

ACCOUNTING AND FINANCE FOR MANAGERS IN INSURANCE

FINANCIAL ACCOUNTING

- Purpose of financial accounting.
- Recording of transactions in a double entry system.
- Mechanics of preparing a set of accounts, including year end adjustments.
- Relationship and interaction between the profit and loss account and the balance sheet.
- Constraints within which accounts are prepared, including EC and UK related legislation.
- Framework and constraints within which accounts are prepared under Nigerian legislation, particularly in Decree No. 2 of 1997 and CAMA 1990.
- Importance and significance of accounting standards.
- Counting obligations of The Nigerian Stock Exchange requirements for growth companies.
- Formats of balance sheets of insurance companies.
- Liabilities and capital items shown within the balance sheet of an insurance company.
- Assets shown within the balance sheet of insurance companies.
- Liabilities and capital items shown within the balance sheets of insurance company.
- Assets shown within the balance sheet of an insurance company.
- Significance of the notes relating to the balance sheet summary, including legal obligations.
- Publishing of comparative figures in the balance sheet.
- Relationship between the balance sheet and the profit and loss account.
- Concept of realised profit.
- Format of profit and loss accounts.
- The distribution of profits CAMA=Companies and Allied Matters Act 1990.
- Remove accounts within the profit and loss account of an insurance company and the rules, which apply from EC and UK legislation and from the statement of, recommend Practice. And the NASB regulations.
- Profit and loss items within the profit insurance companies.
- Statutory notes relating to a profit and loss account, including statutory requirements. Statement of Recommended Practice requirements.
- Change in capital and reserves.
- Cash flow statements.

MANAGEMENT ACCOUNTING

- Scope of management accounting and the relationship with financial accounting.
- Bases for cost accounting including cost recording, product costing, activity based costing, absorption costing and variable or marginal costing.
- Allocation and apportionment of costs.
- Uses of the different types of costing.
- Uses of the different types of costing.
- Relevance of the different types of costing.

- Relevant of costing in decision making.
- Use of information technology.
- Planning process within a business organisation and the stages in the planning process.
- Role of budgeting within planning process.
- Budgetary process and the preparation and budgets.
- NASB = Nigerian Accounting Standard Board.
- Methodology of budgeting including fixed or flexible budgeting.
- Advantages and disadvantage of incremental budgeting and zero-based budgeting.
- Motivational aspects of budgeting.
- Control of assets and liabilities.
- Planning of capital expenditure.
- People and bodies interested in accounting information.
- Factors relating to security of an insurance company, including solvency, cover for claims outstanding, asset reliability, growth and liquidity.
- Practical interpretation of the profitability of an insurance company, including solvency, cover for claims outstanding, asset reliability, growth and liquidity.
- Practical interpretation of the profitability of an insurance company.
- Making comparisons and judgements of accounting figures.
- Internal use of accounting figures.
- Measurement of division performance.

REGULATION OF INSURANCE

- NAICOM Decree No. 1 of 1997.
- Insurance Decree No. 2 of 1997 and regulations made thereunder.
- Requirements for solvency margin calculation. The statutory minimum for long – term and general business.
- Requirements for guarantee funds and deposits.
- Regulations governing the valuation of assets and liabilities.
- Matching and localisation of assets.
- Requirements of the Insurance Decree No. 2 Of 1997 and the companies and Allied Matters Act 1990.
- Legal requirements affecting actuaries and auditors.

TAXATION

- Sources of taxation in Nigeria.
- Framework of personal taxation.
- Principal rules of corporation tax including those relating to dividend payments.
- Principles of value added tax.
- Taxation of insurance brokers.
- Taxation of insurance companies conducting general business.
- Taxation of insurance companies conducting general business.
- Taxation of life and annuity business,
- Taxation implication on investments and capital profits.

- Taxation of overseas business, including double taxation relief.

