

Business Services of Public Sector Non-Life Insurance Players

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Abstract:

All firms and organizations have as their objective the delivery of something that is of value to their customers. In the past, this was mostly in the form of products. But times are changing. The emerging business environment is defined by new technology, intense global competition and constantly changing market place. In the new business climate the customer is more often a purchaser of service than a product. Services can be both intermediate and final. Banking and Transportation to name a few are basically intermediate. Speed and quality are the ultimate tests of customer satisfaction. In the newly emerging service dominated economies, the management principles require re-look. The general insurance service is the business services. Now it's growing at rates faster than any other industry. Insurance industry has always been a growth oriented industry globally. On the Indian scene too, the insurance industry has always recorded noticeable growth vis-a-vis other Indian industries.

Some of the products offered by public sector non-life insurance companies are:

Fire Insurance

Fire insurance policy is suitable for the owner of property, one who holds property in trust or in commission; individuals/financial institutions who have financial interest in the property. All movable or immovable property located at a particular premises such as buildings, Plants and machinery, furniture, fixtures, fittings and other contents, stocks and stock in process along with goods held in trust or in commission including stocks at suppliers/customer's premises, machinery temporarily removed from the premises for repairs can be insured.

Marine Insurance:

Marine insurance, the oldest branch of insurance, comprises

- (a) Marine Cargo Insurance
- (b) Marine Hull Insurance.

Marine Cargo Insurance:

Cargo insurance provides insurance cover in respect of loss or damage to goods during transit by rail, sea, road or air.

The policy covers loss / damage to the property insured to

- 1) Fire or explosions; stranding, sinking etc
- 2) Over turning, derailment (of land conveyance)
- 3) Collision
- 4) Discharge of cargo at part of distress
- 5) Jettison
- 6) General average sacrifice, salvage charges
- 7) Earth quake, lightening
- 8) Washing overboard
- 9) Sea, lake, river water
- 10) Total loss of package lost over board or dropped is loading or unloading
- 11) War and SRCC is specifically covered

Marine Hull Insurance:

Any loss or damage to ships tankers, bulk carriers, smaller vessels, fishing boats and sailing vessels. Various vessels that are covered under this policy are fishing vessels, ocean going vessels sailing vessel, other vessels. This policy covers loss / damage to the property insured due to fire or explosion, stranding, sinking etc.

- 1) Overturning derailment (of land conveyance)
- 2) Collision.
- 3) General average sacrifice, salvage changes.

Miscellaneous Insurance

Motor Policy

Motor Insurance accounts for a major portion of the miscellaneous premium income of insurance companies. This is a tariff class of business. This policy covers all types of vehicles plying on public roads such as:

- 1) Scooters & motor cycles
- 2) Private cars
- 3) All types of commercial vehicles
- 4) A motor trade (Vehicles in showrooms and garages)

Two types of covers are available

1. Liabilities only Policy:

This covers third party liability for bodily injury liability and/or death and property personal accident cover for owner – driver is also included.

2. Package Policy:

This cover loss or damage to the vehicle insured in addition to (1) above.

Private car Package Policy:

A private car is defined as any transport vehicle / car / omnibus whose unladen weight does not exceed 7,500 kgms and is used only for social, domestic and pleasure purpose and insured's own business. The policy does not cover use for hire or reward, organized racing, speed testing and carriage of goods in connection with any trade or business or use for any purpose in connection with motor trade.

Personal Accident Insurance:

Personal Accident Policy:

Under this, the insurer provides compensation in the event of death or disability directly due to accident. The policy offers compensation in case of death or bodily injury to the insured person, directly and solely as a result of an accident, by external, visible and violent means. The policy operates world wide and is a 24 hours cover. Different coverage's are liable is available ranging from a restricted cover of death only, to a comprehensive cover covering death, permanent disablement and temporary total disablement. The policy is basically designed to offer some sort of compensation to the insured person who suffers bodily injury solely as a result of an accident which is external violent and visible. Hence death or injury due to any illness of disease is not covered by the policy.

Janata Personal Accident Insurance:

This policy covers individuals death due to accident, loss of 1 eye or limb, loss of 2 limbs, 1 eye and 1 limb or 2 eyes. It covers the age group between 10 years to 70 years. Any existing disablement, death injury or disablement due to intentional self-injury, suicide or attempted suicide, disablement or death under influence of liquor or drug. Death or disablement during racing, hunting, mountaineering ice hockey, winter sports, insanity, breach of law with criminal intent are excluded.

Bhagyashree Child welfare Policy:

Child welfare policy meant for protection of child in the event of death or either of both the parents.

The scheme is intended to provide cover to one girl child in a family who loses either the father or the mother due to accidental death. The insurance cover is available on 24 hour risk basis. In case of death of parents, the company deposits a sum of Rs.25000/- in the name of the girl child mentioned in the schedule of the policy with a financial institution named in the schedule. The premium is Rs.15/- per girl child per year.

Health Insurance:

Mediclaim Policy:

Mediclaim policy is to protect from financial worries in the case of hospitalization, this policy provides for cashless hospitalization in India for the treatment of any illness or disease or accidental injury (not specifically excluded) suffered during the policy period. The payment of claim is made through third party administration who have been empanelled by the company to provide hassle free admission and discharge from the network hospital without making any payment. A family package cover can be taken covering proposer, spouse, dependent parents and two dependent children with 10% discount in premium. Group policies can be issued to specified groups and group discount can be available and provided group size is more than 100 members.

