General insurance

DISSERTATION REPORT ON Marketing of General Insurance Products (with special reference to Iffco- Tokio General Insurance) SUMITTED IN PARTIAL FULFILLMENT OF THE RQUIREMENT OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION H. N. B. GARHWAL UNIVERSITY SRINAGAR, GARHWAL SUBMITTED BY: SUBMITTED TO: Vaibhav JoshiMs. Prapti Tandon MIB IVth SemFaculty of IMS MIB06037 INSTITUTE OF MANAGEMENT STUDIES, DEHRADUN CERTIFICATE I have the pleasure in certifying that Mr.

Vaibhav Joshi is a bonafide student of MIB IV semester of the Master's Degree in International Business of Institute of Management Studies, Dehradun under University Roll No. ………………….. He has completed his/her dissertation work entitled Marketing of general insurance products (with reference to Iffco tokio general insurance under my guidance). I certify that this is his original effort and has not been copied from any other source. This project has also not been submitted in any other university for the purpose of award of nay degree.

This project fulfills the requirement of the curriculum prescribed by H. N. B. Garhwal University, Srinagar for the said course. I recommend this Dissertation work for evaluation and consideration for the award of degree to the student. Signature: ………………………………. Name of the Guide: ………………………. Date:…………………………………… TABLE OF CONTENTS | S. NO. | TOPIC | | 1. | INTRODUCTION | | 2. INDUSTRIAL BACKGROUND | | 3. | TYPES OF INSURANCE | | 4. | REASEARCH METHODOLOGY | | 5. | DATA ANALYSIS & INTERPRETATION | | 6. | OBSERVATION& CONCLUSIONS | | 7. | RECOMMENDATION | | 8. BIBLIOGRAPHY | | 9. | ANNEXURE | GENERAL INSURANCE BUSINESS General insurance business in the country was nationalized with effect from 1st January, 1973 by the General Insurance Business (Nationalization) Act, 1972. More than 100 non-life insurance companies including branches of foreign companies operating within the country were amalgamated and grouped into four companies, viz. the National Insurance Company Ltd. , the New India Assurance Company Ltd. , the Oriental Insurance Company Ltd. , and the United India Insurance Company Ltd. with head offices at Kolkata, Mumbai, New Delhi and Chennai, respectively. General Insurance Corporation (GIC) which was the holding company of the four public sector general insurance companies has since been delinked from the later and has been approved as the " Indian Reinsurer" since 3rd November 2000. The share capital of GIC and that of the four companies are held by the Government of India.

All the five entities are Government companies registered under the Companies Act. The general insurance business has grown in spread and volume after nationalization. The four companies have 2872 branch offices, 1373 divisional offices and 95 regional offices spread all over the country. These companies also have 44 overseas offices spread over 25 countries. The market share of Government-owned insurance companies stood at 79. 93% as on March 2005. MAJOR POLICY CHANGES Reforms In Insurance Sector

Insurance sector has been opened up for competition from Indian private insurance companies with the enactment of Insurance Regulatory and Development Authority Act, 1999 (IRDA Act). As per the provisions of IRDA Act, 1999, Insurance Regulatory and Development Authority (IRDA) was established on 19th April 2000 to protect the interests of holder of insurance policy and to regulate, promote and ensure orderly growth of the insurance industry. IRDA Act 1999 paved the way for the entry of private players into the insurance market, which was hitherto the exclusive privilege of public sector insurance companies/ corporations.

Under the new dispensation Indian insurance companies in private sector were permitted to operate in India with the following conditions: Company is formed and registered under the Companies Act, 1956; The aggregate holdings of equity shares by a foreign company, either by itself or through its subsidiary companies or its nominees, do not exceed 26%, paid up equity capital of such Indian insurance company; The company's sole purpose is to carry on life insurance business or general insurance business or reinsurance business. The minimum paid up equity capital for life or general insurance business is Rs. 100 crores.

The minimum paid up equity capital for carrying on reinsurance business has been prescribed as Rs. 200 crores. The Authority has notified 37 Regulations on various issues which include Registration of Insurers, Regulation on insurance agents, Solvency Margin, Re-insurance, Obligation of Insurers to Rural and Social sector, Investment and Accounting Procedure, Protection of policy holders' interest etc. Applications were invited by the Authority with effect from 15th August, 2000 for issue of the Certificate of Registration to both life and non-life insurers. The Authority has its Head Quarter at Hyderabad .

Detailed information on IRDA is available at their web-site www. irdaindia. org | GENERAL INSURERS | | | Public Sector | | | 1. National Insurance

Company Limited | www. nationalinsuranceindia. com | | 2. New India Assurance Company Limited | www. niacl. com | | 3.

Oriental Insurance Company Limited | www. orientalinsurance. nic. in | | 4. United India Insurance Company Limited | www. uiic. co. in | | 5. Export Credit Guarantee Corporation | www. ecgcindia. com | | Private Sector | | | 6. Bajaj Allianz General Insurance Co. Ltd. | www. bajajallianz. co. in | | 7.

ICICI Lombard General Insurance Co. Ltd. | www. icicilombard. com | | 8. IFFCO-Tokio General Insurance Co. Ltd. | www. itgi. co. in | | 9. Reliance General Insurance Co. Ltd. | www. ril. com | | 10. Royal Sundaram Alliance Insurance Co. Ltd. | www. royalsun. com | | 11. TATA AIG General Insurance Co. Ltd. | www. tata-aig. com | | 12. Cholamandalam General Insurance Co. Ltd. | www. cholainsurance. com | | 13.

HDFC Chubb General Insurance Co. Ltd. | www. hdfcchubb. com | | 14. Agricultural Insurance Co. of India Ltd. | www. aicofindia. org | | REINSURER | | | 1. General Insurance Corporation of India | www. gicindia. com | Insurance Ombudsmen: One of the major areas of concern of the Government has been the efficient customer services in the insurance sector.

With a view to ensure expeditious redressal of public grievances relating to the settlement of the claims, the Government has introduced a system of Ombudsman in the Insurance Sector with effect from 11th November 1998. Insurance Ombudsmen are currently located in 12 cities. Each Ombudsman is empowered to redress customer grievances inrespectof insurance contracts on personal lines where the insured amount is less than Rs. 20 lakhs. MARKETING - GENERAL INSURANCE INTRODUCTION: Marketing is the

Marketing side of Commerce - company efforts to communicate about, promote, and sell products and services over the Internet.

