

RIZVI COLLEGE OF ARTS, SCIENCE AND COMMERCE

SUBJECT: Foundation Course IV

TOPIC: Introduction to General insurance and Health insurance

CLASS: SYBBI

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Introduction to General Insurance and Health Insurance

MODULE – II
Chapter 04

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Introduction to General Insurance:

General insurance or non-life insurance policies, including automobile and homeowners policies, provide payments depending on the loss from a particular financial event. General insurance is typically defined as any insurance that is not determined to be life insurance.



Importance of General Insurance:

1. Monetary protection
2. Protection against risk
3. Retention of individual accidents and losses
4. Investment in infrastructure development
5. Protection of capital
6. Collateral security
7. Increasing productivity and saving national wealth
8. Aide foreign trade
9. Protection to rural economy

Essential of General Insurance Contract:



Following are the essential of general insurance contract:

- Evidence
- Offer and acceptance
- Consideration
- Purpose
- Capacity

Categories of General Insurance:

In India, the concept of general insurance covered the following three categories:

- Marine insurance
- Fire insurance
- Miscellaneous insurance

Toady, the main group under which general insurance is practiced are as follows:

- Insurance od property
- Insurance of person
- Insurance of interest
- Insurance of liability
- Special risks

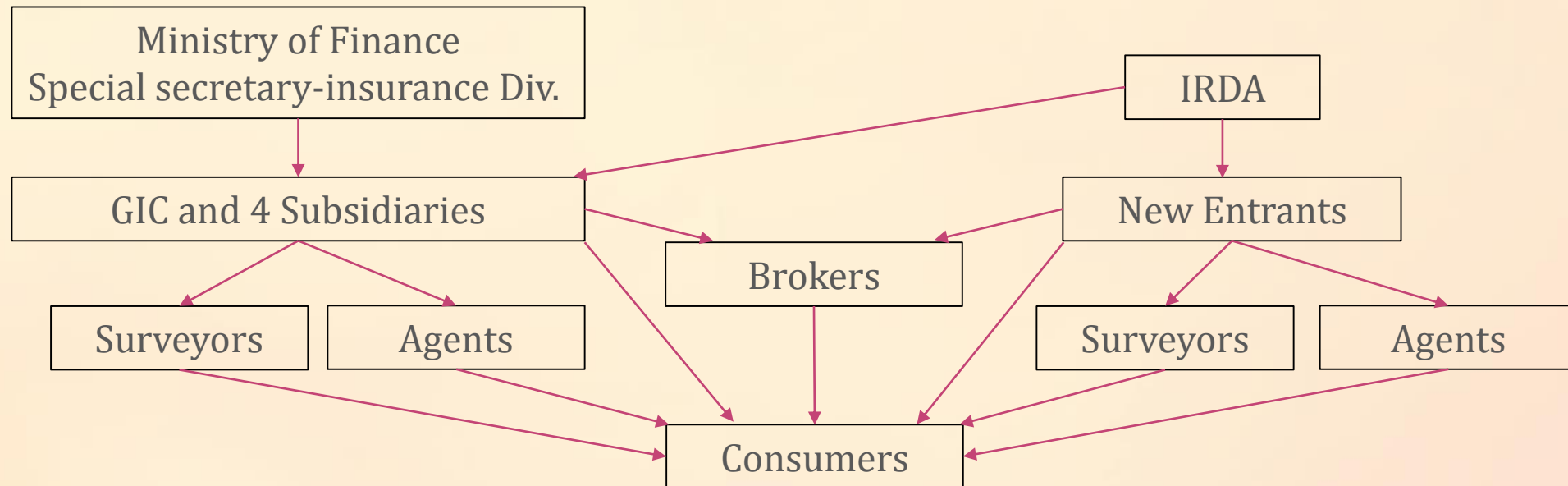
History of General Insurance in India:

General Insurance in India has its origin in the establishment of Triton Insurance Company Ltd., in the year 1850 in Calcutta by the British. In 1907, the Indian Mercantile Insurance Ltd was set up. 1957 saw the creation of the General Insurance Council, a wing of the Insurance Association of India.



Structure of General Insurance industry:

The insurance industry of India has 57 insurance companies 24 are in the life insurance business, while 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. There are six public sector insurers in the non-life insurance segment.



Role of General insurance on economic development:

Insurance generates significant impact on the economy by mobilizing domestic savings. Insurance enables to mitigate loss, financial stability and promotes trade and commerce activities those results into economic growth and development. Thus, insurance plays a crucial role in sustainable growth of an economy.

Insurance provides safety and security: Insurance always provides financial support and decreases dangers in economic and social life. This process increases development economy of each country. Insurance increases savings: One of the main roles of insurance is that, it encourages people's savings.

