



Non-Life Insurance Agents Certification

Summary of the Syllabus

OBJECTIVE OF THE EXAMINATION

The objective of this course is to equip the trainee with the knowledge and skills which enables them to perform as insurance Distribute efficiently and effectively.

TARGET AUDIENCE

This Exam will be mandated for sale staff of Life Insurance companies and banks selling/ distributing Life Insurance.

SYLLABUS STRUCTURE

The curriculum is divided into elements and these are broken down into a series of learning objectives. Each learning objective begins with one of the following prefixes: **know**, **understand**, **be able to calculate** and **be able to apply**. These words indicate the different levels of skill to be tested. Learning objectives prefixed:

- **Know** require the candidate to recall information such as facts, rules and principles
- **Understand** require the candidate to demonstrate comprehension of an issue, fact, rule or principle
- **Be able to calculate** require the candidate to be able to use formulae to perform calculations
- **Be able to apply** require the candidate to be able to apply their knowledge to a given set of circumstances in order to present a clear and detailed explanation of a situation, rule or principle.

EXAMINATION SPECIFICATIONS

Each examination paper is constructed from a specification that determines the weightings that will be given to each element. The specification is given below.

It is important to note that the numbers quoted may vary slightly from examination to examination as there is some flexibility to ensure that each examination has a consistent level of difficulty. However, the number of questions tested in each element will not change by more than plus or minus 2.

Examination Specification		
100 multiple choice questions		
Element	Element description	Questions
1	Introduction to Insurance	10
2	Insurance Companies: Structure and Management	10
3	Insurance Regime in Pakistan: Regulatory Framework and Ethics	10
4	Risk and Risk Management	10
5	Governing Law and Contractual Provisions	10
6	Types of Non-Life Insurance and its Mechanisms	15
7	Introduction to Islamic Insurance / General Takaful	10
8	Underwriting and Claim	10
9	Insurance Selling: Career and Processes and Personal Grooming	15
	Total	100

ASSESSMENT STRUCTURE

- This will be a two-hour examination of 100 Multiple Choice Questions.
- All questions will carry equal marks.
- There will be no negative marking.

SUMMARY OF THE SYLLABUS

Element I

Introduction to Insurance

1.1 What is Insurance?

1.1.1 Some Misconception about Insurance

1.1.1.1 Insurance and Wager or Gambling

1.1.1.2 Insurance and hedging

1.2 A Brief History of Insurance

1.2.1 Life and General insurance

1.2.2 Insurance Industry in Pakistan

1.2.3 Benefit of Insurance to Society

1.3 Uses and Benefits of Life Insurance to Consumer

1.3.1 Owner's Benefits

1.3.2 Benefits as Property

1.3.3 Business Uses

1.4 Different Categories of Insurance

1.4.1 Individual Life Insurance

1.4.2 Individual Health Insurance

1.4.3 Group Life Insurance

1.4.4 Group Health Insurance

1.4.5 Group Pension Plan

1.4.6 General or Non-life Insurance

Element 2

Insurance Companies: Structure and Management

2.1 Background

- 2.1.1 Structure of the company
- 2.1.2 Management
- 2.1.3 Vision, Mission and Core Values

2.2 Company's financial position –

- 2.2.1 Paid Up Capital
- 2.2.2 Assets
- 2.2.3 Claims History.
- 2.2.4 Credit rating
- 2.2.5 Partners and Clientele

2.3 Marketing & Common Distribution Channel

- 2.3.1 Marketing
- 2.3.2 Distribution Channels
- 2.3.3 Marketing Intermediaries

2.4 Agency Building distribution

- 2.4.1 Agency Management
- 2.4.2 Non-Agency – Building Distribution
- 2.4.3 Direct response

2.5 Insurance through Banking products

2.6 Direct Sales model or Non-integrated models

- 2.6.1 Referral model or Integrated models

Element 3

Insurance Regime in Pakistan and Ethical Issues

3.1 SECP's regulatory role in Life Insurance & Takaful

3.2 Insurance Ordinance sections pertaining to the agent

3.3 Fraudulent practices and role of CDC

3.4 Ethical issues in Insurance Selling

- Misrepresentations
- False or Deceptive Advertising
- Twisting
- Churning
- False Financial Statements
- Defamation
- Rebating
- Mis-selling
- Overselling
- Underselling

3.4 About IAP

Element 4

Risk and Risk Management

4.1 The concept of risk

- Types of Risks
 - o Pure risk
 - o Speculative risk

4.2 Classification of Risks

- Standard Risks
- Substandard Risk
- Preferred Risks
- Declined Risks
- Perils and Hazard