INVESTMENTS AND THE MARKET PLACE

- * Importance of investments to insurers.
- Principles underlying insurers' investment policies.
- Special features and needs of long-term and general insurance funds.
- Appropriate investment strategies for long-term and general insurance funds.
- Principal types of investments available to insurers and their suitability, including unit trusts investment trusts, property, mortgages, and other loans.
- Derivative products, including options, SWOPS, futures and the future rate agreement.
- Main investment markets in which insurers operate.
- Principal types of share issues, including bonus shares and rights issues.
- Transfer of securities.
- Duties of insurers as shareholders
- Sources of information available to insurers as investors.

THE INTERMEDIARY SYSTEM

- Distinction between independent intermediaries and company representatives.
- Regulation of Insurance Brokers under Insurance Decree No 2 of 1997.
- Position of independent intermediaries under the Financial Services Act 1986.
- Principal organisations for intermediaries.
- Other main classes of non-registered intermediaries.

STUDY MATERIALS

PRIMARY TEXT

Coursebook 940: Accounting and Financial for Managers in Insurance. Chartered Insurance Institute.

REFERENCE MATERIALS

- Insurance Decree No. 2 of 1997.
- NAICOM Insurance Decree No. 1 of 1992

PERIODICALS

- The Journal. The Chartered Insurance Institute of Nigeria.
- The Journal. London Chartered Insurance Institute. Six issues a year.
- Post Magazine. London. Timothy Benn Publishing. Weekly.

MARKETING

THEORY OF MARKETING

- Developing of marketing.
- Difference between strategic and operational marketing.
- Theory of marketing.
- Management in a service organisation.
- Differences between manufacturing and services.
- Distinguishing features of a service in relation to insurance.
- Difference in the marketing mix in manufacturing and in a service.
- Marketing in relation to insurance.

SERVICE MARKETING AND INSURANCE

- Definition of a product in the context of service.
- Inter-relation of elements of a service and the importance of building relationships.
- Product as a process and the purpose of products.
- How consumers feel about buying from perceptions of service.
- Added value and the distinction between threshold and incremental values.
- Purpose of segmentation and its critical importance in marketing .
- Criteria for market segmentation.
- Categories of segmentation and the practical application of segmentation in services.
- Taking a position in the market place.
- Discontinuity theory in relation to insurance in respect of new and existing customers.

MARKETING PLANNING

- Purpose of marketing planning, including short-term and long-term plans.
- Elements of marketing planning.
- Objectives and methods of developing a marketing strategy.
- Planning process and developing the marketing plan.
- Reasons why plans go wrong.
- Core product and the links between the core product and other elements of the service mix in relation to insurance.
- Development process.
- Product life cycle.
- Branding in relation to insurance.
- Significance of pricing, including price models and setting prices.
- Factors involved in pricing and costing, including distribution costs, with particular reference to insurance pricing.
- Costs in respect.
- Principal concepts of quality of product and price considerations.
- Principles of market research.

- Use and objectives of market research.
- Sources of market research.
- Distinction between qualitative and quantitative market research.
- Presentation of analyses, including time series analysis and grounded data.
- Consideration whether or not to research.

MARKETING IMPLEMENTATION

- Principal factors in implementing marketing in insurance.
- Importance of listening as basis of gaining support for ideas .
- Main barriers to implementation and methods of overcoming these barriers.
- Purpose and role of communications, including the ingredients of communications.
- Purpose of the message.
- Role of advertising.
- Other promotional activities, including public relations.
- Setting up internal and intermediary communication.
- Practical points of communicating effectively.
- Delivery strategy in the context of the service mix.
- Selection of the channel of sale.
- Setting criteria for distribution.
- Sales and servicing task in relation to insurance.
- Basis of direct marketing.
- Importance of an action plan, the processes of action planning and the barriers.
- Relationship between marketing and sales.
- Difference between strategic and operational roles in marketing.
- Organisational roles in marketing .
- Organisation patterns, including function-oriented.
- Marketing situation in relation to insurance operations.
- Deciding whether to market internationally.
- Techniques used in developing an international strategy.
- Categories of international organisation, including multinational and international.