E-marketing is a type of marketing that can be defined as achieving objectives through the use of electronic communicationstechnologysuch as Internet, e-mail, Ebooks, database, and mobile phone. It is a more general term than online marketing which is limited to the use of internet technology to attain marketing objectives. E-mail marketing is one of the most effective ways to keep in touch with customers. It is generally cost-effective, and if done properly, can help build brand awareness andloyalty. At a typical cost of only a few rupees per message, it's a bargain compared to traditional direct mail or more .

In addition, response rates on e-mail marketing are strong, depending on the industry and format. Response rates for traditional mail averages tend to be very low. One of the benefits of email marketing is the demographic information that customers provide when signing up for your email newsletter. Discovering who your customers really are – age, gender, income and special interests, for example – can help you target your products and services to their needs. Effective marketing, planning and promotion begin with current information about the marketplace.

Visit your local library online, talk to customers on toll free through & telemarketing and SMS service as latest development, study the advertising of other businesses in your community, and consult with any relevant industry associations through internet. This interactive tool will help to assess your e-marketing strengths and weaknesses in the demographic area.

Online marketing is marketing on the Internet. It is a type of e-marketing, which in turn is a type of e-commerce. Internet marketing is a component of electronic commerce. Internet marketing can include information management, public relations, customer service, and sales.

Electronic commerce and Internet marketing have become popular as Internet access is becoming more widely available and used. Well over one third of consumers who have Internet access in their homes report using the Internet to make purchases. Some of the benefits associated with Internet marketing include the availability of information. Consumers can log onto the Internet and learn about products, as well as purchase them, at any hour. Companies that use Internet marketing can also savemoneybecause of a reduced need for a sales force.

Overall, Internet marketing can help expand from a local market to both national and international marketplaces. Commerce has redefined the marketplace, altered business strategies, and allowed global competition between local businesses. The term “ electronic commerce” has evolved from meaning simply electronic shopping to representing all aspects of business and market processes enabled by the Internet and other digital technologies. Today's business emphasis is on e-commerce - rapid electronic interactions enabled by the Internet and other connected computer and telephone networks.

Rapidly business transactions and unparalleled access to information is changing consumer behavior and expectations. Many small businesses assume that the Internet has little value to them because they feel that their product or service cannot be easily sold online. But inexpensive information processing and electronic media can help most small businesses provide better, faster customer service andcommunication. Why is insurance necessary? The question contains the answer within itself. After all, life is fraught with tensions and apprehensions regarding the future and what it holds for the individual.

Despite all the planning and preparation one might make, no one can accurately guarantee or predict how or when death might result and the circumstances that might ensue in its aftermath. We are not saying that life and existence are constantly fraught with danger and uncertainty. But then it is essential that you plan for the future. The chances for a fatality or an injury to occur to the average individual may not be particularly high but then no one can really afford to completely disregard his or her future and what it holds.

People generally regard insurance as a scheme when and where you have to lose a lot to gain a little. Nevertheless, insurance is still the most reliable tool an individual can use to plan for his future. What is General insurance? This is an attempt to help understand some basic concepts of general insurance in order to help identify insurance needs and to facilitate decision making process. General Insurance is all about protecting / covering against all kind of insurable risks. General insurance policies, including automobile and homeowners policies, provide payments depending on the loss from a particular financial event.

General insurance typically comprises any insurance that is not determined to be life insurance, and is called property and casualty insurance. The reason to provide conceptual knowledge on general insurance products – healthinsurance, motor insurance, travel insurance – to empower one to take a final decision. We have touched upon topics like why one should insure, how much insurance one need, the policies that suit best, points to ponder while reading the fine print, identify the insurance needs etc are covered. This is a sincere attempt to take one through the basics and to unravel the complexities of general insurance.

System whereby individuals and companies concerned about potential hazards pay premiums to an insurance company, which reimburses (in whole or part) them in the event of loss. The insurer profits by investing the premiums it receives. Some common forms of insurance cover business risks, automobiles, homes, boats, worker's compensation, and health. Life insurance guarantees payment to the beneficiaries when the insured person dies. In a broad economic sense, insurance transfers risk from individuals to a larger group, which is better able to pay for losses. IFFCO-TOKIO General Insurance (ITGI).

ITGI is India’s trusted insurance company. It simplifies customer’s life by providing them tailor made products and quality services, thus helping them take informed investment decisions. It is a joint venture between The Indian Farmers Fertiliser Co-operative (IFFCO) and its associates and Tokio Marine and Nichido Fire Group, the largest listed insurance group in Japan. ITGI was incorporated on December 4, 2000 and has its head office in Gurgaon, Haryana. We are among India's top three private-sector general insurance companies with 92 offices and a country-wide network of 480 exclusive point of presence.

In our constant effort to provide our customers with " the life they deserve", we offer a wide range of over 40 uniquely customized policies covering a wide range of customers, from farmers to some of India's largest automobile manufacturers. We see ourselves as a " people's company"; our principal aim is to provide benefits for the common man who traditionally lacks knowledge and access to quality insurance products. To achieve this, we have leveraged the deep knowledge of IFFCO by studying 600 of the country's 602 districts before drawing up our business plan.

We closely follow the rigorous global financial standards of the Millea group, combining sound financial management with rapid growth. ITGI is the only private general insurance company in India to have made five consecutive years of profit. We are also one of the few to report underwriting profits within four years of operations. We also believe in focusing on creative solutions to provide optimum service to our customers. We are the only company in the country to have a 100%-owned distribution channel to service our retail customers.

Called IFFCO-TOKIO Insurance Services Ltd (ITIS), this subsidiary has 273 employees and is present in 68 cities. ITIS is an example of an indigenously developed best practice that will be replicated in other Millea Asia subsidiaries. Innovation has also played a significant part in making us a dynamic industry leader both in India and globally. We are the first company in India to underwrite mega policies for a fertilizer and an automobile client.