4.3 Managing Risk

4.4 Law of Large Numbers

4.5 Principle of Insurable Interest

4.6 Insurable Risks

- Large Numbers of Homogeneous Units
- Loss Must Be Measurable
- Loss Must Be Uncertain
- Economic Hardship
- Exclusion of Catastrophic Perils

4.7 Principle of Indemnity

Element 5

Governing Law and Contractual Provisions

5.1 Formation of an Insurance Contract

- Contract Elements
- Agreement (Offer and Acceptance)
 - o Presentation of Offer
 - o Acceptance
 - Consideration
 - Competent Parties
 - Legal Purpose
- Parts of the Insurance Contract
 - o Policy Face (Title Page)
 - o Insuring Clause
 - o Conditions
 - o Exclusions
- Contract Characteristics
 - o Utmost Good Faith
 - o Aleatory
 - o Adhesion
 - o Unilateral
 - o Conditional
 - o Personal Contract
 - o Warranties and Representations
 - o Impersonation
 - o Misrepresentation and Concealment
 - o Fraud
 - o Void and Void able Contracts

5.2 Law governing insurance distributor/agent's role

- Agency Law Principles
- Presumption of Agency
- Authority
- Collection of Premium
- Agent's Responsibility to Insured/Applicant
- Suitability considerations
- Agent's Responsibilities to the Company
- Company's Responsibility to the Agent

5.3 Contractual Provision

- Insuring Clause
- Entire Contract Clause
- The Consideration Clause

- Payment of Premium
- Price Valuation of the Asset
- Photographs of the Asset
- Ownership Rights
- Applicant Control or Ownership Clause
- Grace Period
- Reinstatement
- Incontestability
- Self-destruction
- Misstatement of price
- Assignment
 - o Collateral, Partial, Conditional Assignment
 - o Absolute, Voluntary, Complete Assignment
 - o Beneficiaries' Assignment Rights

- Beneficiaries
 - o Succession of Beneficiaries
 - Primary beneficiary
 - Contingent beneficiary
 - Changing Beneficiaries
 - o Revocable Versus Irrevocable
 - o Revocable beneficiary
 - o Irrevocable beneficiary
 - o Naming Beneficiaries
 - Filing Method
 - Endorsement Method

- Modifications
 - o Policy Change Provision (Conversion Option)

- Exclusions and Limitations
 - o Aviation Exclusion
 - o Wars or Military Service Exclusion
 - o Status-type clause
 - o Results-type clause
 - o Hazardous Occupations or Hobby Exclusion
 - o Terrorism and act of terrorizing
 - o Act of God

- Backdating

Element 6

Type of Non-Life Insurance and its Mechanism

6.1 Non-Life Insurance

6.2 Principles of Non-Life Insurance

6.3 Classification

6.3.1 Fire and Property

6.3.2 Engineering and Marine

6.3.3 Motor Vehicle Insurance

6.3.4 Own Damage

6.3.5 Liability to third Parties

6.3.6 Accidents to the owner

6.3.7 Cash (ATM) Insurance

6.3.7.1 Cash in Safe

6.3.7.2 Cash in Transit

6.3.8 Travel and Aviation Insurance

6.3.9 Home and Valuables

6.3.9.1 Commercial Property

6.3.9.2 Fidelity Insurance

Element 7

Introduction to Islamic Insurance / Takaful

7.1 Introduction to Takaful

- Evolution of takaful
- Principles of takaful
- Al-gharar (uncertainty)
- Al-maisir (gambling)
- Riba (interest)
- Models of takaful
- Mudharabah
- Wakalah model
- Wakalah waqf model

7.2 General Takaful Model followed in Pakistan

7.3 Emerging Takaful Industry in Pakistan

Element 8

Underwriting and Claims

8.1 The Underwriting Process

- The Underwriter's Job
- Adverse selection
- Sources of Underwriting Information
- The Proposal/Application

8.2 Determining Premium or Rating Considerations

- Premium Components

8.3 Field Underwriting

- Proposal/Application Processing
 - o Changes in the Application
 - o Mode of Payment
 - o Incomplete Applications
 - o Amendments
 - o Issuing the Policy

8.4 Risks related to underwriting

- Important information related to underwriting process
- Age of Asset
- Insurance History
- Declarations
- Physical Examination and Survey

