

**Note:** Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time

**DISCIPLINE SPECIFIC ELECTIVE – FINANCE (DSE-2)**

**DSE 2: INSURANCE**

**Credit distribution, Eligibility and Pre-requisites of the Course**

Course title & Code	Credits	Credit distribution of the course			eligibility criteria	Pre-requisite of the course
		Lecture	Tutorial	Practical/Practise		
Insurance (DSE 2)	4	3	1	0	Class XII	None

**Learning Objectives**

- To equip the learners with the basic characteristics of insurance, different kinds of insurance, and benefits and costs of insurance to society.
- To acquaint the learners with the core concepts of risk management and its objectives.
- To get deep insight into the regulatory environment of IRDA
- To examining the regulatory environment for insurance

**Learning Outcomes**

On successful completion of his course, the learners will be able to:

- Evaluate the different types of Risks and learn the concept and principles of Insurance.
- Understand Risk Management and learn the concept, principles and technical components of Insurance contracts.
- Comprehend the functioning of Insurance company operations.
- Learn various important and strategic aspects of management of Insurance business.

**SYLLABUS OF DSE 2**

**Unit 1: Insurance and Risk**

**(9 hours)**

Risk – Definitions of Risk, Chance of Loss, Peril and Hazard, Classification of Risk, Major Personal Risks and Commercial Risks, Burden of Risk on Economy and Society.

Insurance – Definition of Insurance, Basic Characteristics of Insurance, Law of Large Numbers, Characteristics of an Ideally Insurable Risk, Benefits and Costs of Insurance to Society. Insurance Kinds (briefly) – Life and General Insurance, Difference between Life and General insurance.

**Unit 2: Insurance Principles & Risk Management**

**(12 hours)**

Risk Management – Meaning of Risk Management, Objectives of Risk Management, Steps in the

Risk Management Process, Techniques for Managing Risk, Benefits of Risk Management. Personal Risk Management. Enterprise Risk Management (briefly) – Concept & Benefits. Case Studies on Management of different Personal and Business Risk to be discussed. Fundamental Legal Principles – Principle of Indemnity, Principle of Insurable Interest, Principle of Subrogation, Principle of Utmost Good Faith. Requirements of an Insurance Contract.

### **Unit 3: Insurance Company Operations**

**(12 hours)**

Requirements of an Insurance Contract, Distinct Legal Characteristics of Insurance Contracts. Components of Insurance Contracts – Declarations, Definitions, Insuring agreement, Exclusions, Conditions, and Miscellaneous provisions. Underwriting – Underwriting Policy, Underwriting Principles, Sources of Underwriting Information. Sales and Marketing activities of Insurers. Claims Settlement – Basic Objective, Parties Involved & Steps in Settlement Process. Endorsements and Riders. Deductibles – Concepts and Purpose of Deductibles. Regulatory Framework of Insurance in India (briefly) – Insurance Legislation and IRDA.

### **Unit 4: Important Aspects of Insurance Business Management**

**(12 hours)**

Reinsurance – Definitions, Reasons for Reinsurance, Types of Reinsurance – Facultative & Treaty Reinsurance, Methods of Sharing Losses (Numerical Qs). Alternatives to Traditional Reinsurance – Securitization of Risk and Catastrophe Bonds. Insurance and Investments – Life Insurance Investments, Property and Casualty Insurance Investments. Rate Making – Concept, Objectives, Rate Making Methods (Numerical Qs) – Judgement, Class and Merit Rating Method. Coinsurance – Nature, Purpose and Problems. Other Important Provisions – Pro Rata liability, Contribution by Equal Shares, and Primary and Excess Insurance.

### **Essential/recommended Readings (latest edition of readings to be used)**

1. Rejda, G. E., McNamara, M. J., & Rabel, W. H. (2022). *Principles of risk management and insurance* (14th ed). Pearson Education.
2. Mishra, M. N., & Mishra, S. B. (2019). *Insurance principles and practice*. S. Chand and company.

### **Suggested Readings (latest edition of readings to be used)**

1. Gupta, P. K. (2021). *Insurance and risk management*. Himalaya Publishing House.
2. Institute of Chartered Accountants of India, *Insurance and Risk Management*.  
<https://resource.cdn.icai.org/59895clcmodule-6.pdf>

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