

Basics of Insurance

- Risk concepts and Insurance
- Insurance impacting general industry
- Types & Lines of insurance
- Stakeholders
- Regulatory bodies
- IT impacting Insurance industry
- Certifications

Introduction to Risk Concepts

- Risk- Risk is the possibility of the occurrence of a loss due to certain identified perils.
- Perils are nothing but events which cause the loss
- Risk of Accident
- Risk of Liability
- Risk of disability / dismemberment
- Risk of ailment or disease
- Risk of loss of life or property
- Risk of living too long





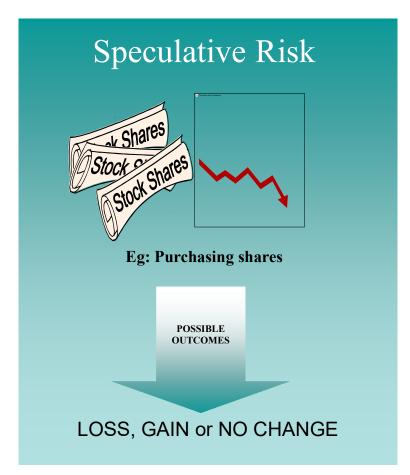


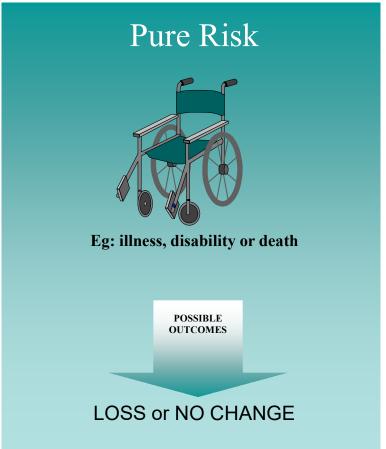






Classification of Risks





Risk Management Technique & Process

Technique

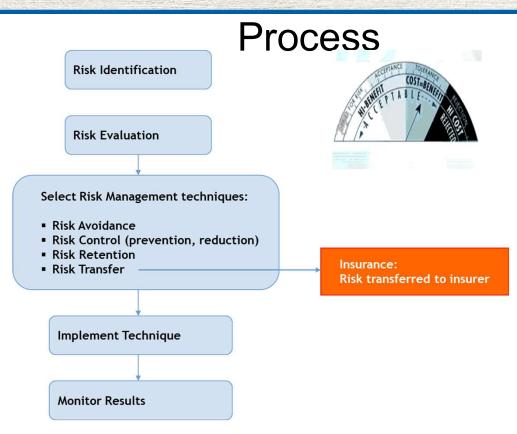












Definition – Insurance

What is this insurance?

An insurance contract is a legal contract under which one party (the "insurer") accepts significant insurance risk from another party (the "policyholder") by agreeing to compensate the policyholder / the beneficiary an amount of money("Sum under consideration") for economic losses sustained from an unexpected event during a period of time ("Coverage period"), for which the policy holder makes a periodic payment ("premium") to the insurer.



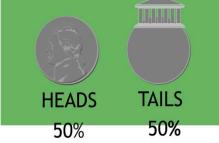
- Insurance is a process by <u>which losses of a few are</u>
 met by <u>contribution from many</u>
- It is not a profit oriented investment
- Always remember It is people's money. Insurance companies are <u>mere administrators</u> of the fund
- Insurance is not a substitute for safety and security
- Insurance cannot prevent losses. <u>It only makes</u>
 losses affordable

Basic Theory & Principles of Insurance

Law of Large Number: states that the larger the number of exposure units independently exposed to loss, the greater the probability that actual loss experience will equal expected loss experience's



The more likely it is that our observed results will approximate the "true" probability that the event will occur



- Insurable interest
- Utmost good faith
- Proximate Cause
- Indemnity
- Contribution
- Subrogation