This comprehensive policy is based on international rates and optimizes the premium outflow for clients even as it offers a one-stop, all-risk cover. Our Performance | Profitable growth: Our commitment to innovation and customer service has helped us consistently raise the bar on our performance. We strongly believe in profitable growth: Our rapidly reducing Earned Income Loss Ratio (EILR) is testimony to this |[pic] | ITGI's sound financial management has been achieved in a period of fast-paced growth.

Our gross written premium (GWP) has grown from Rs 58 million in 2000-01 to Rs 5 billion in 2004-05. Policy issuance growth has jumped more than 20 times between 2002 and 2004. |[pic] | We have also consistently demonstrated our commitment to shareholder value: return on equity for 2004-05 was 14. 72%, up from 9. 58% the year before. Our unqualified audit reports reflect the rigorous, global standards of accounting. ITGI voluntarily maintains strong institutional checks and balances. An investment committee of board members and senior executives scrutinizes all major investment decisions.

An in-house audit committee audits all the branches and suggests ways to improve their functioning. Finally, there is an executive committee of senior management that monitors policy decisions. All these have ensured that ITGI has established a reputation for the highest standards of corporate governance. 'Customized' satisfaction: Our bi-annual customer satisfaction surveys - another unique feature at ITGI -- indicates the speed and fairness in handling policy-holders' claims. This is backed by robust IT infrastructure that is robust enough to handle large volume of more than 3, 00, 000 documents.

All ITGI's branches and distributors are networked. This not only enables a detailed and accurate analysis of the company's performance based on specific parameters, the web-based claim response system has enabled the speedy settlement of claims, achieving a 90% claim settlement ratio Insurance Distribution Channels: Markets in Transition INTRODUCTION :- Risks are inherent in every aspect of life. They are present in whatever we do everyday and all businesses face the threat of losses that may never occur. Worrying about these possibilities hardly makes life pleasant.

Of course, it is impossible to eliminate risks - but they can be controlled, lessened or minimized. That is exactly what risk management is all about. We at ITGI have established a proficient risk management team to provide customized, need-based solutions. Armed with a high level of domain knowledge in a wide range of industry verticals, our risk management experts identify and evaluate the risk exposures of your facility or business to provide a comprehensive risk management solution based on your special needs.

As a part of our value-added services, we also provide recommendations for loss reduction and risk mitigation and continuously update you about international best practices. ITGI caters to almost all areas of risk management. Below is a list of some of our mainstream services: Underwriting survey/Loss control Survey/Risk management survey Natural hazard risk evaluation Business continuity planning Business interruption and interdependency risk analysis Marine loss control surveys Safety management Risk assessment studies/Safety audits

Consequence analysis study. The insurance marketplace is undergoing a transformation that may eventually lead to significant changes in how consumers purchase insurance products. A variety of distribution channels are currently used in this market place, and some insurers utilize a combination of distribution channels. These include the Internet-led channels, company-led channels, bank-led channels, and agent-led channels. Of these distribution channels, the most discussed and anticipated channel is the Internet-led channel.

The widespread diffusion of the Internet has created an explosion in the growth of electronic channels, including direct channels as electronic markets, or " electronic intermediaries over which multiple buyers and sellers do business", and other cybermediaries . Prior to the advent of the Internet, most purchasers of insurance products used traditional agent-led distribution channels such as direct writers or independent agents. Given its reliance on traditional channels, the insurance marketplace has only recently begun to reflect this broader growth in electronic channels.

The Internet was expected to have a major negative impact on the traditional agent-led distribution channel. However, consumers have not shown a marked preference for purchasing insurance product via the Internet. Currently, less than two percent of insurance products are purchased via the Internet. Although less frequently used, company-led distribution channels through mediums such as direct mail or telephone call centers have seen increasing growth. While an agent is still required in this setting, this person typically does not meet with the insured.

With the passage of the Financial Modernization Act of 1999, growth of the bank-led channel was predicted for the U. S. market. The results of a recent American Bank Insurance Association survey indicate that insurance represents a very small percentage of total bank revenue, but bankers predict an increase in marketing efforts. While it is true that insurance purchasers today have more options available than they did five years ago, it is unclear if and when these channels will dominate existing insurance distribution channels. Several obvious factors that impact on a channel's adoption are consumer. . Insurance Distribution Channels: Markets in Transition Attitudes and preferences. In particular, it may be that consumers consider insurance products to be more complex than originally thought. Consumers still do not view even personal lines insurance products to be commodity products. The purpose of this paper is to discuss the transitions that are occurring in property/liability insurance distribution channels. As part of this discussion, we describe some of the factors that are impacting on the adoption of alternative channels (e. g. the Internet), provide an overview of theacademicliterature on innovation adoption and insurance distribution channels, and comment on the near-term future for insurance distribution channels. EXPECTATIONS V. REALITY The growth of the Internet has led to a great deal of speculation and discussion regarding its potential impact on traditional distribution channels. For example, the meeting topic for the 2000 International Insurance Society meeting was " The Power ofLeadershipin the Knowledge Millennium. " Part of the focus of the presentations at that meeting was on the changing channels of distribution.

Some trade publications during that time period included articles suggesting that insurance agents were faced with the strong possibility of being replaced with a more efficient and less-costly Internet-led distribution channel. The same was true for travel agents during that time period. Interestingly, the experience of insurance agents and travel agents has been very different. The travel industry has indeed seen a growth of the Internet-led distribution channel for a wide variety of travel-related purchases including plane tickets, hotel reservations, and car rentals.

Examples of cybermarkets operating today include Expedia, Travelocity, and Orbitz. Additionally, sites like Priceline. com allow consumers to make offers for various travel services including airline travel. Other sites, like SkyAuction. com, create an auction market for travel services. Finally, consumers can purchase tickets online directly from airlines. As the Internet-led channel has grown for travel-related types of services, travel agents have come under increasing pressure and airlines have reduced the commissions paid to travel agents.

In some cases, the agents are no longer compensated by the airlines to serve as a channel intermediary. For example, Delta Airlines recently announced that it would no longer pay commissions to travel agents. 2 Insurance Distribution Channels: Markets in Transition The experience of insurance agents has been much different. Recent figures suggest that online sales accounts for less than 2% of total premium volume. Although there have been some changes in the areas of commissions and production requirements, agents continue to be the primary distribution channel for insurance products.

