

# University of Mumbai



No. UG/18 of 2019-20

**CIRCULAR:-**

Attention of the Principals of the Affiliated Colleges and Directors of the recognized Institutions in Commerce & Management Faculty is invited to this office Circular No. UG/116 of 2005, dated 29<sup>th</sup> March, 2005, relating to the scheme of papers and syllabi of Principles and Practice of Insurance under the programme of vocationalisation of Education at F.Y., S.Y. and T.Y.B.Com. degree course.

They are hereby informed that the recommendations made by the I/c Dean, Faculty of Commerce & Management, have been accepted by the Academic Council at its meeting held on 26<sup>th</sup> December, 2018 vide item No. 4.17 and that in accordance therewith, the revised syllabus for Add-on-Vocational Certificate, Diploma and Advanced Diploma Course in Principles & Practices of Insurance (Sem. I to VI) (intake capacity 25 students) has been brought into force with effect from the academic year 2018-19, accordingly. (The same is available on the University's website [www.mu.ac.in](http://www.mu.ac.in)).

MUMBAI – 400 032

20<sup>th</sup> May, 2019

To

The Principals of the affiliated Colleges and Directors of the recognized Institutions in Commerce & Management Faculty. (Circular No. UG/334 of 2017-18 dated 9<sup>th</sup> January, 2018.)

**A.C./4.17/26/12/2018**

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No. UG/ 18 -A of 2019-20

MUMBAI-400 032

20<sup>th</sup> May, 2019

Copy forwarded with Compliments for information to:-

- 1) The I/c Dean, Faculty of Commerce & Management,
- 2) The Director, Board of Examinations and Evaluation,
- 3) The Professor-cum-Director, Institute of Distance and Open Learning (IDOL),
- 4) The Director, Board of Students Development,
- 5) The Co-ordinator, University Computerization Centre,

(Dr. Ajay Deshmukh)  
REGISTRAR

AC - 26/12/2018

Item No. : 4.17

**UNIVERSITY OF MUMBAI**



**Syllabus for Add-on-Vocational  
Certificate, Diploma and Advanced Diploma Course  
in  
Principles & Practices of Insurance  
Semester I to VI**

**Under the Faculty of Commerce & Management  
(with effect from the Academic Year 2018-19)**

**AC - 26/12/2018**

**Item No. : 4.17**

**ADD-ON-VOC PRINCIPLES AND PRACTICES OF INSURANCE**  
**CERTIFICATE, DIPLOMA AND ADVANCED DIPLOMA COURSE**

**SYNOPSIS OF SYLLABUS**

**(w.e.f. 2018-2019)**

**(First Year )**

Paper I – Life Insurance

Paper II – General Insurance

**( Second Year )**

Paper III - Fire & Marine insurance

Paper IV – Insurance Finance & Legislation

**(Third Year )**

Paper V – Property & Liability Insurance

Paper VI – Section 1 – Entrepreneurship

Section 2- Group Insurance &

Retirement Benefit Scheme

Paper VII – Project Work / Internship Training

**VOCATIONAL COURSE – PRINCIPLES AND PRACTICE OF INSURANCE**

**COURSE :**

**The course shall consist of six subjects, viz:-**

1. Life Insurance
2. General Insurance
3. Fire & Marine Insurance
4. Insurance Finance & Legislation
5. Property & Liability Insurance
6. Group Insurance & Retirement Benefit Schemes

**ANNUAL SYSTEM**

**First Year:-**

Paper I Life Insurance

Paper II General Insurance

**Second Year:-**

Paper III Fire & Marine Insurance

Paper IV Insurance Finance & Legislation

**Third Year:-**

Paper V Property & Liability Insurance

Paper VI Section 1 – Entrepreneurship

Section 2 – Group Insurance & Retirement

**Benefit Schemes**

Paper VII Project Work

## **SYLLABUS**

### **Learning Objectives :**

1. This course intends to provide basic understanding of the insurance mechanism.
2. It will enable students to understand and gain insights of various insurance fields and managerial practices through practical training.

## **FIRST YEAR**

### **Paper 1 – Life Insurance**

#### **(Term 1 – Paper 1 – Life Insurance - 1)**

#### **Unit I – Introduction – (10 Lectures)**

Need for security against economic difficulties; Risk and uncertainty; Individual Value system; Individual Life Insurance. Nature and uses of life Insurance; Life Insurance as a collateral, as a measure of financing business continuation, as a Protection to property, as a measure of Investment.

#### **Unit II – Life Insurance Contract – (10 Lectures)**

Distinguishing characteristics, Utmost good Faith, Insurable Interest, Caveat Emptor, Unilateral and alleatory nature of contract. Proposal and application Form. Warranties, medical examination, policy construction and delivery policy provision, lapse revival, surrender value, paid-up policies, nomination and assignment. Suicide and payment of insured amount; loan to policy holders.

