



बीमा विनियामक और विकास प्राधिकरण
**INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY**

IRDA/BRK/MISC/CIR/139/06/2014

Circular

20th June, 2014

To

All Insurance Brokers

Dear Sir/Madam,

With the notification of IRDA(Insurance Brokers) Regulations, 2013, the mandatory requirement of theoretical and practical training for Principal Officer and employees responsible for soliciting and procuring insurance business on behalf of an insurance broker has been reduced from 100 hrs to 50 hrs.

In order to review, update the existing syllabus and also suggest a revised syllabus a committee has been constituted vide Order No.IRDA/BRK/MISC/ORD/226/12/2013 dated 6th December, 2013 which included members from IRDA, Life and General Insurance Councils, IBAI and also from General Insurance Corporate of India. The committee was entrusted to – suggest syllabus, broad base the training and education, suggestion of examination bodies, reduction in expenses for training and examination etc. The Committee has since submitted its report.

The report of the committee was examined in IRDA and the revised syllabus suggested by the Committee has been accepted, which is attached with this circular. It has also been decided to conduct training as well as examination online henceforth.

In order to implement the above, the Authority has recognized NIA, Pune as the examination body and also entrusted the conduct of online examination to NSEIT, Mumbai. The team of IRDA, NIA and NSEIT has discussed various modalities for conduct of online training as well as examination and decided to operationalise the conduct of examination online from 1st June, 2014 onwards to start with. The NIA, Pune has also been entrusted the job of preparing the course material as per the revised syllabus based on which the training will be conducted henceforth.

NIA, Pune is in the process of developing a portal for conduct of online training. It is envisaged that training for brokers will be shifted to online mode very soon. In order to facilitate smooth transition, it has been decided to continue with offline training for one more year, from the Institutes already recognized by the Authority. However, the

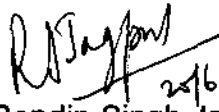
conduct of examination will be online for students who have undergone offline training also, henceforth.

Further, in order to provide a level playing field, it has been decided to give permission to all the nine institutes who have already recognized by the Authority for conduct of training online, if they are interested to develop portals and conduct training online.

In this connection, we are pleased to inform you that Chairman, IRDA has formally inaugurated the online conduct of insurance brokers' examination on 16th June, 2014 and the facility is now available for all candidates who will be appearing for their examination henceforth. Candidates are requested to contact NIA, Pune, through the IRDA authorized institutes to enroll themselves for the examination.

These measures will reduce the costs of training as well as examination by more than 50% in all IRDA authorized training centres which will enable more and more people take and up qualify for the broker examination.

This issues with the approval of the Competent Authority


25/6/14.
(Randip Singh Jagpal)
Sr. Joint Director

Revised syllabus

SECTION I- COMPULSORY SUBJECTS

1. INSURANCE BROKER'S REGULATIONS

The syllabus would basically cover the IRDA (Insurance Brokers) Regulations 2013.

1. Role of Brokers in Insurance Market and types of Brokers operating in the market.
2. Functions of Direct / Composite / Reinsurance Brokers.
3. Registration and Licensing of Brokers: eligibility and qualifications of person, manpower and infrastructure requirements.
4. Requirement of Capital for Direct broker/Composite Broker / Reinsurance Broker
 - Forms of capital to be brought in Equity /Assets/Cash
5. Code of Conduct or Professional Ethics.
6. Remunerations of Brokers in various lines of Insurance Business: General Insurance, Life Insurance, Pension, Annuity, Group Insurance, etc.
7. Professional Indemnity Insurance for Brokers
8. Payment of fees and the consequences of failure to pay fees
9. Ceiling on business from single client
10. Segregation of insurance money, Insurance Bank Account etc.
11. Maintenance of Books of Account, Records, submission of half-yearly result, Internal Control System, Disclosures of Information and Inspection of IRDA
12. Cancellation or Suspension of License and Penalties.
13. Responsibility of Broker to the insured– Understanding of client's requirement – nature of business and Risk Management of client, Preparation of Insurance Slip, Premium Collection, assistance in claims and preparation of claim documentation.
14. Responsibility of Brokers to the Insurance Company in Selection of Risks, Presentation of Products, Remittance of Premium, assistance in Claim Settlement and Consumer Grievances.