A recent National Underwriter article reported the results of a survey of four insurance industry associations (the National Association of Independent Insurers, the National Association of Mutual Insurance Companies, the American Insurance Association, and the Alliance of American Insurers). All four of these associations indicated an expectation that the traditional agent-led distribution channel will continue to be a major distribution channel for insurers.

While the adoption rate of the Internet as a distribution channel has been low, we have seen widespread adoption of the Internet as a support channel. Insurers are using the Internet to provide general information on financial services products (e. g. , insurance, investments) and planning involving the use of these products, to provide specific information on the company and its product lines, to provide administrative support to its policyholders, and to serve as a prospecting and communication tool for its agent-led channel. For example, Celent Communications surveyed major U.

S. property/liability insurers regarding Internet usage. The six main usage areas were (1) agent access to quotes, (2) agent extranet, (3) policyholder account access, (4) customer live quotes, (5) customer quote request, and (6) agent locator. Of these six, the two most frequently used were the agent locator (over 60%) and the agent extranet (approximately 40%). These results clearly indicate that for property/liability insurers, the web is being used as an information or communication tool, as well as a prospecting tool for insurers’ agents.

INNOVATION ADOPTION To gain a better understanding of what factors tend to drive the adoption of one channel over another, it is helpful to examine some of the existing literature on innovation adoption and insurance distribution channels. The Internet Channel One factor that leads to the adoption of an innovation is how widespread it is. Rogers (1995) suggests that widespread diffusion of an innovation will lead to significant changes in the enviorment. 3 Insurance Distribution Channels: Markets in Transition

As noted above, we have seen widespread diffusion of the usage of the Internet in both the travel and insurance industries; however, the adoption patterns have been quite different. The ability to reduce the transactions costs of interaction between buyers and sellers has always been acknowledged as a centralmotivationfor the use of the web . Predictions of disintermediation and cybermediation are typically based on the reduced transaction costs of electronic interaction between sellers and buyers; for example, in book retailing or online stock trading.

Trust is another factor that drives or affects the adoption of the Internet-led channel and others examined privacy and security as it relates to choosing an Internet channel. The widespread popularity of online stores or online auctions provides some indication that consumers trust the channel sufficiently to provide personal and financial information via a secure part of the channel. Additionally, secure support channels like Paypal have been created to provide secure payment channels for purchases. Technological improvements alone cannot safeguard a company's digital risks.

Whether managing the risk of a computer virus, electronic theft of confidential information or the loss of business interruption due to a computer attack, a Total Risk Management Approach is required which combines best in class technology, risk information and insurance. MOTOR INSURANCE INTRODUCTION: Speed has become the essence of life in the present day economic and social conditions. Every body wants everything fast enough to enjoy the fruits of any labour which has been put in. In this labour man is being replaced by machine in almost all spheres of activity. The latest is Computer trying to replace the human brain.

Though it is impossible to achieve the speed of thought, the human efforts will always endeavor to achieve that speed. When we talk of speed, Motor Vehicle is perhaps or sure enough, a tool used by majority of human beings in every walk of life as aid, either to transport himself or to transport material useful for his existence. As a means of transport, Motor vehicle is of immense importance in respect of both the human amenities and the commerce. The number of vehicles on the road has been on increase and it is quite likely that it may over-flow the capacity of the road and parking places.

Many vehicles are required to be kept in the streets at night and thus are exposed to various risks from human elements as well as natural elements. The number of persons holding driving license is increasing and the employers with all the care they may take in choosing a good driver. Do get reckless driver on their pay roll which fact comes to the knowledge only when a serious accident, sometimes involving loss of life happens, and are thus exposed to risks. MOTOR INSURANCE CONTRACTS Motor Insurance

Contracts are subject to the basic principles applicable to property and liability insurance in general, These principles are-) Utmost good faith: Contracts of Motor Insurance are governed by the doctrine of utmost good faith. The doctrine imposes a legal obligation on the proposer to disclose material facts to the Insurers. The use of proposal forms is compulsory and the declaration clause in the form converts the common law duty into a contractual duty of utmost good faith. The effect of this is that the answers given in the proposal become warranties. The answers are required to be literally true and correct. Any wrong answer, irrespective of its materiality, will render the contract violable by Insurers.) Insurable Interest: This is the legal right to insure. The essentials of insurable interest are- i) the existence of property exposed to loss, damage or a potential liability: ii) such property or liability must be the subject matter of insurance: iii) such property or liability must be the subject matter of the property or creation of liability and must benefit by the preservation of the property or the absence of liability. 3) Indemnity: Insurance contract are contracts of indemnity that is to say, the insured is placed after a loss, as far as possible, in the same position as he was immediately before the loss.

This principle ensures that the Insured does not make a profit out of his loss. 4) Subrogation & Contribution: Subrogation is the transfer of rights from the insured to the insurer when the loss or damage to the vehicle is caused by negligence of another person. The Insurers exercise these rights to recover the loss from the person responsible. Under common law subrogation operates only after the claim is paid. A Policy condition, however, provides for subrogation before the payment of the claim. Contribution arises when there is double insurance, that is, when the same vehicle is insured under two policies.

According to Policy condition the loss is shared pro-rata between the two insurers. The Contribution condition is specially worded in private car policies because the owner is also covered for Third Party liability while driving cars not belonging to him. Proximate Cause: The doctrine of proximate cause applies to Motor insurance as to other classes of insurance. The loss or damage to the vehicle is indemnified only if it is proximately caused by one of the insured perils. The doctrine also applies to Third Party claims.

The Third party injury or property damage must be proximately caused by the negligence of the insured for which he is held legally liable to pay damages. TYPES OF MOTOR VEHICLES: A Motor Vehicle has been defined in the Motor Vehicle Act, 1939 as a mechanically propelled vehicle adopted for use upon road where the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer but does not include a vehicle running upon fixed rails. For purpose of insurance, Motor vehicles are classified into 3 broad categories, viz) Private Cars 2) Motor Cycles and Scooter 3) Commercial Vehicles. PRIVATE CARS: These are – a) vehicles used solely for social, domestic and pleasure purposes; b) Cars of private type including station wagons, used for social, domestic and pleasure purposes and for the business or professional purposes(excluding the carriage of goods other than samples) of the insured or used by the Insured’s employees for such purposes, c) Three wheeled cars (including cabin scooter used for private purposes) MOTOR CYCLES: a) Motor cycles (with or without sidecars) b) Auto cycles or mechanically assisted pedal cycles.) Motor Scooters (with or without sidecars) d) A three-wheeler invalid carriage. COMMERCIAL VEHICLES: A) Goods carrying vehicles (own goods). These are vehicles used under a Private Carrier's permit within the meaning of the Motor Vehicles Act, 1939. The Act defines a " Private Carrier" as " an owner of a transport vehicle other than a public carrier who uses the vehicles solely for the carriage of goods which are his property or the carriage of which is necessary for the purpose of his business not being a business of providing transport" GOODS CARRYING VEHICLES (General cartage).