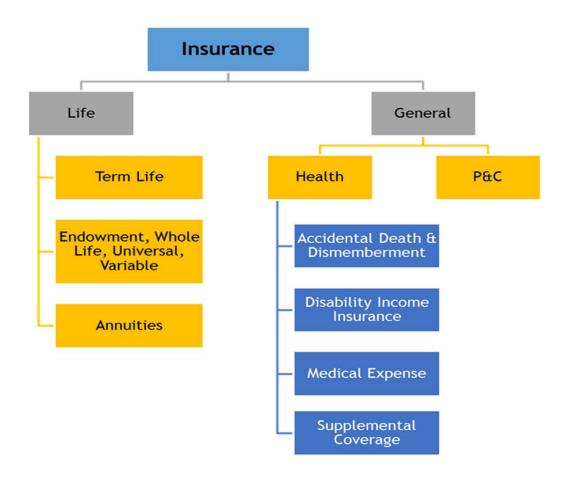
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Impact of Insurance

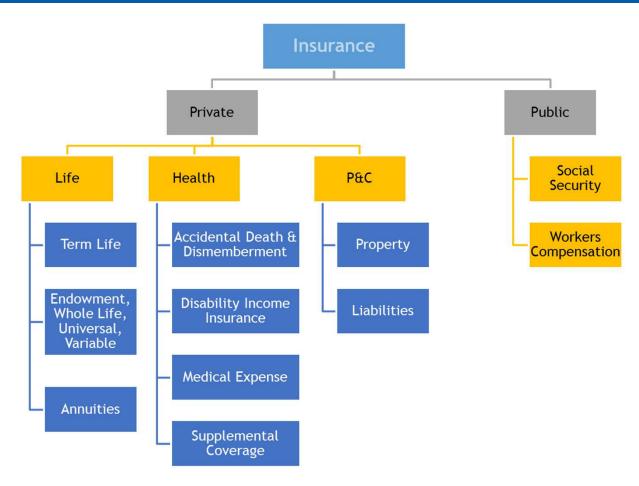
- Providing Financial Security
 - Life Insurance Covers
- Improving Consumer And Worker Safety
 - Discounts in Premiums for good practices
- Protecting Consumer Transactions
 - Insurance on Home Loans
- Protecting Business Transactions
 - Business Insurance for operations (Ex: signing contracts, financing and expanding operations, manufacturing and distributing products, providing services, hiring employees)
- Providing Recovery From Catastrophes
 - Insurance coverage enables businesses to replace inventories and rebuild buildings, and allows homeowners to repair and rebuild homes and replace property.

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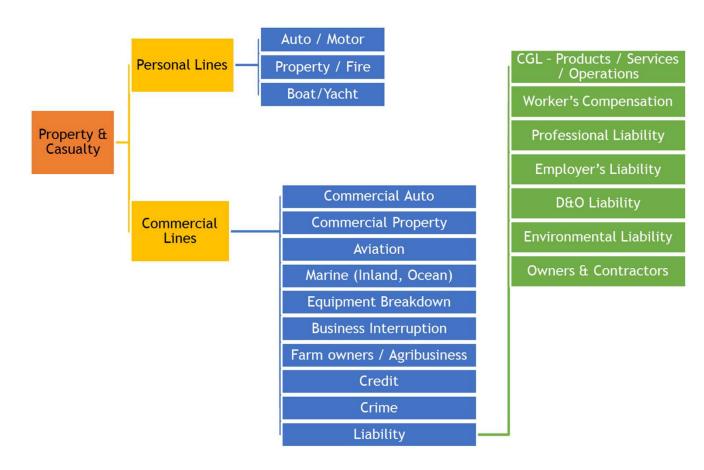
Insurance Classification