#### **Unit III – Life Insurance Risk – (10 Lectures)**

Factors governing sum assured; Methods of calculating economic risk in life Insurance Proposal. Measurement of risk and mortality table; Calculation of premium; Treatment of sub-standard risks. Life Insurance Fund; Valuation and investment of Surplus; payment of bonus.

#### **(Term 2 – Life Insurance – II)**

#### **Unit IV – Life Insurance Policies – (15 Lectures)**

Types and their applicability to different situations. Important Life Insurance Policies issued by the Life Insurance Corporation of India. Life Insurance annuities. Important legal provisions and judicial pronouncements in India.

#### **Unit V – Life Insurance Salesmanship – (15 Lectures)**

Rules of agency; Essential qualities of an ideal insurance salesman; Rules to canvass Business from prospective customers; After-sale service to policy holders.

### **Suggested Books :**

- (1) Huebner S.S and Kenneth Black Jr.: Life Insurance – (Practice Hall Inc. Engle wood cliffs, New Jersey).
- (2) Meher Robert L.: Life Insurance: Theory and Practice – (Business Publication, Taxes).
- (3) Maclean: Life Insurance.
- (4) Gupta. O.S.: Life Insurance – (Frank Brothers, New Delhi).
- (5) Mishra. M.N.: Insurance Principles and Practice–(Delhi, Vikas Publishing house).

**Paper II General Insurance**  
**(Term I – General Insurance – I)**

**Unit I (10 Lectures)**

(1) Introduction to risk and insurance –

- (a) Risk                      (b) The treatment of risk

**Unit II (10 Lectures)**

(2) The structure and operation of the insurance business-

- (a) Insurance contract fundamentals,  
(b) Insurance Marketing  
(c) Insurance loss payment.  
(d) Underwriting, rating, reinsurance, and other functions

**Unit III (10 Lectures)**

(3) General Insurance Corporation and Other Insurance Institutions –

Working of GIC in India; Types of risks assumed and specific policies issued by ECGC.

**(Term 2 - General Insurance – II)**

**Unit I (10 Lectures)**

(4) Health Insurance:-

- (a) Individual health insurance  
(b) Group health insurance.

**Unit II (10 Lectures)**

(5) Motor Insurance.

**Unit III (10 Lectures)**

(6) Multiple line and All-Lines insurance – such as Rural

Insurance – Hull Insurance – etc.

**Recommended course reading:**

1. General Insurance by Bickelhaupt and Magee, Eighth Edition  
Published by Richard D. Irwin, Inc. Homewood, Illinois, Irwin – Dorsey Limited,  
Georgetown, Ontario. Chapters: 1 to 7, 13, 21, 27, & 28.

**SECOND YEAR**

**PAPER – III Fire and Marine Insurance**

**(Term I - Fire and Marine Insurance – I)**

**Unit I – Fire Insurance Contract – (15 Lectures)**

Origin of fire insurance; its nature, risks, hazards and indemnity Legal basis; Stipulations and conditions; Contracts Full disclosure of material facts; Inspection and termination of coverage.

**Unit II – Fire Insurance Policies – (15 Lectures)**

Issue and renewal of policies; Different kinds; Risks covered; recovery of claims- insurer's option; Exgratia payment and subrogation. Policy conditions; Hazards not covered; Contribution and average; Reinsurance, double insurance and excess insurance.

Types of the protection policies issued by the General Insurance Corporation of India

**(Term 2 – Fire and Marine Insurance – II)**

**Unit III – Marine Insurance Contract – (15 Lectures)**

Origin and growth; History of Lloyds; Evaluation of marine insurance business in India. Basic elements – Insurable interest, Utmost Good Faith implied Warranties; policy document. Types of marine insurance contract – Freight, Cargo and vessel Procedure for obtaining marine protection policy; Marine Policies and conditions. Nature of coastal marine insurance; perils covered, protection available; Procedure for preparation and presentation of claim; Payment of compensation by insurer.

**Unit IV – Marine Losses – (15 Lectures)**

Total Loss, partial loss, particular average loss and general average loss; preparation of loss statement. Payment of Marine Losses- requirement of the insured, documents needed, procedure for presentation of claim; Valuation of loss salvage; Limits of liability; Attachment and termination of risk.

**Suggested Books :**

- (1) Rodder : Marine Insurance – (Prentice Hall, New Jersey)
- (2) Winter, W. D.; Marine Insurance
- (3) Godwon : Fire Insurance
- (4) Cabell H: The Fire Insurance Contract Indian Policy- (The rough Notes Co.)