These are vehicles used under a Public Carrier Permit within the meaning of the M. V. Act. 1939. The Act defines a ' public carrier' as an owner of a transport vehicle who transports or undertakes to transport goods or any class of goods, for another person at any time and in any public place for hire or reward, whether in pursuance of the terms of a contract or agreement or otherwise. TRAILERS: Any truck, cart carriage or other vehicle without means of self-propulsion including agricultural implements drawn or hauled by any self – propelled vehicle. PASSENGER CARRYING VEHICLES:

I) Buses including tourist buses: ii) Hotel/School omnibuses. iii) Air-line buses PASSENGER CARRYING VEHICLES FOR HIRE: i) Taxis or Private car type vehicles plying for public hire ii) Private type Taxis let out on private hire direct from the Owner with or without meters and driven by the Owner or an employee of the Owner. iii) Private car type vehicles let out on Private Hire and driven by the Hirer or any driver with his permission. iv) Private car type vehicles owned by Hotels and hired by them to their guests. v)passenger carrying vehicles (Motorized Rickshaws). MISCELLANEOUS AND SPECIAL

TYPES OF VEHICLES” Category ‘ D’ 1) Agricultural Tractors Pedestrian Controlled. 2) Trailer fitted as Cinema Film Recording and publicity vans. 3) Delivery Truck – Pedestrian Controlled. 4) Trailers- Duest carts, water carts, etc . 5) Trailers – Fire Brigade and Salvage Corps. 6) Plan Loader. 7) Trailers- Mobile Plant. 8) Trailers fitted as Mobile Shop and Canteen. 9) Trailers – Tar spraying. 10) Trailers- Clearing and Levelling plant. 11) Traction Engine Tractors: Agriculural and Forestry spraying plant i) Agricultural sprayer. i) Tar sprayers 12. Trailers towed by Tractors. 13) Lawn Mowers. 14) Cranes- Trailers and Tractors fitted with Lift apparatus. 15) Hearses 16) Ambulances. 17) Breakdown vehicles 18) Cinema film recording and publicity vans. 19) Dispensaries. 20) Dampers. 21) Dust carts, water carts, road sweepers, etc. 22) Electric Trolleys or Tractors. 23) Fire Brigade and Salvage corps. Vehicles. 24) Footpath rollers. 25) Fork lift Trucks. 26). Mobile shops & Canteen Vehicles. 27) Mobile Surgeries & Dispensaries. 28) Refuse Carts. 29) Road Rollers

Road Sprinklers also used as Fire Fighting vehicles. 30) Traction Engine Tractors- Tractors used with one or more Angle Dozers, bulldozers etc. 31) Cranes I) Breakdown vehicles. II) Goods carrying vehicles. 32) Excavators. 33) Levelers 34) Site clearing and leveling plant etc. TYPES OF POLICIES: The vehicles mentioned above can be insured under three types of policies:- Act” only policy: This policy provides the minimum cover for legal liability for injuries to third parties or their property damage, as required by the provisions of Chapter VIII of the Motor Vehicles Act, 1939.

Third Party Policy: This Policy provides the cover as under the “ Act” only policy and in addition provides cover for higher limits for third party property damage. Comprehensive Policy: This policy provides cover as under a Third Party Policy and in addition provides cover for loss or or damage to the vehicle. Two other variations of cover are available for certain categories of vehicles(e. g. Private Cars) Fire and/or Theft Risk- These policies cover the risks of fire and or theft while the car is in garage and out of use.

Third party and Fire and/or Theft Risks: The Third party policy is extended to cover the risks of fire and/ or theft whilst the vehicle is running and or /in garage. EXEMPTED VEHICLES: The Provisions relating to compulsory third party insurance do not apply to any vehicle owned by the Central Government or State Government and used for Government purposes unconnected with any commercial enterprise. Exemptions may also be granted by the appropriate Government for any vehicle owned by:- a) the Central Government or a State Government if the vehicle is used for Government purposes connected with any commercial enterprise.) any local authority; c) any State Transport Undertaking(for example, where such undertaking is carried on by a State Government or any Road Transport Corporation established under the Road Transport Corporation Act, 1950). The above exemption is made only if a fund is established and maintained by that authority for meeting any liability arising out of the use of any vehicle. The fund has to be established in accordance with the Rules framed under the Act. Types of Motor Insurance Covers: There are two types of cover granted under Motor Insurance.

Policy “ A” provides Liability Cover and Policy “ B” provides Comprehensive cover. Third Party Policy has been withdrawn from 1st April 1990. 1) Policy “ A” - Act Liability Policy provides an indemnity in respect of legal liability for death or bodily injury to members of public or damage to their property, compulsorily insurable under the provisions of Motor Vehicles Act, 1988. Limits of Liability :- Under Section-II- (i) ……. As per Motor Vehicle Act, 1988 (The Act provides for unlimited liability in respect of third party death or bodily injury). Under Section-II- (ii) …….