Types of Insurance – US Market Specific



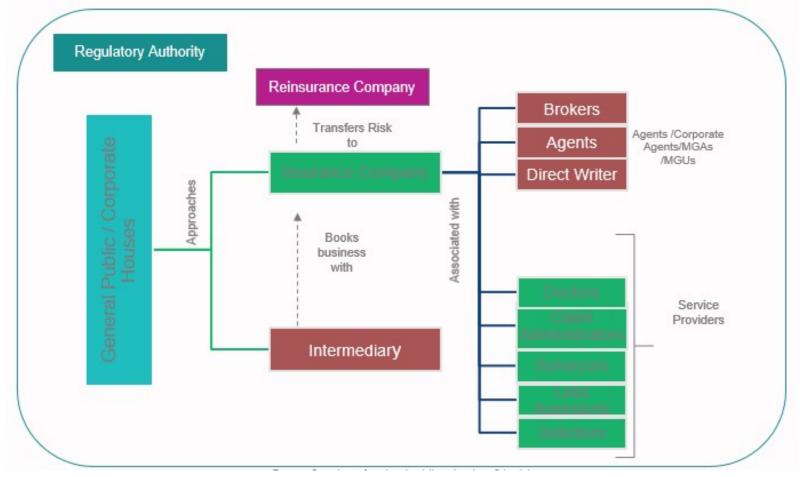
P & C Insurance LOB & Products



Top Insurance Companies

Rank	Company	Revenue (\$ Million)	Country
1	United Health Group Incorporated	158,500	U.S.
2	AXA S.A.	104,500	France
3	China Life Insurance (Group) Company	97,600	China
4	Ping An Insurance (Group) Company of China Ltd.	90,300	China
5	Allianz SE	86,800	Germany

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Regulatory Bodies Across Globe



Responsibilities of Regulators

- Licensing and Regulating
- Monitoring and Preserving the financial solvency



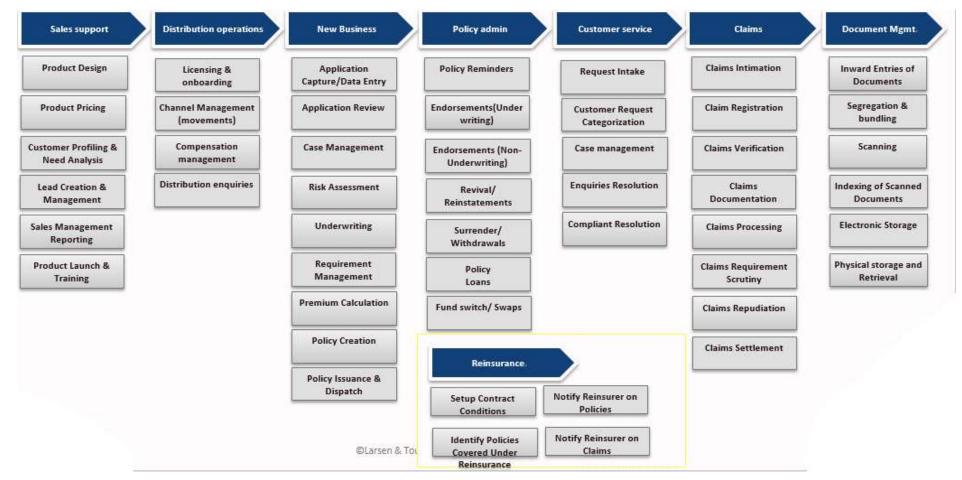
- Regulating and Standardizing Policies and Products
- Controlling Market Conduct and Preventing Unfair Trade Practices
- ❖ Inspection, Investigation, Analysis of Accounts and Returns,



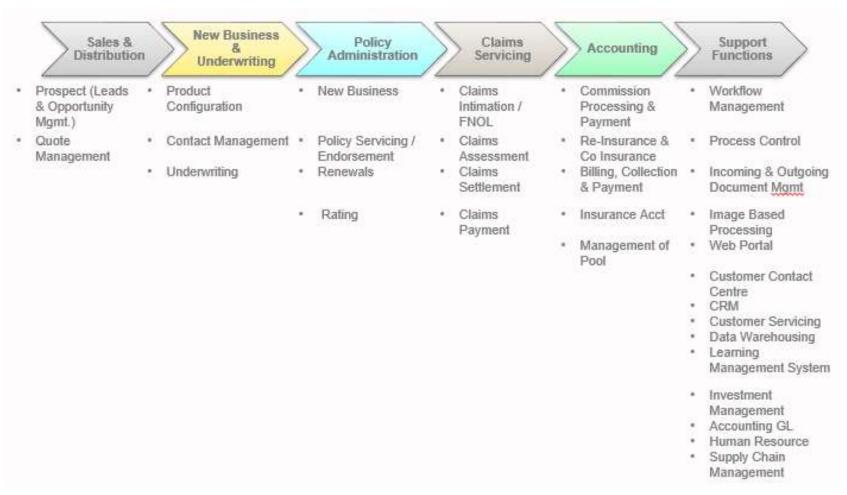
❖Intervention and Withdrawal of Licenses