2. PRINCIPLES AND PRACTICES OF INSURANCE

1. Introduction To Insurance :
 - a) The Concept of Risk, Perils and Hazards- Classification of Risks
 - b) Risk Assessment, Risk Transfer & Mitigation Methods
 - c) The Concept of Insurance
 - d) Principle of Probability and Law of Large Numbers
 - e) Pooling of Resources-Sharing of Risks
 - f) Insurance as Security / Solidarity
2. Basic Principles of Insurance –
 - a) Moral Hazard / Morale Hazard
 - b) Adverse Selection

- c) Utmost Good Faith
- d) Insurable Interest – Material Facts
- e) Proximate Cause
- f) Indemnity –Valued Policy
- g) Subrogation
- h) Contribution
- i) Legal Characteristics of Insurance Contract:

3. Types of Insurance

- a) Life Insurance
- b) Micro Insurance
- c) Annuities
- d) Health Insurance
- e) General Insurance
- f) Motor Insurance
- g) Marine Insurance
- h) Commercial Line Insurances
- i) Personal Line Insurances
- j) Liability Insurance
- k) Property Insurance
- l) Other Miscellaneous Insurance

4. Insurance Documents and Policy Terms and Conditions

- a) Insurance Policy Contract – Need for Proposal Forms
- b) Scope of Cover – Coverage, Exclusions and Warranties, Conditions
- c) Endorsements and Riders in Insurance.
- d) Deductibles, Franchise, Co-Insurance Arrangements
- e) Documents Relating to Underwriting and Claims Settlement

3. LEGAL AND REGULATORY ASPECTS OF INSURANCE

Relevant Provisions of Various Act and their applicability to Insurance, Motor Vehicles Act 1988, Marine Insurance Act 1963, Consumer Protection Act 1986, Insurance Act 1938, IRDA Act, 1999;

Role of Industry bodies like Governing Body of Insurance Council, Life Ins Council, Gen Ins Council, Ins Brokers Association of India, etc.

Insurance Regulations & Guidelines - Protection Of Policyholders' Interests Regulations, File & Use guidelines, Regulations relating to Receipt of Premium by Insurer/s vis-à-vis Section 64VB of Ins Act for commencement of risk; IRDA (detection & monitoring of insurance frauds) Guidelines

Anti-Money Laundering: AML / CFT guidelines in Insurance Sector & Updated guidelines from IRDA.

Redressal of Policy-holders' Grievances - Role of Ombudsman Offices, IGMS of IRDA, etc.

4. RISK MANAGEMENT

- a) Risk Management Concepts – Pure Risk and Business Risk, Static Risk and Dynamic Risks, Objective Risk and Subjective Risk, Systemic Risks and Random Risks, Catastrophe risks, Risk Accumulation and Risk exposures.
- b) Steps in Risk Management and ways to treat Risks
- c) Risk impact and likelihood (Frequency – Severity) issues / Risk Mapping
- d) Risk Response Management - Loss & Claims Management, Disaster and Recovery Planning – Crisis Management, Loss / Cost Containment Procedures, Risk Management Record Keeping
- e) How to conduct a risk inspection & Report.
- f) Risk Management Documentation - Risk Self-Assessment Reports, Internal Audit Reports, Unit Risk Management Reports, External Disclosure Reports
- g) Importance of Risk Training and Communication
- h) Risk Control Techniques – Preventive Controls, Corrective Controls, Directive Controls, Detective Controls

SECTION – II

GENERAL INSURANCE

1. Fire and Engineering Insurance

Coverage under Fire Policies

- a) Special Clauses
- b) Add On Covers
- c) General Exclusions, Conditions and Warranties

Essential aspects of Fire Underwriting

- a) Proposal Form, Schedule, Policy and Renewal Notice
- b) Building, Construction, Occupation
- c) Fire Risk Inspection & Assessment Report
- d) Fixation of Sum Insured, RIV & Market Value determination
- e) Rates, Discounts & Deductibles and its pattern
- f) Fire Loss prevention & Fire Extinguishing Appliances

Fire (Consequential Loss) Insurance

- a) Scope and coverage Fire (CL) Policy

Operational Insurance Covers – Coverage, Exclusions, Underwriting and Claims:

- b) Machinery Insurance including MLOP
- c) Boiler Insurance
- d) Electronic Equipment Insurance
- e) DOS Insurance
- f) Indian Market Terrorism Pool;
- g) Proposed Indian Market Oil & Energy Pool;
- h) Rating in Fire & Engineering Insurance (particularly its adequacy) – during Tariff regime as well as during Tariff-free regime;
- i) Underwriting Experience of Fire & Engineering Insurance portfolios – during Tariff regime as well as during Tariff-free regime;

2. MOTOR INSURANCE

Types of Motor Policies, Certificate of Insurance/ Cover Note

Miscellaneous and Special Types of Vehicle, Motor Trade Policies

Understanding of Various Indian Motor Tariffs and General Regulations

Private Cars and Two wheelers Motor Policy

- a) Package Policies
- b) Scope of Cover of Liability to Third Parties
- c) Liability Only Policy Forms
- d) Personal Accident Cover for Owner-Driver