Introduction and meaning of Health Insurance:



□ Introduction:

In India, health insurance is provided mainly in the form of mediclaim policy to the individual or groups, association or corporate bodies. Health and medical insurance in India is of recent origin.

□ Meaning:

Health insurance is a safeguard against rising medical expenses. A health insurance policy is a contract between an insurer and an individual/group in which the insurer agrees to provide specified health insurance at an agreed premium. Premium can be paid as lump sum or in instalments.

Characteristics of Health insurance:

- (1) Health insurance also known as Mediclaim offers protection against unforeseen and unexpected medical emergencies.
- (2) The health insurance takes care of cost of treatment, hospitalization and other medical services.
- (3) The health insurance contract may be renewable annually or monthly.
- (4) As per section 80D of Income Tax Act 1961, the premium paid for health insurance plan is deductible from the taxable income.
- (5) Health insurance may be provided through a government-sponsored special insurance program, or by private insurance companies.
- (6) It may be purchased on a group basis.
- (7) The type of health insurance policy, amount of premium, and claim details are specified in the beginning.
- (8) A critical illness rider option to cover medical expenses may be added whereby the amount insured in the policy will be given to customer.

Benefits of Health Insurance:

Benefits

(1). Individual

(2). Society

1. Risk cover

2. Protection
against
rising health
expenses

3. Daily
hospital
cash
allowance

4. Minimize
worries

5. Tax
benefit

6. Expenses
related to
organ donor

1.
Mobilization
of savings

2.
Substitution
of
government
security
program

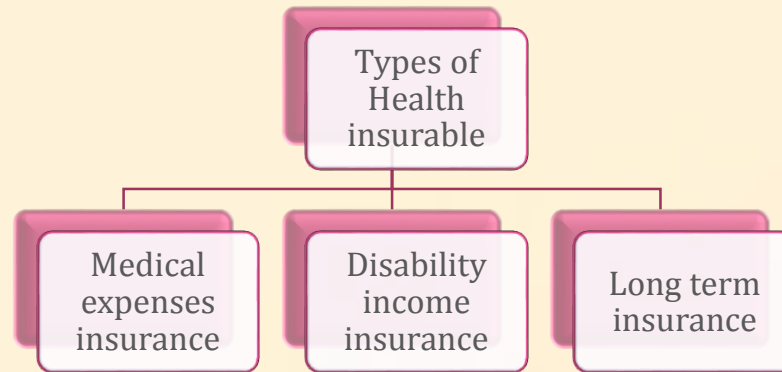
3. Capital
allocation

History of Health Insurance:



The concept of health insurance originated in ancient Greece and Rome. These countries pioneered the first health insurance in 600 B.C and created guilds named as 'benevolent societies'. The main aim of these societies was to look after the dependents of the deceased members and bear funeral expenses.

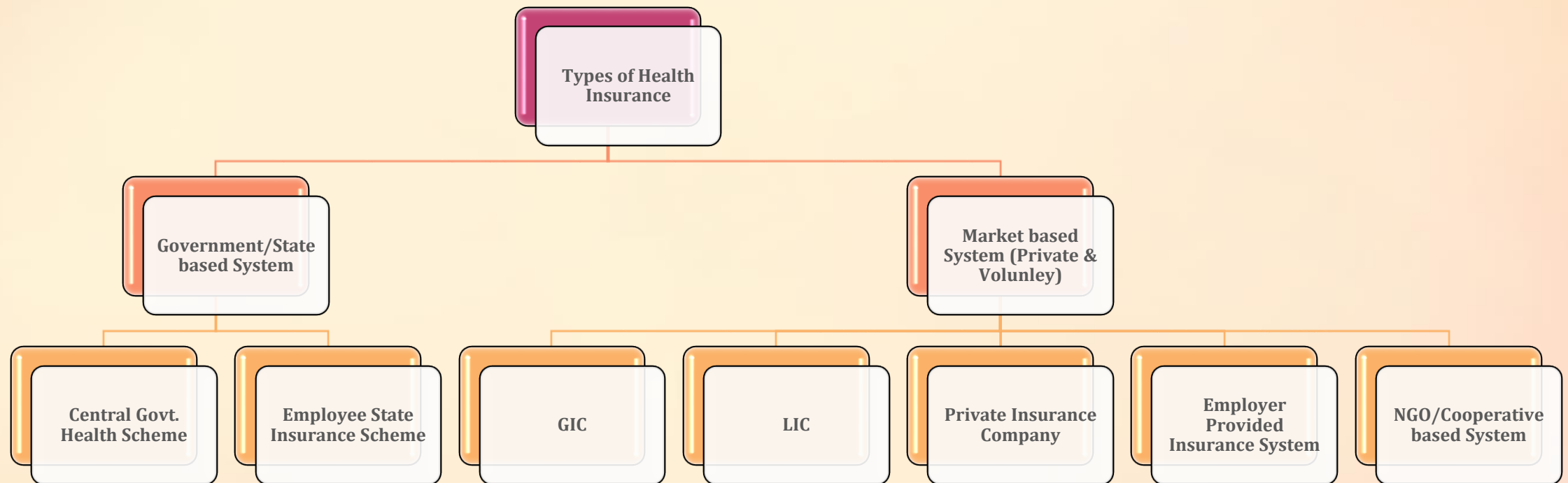
Types of Health Insurance Coverage:



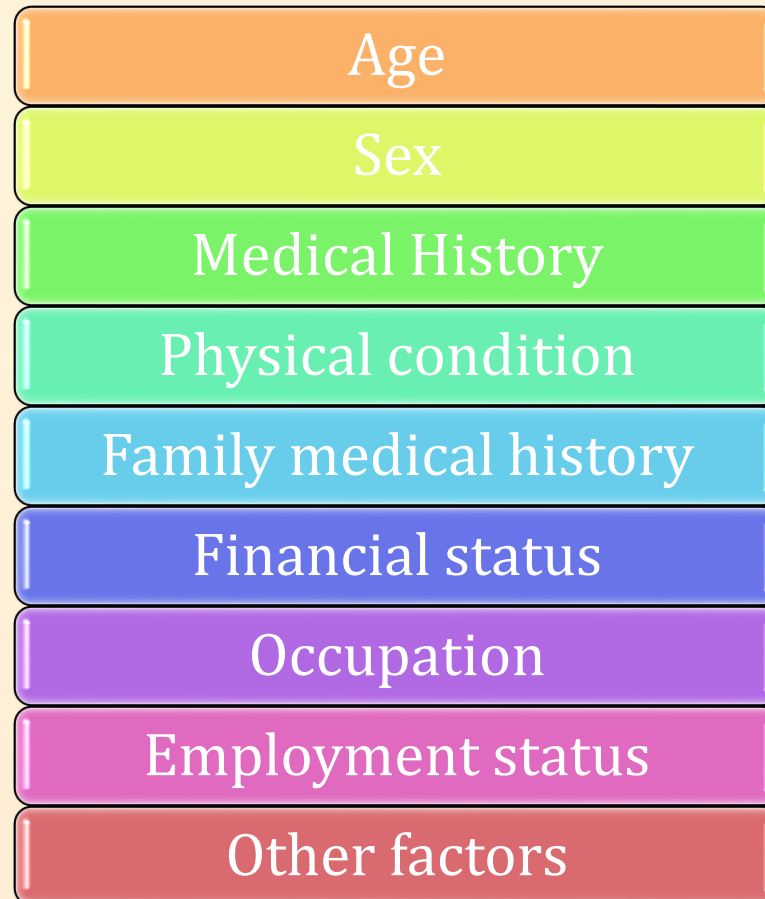
Some of the popular policies which in practice are:

- (a) Individual medicaid policy
- (b) Group medicaid policy
- (c) Overseas medicaid policy
- (d) Other covers are.....

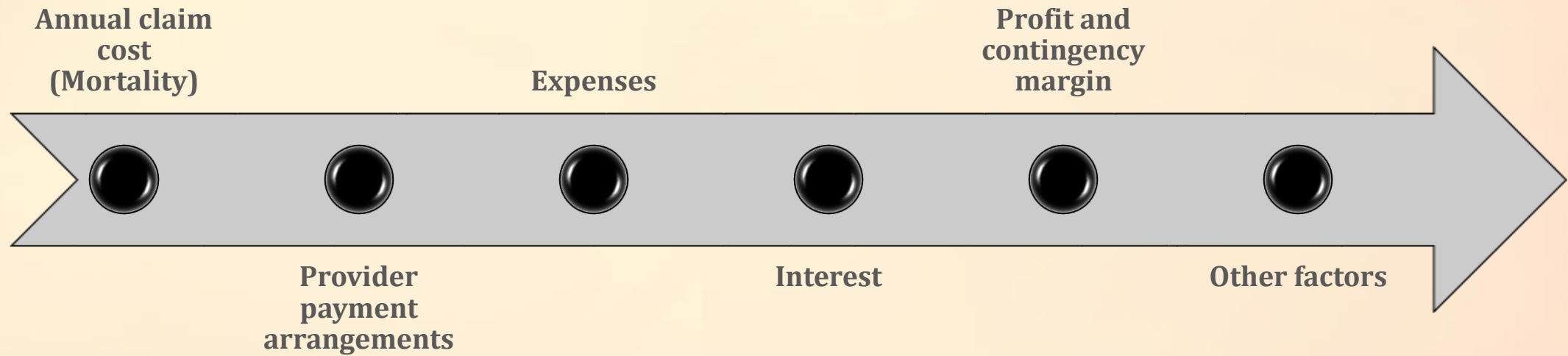
Types of Health Insurance schemes/Program in India:



