



## **HIMACHAL PRADESH NATIONAL LAW UNIVERSITY, SHIMLA**

### **Semester: IX**

**B.A./B.B.A. LL.B. (Hons.)**

**Paper Code: SPB2-903**

**Insurance and Banking Laws**

**Credit – 04**

**(Including the Negotiable Instruments Act, 1881)**

#### **Introduction:**

Insurance and Banking Laws is a branch of legal regulations that govern the activities of banks, financial institutions, and insurance companies. These laws are designed to safeguard the interests of consumers, investors, and the overall stability of the financial system. The legal framework for insurance and banking aims to balance promoting economic growth, ensuring fair practices, and mitigating risks associated with financial transactions.

Negotiable Instruments are essential instruments in commercial transactions that provide a flexible and convenient payment method and facilitate money movement. They are documents that promise to pay a certain sum to the bearer or the identified person.

The law relating to negotiable instruments provides a clear set of rules for transfer, negotiation, and enforcement, ensuring a reliable and efficient payment system for commercial transactions. The legal framework surrounding negotiable instruments is an essential part of Banking Laws, as these instruments are widely used in financial transactions.

#### **Course Objectives:**

1. To provide students with a comprehensive understanding of the legal principles, regulations, and practical applications of banking operations and transactions.
2. To provide students with a comprehensive understanding of the legal principles, regulations, and practical applications of insurance in various contexts. The course aims to acquaint the students with the conceptual parameters of insurance law.
3. To provide students with a comprehensive understanding of the legal principles, functions, and practical applications of negotiable instruments in commercial

transactions. The emphasis in the third module is given to Promissory Notes and Bills of Exchange.

4. To equip students with the necessary legal, financial, and practical knowledge to effectively navigate the complexities of negotiable instrument transactions in various professional settings such as banking, finance, trade, and legal practice. The emphasis in the fourth module is given to Cheques and their jurisdiction.

### **Learning Outcomes:**

On the successful completion of course, students will be able to:

1. Understand the Concept of Insurance, analyse Insurance Contracts, and Explore Types of Insurance.
2. Evaluate Insurance Regulation, apply Insurance Law Concepts, and critically analyse the landmark cases of the insurance laws.
3. Identify and Classify Negotiable Instruments, understand the Legal Framework, Explain Negotiability and Transferability, and explore Banking and Financial Operations.
4. Analyse Rights and Liabilities of Parties, interpret and draft Negotiable Instruments, explore Banking and Financial Operations, and analyse Case Studies and Practical Scenarios.

### **Module - I**

#### **Law of Insurance**

- 1.1. Nature Scope and Kinds of Insurance;
- 1.2. Basic Principle and utmost good faith; Proximate cause; Insurable Interest; Indemnity;
- 1.3. Formation of Insurance Contract: Proposal, risk, Commencement of policy, duration, revival, Performance, Discharge, including subrogation;
- 1.4. Insurance Act, 1938 & Insurance Regulatory and Development Authority Act, 1999;
- 1.5. Re-Insurance Life Insurance & General Insurance.

### **Module-II**

#### **Banking and Its Regulation in India**

- 1.6. Introduction to Banking and Financial Institutions Structure in India;
- 1.7. Introduction to Indian Banking System: Nationalizations of banks and types of banks in India, Role of Reserve Bank of India;
- 1.8. Regulation of banking-by-Banking Regulation Act, 1949;
- 1.9. Definition of "bank", "banker" and "banking companies";
- 1.10. Development of banking business in India.

**Module - III**  
**Negotiable Instruments, Liability and Discharge of Parties**

- 2.1. Negotiable Instrument and its kind;
- 2.2. "Holder" and "Holders in due course";
- 2.3. Negotiation and Liability: Liability of maker and drawer, drawer, and endorsement;
- 2.4. Discharge from liability and modes of discharge, Cancellation, Release and Payment, Material Alteration etc;
- 2.5. Presentation for acceptance and Crossing of Cheques.

**Module - IV**  
**Dishonour of Cheque and Miscellaneous Provisions**

- 3.1. Cheques and their Dishonour;
- 3.2. Cognisance of offence;
- 3.3. Jurisdictional Issues;
- 3.4. Comparative study of English and Indian law on Negotiable Instrument;
- 3.5. Contemporary issues in Negotiable Instruments Act 1881.

**Prescribed Legislations:**

1. The Banking Regulation Act, 1949.
2. The General Insurance Business (Nationalisation) Act, 1972.
3. The Information Technology Act, 2000.
4. The Insurance Act, 1938.
5. The Insurance Regulatory and Development Authority Act, 1999.
6. The Life Insurance Corporation Act, 1956.
7. The Negotiable Instrument Act, 1881.
8. The Reserve Bank of India Act, 1934.

**Prescribed Books:**

1. Dr R .P. Nainta, PRINCIPLES OF BANKING LAW, (2023).
2. Avtar Singh, BANKING & NEGOTIABLE INSTRUMENT, (2023).
3. K. S. N.Murthy and DrK.V.S.Sarma, MODERN LAW OF INSURANCE, (LexisNexis, 2019).
4. S. V. Joga Rao and M. N. Srinivasan, PRINCIPLES OF INSURANCE LAW, (LexisNexis, 2010).

5. M. N. Mishra, INSURANCE PRINCIPLES AND PRACTICE, (S. Chand and Co. 2007).
6. Deepa Paturkar, AVTAR SINGH 'S NEGOTIABLE INSTRUMENTS AN INTRODUCTION (NEGOTIABLE INSTRUMENTS ACT, 1881), (EBC, 2022).

**Prescribed Readings:**

1. Law Commission of India 11th Report on Negotiable Instruments Act, 1881 (1958).
2. Law Commission of India 125th Report.
3. Law Commission of India 230th Report.

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