Commercial Motor Policies

- a) Commercial Vehicles Package Policy.
- b) Section I- Loss or Damage
- c) Section II – Liability to Third Parties
- d) Section III – Towing Disabled Vehicles

- e) Motor T.P. Declined Risk Pool;
- f) Rating in Motor OD and Motor TP Insurance (particularly its adequacy) – during Tariff regime as well as during Tariff-free regime;
- g) Role of IRDA in determining Motor TP premium rates;

Claims

- a) Motor Vehicle Claim Experience
- b) Types of Losses
- c) Claim Documents, Survey and Loss Assessment
- d) Computation of Vehicle Damage Claims
- e) Motor – Third Party (Liability computation)
- f) Role of MACTs/Lok Adalats in Motor TP Claim settlements
- g) O/s claims in Motor TP
- h) Underwriting Experience in Motor OD and Motor TP portfolios – during Tariff regime as well as during Tariff-free regime;

3. MARINE INSURANCE

Marine Cargo underwriting

- a) Enco-terms
- b) Vessel, Voyage, Cargo, Packing
- c) Marine Clauses: ICC-A, ICC-B, ICC-C, ITC-A, ITC-B, ITC-C

Cargo Insurance coverage and underwriting

- a) Specific Policy, Open Policy, Open Cover,
- b) Annual Policy, Sales Turnover Policy
- c) Declaration Form, Certificate of Marine Insurance Duty Insurance
- d) Increased Value Insurance

Marine Cargo Claims

- a) Types of Losses
- b) Claims Procedure and Documents
- c) Pre loss & post loss Survey

HEALTH INSURANCE & PERSONAL ACCIDENT:

1. Types of Health Insurance Products Available-Hospitalization Reimbursement Insurance, Critical Illness Insurance Cover, Specific Disease Covers,
2. Health Insurance Claims Management
3. Group Medical Insurance
4. Role of TPAs in healthcare Delivery
5. Overseas Travel Insurance - Terms, Exclusions, Conditions, Benefits Ranges, Frequent Traveler Policies, Claim Settlement Procedures - Baggage Insurance – Coverage, Terms, Conditions, Exclusions, Rates
6. Personal Accident Insurance – Basic Principles, Coverage, Exclusions, Conditions, Add-ons- Individual Insurance and Group Insurance, Claim Procedures.

7. Workmen Compensation Insurance - Terms, Exclusions, Conditions, Benefits Ranges, Group Policies, Claim Settlement Procedures
8. Types of Health Insurance Products Available-Hospitalization Reimbursement Insurance, Critical Illness Insurance Cover, Specific Disease Covers,
9. RSBY – its features and implementation

MISCELLANEOUS INSURANCE (other than Motor, Health, Liability, Property Insurance)

Data on penetration of personal and social sector insurances; Reasons for under-penetration ; Role of Brokers to improve penetration);

4. LIABILITY INSURANCE

- 1) Compulsory Public Liability Insurance
 - a) Public Liability Act, 1991
- 2) Products Liability Insurance
 - a) Policy Coverage & Exclusion, Clinical Trial
- 3) General Liability Insurance
 - a) Commercial General Liability, Directors’ & Officers, Errors & Omissions
- 4) Employers’ Liability Insurance (Workman’s Compensation Act 1929)
- 5) Professional Indemnities
 - 6) Doctors & and Medical Professions
 - 7) Solicitors & Lawyers
 - 8) Chartered Accountants
 - 9). Architects

5. MISCELLANEOUS INSURANCE (other than Motor, Health, Liability, Property Insurance)

1. Crime Insurances
 - a. Burglary Insurance – Coverage, Terms, Conditions, Exclusions First Loss Policies, Claim Settlement
 - b. Money Insurance (In Transit And In Safe)- Coverage, Terms, Conditions, Exclusions – Claim Settlement
 - c. Fidelity Guarantee Insurance –Coverage, Terms, Exclusions, Terms and Conditions –
2. Package Policies – Commercial
 - a. Bankers Indemnity – Section wise Coverage, Terms, Exclusions, Conditions
 - b. Jewelers’ Package Insurance - Section Wise Coverage, Terms, Exclusions, Conditions
 - c. Shopkeepers Insurance - Section Wise Coverage, Terms, Exclusions, Conditions –
 - d. Claim settlement process of package policy

3. Package Policies – Personal
4. Household Insurance – Section wise Coverage, Terms, Exclusions, Conditions – Underwriting And Rating, Claims Settlement
5. Rural and Social Insurance
 - a. Cattle and other animal insurance
6. Micro – Insurance
 1. Micro Insurance Products