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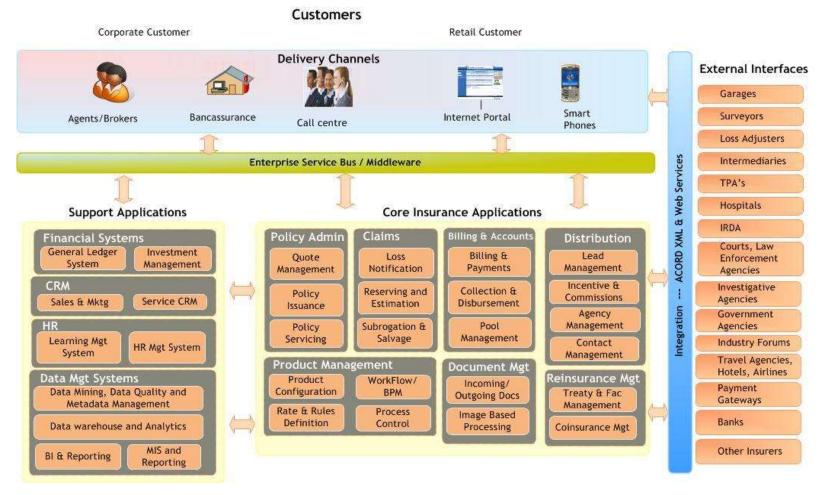
Insurance Business Value Chain



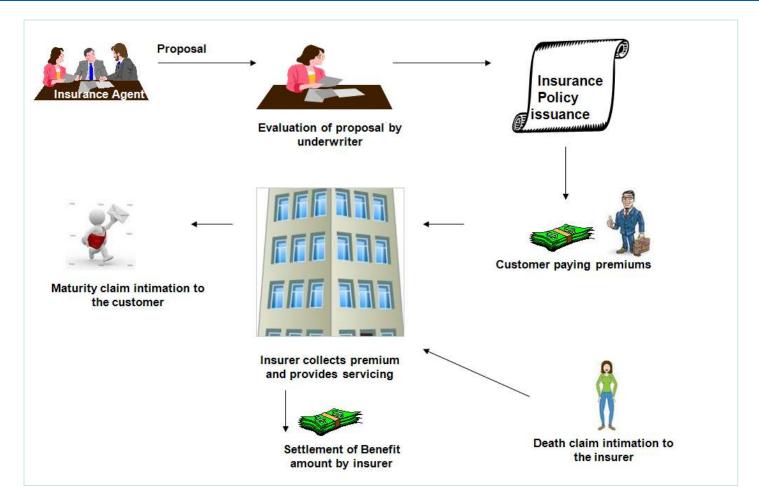
Insurance Business Process Overview



Insurance Landscape



Contract Life Cycle



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Certification	Conducted By	Stream	Frequency	Geography	Reimbursable
INS 24	AICPCU	P&C Insurance	Quarterly	USA	Yes
Associate /Licentiate /Fellow	Insurance Institute of India	P&C Insurance	Quarterly	India	No
LOMA	LOMA	Life Insurance		USA	Yes
АНР	АНР	Health Insurance		USA	Yes
ACORD	ACORD	Life Insurance	Quarterly	USA	No
Other CPCU Certifications	AICPCU		Quarterly	USA	Yes
CII-UK Insurance	CII	Life Insurance	Twice in a year	UK	NO

Questions?