LEGAL ASPECTS OF MARKETING

- Enforcement of trading laws.
- Rules for the sale and supply of goods, including the Sale of Goods Act 1979 and the Supply of Goods and Services Act 1982.
- Implied terms under the Supply of Goods and Services Act 1982.
- Unfair Contract Terms Act 1977.
- Rules for unsolicited goods and services.
- Legal regulations applicable to telephone selling.
- Functions of the Advertising Standards Authority.
- Regulation of the Marketing and financial services, including the Financial services Act 1986.
- The ABI Codes of Practice for general insurance and long-term business.

STUDY MATERIALS

PRIMARY TEXT

- * Coursebook 945: Marketing. Chartered Insurance Institute.

ADDITIONAL READING

- Insurance Marketing. Arthur median. Leighton Buzzard: Grahma Burn, 1984.
- Marketing Insurance: A Practical Guide 2nd ed. London: Kluwer, 1988.

REFERENCE MATERIALS

- Supply of Goods and Service Act 1982. London: HMSO, 1982.
- Sales of Goods Act 1979: London: HMSO, 1079.

PRINCIPLES AND PRACTICE OF MANAGEMENT IN INSURANCE MANAGEMENT OF HUMAN RESOURCES

- Nature of management.
- Role and responsibilities of the manager within the insurance environment.
- Impact of economic, social, political, and technological change.
- Importance of developing an integrated management strategy.
- Nature of organisation and its influence on the management process.
- Inter-relationship of people and their influence on the management process.
- Behavioral approach to management.
- Design of jobs, job evaluation and the role of the description, including performance standards.
- Recruitment process, the use of job specifications and selection methods.
- Ways in which employee performance can be measured and the management of performance.
- Reward strategy, including performance related pay.
- Identifying key performance criteria.
- System performance criteria.
- System of performance management.
- Importance of training and development for the organisation and its employees.
- Need for continuing training and education, including employee counselling.
- Importance of planned management development.
- Employee relations and their procedures and health and safety at work.
- Development of flatter management structures and their emphasis on skill/knowledge criteria.

MANAGEMENT AND INTERPERSONAL SKILLS

- Concept of leadership and the leadership process.
- Factors influencing leadership styles.
- Role theory and the dynamics of organisational interaction.
- Importance of motivation in effective management.
- Frameworks for effective communication and methods of dissemination.
- Importance of effective interviewing/counseling techniques.
- Concept of quality and its impact on the insurance manager.

PLANNING AND BUDGETING

- Concepts of planning and control.
- Process and techniques to improve management performance, particularly strategic planning.
- Nature and importance of marketing.
- Techniques for forecasting.
- Developing an integrated human resources strategy.
- Methods used in establishing budgets, including key financial performance measures.

- Use of management accounting methods in insurance.
- Importance of budgetary control.
- Need for growth and change in a successful business.
- Principles and practice of managing change, including technological changes.
- Conflict and change and the management of conflict.

CONTROLLING

- Manager as a controller.
- Importance of effective control of the operation and direction of an organisation.
- Information technology and the manager's role.
- Uses of information technology in the management process.
- Creating and reviewing information technology systems.
- Developing strategy for information technology systems.
- Setting up a control system.
- Nature and importance of the internal audit function.
- Making decisions and the importance of delegation and co-ordination.
- Decision – making process.
- Theory of project management and its practical problems.
- Need to set objectives in an organisation.
- Various techniques used for target setting.
- Nature of management buy objectives and implications.
- Practical advantages of improvement plans.
- Quality initiative.

STUDY MATERIALS

PRIMARY TEXT

- Coursebook 935: Principles and Practice of Management in Insurance. Chartered Insurance Institute.

ADDITIONAL READING

- Corporate strategy. H. Ansoff. 2nd ed. Harmondsworth: Penguin, 1988.
- Exploring corporate strategy. Gerry Johnson, Kevan Scholes.. Hemel Hempstead: Prentice Hall, 1993.
- A guide to insurance management. Stephen Diacon (ed) Basingstoke: Macmillan, 1990.