Rs. 6, 000/- in respect of any one claim or series of claims arising out of one event. (This is the limit provided by the Act for third party property damage. The tariff however provides for increased limits up to unlimited liability for T. P. property damage, at additional premium). b) Policy " B" - Comprehensive Policy is wider cover. In addition to covering the insured's legal liabilities to third party, both for bodily injury and damage to property, this policy covers loss or damage to the vehicle- &/or theft of vehicle and/or accessories whilst fitted thereon -) by fire, explosion, self-ignition or lightening; b) by burglary, housebreaking or theft; c) by riot and strike; d) by earthquake (fire and shock damage); e) by flood, typhoon, hurricane, storm, tempest, inundation, cyclone, hailstorm, frost; f) by accidental external means; g) by terrorist activity; h) whilst in transit by road, rail, inland waterway, lift, elevator or air; i) by landslide / rockslide The Recital clause of both form of policies states- (i) that the proposal and declaration shall be the basis of the contract of insurance and are deemed to be incorporated therein. ii) that the insured has applied to the company for insurance and has paid or agreed to pay the premium as consideration for the insurance afforded by the policy for the period specified. The contract is not to " pay" the loss to the insured but to " indemnify" him against his loss. Protection and Removal Costs: If themotor caris disabled by reason of loss or damage covered under the policy, the insurer will bear reasonable cost of protection and removal to the nearest repairers and of redelivery to the insured but not exceeding in all Rs. 1, 500/- in respect of any accident.

Authorization for Repair The insured may authorize repairs necessitated by damage covered under the policy, provided that:- (a) the estimated cost of such repairs does not exceed Rs. 500/- (b) the insurer is furnished forthwith a detailed estimate of the cost, and (c) the insured gives the insurer every assistance to see that such repair is necessary and the charge reasonable. Exclusion under “ own damage” Section I - FOR PRIVATE CAR ‘ B’ POLICY (a) consequential loss, depreciation, wear and tear, mechanical or electrical breakdown , failures and breakage; and b) damage to tyres unless the motor car is damaged at the same time when the liability of the insurer is limited to 50% of the cost of replacement; (c) any accidental loss or damage suffered whilst the insured or any person driving with the knowledge and consent of the insured is under the influence of intoxicating liquor or drugs. FOR ONLINE RENEWAL INTIMATION OF POLICY . ONLINE RENEWAL NOTICE SENT TO CLIENT CLIENT AGENT DETAILS NAME SUB: RENEWAL OF POLICY NO: _____________ PREMIUM DETAILS SUM INSURED VEHICLE DETAILS GROSS PREM. S. TAX

NET PAYABLE PREM. HYPOTHECATION (IF ANY) AUTHORISED SIGNATORY FIRE INSURANCE GENERAL RULES AND REGULATIONS: These rules and regulations are applicable to all sections of the Tariff. POLICY Only Standard Fire and Special Perils Policy (hereinafter referred to as Policy) with the permitted “ Add-on” covers (as appearing under Section VIII) if any, can be issued. Note: - Unless otherwise specifically provided for, this tariff is applicable to land-based properties only. The wording of the policy shall be as shown in Section II of the Tariff.

Policy (ies) should be read together with proposal forms(s), scheduled specification, endorsements, warranties and clauses as one contract. Policy (ies) covering Buildings and/or contents shall show block wise separate amounts on (i) Building (ii) Machinery and accessories (iii) Stock and Stock-in-Process and (iv) Furniture and other contents. It is permissible to exclude Storm, Tempest, Flood and Inundation group of perils (hereinafter referred to as STFI) and/or Riot, Strike, Malicious Damage perils (hereinafter referred to as RSMD) at inception of the Policy only by deleting the relevant perils from the Policy.

The deletion shall apply for the entire property in one complex/compound/location covering the entire interest of the Insured under one or more policy (ies) without any option for selection. Reduction in premium rates for such deletion(s) may be allowed as shown under the relevant sections of the Tariff. When these perils are deleted from the scope of the policy, the general exclusions shall include these perils. Terrorismcover will be separate cover which can be granted only in conjunction with RSMD. Terrorism will not be given in isolation without RSMD cover. (Circular No. FT/1/2002 dtd 13/03/02)

Any risk, which has not been provided for in the Tariff, shall be referred to the Committee for rating. Provisional rate of Rs. 2. 50 per mille shall be charged in such cases for covering the risks under Standard Fire and Special Perils Policy. No discounts and/or agency commission shall be allowed on this rate. For add-on covers, additional rates provided in section VIII shall be charged. Rates shown under this tariff are minimum rates. Insures may charge rate higher than those given under the tariff. VALUED POLICY(IES) Valued Policy (ies) can be issued only for properties whose Market Value cannot be ascertained e. . Curios, Works of Art, Manuscripts, Obsolete machinery and the like subject to the valuation certificate being submitted and found acceptable by the insurers. LONG TERM POLICIES Policies for a period exceeding 12 months shall not be issued except for " Dwellings". MID-TERM COVER Generally, it is not permissible to grant mid-term cover for STFI and/or RSMD perils. The following provisions shall apply, where such covers are granted midterm: Insurers must receive specific advice from the insured accompanied by payment of the required additional premium in cash or by draft.

This additional premium shall not be adjusted against existing Cash deposits or debited to Bank guarantee. Mid-term cover shall be granted for the entire property at one complex/compound/location covering the entire interest of the Insured under one or more policy (ies). Insured shall not have any option for selection. Cover shall commence 15 days after the receipt of the premium. NB: Endorsement to be issued in this regard The premium rates as under shall be charged on short period scale (as per Rule 8) on full sum insured at one complex/compound/location covering the entire interest of the insured for the balance period i. . up to the expiry of the policy. | MID-TERM | SECTION III | SECTION VI | SECTION IV, V AND VII | | INCLUSION OF | | | | | | | Materials in Godowns| Materials in Open | | | | | | | | | STFI | 0. 20%o | 0. 35%o | 2. 00%o | 0. 5%o | | | | | | | | RSMD | 0. 15%o | 0. 15%o | 0. 15%o | 0.

15%o | PAYMENT OF PREMIUM Premium shall be paid in full and shall not be accepted in instalments or by deferred payments in any form. N. B. :- It is not permissible to split sum insured of the same property under various policies for different periods of insurance to derive advantage of deferred instalments for payment of premium.

Notwithstanding the above, different policies may be issued for stocks where circumstances necessitate issuance of such policies. MINIMUM PREMIUM Minimum premium shall be Rs. 100/- per policy except for risks rateable under Section III and ‘ Tiny Sector Industries’ under Section IV where the minimum premium shall be Rs. 50/ per policy. PARTIAL INSURANCE It is not permissible To issue a policy covering only certain portions of a building. Notwithstanding this, the plinth and foundations or only the foundation of a building may be excluded.

