

## Insurance at a Glance

Insurance is a critical part of the risk management system for a business or an individual. It is a way to protect yourself against unforeseen losses. An insurance policy is a legal binding contract with an insurer to provide compensation for a specified damage, loss, or injury suffered by your business/individual; in return for a sum of money (premium) paid.

Term Insurance helps the customers in safeguarding their families from financial worries that arise due to unfortunate circumstances. Term plans are pure risk cover plans with or without maturity benefits. These pure risk plans cover the life at a nominal cost

Term Plan offers the following benefits:

- ❖ High insurance Cover at lower costs
- ❖ Financial security against loans and mortgages
- ❖ Single premium payment option available
- ❖ Available with host of Additional rider benefits

The insurance industry of India consists of 53 insurance companies of which 24 are in life insurance business and 29 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers there are six public sector insurers. In addition to these, there is sole national re-insurer, namely, General Insurance Corporation of India (GIC Re). Other stakeholders in Indian Insurance market include agents (individual and corporate), brokers, surveyors and third party administrators servicing health insurance claims.

### History of Insurance in India

Insurance in India is listed in the Constitution of India in the Seventh Schedule as a Union List subject, meaning it can only be legislated by the Central government.

- The history of insurance in India comes with the establishment of Oriental Life Insurance Company in 1818 in Kolkata.

- 1870 saw the enactment of the British Insurance Act and in the last three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were started in the Bombay Residency.
- In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies.
- In 1938, with a view to protecting the interest of the Insurance public, the earlier legislation was consolidated and amended by the Insurance Act, 1938 with comprehensive provisions for effective control over the activities of insurers.
- An Ordinance was issued on 19th January, 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year.
- General Insurance in India has its roots in the establishment of Triton Insurance Company Ltd., in the year 1850 in Calcutta by the British.
- In 1972 the parliament passed General Insurance Business (Nationalization) Act, and consequently, General Insurance business was nationalized with effect from 1 January 1973.

## **Insurance Regulatory and Development Authority (IRDA)**

Chairman: Mr. T.S. Vijayan

In 1993, the Government set up a committee under the chairmanship of RN Malhotra, former Governor of RBI, to propose recommendations for reforms in the insurance sector. Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000.

The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

## **Life Insurance**

Life Insurance is the key to good financial planning. On one hand, it safeguards our money and on the other, ensures its growth, thus providing with complete financial well-being. Life Insurance can be termed as an agreement between the

policy owner and the insurer, where the insurer for a consideration agrees to pay a sum of money upon the occurrence of the insured individual's or individuals' death or other event, such as terminal illness, critical illness or maturity of the policy. Life Insurance provides the dual benefits of savings and security.

## Advantages of Life Insurance

- Risk Cover
- Planning for life stage needs
- Protection against rising health expenses
- Builds the habit of thrift
- Safe and profitable long-term investment
- Assured income through annuities
- Protection plus savings over a long term Growth through dividends
- Facility of loans without affecting the policy benefits
- Tax Benefits-Insurance plans provide attractive tax-benefits for both at the time of entry and exit under most of the plans.
- Mortgage Redemption- Insurance acts as an effective tool to cover mortgages and loans taken by the policyholders so that, in case of any unforeseen event, the burden of repayment does not fall on the bereaved family.

## Functions of Insurance Companies:

- Creating a positive image of the industry and enhancing consumer confidence.
- Maintaining high standards of ethics and governance.
- Promoting awareness of the role and benefits of life insurance.
- Organizing structured and proactive discussions with Government, lawmakers and regulators.
- Conducting research in life insurance, publish monographs and contribute to development of the sector.
- Acting as forum of interaction with other organizations of the financial services sector.
- Playing a leading role in insurance education, research, training and conferences.
- Providing help and guidance to members when necessary.
- Be an active link between the Indian life insurance industry and the global markets.

## **Life Insurance Corporation of India (LIC)**

The Parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956, and the Life Insurance Corporation of India was created on 1st September, 1956, with the objective of spreading life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, providing them adequate financial cover at a reasonable cost.

The Life Insurance Corporation with its Central Office in Mumbai and eight Zonal Offices at Mumbai, Kolkata, Delhi, Chennai, Hyderabad, Kanpur, Bhopal and Patna operates through 113 Divisional Offices including one Salary Savings Scheme (SSS) Division at Mumbai, 2048 Branch Offices and 1004 Satellite Offices.

### **Objectives of LIC:**

- Spread Life Insurance widely and in particular to the rural areas and to the socially and economically backward classes with a view to reaching all insurable persons in the country and providing them adequate financial cover against death at a reasonable cost.
  - Maximize mobilization of people's savings by making insurance-linked savings adequately attractive.
  - Conduct business with utmost economy and with the full realization that the moneys belong to the policyholders.
  - Act as trustees of the insured public in their individual and collective capacities.
  - Meet the various life insurance needs of the community that would arise in the changing social and economic environment.
  - Involve all people working in the Corporation to the best of their capability in furthering the interests of the insured public by providing efficient service with courtesy.
  - Promote amongst all agents and employees of the Corporation a sense of participation, pride and job satisfaction through discharge of their duties with dedication towards achievement of Corporate Objective.

Life insurance is a contract that pledges payment of an amount to the person assured (or his nominee) on the happening of the event insured against.

The contract is valid for payment of the insured amount during:

The date of maturity, or  
Specified dates at periodic intervals, or  
Unfortunate death, if it occurs earlier.