SECTION – III

LIFE INSURANCE

1. Life Insurance Products:
 - Basis of life insurance products
 - Classification of products: Traditional / Linked Product
 - Traditional Products
 - Term Insurance
 - Whole Life Insurance
 - Endowment Insurance
 - Money Back Insurance
 - Linked Products
 - ULIP
 - Health Insurance
 - Individual Annuity with riders
 - Riders & Options (on Both Traditional & Linked Platforms)
 - Term
 - Critical Illness
2. Financial need Analysis and Selection of appropriate policy
3. New product guidelines including customer protection
4. Product comparison analysis of various life insurance companies:
 - a. Scope-features-coverage-benefits-premium-sum assured-commission payable, etc.
5. Underwriting Aspects of Life Insurance
 - Concept of Mortality and Mortality Table.
 - Principles of Underwriting
 - Types of Underwriting
 - Medical Underwriting, Financial Underwriting.
 - Numerical Rating System
 - Level premium
 - Calculation of Premium, Modes of Premium Payment
6. Policy Servicing & Claims
 - Important Documents
 - Prospectus / Brochure
 - Proposal Form
 - Age Proof
 - First Premium Receipt
 - Policy Bond
 - Endorsements
 - Notices
 - Renewal

- Revival

- Policy Servicing
 - Alterations
 - Nomination
 - Assignment
 - Loan
 - Surrender value, paid-up value
- Life Insurance Claims
 - Procession of claim settlement
 - Important document required
 - Types of claims: Interim claims / Maturity claim/ Death claim.
 - Calculation Of Benefits Payable – bonus – guaranteed additions – final bonus, etc.

7. Group Insurance

- Group Insurance & Group Underwriting
- Types Of Group Insurance In India:
 - Group Gratuity
 - Group Superannuation
 - GSLI
 - Group Credit Insurance
 - Group Insurance In Lieu Of EDLI

8. Social & Rural Insurance

- Micro Insurance Concept
- Micro Insurance Regulations
- Social Group Insurance
- Different Government Schemes For Weaker Sections, Rural Areas

9. Pension Products & Annuities

- Defined Benefit Pension Scheme
- Defined Contribution Pension Scheme
- Classification Of Annuities
 - Life Annuity
 - Annuity Certain
- Annuity Options
 - Fixed Annuity
 - Variable Annuity
 - Linked Annuity

SECTION – IV

REINSURANCE – ADVANCED

1. Role and Functions of Reinsurance
 - 1) Introduction to Reinsurance
 - 2) Functions of Reinsurance
 - 3) Types of Reinsurance
 - 4) Purpose & Need of Reinsurance
 - 5) Reinsurance Markets
2. Types of Reinsurance Contracts
 - 1) Facultative Reinsurance
 - 2) Treaty Reinsurance
 - 3) Facultative Obligatory Treaty
3. Methods of Reinsurance Contracts
4. Proportional Reinsurance
 - 1) Quota Share Treaty
 - 2) Surplus Treaty
 - 3) Quota Surplus Treaty Non-Proportional Reinsurance
 - a) Excess of Loss – Working Per Risk
 - b) Excess of Loss – Catastrophe
 - c) Stop Loss
5. Role of Broker in Reinsurance Market
6. Reinsurance Retention Decision
 1. Relevant Factors
 2. Past Data
 3. Mathematical Models
7. Excess of Loss Cover
 1. Financial Aspects
 2. Excess of Loss Rating
8. Common Reinsurance Clauses
 1. Cut through Clause
 2. Follow the Fortune Clause
 3. Set off Clause
 4. Currency Clause
 5. Accounting Clause
 6. Hours Clause
9. Major Categories of Reinsurance
 1. Property Reinsurance
 2. Liability Reinsurance
 3. Marine And Aviation Reinsurance
 4. Life Reassurance
10. . Alternative Risk Transfer (ART)
 1. Finite Reinsurance

2. Insurance Risk Securitization – CAT Bonds
3. Insurance Derivatives – Futures, Options, Swaps

11. Reinsurance Accounting & Management

1. To trace catastrophe disasters and insured losses in India; how to go about insuring the so-far uninsured population, properties, etc.
2. International markets / Lloyds Market – Slips ; Underwriting Documents

12. Practice Manual for Reinsurance Brokers (new to be introduced)

Section 1: Reinsurance programs

- 1.1 Designing a reinsurance program
- 1.2 Methods of reinsurance
- 1.3 Application of different forms of reinsurance to the main classes
- 1.4 Practical aspects of placing a program
- 1.5 General accounting requirements

Section 2: Accounting for reinsurance treaties

- 2.1 Proportional treaties - commissions
- 2.2 Portfolios
- 2.3 Reserves
- 2.4 Non-proportional accounts

Section 3: Accounting step by step

- 3.1 Objective
- 3.2 Proportional treaty reinsurance

Section 4: Practical examples and exercises

Section 5: Glossary of reinsurance terms