



Institute Of Financial Markets Of Pakistan

Bancassurance

Certification

Study and Reference Guide Outline

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OBJECTIVE OF THE EXAMINATION

The objective of this course is to equip the trainee with the knowledge and skills which enables them to distribute/sell insurance products efficiently and effectively.

TARGET AUDIENCE

This Exam will be mandated for sale staff of banks selling/ distributing Insurance Products through Bancassurance Channel.

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

Element	Element description	Questions
1	Introduction to Bancassurance Sector	10
2	Life Insurance Products and their Mechanisms	20
3	General Insurance Products and their Mechanisms	20
4	Risk Management	10
5	Identification of Clients' Insurance Needs	20
6	Ethics and Regulatory Framework	20
	Total	100

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