## Insurance Plans

As individuals it is inherent to differ. Each individual's insurance needs and requirements are different from that of the others. LIC's Insurance Plans are policies that talk individually and give the most suitable options that can fit the requirement. There are three types of Insurance Plans:

- Endowment Plans
  - \* Money Back Plans
  - \* Term Assurance Plans

Endowment Plans: - An endowment policy is a life insurance contract designed to pay a lump sum after a specific term (on its 'maturity') or on death. Typical maturities are ten, fifteen or twenty years up to a certain age limit. Some policies also pay out in the case of critical illness.

## Life Insurance Companies and their Headquarter

Life Insurers	Headquarters
Bajaj Allianz Life Insurance Company Limited	Pune
Birla Sun Life Insurance Co. Ltd.	Mumbai
HDFC Standard Life Insurance Co. Ltd.	Mumbai
ICICI Prudential Life Insurance Co. Ltd.	Mumbai
Exide Life Insurance Company Limited	Bengaluru
Life Insurance Corporation of India	Mumbai
Max Life Insurance Co. Ltd.	Gurgaon, Haryana
PNB Metlife India Insurance Co. Ltd.	Bengaluru
Kotak Mahindra Old Mutual Life Insurance Limited	Mumbai
SBI Life Insurance Co. Ltd.	Mumbai

Tata AIA Life Insurance Company Limited	Mumbai
Reliance Life Insurance Company Limited	Mumbai
Aviva Life Insurance Company India Limited	Gurgaon, Haryana
Sahara India Life Insurance Co, Ltd.	Lucknow
Shriram Life Insurance Co, Ltd.	Hyderabad
Bharti AXA Life Insurance Company Ltd.	Mumbai
Future Generali India Life Insurance Company Limited	Mumbai
IDBI Federal Life Insurance Company Ltd.	Mumbai
Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.	Gurgaon, Haryana
AEGON Life Insurance Company Limited.	Mumbai
DHFL Pramerica Life Insurance Co. Ltd.	Gurgaon, Haryana
Star Union Dai-ichi Life Insurance Co. Ltd.	Mumbai
IndiaFirst Life Insurance Company Limited	Mumbai
Edelweiss Tokio Life Insurance Co. Ltd.	Mumbai

## Non-life Insurance and their Headquarters

Non-life Insurers	Headquarters
Bajaj Allianz General Insurance Co. Ltd.	Pune
ICICI Lombard General Insurance Co. Ltd.	Mumbai
IFFCO Tokio General Insurance Co. Ltd.	Gurgaon, Haryana
National Insurance Co. Ltd.	Kolkata
The New India Assurance Co. Ltd.	Mumbai

# Shakthii Academy

7

Increasing Confidence ; Reaching Goals

The Oriental Insurance Co. Ltd.	New Delhi
United India Insurance Co. Ltd.	Chennai
Reliance General Insurance Co. Ltd.	Mumbai
Royal Sundaram General Insurance Co. Limited	Chennai
Tata AIG General Insurance Co. Ltd.	Mumbai
Cholamandalam MS General Insurance Co. Ltd.	Chennai
HDFC ERGO General Insurance Co. Ltd.	Mumbai
Export Credit Guarantee Corporation of India Ltd.	Mumbai
Agriculture Insurance Co. of India Ltd.	New Delhi
Star Health and Allied Insurance Company Limited	Chennai
Apollo Munich Health Insurance Company Limited	Gurgaon, Haryana
Future Generali India Insurance Company Limited	Mumbai
Universal Sompo General Insurance Co. Ltd.	Mumbai
Shriram General Insurance Company Limited,	Jaipur
Bharti AXA General Insurance Company Limited	Bengaluru
Raheja QBE General Insurance Company Limited	Mumbai
SBI General Insurance Company Limited	Mumbai
Max Bupa Health Insurance Company	New Delhi



Ltd.	
L&T General Insurance Company Limited	Mumbai
Religare Health Insurance Company Limited	New Delhi
Magma HDI General Insurance Company Limited	Kolkata
Liberty Videocon General Insurance Company Limited	Mumbai
Cigna TTK Health Insurance Company Ltd	Mumbai
Kotak Mahindra General Insurance Company Limited	Mumbai

## Insurance Companies and their Tag Line

Name	Headquarter	Tag line
Life Insurance Corporation of India (LIC)	Mumbai	Yogakshemam Vahamyaham-Your welfare is our responsibility
General Insurance Corporation of India (GIC Re)	Mumbai	Aapatkale Rakshisyami
National Insurance Co. Ltd.	Kolkata	
Oriental Insurance Co. Ltd.	Mumbai	Prithvi, Agni, Jal, Akash, Sabki Suraksha Hamare Paas
New India Assurance Co. Ltd.	New Delhi	India's premier general insurance company
United India Insurance Co. Ltd.	Chennai	Rest Assured with Us
Max Life Insurance Co. Ltd.	Gurgaon, Haryana	Aapke Sache Advisor, Karo Jyada ka Iraada
Max Bupa Health Insurance	New Delhi	Your Health First
SBI Life Insurance Co. Ltd.	New Delhi	With Us, You're Sure
ICICI Prudential Life Insurance Co. Ltd.	Mumbai	Zimmedari ke Humsafar



# Shakthii Academy

9

Increasing Confidence ; Reaching Goals

HDFC Standard Life Insurance Co. Ltd.	Mumbai	Sar Utha ke Jiyo
Bajaj Allianz Life Insurance Co. Ltd.	Pune	Jiyo befiqar
Birla Sun Life Insurance Co. Ltd.	Mumbai	Muskurate Raho
Apollo Munich Health Insurance Co. Ltd.	Gurgaon, Haryana	We know Healthcare
Sahara India Life Insurance Co. Ltd.	Lucknow	Chiranjivi Bhava

☺ \*\*\*\*\*