To issue a policy covering only specified machinery (except Boilers), parts of machine or accessories thereof housed in the same block/building. N. B. Where portions of a building and/or machinery therein are under different ownership; it is permissible for each owner to insure separately but to the full extent of his interest on the building and/or machinery therein. In such cases, the Insured’s interest shall be clearly defined in the policy. RATES FOR SHORT PERIOD INSURANCE Policies for a period of less than 12 months shall be issued at the rates set out hereunder: For period not exceeding | 15 days | 10% of the Annual rate | |-do- | 1 month | 15% of the Annual rate | |-do- | 2 months | 30% of the Annual rate | |-do- | 3 months | 40% of the Annual rate | |-do- | 4 months | 50% of the Annual rate | |-do- | 5 months | 60% of the Annual rate | |-do- | 6 months | 70% of the Annual rate | |-do- | 7 months |

75% of the Annual rate | |-do- | 8 months | 80% of the Annual rate | |-do- | 9 months | 85% of the Annual rate | | For a period exceeding | 9 months | The full Annual rate | | N. B. : Extension of short period policy (ies) shall not be permitted. |

LOADING FOR “ KUTCHA” CONSTRUCTION Building(s) having walls and/or roofs of wooden planks/thatched leaves and/or grass/hay of any kind/bamboo/plastic cloth/asphalt cloth/canvas/tarpaulin and the like shall be treated as ‘ Kutcha’ construction for rating. An additional rate of Rs. 4. 00%o shall be charged for such building(s) and/or contents thereof. Note: - Temporary sheds (attached to buildings) erected during the monsoon solely for the purpose of monsoon protection are permitted without loading provided such sheds are not used for storage purpose. RULES FOR CANCELLATIONS For Cancellation of insurance policy. At the option of the insured:- 10. 1. Retention of premium shall be at Short Period Scale for the period the policy has been in force, subject to the retention of minimum premium by the Insurer. 10. 1. 2 During the currency, if a policy is replaced with the same insurer by a new annual one covering the identical property, refund of premium may be allowed on pro-rata basis at the original rates for the sum insured replaced. 10. 1. 3 For the sum insured not replaced, refund must be calculated after charging premium at short period scale on such sum for the time the insurance has been in force subject to retention of the minimum premium by the insurer. 10. 1. 4 In case of short period policies, premium shall be retained at the applicable short period scale. N. B. - In case a policy is cancelled on account of a Government Order or on completion of a “ Building in course of construction” or where Buildings are demolished, pro-rata refund of premium may be allowed. At the option of the insurer:- Refund of premium shall be on pro-rate basis for the unexpired term. MID-TERM REVISION IN SUM INSURED: Mid-term revision in sum insured shall be allowed as follows: Increase in sum insured: On pro-rata basis Decrease in sum insured: On short-period scale. ESCALATION CLAUSE: It will be in order for Insurers to allow automatic regular increase in the Sum Insured throughout the period of the policy in return for an additional premium to be paid in advance. The terms and conditions for this extension shall be as follows. The selected percentage increase shall not exceed 25% of the Sum Insured.

The additional premium, payable tin advance, will be at 50% of the full rate, to be charged on the selected percentage increase. The Sum Insured at any point of time would be assessed after application of the Escalation Clause. Escalation Clause will apply to policies covering Building, Machinery and Accessories only and will not apply to policies covering stock. Escalation Clause will apply to all policies and is not restricted to policies issued on reinstatement value basis. Pro-rata condition of Average will continue to apply as usual. The automatic increase operates from the date of inception up to the date of operation of any of the Insured Perils. Note: - For ndorsement wording, see, Clause F, Annexure A. FLOATER POLICY Floater Policy (ies) can be issued for stocks at various locations under one Sum Insured (The Standard Floater Clause I, Annexure A shall be attached to such policies). Note: - Unspecified location shall not be allowed. Rating: The rate shall be the highest rate applicable to insured’s stocks at any location with a loading of 10%. N. B. 1: In case Stocks in a process block are covered under the Floater Policy and the rate for process block is higher than the storage rate, the process rate plus 10% loading shall apply. N. B. 2: Presence of " Kutcha" construction may be ignored. N. B. : If stocks situated within godown/process blocks in the same compound are covered under floater policy, no floater extra is chargeable. DECLARATION POLICIES To take care of frequent fluctuations in stocks/stock values, Declaration Policy(ies) can be granted subject to the following conditions (Standard Declaration Clause J, Annexure A shall be attached to such policies, refer page no: 97): The minimum sum insured shall be Rs 1 Crore in one or more locations and the sum insured shall not be less than Rs. 25 lakhs in at least one of these locations. It is necessary that the declared values should approximate to this figure at sometime during the policy year.

Monthly declarations based on a) the average of the values at risk on each day of the month or b) the highest value at risk during the month shall be submitted by the Insured latest by the last day of the succeeding month. If declarations are not received within the specified period, the full sum insured under the policy shall be deemed to have been declared. Reduction in sum insured shall not be allowed under any circumstances. Refund of premium on adjustment based on the declaration/cancellation shall not exceed 50% of the total premium. In case the total sum insured at the risk including 50% of the declared sum insured for declaration policy exceeds Rs. 50crs, the risk will qualify for claim experience discount / loading. (Letter no.

Fire/453[591] dtd 23/05/01) The basis of value for declaration shall be the Market Value anterior to the loss. It is not permissible to issue declaration policy in respect of Insurance required for a short period. Stocks undergoing process. Stocks at Railway sidings. If after occurrence of any loss it is found that the amount of last declaration previous to the loss is less than the amount that ought to have been declared, then the amount which would have been recoverable by the insured shall be reduced in such proportion as the amount of said last declaration bears to the amount that ought to have been declared. FLOATER DECLARATION POLICIES 1.

