer from improper stowage and how this can be avoided through correct preparation of cargo holds to receive various types of cargo.

Unitisation and containerization: Major types of losses to which unitised/container cargo is prone to General stowage rules for safe carriage of unitized cargo – containerization of dangerous cargo – JMDG Code – Multi Modal transportation.
Theft/pilferage: How it arises in respect of various types of packing and the precautionary measures recommended to minimize/prevent this type of loss.

Ports and customs procedures.

12. Commercial Geography

Scope and relevance to marine insurance

International trade and factors governing supply and demand.

Study of basic geographical concepts, like the Solar System, Latitudes and Longitudes, sea depth distribution, ocean currents, tides, coral reefs and islands, etc. Earthquakes and volcanic eruptions and areas prone to these catastrophes.

Institute Warranties and their application.

A detailed study of the main sea routes of the world, including Suez and Panama Canal Routes and geographical and commercial factors involved.

- Rail and Road Transportation – Coastal trade, Air transport

The attributes of ports, harbours and hinterlands, Principal ports of the world including a study of conditions in each such port, Geographical location, extent of commercial importance and facilities available for handling and storing cargo etc.

Major principal commodities, conditions required for their growth and production and their traffic or movement in world trade. Commodities involved are cereals, grain and pulses, fruits, vegetables oils, beverages, spices, meat and dairy products, metals, fuel, fertilizers, etc.

A study of maritime hazards and the locations where they occur.

13. Marine Clauses


Fishing Vessels Clauses.

Duty Exemption Scheme – Marine policy form.


14. **Marine Underwriting**

- International and domestic trade – Markets, parties to a contract and role of intermediaries.
- Contracts of sale-Incoterms.
- Finance for trade (Bill of exchange, documentary credits, etc.)
- Risks and rating factors in Cargo Underwriting.
- Types of commodities, methods of packing, stowage and their susceptibility to loss or damage – extraneous risks and their effects on cargo.
- Containers, pallets and multi-modal transport systems and the particular characteristics of these systems.
- Common types of vessels including their operating and risk characteristics.
- Types of policies to cover shipowner’s insurable interests.
- Salient features of Institute Time Clauses Hulls (1.10.83)
- Hull underwriting and rating.
- P&I cover in general.
- Types of maritime frauds and precautionary measures for their prevention.
- Abbreviations – Shipping, insurance and commercial terms.
- New developments in underwriting in the international market.

15. **Marine Insurance Claims**

A thorough understanding of the Marine Insurance Act, 1963 and Rules for construction of Policy and other statutes having a bearing on claims such as The Indian Carriage of Goods by Sea Act, 1925, the Indian Railways Act, 1890 (as amended), Indian Carriage by Air Act, Merchant Shipping Act, Multi-modal Transportation Act, etc.

Types of Losses and the measure of indemnity applicable to them. Presentation, adjustment and settlement of claims in respect of

- Cargo
- Hulls
- Freight
- Collision liabilities
- General Average
- Salvage and Salvage charges
- Particular charges including Sue and Labour

Purpose, scope, application and effect on claims settlements of salient features of the following:

- York-Antwerp Rules, 1974 and amendments
- Rules of Practice of the Association of Average adjusters.
- Exchange Control regulations regarding payment of claims.

Effect on claims settlements of
- abandonment
- subrogation
- recoveries

Cargo clearance procedures and documentation.

Liabilities and immunities of ocean, land and air carriers under respective statutes.

Role and functions of specialists and organizations including claims settling agents, average adjusters, hull and cargo surveyors, salvage association.

16. Agricultural Insurance

- Agricultural situation in India – Types of agricultural insurance – Organisation transacting agricultural insurance.

- History of crop insurance in India – Crop insurance underwriting and settlement of claims – Hail insurance – Problems of crop insurance – Crop insurance in other countries.


- Poultry insurance – Insurance of pigs, sheep and goats, camels, etc. – other miscellaneous agricultural insurance – Aquaculture, silkworm, honeybees, plantation, horticulture, floriculture, bio-gas, animal driven cart – Farmers Package policy – Hut insurance scheme – New covers, Janta Personal Accident, Gramin Accident, Agricultural pump sets.

- Reinsurance

17. Motor Insurance

Motor Claims – Forms – Check lists – minimization programme.

18. **Personal Accident, Sickness & Miscellaneous Insurance**


Overseas medical - Benefits and conditions – Exclusions – Overseas practice.


Baggage – Underwriting – Claims


Fidelity guarantee – Coverage – Types – Conditions – Underwriting – Investigation

Court Bonds – Liquidator and Receivership Bonds – Government bonds

Banker’s Blanket and Jewellers Block policies – Exclusions – Conditions – Rating – Claims


19. **Liability Insurance**


Cover under Public liability policies for non-industrial risks and industrial risks and under products liability policy.


Proposal form and the methods of rating

Professional indemnities Coverage, methods of rating and proposal form.

Directors and Officers Liability insurance.

Workmen’s Compensation Act, 1923 (as amended)


Claims processing and reinsurance.

20. Engineering Insurance

- Scope of Engineering insurance – Origin and development of engineering insurance – Application of basic principles.

- Types of plant and associated hazards – Engines, Refrigerating plant and general machinery – Lifts, cranes, material handling plant and equipment – Boilers, pressure plant and electrical machinery.

- Contractors All Risks – Scope of cover, rating, underwriting and claims processing under different engineering policies – Erection All Risks – Marine-cum-Erection.


- Surveys and Risk Inspection – Statutory regulations.

- Loss Prevention and Minimisation – Reinsurance.