**Paper – IV Insurance Finance & Legislation**

**(Term I – Ins. Fin. Adm. – I)**

**Unit I – Introduction – (10 Lectures)**

Laws of Probability; Forecast of future events; Construction of mortality

Tables; mortality tables for annuities.

**Unit II – Premium Determination – (10 Lectures)**

Basic factors; Use of mortality tables in premium determination; interest, Compound interest functions, Net and gross premium; and periodicity of premium payment; Mode of loading for expenses. Gross premium – general Considerations, insurer's expenses; Margin adjusting; premium for term Insurance; Temporary insurance; endowment insurance; Level and natural premium plan; Premium calculation for study of actuarial valuation.

**Unit III – Reserves and Surplus – (10 Lectures)**

Nature Origin and importance of reserves and funds in life and property Insurance. Retrospective and prospective reserve computation. Statutory Regulation of reserves. Nature of surrender value; Standard non- forfeiture law; Non- forfeiture value, reduced paid up values; Settlement options; Automatic Premium loan. Nature and sources of insurance surplus; Special form of Surplus; Distribution of surpluses – extra dividend, residuary dividend; Investment of surplus and reserves – basis principles. Investment policy of LIC and GIC in India.

**(Term 2 – Ins. Fin. Adm. II)**

**Unit IV – Legislation – (30 Lectures)**

A Brief study of India Insurance Act, 1938

Detailed study of life Insurance Corporation of India Act, 1956, General Insurance Corporation of India Act, 1976, Export Credit and Guarantee Corporation Act.

**Suggested Books:**

- (1) Srivastava. S.S.: Insurance Administration and Legislation in India – (Allahabad, Asia Book Depot).
- (2) Govt. Of India: Life Insurance Corporation of India Act.1956.
- (3) Govt. of India: General Insurance Corporation of India Act, 1956.

**OUTLINE OF THE QUESTION PAPER : (Maximum Marks – 50)**

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|--|------------|
| Q.01/ Conceptual Testing.  | (10 Marks) |
| Q.02/ Objective based questions (Fill in the Blanks, Match the Columns, Multiple Choice Questions, One word Questions, True or False). | (10 Marks) |
| Q.03/ Long answer questions.   | (20 Marks) |
| Q.04/ Short notes / Short answer questions.  | (10 Marks) |

**THIRD YEAR**

**PAPER – V**

**SEM – V**

**Property and Liability Insurance**

**Unit I – Introduction – (10 Lectures)**

Risk and insurance; Insurable and non-insurable risks; Nature of property and liability Insurance, Crop and cattle insurance, Types of liability insurance; Reinsurance.

**Unit II – Basic Concepts of Liability Insurance – (10 Lectures)**

- (a) Basic Concepts:- Specific and all risk insurance; Valuation of risk; Indemnity contract and specific value contracts; average and contribution Excess and short Insurance careers.
- (b) Liability Insurance:- Procedure for obtaining liability insurance. Legal Position of Insurance agent; Construction and issue of policy; Records of liability insurance; policy conditions.

**Unit III – Types of Liability Insurance Policy – (10 Lectures)**

**Mandatory Public liability Insurance**

Dwelling property losses: business interruption and related losses, theft Insurance contracts, Budgetary covers, Auto Insurance, Medical Benefit Insurance; Dishonesty, disappearances and destruction insurance; Employer's liability. Aviation insurance; personal and residential insurance; Boiler machinery insurance; Commercial enterprises and industrial property insurance. Engineering Insurance.

**Unit IV – Insurance Problems of Institutions – (10 Lectures)**

Insurance Problems of educational and religious institutions-hospitals, clubs and association; Professional package contracts; Errors and commissions insurance: Professional liability insurance; Accountants liability insurance; Limits on amount of insurance. Marketing and underwriting of liability insurance; Finance of liability Insurance.

**Unit V – Adjustment of Losses and Claims Compensation – (10 Lectures)**

Nature of losses and their adjustment; Procedure of adjustment; Functions of adjuster's Responsibilities of adjuster's; Survey of losses; Procedure for preparing claims statement; Documents in use in claim settlement. Requirement of the insured in the event loss. Apportionment and loss valuation statutory control over liability insurance in India Liability policies by general Insurance Corporation of India.

**Suggested Books:-**

- (1) Insurance institute of India: Engineering Insurance.
- (2) Rodda : Property and liability Insurance – (Prentice Hall, New Jersey)
- (3) John Carydon I.: An Introduction to liability claims Adjusting Cincinnati – (The National Underwriting C.)
- (4) Long & Gregg: Property and liability Insurance – (Hand Book,) Homewood, Richard D. Irwin).