8.5 Delivering and Servicing the Policy

- Personal Delivery
- Mailing the Policy
- Policy Review
- Policy Summary

8.6 Reinsurance

- Definition
- Reasons
- Methods
- Effects for the Insured

8.7 Claims

- Handling a claim
 - General Claim Procedure
 - Under Fire Insurance
 - Burglary claims / Money Insurance
 - Machine Breakdown
 - Electronic Equipment
 - Travel Insurance
 - Motor Vehicle claims
 - Claims under Comprehensive insurance
 - Claims and loss
 - Claim parties
 - Catastrophe
 - Outstanding claim reserve
 - Material Facts
 - Contribution

Element 9

Insurance Selling: Career, Processes and Personal Grooming

- 9.1 Sales Process of General Insurance
- 9.2 Sales Cycle
 - 9.2.1 Prospecting
 - 9.2.2 Making Appointment
 - 9.2.3 Needs Assessment
 - 9.2.3.1 Need of Insurance
 - 9.2.3.2 Protection needs
 - 9.2.3.3 Specialized needs (like; mortgage, business debts)
 - 9.2.4 Designing Solution
 - 9.2.5 Reviewing the program periodically
 - 9.2.6 Presenting Plan
 - 9.2.7 Closing
 - 9.2.7.1 Objection Handling
 - 9.2.7.2 Closing Techniques
- 9.3 Proposal Form Filling
- 9.4 Policy Issuance Process
- 9.5 Insurance selling as a Career
 - 9.5.1 Benefits, Rewards and Compensation
 - 9.5.2 Career Path
 - 9.5.3 Promotion Policy and Requirements
 - 9.5.4 Job responsibilities of an agent
- 9.6 Customer Service
 - 9.6.1 Who is your customer (internal and external customer)
 - 9.6.2 What is an effective customer service?
 - 9.6.3 Agent as point of contact for customer
 - 9.6.4 Company's customer touch points
 - 9.6.5 Importance of quality selling
 - 9.6.6 Levels of customer service - meeting expectations VS exceeding expectations
 - 9.6.7 Customer Acquisition VS Retention - importance of customer retention for business growth
- 9.7 Personal Grooming
 - 9.7.1 Definition of Communication and its process
 - 9.7.2 Types of communication (verbal and non-verbal)
 - 9.7.3 Do's and Don'ts of communication
 - 9.7.4 Barriers of communication

- 9.7.5 Email Etiquettes
- 9.7.6 Active Listening skills
- 9.7.7 Fundamental of dressing - Company's dress code
- 9.7.8 Body language
- 9.7.9 Personal hygiene
- 9.7.10 Professional etiquettes

RECOMMENDED READINGS

The next section of this study guide covers a brief extract from some of the below mentioned documents. Candidates are advised to study the respective documents (in detail and original) which are available free-to-download from IFMP's website and / or the respective organization's websites.

1. Anti-Money Laundering Act, 2010
2. Anti-Money Laundering Ordinance, 2009
3. Anti-Money Laundering Regulations, 2008
4. Anti-Money Laundering Rules, 2008
5. Bond Automated Trading System (BATS) Regulations, 2009
6. Broker Agents Registration Rules, 2001
7. CDC Act, 1997
8. CDC Regulations
9. Code of Corporate Governance, 2012
10. Companies Ordinance, 1984
11. Debt Securities Trustee Regulations, 2012
12. Directive to Brokers on Conduct of Business (February 7, 2003)
13. Income Tax Ordinance, 2001
14. ISE/ KSE/ LSE Listing Regulations
15. KSE Investor Protection Fund Regulations
16. KSE Cash Settled Future Contract Regulations (October, 2008)
17. KSE Members Default Management Regulations (September, 2009)
18. KSE Deliverable Future Contract Regulations (April, 2009)
19. General Regulations of KSE Amended (August 20, 2009)
20. Karachi Automated Trading System (KATS) Regulations (March, 1998)
21. KSE Investor Protection Fund Regulations
22. NCCPL Procedure, 2003
23. NCCPL Regulations, 2003
24. NCEL General Regulations (May, 2007)
25. Commodity Exchange and Futures Contracts Rules (March, 2005)
26. Regulations Governing Over the Counter Market (September, 2009)
27. Regulations Governing System Audit of Brokers of Exchanges, 2004
28. SECP Act, 1997
29. Securities (Leveraged Market and Pledging) Rules, 2011
30. Securities Act, 2015
31. Securities and Exchange Rules, 1971
32. Short Selling Regulations, 2002
33. Stock Exchange Members (Inspection of Books and Record) Rules, 2001
34. Takaful Rules, 2012