Liability Insurance:

Public Liability All Risk Cover:

Policy covers all amounts one is legally liable to pay third party during the policy period including legal costs and expenses subject to the limit of indemnity terms and conditions of the policy. This policy indemnifies against amounts one is legally liable to pay as damages to the third party victims of an accident. This includes compensation for accidental death-bodily injury or disease to third parties, damage to or loss of property belonging to third parties arising out of an accident including legal costs incurred with the prior consent of the insurer, legal and civil liabilities of the directors and officers of the company.

Additional Covers

Additional (optional) covers are available for additional premiums:

1.Pollution risks:

Caused by a sudden, unintended and unexpected cause which takes place at a specific time and place during the policy period.

2.Transportation risk:

Outside the premises arising out of an accident directly caused by dangerous materials or hazardous substances while being transported by rail, road or pipeline.

3.Cover for multiple units:

Non-manufacturing premises of the insured such as offices, depots, godowns etc. located at different places incidental to insured's business activities can be covered.

4.Technical collaborators, Liability:

This can be included in the main policy subject to reinsurer's approval.

Product Liability Policy:

The policy is suitable for all industries where the need for compensation on account of defective product may arise. The policy pays for damages that the insured is legally liable to pay on consequence of accidental death/injury or disease to third parties including damage to third party property due to any defect, in the products manufactured export to other countries can also be covered provided domestic sales are also covered.

Additional Covers:

1. Vendor's Liability extension
2. Technical collaborators liability
3. Products manufactured by sub-contractors/licensed manufactures on their own brand name can also be covered under the same policy. Claims arising out of accidents during the policy period due to defects in the products covered by the policy are payable. The policy also covers injury to third party and pollution liability on account of products covered.

Engineering Insurance

Contractors All Risks Policy

This policy is specially designed to give financial protection to the civil Engineering contractors in the event of an accident to the civil engineering works under construction. In such case the policy period exceeds 12 months, the premium can be paid in quarterly installments with the first installment being more by 5% and the last

installment being paid 6 months before expiry of the policy. The policy comprises of two sections. Section I refers to material damage covering physical loss, damage or destruction of the property insured by any cause, other than those specifically excluded in the policy. Section II indicates the third party liability – covering the legal liability falling on the insured contractor as a result of bodily injury or property damage belongs to the third party.

Machinery Insurance:

Machinery insurance is against unforeseen and sudden physical damage to the insured machinery from causes such as

- 1) Faulty material, design, construction, erection, vibration, maladjustment, Misalignment.
- 2) Defective lubrication, loosening of party, molecular fatigue, self heating, explosions due to internal pressure, implosion due to external pressure or internal vacuum abnormal / stress, centrifugal force.
- 3) Excessive electric pressure, failure of insulation short circuit, open circuit, or arching including damage by internal fire so set up. Failure of connected machinery or protective devices.
- 4) Lack of skill, carelessness or malice of persons, whether insured employee or not falling, impact, collisions and the like.

Electronic Equipment Insurance:

This is issued on all risk basic to cover computer, bio-medical equipments, X-ray equipment, Audio / video equipment, Micro processor Equipment etc.

This policy comprises of 3 sections. Section 1: Deals with the hand ware. Section 2: Covers external data media or E.D.P. Section 3: Covers increased cost of working.

House Holder Policy:

This is a package policy specially designed to meet the insurance requirements of a householder by combining under single policy, a number of our standard policies usually taken by householder.

The policy covers under 10 sections

1. Fire Allied perils
2. Burglary House Breaking
3. All risks Jeweller & valuable
4. Plate glass
5. Break down of domestic appliances
6. Set including VCP/VCR
7. Pedal cycle
8. Baggage Insurance
9. Personal accident
10. Public liability

Rural Insurance:

Various rural insurance policies are:

Aqua Culture Insurance:

This policy is suitable for licensed farms or farms provided in accordance with the Government Notification for growing brackish water shrimp/fresh water prawns by adopting extensive/modified extensive/semi-intensive systems.

The policy grants cover under two sections:

Section I: Basic cover, which covers only losses due to natural calamities.

Section II: Comprehensive cover granting cover for disease also. Policy is usually given for a period of 41/2 months.

The basic cover provides compensation for total loss of shrimp/fresh water prawns due to:

Summer kill, pollution from external source, poisoning, riot, strike and malicious acts of third parties, terrorism, explosion/implosion, air craft and aerial devices or articles dropped there from, impact damage, earthquake, storm, tempest, cyclone, flood and inundation, volcanic eruption and other convulsions of nature. Comprehensive cover in addition to basic cover encompasses death due to diseases except those caused by bad management and nutritional deficiencies.

Cattle / Livestock Insurance:

This policy is suitable for the farmer – who owns the cattle and the banks/financial institutions which have financed the purchase of cattle under IDP /DRDA /DPAP schemes. “Cattle” refers to Cows and Buffaloes, Stud Bulls, Bullocks, He Buffaloes, Calves and Heifers. The policy is usually given for a period of 12 months or for a long term of 3 to 5 years as per of loan. The policy covers loss due to death, accidents, illness or disease of the animal. A qualified veterinary officer’s certificate is necessary for accepting the proposal and also for fixing the value of the cattle which forms the loss settlement. The policy also covers transit of cattle from the purchase to stable located within 80 Km.

Poultry Insurance:

This policy is suitable for the poultry farmers, the beneficiaries of schemes sponsored by DRDA, DPAP, IRDP and financial institutions providing assistance to the poultry units.

This comprehensive policy is issued to cover poultry, consisting of Broiler chicks /Layer Chickens / Cocks and hens in the poultry farms. A minimum number of 100 broilers / 500 layers or 200 birds per batch in the hatchery can be covered under this policy. The policy provides compensation for loss to birds dead due to accident (including fire, lightening, flood, cyclone, earthquake, riot, strike, and terrorist act); diseases contacted or occurring during the period of insurance.

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