Floater Declaration Policy (ies) can be issued subject to a minimum sum insured of Rs 2 Crores and compliance with the Rules for Floater and Declaration Policies respectively except that the minimum retention shall be 80% of the annual premium. 2. Special rates under Floater Declaration policy granted for the stocks of Central Warehousing/ State Warehousing Corporation and Marketing Federation owned by State Govt. (Circular No. FT/4/2001 dtd 09/02/01) | a) | Standard Fire and Special Perils policy with the deletion of STFI and RSMD perils. | 1. 25%o | | b) | Standard Fire and Special Perils policy with the deletion of STFI perils only. | 1. 50%o | | c) | Standard Fire and Special Perils policy with the deletion of RSMD perils only. | 2. 00%o | | d) | Standard Fire and Special Perils policy. | 2. 5%o | 3. Coverage in respect of cover under single policy (floater Declaration policy) for stocks belonging to M/s Central warehouses Corporation lying in General Warehouses, container Fright Stations and bonded Warehouses. Under insurance up to 15 should be ignored. However if the same exceeds 15% at any time the actual under- insurance should be taken into account for arriving at loss. The insured declare the values quarterly or half yearly or yearly basis within 90 days of the expiry of such periods subject to the consent of the Insurer. Special rates granted vide circular no. FT/4/2001should be applied. (Circular No. FT/9/2001 dtd 27/03/01)

Earthquake rating under Floater policy – To compute the base rate by adding the rate for highest Earthquake zone involved to the highest rate otherwise applicable as per tariff provision before applying 10% loading to the same to arrive at premium rate applicable for floater policies covering Earthquake Peril. (Letter No. Fire / 14[1004] dtd 30/07/01). CLAIMS EXPERIENCE DISCOUNT/LOADING Risks having sum insured (on buildings and contents of all blocks in one compound of one complex in one location) above Rs. 50 Crores rateable under Sectio IV, V, VI &VII of this tariff shall attract claims experience discounts/loadings based on the incurred claims experience of all the policies covering the Insured’s interest for the preceding 36 months excluding the expiring policy period. (If there is any break in insurance, available 36 months experience shall be taken into account) as per the table given below. Incurred claim ratio for the preceding 36 months excluding | Discount | Loading | | the expiring policy period |(%) |(%) * | | Up to 5% | 15 |- | | Above 5% & up to 10% | 10 |- | | Above 10% & up to 15% | 5 |- | | Above 15% & up to 30% |- |- | | Above 30% & up to 40% |- | 2. | | Above 40% & up to 55% |- | 5 | | Above 55% & up to 75% |- | 10 | | Above 75% & up to 100% |- | 15 | | Above 100% |- | To be referred to TAC | * On renewal of business either by an existing insurer or by a new insurer, a provisional loading of 15% must be charged in all cases where certified details of claims experience by respective insurers are not available. This loading shall be adjusted subsequently on receipt of the exact claims experience. NB: No claim experience discount to be allowed for (i) Silent risk (ii) Floater policy

FIRE EXTINGUISHING APPLIANCES DISCOUNT The discounts as per the scale given below may be granted by the Insurers to detached or segregated (as per the Committees Building Regulations) blocks of the risks protected by Fire Extinguishing appliances rateable under Section III, IV, V, VI and VII of the Tariff [except for Floater and/or Floater Declaration Policy(ies)] subject to the following: System is erected and tested as per the relevant Regulations of the TAC and a certificate from LPA or TAC accredited Professional(s)/Professional agency (ies) confirming the efficacy of the system and its full compliance with the Committee's rules is submitted by the Insured.

Note: - Professional(s)/Professional Agency (ies) designing and/or installing the system themselves shall get the system certified by third parties. Pending accreditation of Professionals/Professional Agencies by TAC, Chairman IRDA/TAC, has approved that insurance companies can select Professionals /Professional Agencies satisfying the following norms, to certify FEA. Installation: For Professionals: a. Should be Graduate Engineer with 5 years experience in the Fire Protection field or Diploma Engineer with 10 years related experience. b. Should have handled at least 3 projects for which proposals submitted were approved and full discounts granted for the Fire Protection systems by T AC or Insurance Companies.

Information in this connection should be provided to the Insurance Company in the following format: LIST OF PROJECTS HANDLED | Sr. No | Risk Name | Type of Fire Protection | Year of execution | Quantum of discount | Reference of letter(s) | | | | provided | | sanctioned by the Competent | advising such discount | | | | | | Authority | | | | | | | | |

Note: Relevant documents (work order/job order/completion certificate) to be attached for verification by the insurance company. c. Expertise should be indicated in specific areas of Fire Protection (Hydrant/Sprinkler/Water spray system etc.) For Professional Agencies: - a. Should have one or more professionals with requirements of 3 a), b) and c) above. b. The professional agency should be financially sound. Audited financial statements to be submitted for verification by the insurance company. General: (Applicable to both Professionals/Professional Agencies) 1. Selection of professionals/professional agency to be done only at the corporate office of, the insurance company. 2.

Professionals/Professional agencies will not certify any installation in, which they are involved as suppliers, erectors, contractors or consultants. Insurers may be guided by the above-mentioned instructions. (Circular no. FT/4/2002 dtd 10/05/02) The installation is maintained in an efficient working order at all times and an Annual Maintenance Contract (AMC) with an external agency is in force. Note:- Any agency other than the one involved in the installation of the system or a third party having up to date knowledge of maintenance of fire fighting equipment can be approached for AMC. | | Type of installation | Discount (%) | |(a) | Hand Appliance & Trailer Pumps/Fire Engines | 2. | |(b) | Hand Appliances & Hydrant System | 5 | |(c) | Hand Appliances & independent Sprinkler/Fixed Water Spray System | 7. 5 | |(d) | Hand Appliances +Hydrant System & independent Sprinkler/Fixed Water Spray | 10 | | | System | | RATING OF RISKS IN MULTIPLE OCCUPANCY INDUSTRIAL ESTATE Risks in Multiple Occupancy Industrial Estate shall be rated ‘ Per se’. If the entire building of the Industrial Estate is insured under one sum insured, a rate of Rs. 1. 80%o shall be chargeable to ‘ building’. 19. SILENT RISK

Risks rateable under Sectio IV and V are allowed silent rates as per the following table | Factories where no manufacturing/storage activities are carried | Retention of the premium shall be based on the | | out continuously for 30 days or more. | appropriate storage rate or silent risk rate of | | | Re. 1. 00%o whichever is higher. | The silent rates are not applicable if a risk goes silent following a loss under the policy. Note 1: - Risks becoming silent shall not be entitled to any discounts. Note 2: STFI/ RSMD deletion is available for “ Silent risk”. 20. Voluntary Deductibles

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