- * Managing to survive. John Harvey-Jones. London: William Heinemann, 1993.
- Personal management: a new approach. Derek Torrington, Laura Hall 2nd ed. Hemel Hempstead: Prentice Hall, 1991.
- Understanding Organisations. Charles B. Handy 3rd ed. Harmondsworth: Penguin, 1985.

PERIODICALS

- The NIM Journal, The Nigerian Institute of Management.
- Personnel Management, The Nigerian Institute of Personnel Management.
- The Journal. Chartered Insurance Institute of Nigeria.

QUANTITATIVE METHODS AS APPLIED TO INSURANCE

COLLECTION AND PRESENTATION OF NUMERICAL INFORMATION.

- Official source of economic and business data. Survey methods, Questionnaire design, sampling methods, interviews, postal questionnaire, tabulation, graphics, charts and diagrams.
- * Frequency Distribution. Measures of location; mean; median and mode. Measure of dispersion; quartile deviation and standard deviation. Skewness, coefficient of variation.
- Relationship and forecasting. Correlation and regression. Product moment correlation coefficient. Rank correlation coefficient. Linear regression using the least square method.
- Relationship and forecasting Correlation and regression. Product moment correlation coefficient. Linear regression using the least square method.

TIME SERIES ANALYSIS

- Components of a time series ; trend, cyclical, seasonal and random.
- Moving averages.
- Simple methods of forecasting.

INDEX NUMBERS

- Price relative methods.
- Aggregates methods.
- Problems involved in the use of index numbers.

PROBABILITY AND STATISTICAL INFERENCE

- Introduce to probability from a practical view point.
- Equally likely outcomes, combinations of events, union of events, conditional probability, mutually exclusive events.
- Statistical inference.
- Confidence intervals and hypothesis testing for a single mean and single proportion .

INFORMATION SYSTEMS

INFORMATION CONCEPTS

- The nature of data and information , Information attributes, reliance, timeliness and accuracy.

- Basic processing methods for voice, data, text and image. Basic processing organisation; batch, on-line, interactive, distributed and centralized. Concept of files; types of structure and organisation, elementary data base concepts.

HARDWARE

- Input equipment for batch and on-line processing, data capture methods including of documentation.
- Output including printed, displayed and COM.
- Processors; basic architecture, microprocessors, operating, ROM, RAM.
- Comparison of micro, mini and mainframe systems.
- Performance evaluation.
- Secondary storage methods and devices.

COMMUNICATIONS

- Wide area networks.
- Data transmission methods; digital/analogue, modems multiplexes and telecom hardware, satellite.
- Local area networks.
- Topography; star, ring method of operation. Implications for office organisation, the electronic office.

SOFTWARE

- Language; types (machine assembler, higher, user), compiles, interpreters.
- Operating; operating systems utilities, housekeeping and sub-routines
- Packages; uses of and application area, legal aspects.
- Programming flowcharts, decision tales, structure of and principles of good
- Practice of and principles of good
- Practice. Simple programming using the BASIC language.

ORGANISATION

- DP staff, analysis, designers, programmers, operators, data control, and librarian.
- DP controls: vet and validation, internal controls, standards and documentation.
- System design cycles; (in outline only) the user, role in IT, liaison design, training and staff development.

STUDY MATERIALS

PRIMARY TEXT

Coursebook 305: Quantitative Methods as Applied to Insurance. Chartered Insurance Institute of Nigeria.

ADDITIONAL READING

Data Processing and Management Information Systems. Adewunmi, 'Wole and Akinlade, T, Macmillian. Chartered Institute of Bankers of Nigeria.

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- DP staff, analysts, designers, programmers, operators, data control, and librarian.
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STUDY MATERIALS

PRIMARY TEXT

Coursebook 110: Quantitative Methods as Applied to Insurance. Chartered Insurance Institute of Nigeria.

ADDITIONAL READING

Data Processing and Management Information Systems. Adewunmi, 'Wole and Akinlade, T; Macmillian. Chartered Institute of Bankers of Nigeria.