Determinants of Health Insurance:



Determinants of Risk Premium:



IRDA Regulations:

The Insurance Regulatory and Development Authority of India is an autonomous, statutory body tasked with regulating and promoting the insurance and re-insurance industries in India.

IRDA Health Insurance Regulations 2016:

- Pilot products
- Data disclosure
- Discounts
- Credit linked health insurance
- Portability
- Combi plan

Health Insurance in India:

The Indian insurance industry consists of 58 insurance companies, out of which 34 companies are non-life i.e. general insurance companies at the end of October 2018. Among 34 companies, five private general insurance companies registered themselves to underwrite policies exclusively in health, personal accident and travel insurance segments .

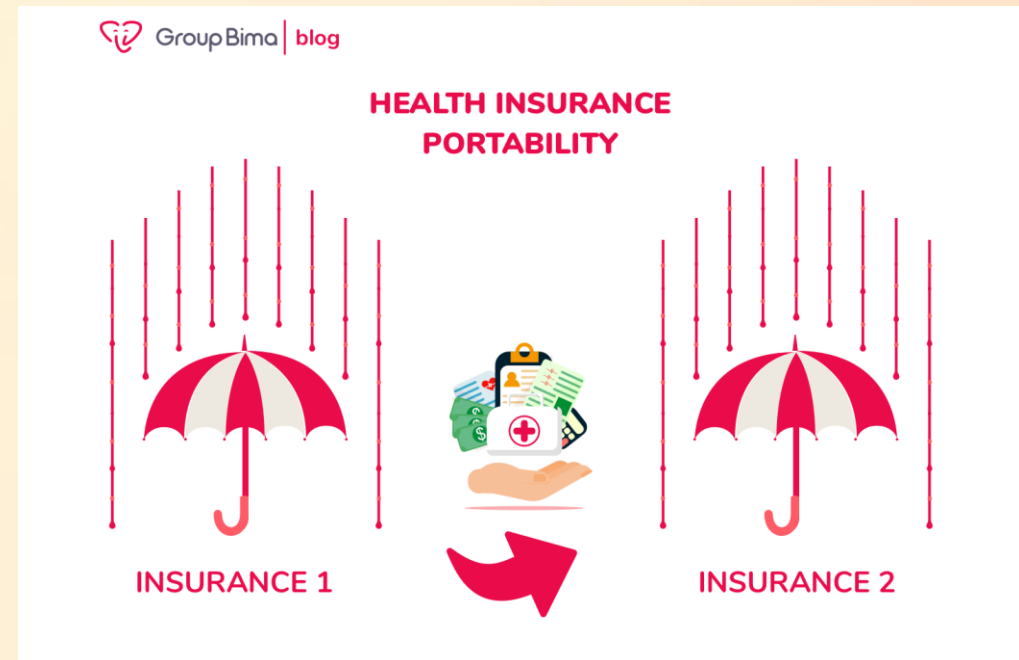


Life Insurance Vs Health Insurance:

Points	Life insurance	Health insurance
(1) Reason	It safeguard the family financially after the death of policyholder.	It covers the cost of hospitalization and related treatment.
(2) Amount	A sum Assumed is paid to the nominee of the person.	Covers the treatment cost subject to a maximum coverage amount.
(3) Additional benefits	Maturity benefit, surrender benefit etc. can be an added benefit to the cover.	Free insurance companies offer free health check-up.
(4) Type of cover	Individual and group coverage.	Individual, family and group coverage.
(5) Type of plans	Term plan, endowment, saving, pension etc.	Comprehensive health insurance plans, critical illness cover etc.
(6) Tax benefits	U/S 80 C, section 10 (10D) of the Income Tax Act.	U/S 80D of the Income Tax Act.

Insurance portability:

Portability means the right accorded to an individual health insurance policy holder (including family cover) to transfer the credit gained by the insured for pre-existing conditions and time bound exclusions if the policyholder chooses to switch from one insurer to another insurer, provided the previous policy has been maintained without any break.



Sample Form: SBI General Insurance:

[illegible]

A close-up photograph of pink cherry blossoms with yellow stamens. The text "Thank You...!" is overlaid in white serif font.

Thank You...!