



معهد الخليج لدراسات التأمين
GULF INSURANCE INSTITUTE

Certificate in Insurance Principles and Practice

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| Course Code | Cert. GII |
| Content | Unit 1: Risk and Insurance Unit 2: Legal principles Unit 3: The Insurance Market Unit 4: Insurance regulation and Consumer protection Unit 5: Insurance Practice Unit 6: Insurance Classes and Underwriting |
| Duration | 60 hours of structured learning involving classroom sessions, quizzes and case studies. |
| Audience | Novice |
| Learning Objectives | At the end of this course participants will be able to: |

UNIT 1 – Risk and Insurance

- 1.1 Define the concept of risk
- 1.2 Define the characteristics of risk and explain how risks are categorized
- 1.3 Explain how risk is measured
- 1.4 Define risk management and outline the main constituents of a risk management programme.
- 1.5 Define insurance and explain its objectives
- 1.6 Explain the relationship of risk and insurance and which risks can be insured.
- 1.7 Distinguish between a peril and a hazard
- 1.8 Explain the economic basics of insurance; Pooling, Law of large numbers, homogeneity of risks, uncertainty, spread of risk and risk sharing
- 1.9 Outline the typical inflows and outflows from an insurance pool
- 1.10 Outline the benefits of insurance to policyholders and to society in general

UNIT 2 - Legal principles

- 2.1 Discuss elements of a valid contract in relation to insurance contracts
- 2.2 Explain contract fulfillment, void and voidable contracts and cancellation of contracts of insurance.
- 2.3 Outline the principles of the law of agency and its application to insurance
- 2.4 Define Insurable Interest and explain, with examples, how insurable interest may arise
- 2.5 Define Utmost Good faith
- 2.6 Define Material Facts and explain material facts in relation to moral and physical hazard, giving examples

- 2.7 Distinguish between facts which need to be disclosed and those which do not.
- 2.8 Distinguish between non-disclosure and misrepresentation and the effect on the contract of insurance when a breach by either party occurs
- 2.9 Explain proximate cause and its application in different situations
- 2.10 Explain the principle of indemnity and discuss the methods by which insurers provide indemnity.
- 2.11 Outline the main clauses limit, reduce, extend or modify the principle of indemnity
- 2.12 Discuss the application of the principle of contribution to basic insurance situations
- 2.13 Explain subrogation as a corollary of indemnity and how it may arise

UNIT 3 – The Insurance Market

- 3.1 Outline the structure of the insurance market
- 3.2 Distinguish between different types of insurance companies
- 3.3 Outline the structure and operation of the London market, Lloyd's and the GCC market
- 3.4 Outline the different distribution channels for insurance products
- 3.5 Distinguish between the various types of insurance intermediaries and explain their main features in the context of EU insurance directives and market practice.
- 3.6 Explain the concept of reinsurance and discuss the role of reinsurers in the market.
- 3.7 Outline the role and services provided by associations and organizations ancillary to the insurance market
- 3.8 Explain the functions of underwriting and claims staff and other service providers to the insurance industry.

UNIT 4 – Insurance Regulation and Consumer Protection

- 4.1 Outline the role and function of an insurance supervisory authority in an insurance market
- 4.2 List the Core Principles of Insurance Supervision issued by the IAIS
- 4.3 Be aware of the concepts applied as a means of controlling capital adequacy of insurance companies.
- 4.4 Be aware of the function of a ratings agency and why ratings are important for insurance companies.
- 4.5 Outline the obligations of insurance market players under various legal frameworks for data protection, money laundering and compulsory insurance.
- 4.6 Outline the main provisions for consumer protection laws and schemes that apply in the EU and in GCC countries
- 4.7 Understand the need for codes of conduct and practice for professionals and be aware of GII Code of Conduct for members
- 4.8 Outline the main factors leading to improved customer service standards
- 4.9 Be aware of the complaints handling rules under the regime of the FSA in the UK and other regulations in GCC countries.
- 4.10 Be aware of the main provisions for compensation schemes that apply in the EU and in GCC countries
- 4.11 Explain the purpose of compulsory insurance legislation and outline the main compulsory classes in GCC countries

