



# Bancassurance

Certification

## Study and Reference Guide Outline

Powered by:



Institute Of Financial Markets Of Pakistan

# COURSE SUMMARY

## Element 1: Introduction to Bancassurance Sector

- Financial Industry Participants
- Understand concept of insurance
- Distribution channels used for financial and insurance services
- Role of bancassurers and insurance companies and their respective responsibilities

## Element 2: Life Insurance Products and their Mechanisms

- Term Insurance
  - Types of Term Policies
  - Level Term: Decreasing Term: Renewable Term: Convertible Term
  - Advantages and Uses of Term Insurance
  - Disadvantages of Term Insurance
- Whole Life Insurance
  - Characteristics of All Whole Life Policies
  - Level Premiums
  - Level Face Amount
  - Non forfeiture Value
  - Types of Whole Life Policies
  - Continuous Premium
  - Limited-Payment Whole Life
  - Single Premium Whole Life
  - Current Assumption Whole Life
  - Advantages and Uses of Whole Life Insurance
  - Disadvantages of Whole Life Insurance
- Flexible Policies
  - Characteristics of Flexible Policies
  - Types of Flexible Policies
  - Adjustable Life Insurance
  - Universal Life
  - Variable Life
  - Advantages and Uses of Flexible Policies
  - Disadvantages of Flexible Policies
- Endowment Insurance

- Endowments
- Types of Endowments
- Specialized Insurances
- The Family Policy (Family Protection Policy)
- Retirement Income
- Joint Life Policies
- Juvenile Policies
- Index-Linked Policies
- Riders
  - Introduction
  - Types of Riders
  - Additional Benefit Riders
  - Accelerated Benefit Riders
  - Additional Term Life
  - Accidental Death
  - Accidental Death & Dismemberment
  - Family Income
  - Dread Disease
  - Waiver of Premium
  - Payer Rider
  - Guaranteed Insurability
  - Return of Premium
  - Return of Cash Value
- Fixed Return Policies
  - With-profits policy
  - Types of bonus
  - Reversionary Bonus or Annual Bonus
  - The Terminal Bonus or Final Bonus
  - Vested Bonus
- Unit-Linking System
  - Composition of Fund
  - The prices calculation of the units
  - Unit allocation
  - Bid/offer price
  - Cash Value
  - Unit Account
  - Powers to Make Deductions from Funds

- Switching between funds
- Purchase of units
- Front-end loading
- Back-End Loading
- Surplus

### **Element 3: General Insurance Products and their Mechanisms**

- General or Non-Life Insurance
- Principles of General Insurance
- Classification
  - Fire and Property
  - Engineering and Marine
  - Motor Vehicle Insurance
  - Own Damage
  - Liability to third Parties
  - Accidents to the owner
  - Cash (ATM) Insurance
  - Travel and Aviation Insurance
  - Home and Valuables
  - Commercial Property
  - Fidelity Insurance

### **Element 4: Risk Management**

- The concept of risk
- Types of Risks
  - Pure risk
  - Speculative risk
- Perils and Hazard
- Managing Risk
- Law of Large Numbers
- Principle of Insurable Interest
- Insurable Risks
  - Large Numbers of Homogeneous Units
  - Loss Must Be Measurable
  - Loss Must Be Uncertain
  - Economic Hardship

- Exclusion of Catastrophic Perils
- Principle of Indemnity
- Classification of Risks
  - Standard Risks
  - Substandard Risk
  - Preferred Risks
  - Declined Risks

### **Element 5: Identification of Clients' Insurance Needs**

- Typical content of a fact find and how to use one
- Appropriate recommendations based on the information collected
- Seven typical life-stages of a client and the requirements and constraints at each of the life stages
- Factors that can affect the life stages for individuals
- Four primary steps in identifying a client's real financial needs
- Financial planning criteria to the information collected about a client in order to identify, quantify and prioritize a client's real financial needs
- Features of different types of product to the client's needs
- Role of the bancassurer in recommending suitable products

### **Element 6: Ethics and Regulatory Framework**

- Implications of accepting the recommendations, including any inherent risks
- Steps the adviser must take when the client rejects the adviser's recommendations
- How to advise a client to switch between the financial products of different providers, unless the switch is clearly in the best interests of the client
- Importance of recommending the long term nature of a product to a client to avoid short term cancellations of policies
- Key features of handling customer complaints effectively and the need for an effective complaints/redressal procedure
- Ethical code for financial advisers
- Outcomes that may result from behaving ethically and not behaving ethically
- Guidelines for Bancassurance, 2010
- Bancassurance Regulations, 2015