PAPER – VI

**SECTION A : ENTREPRENEUR SHIP DEVELOPMENT (50 MARKS)**

**(This Section is Common for all Third Year Vocational Students) = 50 Marks**

**Module 1 : Introduction to Entrepreneurship (07 Lects)**

- Concept & Definition of an Entrepreneur.
- Characteristics of an Entrepreneur.
- Functions of Entrepreneur.
- Need & Significance of Entrepreneurship Development.
- Types of Entrepreneurs.
- Intrapreneur – Meaning / Concept.
- Difference between Intrapreneur & Entrepreneur.
- Difference between Social Entrepreneur & Business Entrepreneur.
- Problems faced by Women Entrepreneurs.
- Entrepreneurship Development Programmes (EDP) – Concept & Importance.

**Module 2 : Setting Up an Entrepreneurial Venture (07 Lects)**

- Sources of Business Idea.
- Environmental Scanning.
- SWOC Analysis.
- Project – Concept & Meaning.
- Project Report – Elements & Importance.
- Feasibility Study – Concept – Importance – Areas.
- Steps in Project Selection.
- Business Plan – Concept – Elements – Devising a B – Plan on Business Ideas.

**Module 3 : Sources of Finance for an Entrepreneur (07 Lects)**

- Fixed Capital & Working Capital.
  - Meaning & Factors.
- Capital Structure – Concept.
- Special Schemes for Women Entrepreneurs.
- Institutional Support to an Entrepreneur.
  - Small Industries Development Bank of India (SIDBI).
  - National Bank of Agriculture & Rural Development (NABARD).
  - National Small Industries Corporation (NSIC).
  - Industrial Development Bank of India (IDBI).
  - Khadi & Village Industries Commission (KVIC).
- Recent Trends of Finance Options for start-ups to venture into entrepreneurship  
High Network Individuals (HNI's), Venture Funding.
- Self Help Groups.
- Microfinance.

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**Module 4 : Forms of Organisation & New Opportunities Available to Entrepreneurs (07 Lects)**

- Forms of Organisation – Sole Trading Concern – Partnership Firm – Limited Liability Partnership (LLP) – Limited Company – Public Company – Non-Government Organisations (NGO's).
- Prospects and Challenges for Entrepreneur in India.
- Scope of E-Entrepreneurship.
- Role of Entrepreneurship Development Cell (EDC) in Educational Institutions.

**Module 5 : Practical Training / Project Work on Live Projects / Start-Up Ventures in Any Form / Venturing into any form of Entrepreneurship. (02 Lects)**

**(30 Lects)**

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**Total Marks**

**Theory : 35**

**Practical / Project : 15**

**50 Marks**

**OUTLINE OF THE QUESTION PAPER : (Maximum Marks – 100)**

**Section I ( Max marks - 35 marks)**

N.B : 1) Q.01 is compulsory

2) Attempt any two questions from Q.02-Q.05

Q.01 /- Answer the following. (Any 1 out of 2) (07)

Q.02/- Answer the following. (14)

Q.03/- Answer the following. (14)

Q.04/- Answer the following. (14)

Q.05/- Write short notes on. (Any two) (14)

N.B : Q.02- Q.04 can be descriptive questions or short answer questions.

**SECTION B : GROUP INSURANCE AND RETIREMENT BENEFIT SCHEMES****UNIT I****(15 Lectures)**

- (1) Introduction
- (2) Superannuation Schemes I
- (3) Superannuation Schemes II
- (4) Superannuation Schemes III
- (5) Gratuity Schemes

**UNIT II****(15 Lectures)**

- (6) Group Life Insurance Schemes I
- (7) Group Life Insurance Schemes II
- (8) Provident Fund & Employees family pension and Deposit – Linked Insurance Schemes
- (9) Taxation Treatment of Provisions for Retirement Benefit I
- (10) Taxation Treatment of Provisions for Retirement Benefit II
- (11) Group Schemes and data Processing

**Recommended course of Reading :-**

1. Group Insurance and Retirement Benefit Schemes Published by Federation of Insurance Institutes, Bombay

**PAPER – VII****PROJECT WORK (100 M)**

- |                                |    |
|--------------------------------|----|
| I. Subject Related Topics      | 50 |
| II. Training/Internship Report | 50 |

**COURSE FEES RECOMMENDED :**

Course	Year	Fees	Project	Practicals	Total p.a.
First Year	Certificate Course	3000	–	–	3000
Second Year	Diploma Course	3000	–	–	3000
Third Year	Advance Diploma Course	3000	1000 (inclusive of all projects)	–	4000

**INTAKE CAPACITY : 25 Seats**