UNIT 5 – Insurance Practice

- 5.1 Discuss the process of insurance sales from quotation to securing of cover

- 5.2 Explain the ways in which Underwriters obtain information about the risk during the underwriting process
- 5.3 List the typical structure/contents of a proposal form and explain the significance of material facts and duty of disclosure
- 5.4 Outline the constituents of an insurance premium.
- 5.5 Explain the responsibilities of each party involved in an insurance transaction for payment of premium, its collection and accounting.
- 5.6 Explain the purpose and contents of insurance documents: The Policy, the Certificate of Insurance, the Cover note, the Broker's slip, Renewal notice and endorsements.
- 5.7 List the typical structure and contents of a policy and explain the significance of the preamble, the operative clause, exceptions, the schedule, general conditions, general exclusions,, warranties, and endorsements.
- 5.8 Outline the renewals procedure explaining the duties of the Insurer, the insured and the intermediary during the renewal process.
- 5.9 Explain cancellation rights under a contract of insurance.
- 5.10 Explain the Insured's duties when lodging a claim under the main types of property and liability policies
- 5.11 Outline the role of the claims department in handling and processing claims
- 5.12 Explain conditions precedent and how they may affect the Insured's entitlement to settlement of a claim
- 5.13 Explain the methods of providing indemnity available to underwriters
- 5.14 Outline the use of surveyors, loss adjusters, and other service providers in assisting with claims servicing.
- 5.15 Outline the measures available to underwriters to minimize their claims incurred through recoveries and salvage
- 5.16 Discuss means of combating fraud in insurance claims and the consequences of misrepresentation and fraud in claims processing
- 5.17 Outline the value of arbitration and other dispute resolution mechanisms to the insurance market
- 5.18 Be aware of the type of information systems available to the insurance industry and their application
- 5.19 Outline the need for Internet, intranets and local area networks in an insurance organization
- 5.20 Be aware of the threats posed by IT systems to an insurance organization
- 5.21 Outline the characteristics of confidential information and its protection.

UNIT 6- Insurance Classes and underwriting

- 6.1 Outline the insurance products available under various classes of insurance
- 6.2 Distinguish between short, annual renewable and long term contracts of insurance and their implications on the principles of insurance

- 6.3 Outline the cover, terms and main exclusions/exceptions of the following classes of insurance
- Property Insurance (reference to UK and GCC market practice)
 - Business Interruption and pecuniary insurances
 - Miscellaneous accident insurances
 - Liability Insurance (Personal, Public, Employers, Professional, Directors and Officers and specialist classes)
 - Construction Insurance
 - Engineering Insurances
 - Motor Insurance
 - Transportation Insurances (Marine Hull and Cargo and related liability/pecuniary coverage, Aviation Insurance and Land Transit Cover)
 - Life Assurance
 - Personal Insurances
 - Mixed, Combined and Packaged Coverage
- 6.4 Outline the underwriting criteria for each of the above classes.
- 6.5 Explain the pure risk premium and the difference between this and the premium that the Insured pays.
- 6.6 Outline the methods of compiling statistics that underwriters use to monitor their account's performance and how they identify areas which need corrective measures
- 6.7 Explain the types and methods of reinsurance available for the main classes of insurances
- 6.8 Be aware of the need for underwriters to monitor and control their risk accumulation
- 6.9 Be aware of the causes and effects of the market cycle in insurance and how it affects insurers' consideration on pricing.

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| Private study | Students should undertake a minimum of 30 hours of private study throughout the course. |
| Assessment | Candidates must sit for a 3 hour paper consisting of 100 Multiple Choice Questions. |
| Accreditation | 30 specific credits for Chartered Insurance Institute IF2 & IF3. |