

General/ Non-Life Insurance

Insurance can be widely segregated in three categories—life, health and general. General insurance is insurance for valuables other than our life and health. General insurance covers the insurer against damage, loss and theft of the valuables. The premium and cover of general insurance depends upon the type and extent of insurance. A general insurance policy typically has a period of a few years. In India, general insurance policies are of the following types:

Motor insurance

Insurance for the damage or theft of the motor vehicle, two-wheeler, three-wheeler or four-wheeler, is covered under this type of insurance. The damage caused to the vehicle can be caused natural or man-made circumstances, the extent of which would change from policy to policy. Under the Motors Vehicle Act, motor insurance is mandatory in India. New motor vehicles come with a third-party insurance right from the showroom itself.

Health Insurance

Health insurance covers the medical and hospitalisation expenses of the insured person due to hospitalisation from an illness. Common types of health insurance includes: individual health insurance, family floater health insurance, comprehensive health insurance and critical illness insurance.

Home insurance

Home and household insurance protects the home and the items inside it. A home insurance policy would also cover natural and man-made circumstances. The contents that are covered under a home insurance policy would depend on the type of policy taken.

Travel insurance

Another popular type of general insurance is travel insurance, which covers the trips abroad. Travel insurance can be taken to cover loss or theft of the valuables as well as documents. Some travel insurance policies also cover flight delays and medical emergencies. Travel insurance can be taken for personal as well as business trips.

Fire Insurance

In order to get the asset, stock or machines insured against fire ,a proposal form is to be filled in and submitted to the insurance company. The Insurance company examines the proposal

with due regards to various factors and the periodical amount of premium is fixed. An insurance policy is then issued in favour of the applicant.

Marine insurance

Marine cargo insurance covers goods, freight, cargo, and other interests against loss or damage during transit by rail, road, sea and/or air.

Commercial insurance

Commercial insurance encompasses solutions for all sectors of the industry arising out of business operations.

Non-Life Insurance Companies in India

Non-life insurance sector in India has 29 companies out of which 6 are in public sector and rest 23 companies are in private sector. In addition to these, there is single national re-insurer 'General Insurance Corporation of India'.

GENERAL INSURANCE CORPORATION OF INDIA

The General insurance industry was nationalized in 1972 and 107 insurers were grouped and amalgamated into four Companies – National Insurance Co. Ltd., The New India Assurance Co. Ltd., The Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd. The GIC was incorporated in the year 1972 and the other four companies became its subsidiaries. In November 2000, GIC was notified as the Indian Reinsurer, and its supervisory role over its subsidiaries was brought to an end. From 21 March 2003, GIC's role as a holding company of its subsidiaries also came to an end and the ownership of the subsidiaries was transferred to the Government of India. The Corporation has its head office in Mumbai and 3 liaison offices in India (Delhi, Kolkata and Chennai), 3 branches in foreign countries (London, Dubai and Kuala Lumpur) and 1 representative office in Moscow. It also has 2 foreign subsidiaries (GIC Re South Africa and GIC Re India Corporate Member Ltd. in UK). As on 31.03.2016 the employee strength of the Corporation is 558. The authorized capital is Rs.1000 crore while the paid-up equity capital of the company is Rs.430 crore.

THE NEW INDIA ASSURANCE COMPANY LIMITED

The company was founded by Sir Dorabji Tata on July 23rd, 1919 and nationalized in 1973 with merger of Indian companies. The Company has 2329 offices and the employee strength is 18783 as on 31.03.2016. The company provides insurance services to the customers having over 170 products catering to almost all segments of general insurance business. The authorized capital and paid-up equity capital of the company is Rs.300 crore and Rs.200 crore respectively.

UNITED INDIA INSURANCE COMPANY LIMITED

United India Insurance Company Limited was incorporated in 1938. With the nationalization of General Insurance business in India, 12 Indian Insurance Companies, 4 Cooperative Insurance Societies and Indian operations of 5 Foreign Insurers, besides General Insurance operations of southern region of Life Insurance Corporation of India were merged with United India Insurance Company Limited. The Company has 2080 offices and employee strength of 16345 as on 31.03.2016. The company provides insurance services to the customers catering to almost all segments of general insurance business. The authorized capital and paid-up equity capital of the company is Rs.200 crore and Rs.150 crore respectively.

THE ORIENTAL INSURANCE COMPANY LIMITED

The Oriental Insurance Company Ltd was incorporated in the year 1947. In 2003, all shares of the company held by the General Insurance Corporation of India were transferred to the Government of India. The Company has 1924 offices in the country and has employee strength of 13923 as on 31.03.2016. The company provides insurance services to the customers catering to almost all segments of general insurance business. The authorized capital and paid-up equity capital of the company is Rs.200 crore.

NATIONAL INSURANCE COMPANY LIMITED

The Company was incorporated in the year 1906. After nationalization it was merged, along with 21 foreign and 11 Indian companies, to form National Insurance Company Ltd. The Company has 1998 offices all over India and employee strength of 15079 as on 31.03.2016. The company provides insurance services to the customers catering to almost all segments of general insurance business. The authorized capital and paid-up equity capital of the company is Rs.200 crore and Rs.100 crore respectively.

AGRICULTURE INSURANCE COMPANY OF INDIA LIMITED

‘Agriculture Insurance Company Of India Limited’ (AIC) was incorporated to exclusively cater to the insurance needs of the persons engaged in agriculture and allied activities in India under the Companies Act, 1956 on 20th December 2002. General Insurance Corporation of India (GIC), NABARD and four public sector general insurance companies have contributed towards the share capital of the Company. The Authorized Share Capital of the Company is Rs. 1500 crore with initial Paid-up Equity Share Capital of the Company of Rs. 200 crore.

The Company having received approval from Insurance Regulatory & Development Authority (IRDA) commenced its business operations w. e. f. 1st April, 2003. The total number of employees as on 31st March, 2015 is 274 all over the country. It has its Head Office in New Delhi, 17 Regional Offices in various State Capitals and 3 one man offices at District levels.

Difference between Life insurance and Non-Life Insurance

It is very important to know the difference between Life and Non-Life insurance. Life insurance is an insurance cover that gives out a certain amount to the insured or their nominated beneficiaries upon a certain event such as death of the individual who is insured. Life Insurance is related to a human life. It’s basically a long term investment and requires periodic payments, either monthly or quarterly or annually. The risks that are covered by Life Insurance include – premature death, income during retirement, illness. The main products for the same consists of – whole life, endowment, term, medical and health, life annuity plan. Non-Life Insurance covers things apart from the things covered in Life Insurance. It is basically an insurance policy to protect an individual against losses and damages other than those covered by Life insurance. The coverage period for most non-life insurance policies and plans is usually one year, whereby premiums are normally paid on a one time basis. The risks that are covered by non-life insurance is property loss, liability arising from damage caused by an individual to a third party, accidental death or injury. The main products of non-life insurance includes – motor insurance, fire/house owners/householders insurance, personal accident insurance, medical and health insurance and travel insurance.

Source:

- Financial Markets and Institutions (Taxmann's) by Dr. Vinod Kumar, Atul Gupta and Manmeet Kaur (January 2018).
- Financial Markets and Institutions (Galgotia Publishing Company) by Dr. Kalpana Kataria and Dr. Arshi Zareen (2018)
- www.policybazaar.com
- www.investopedia.com
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- www.wikipedia.org/wiki/General_insurance

Disclaimer:

1. These notes are only for the students.
2. These notes are prepared after referring various books and websites.