

VIVEKANANDA COLLEGE
(Empowered Autonomous)

Dr. Mrs. Surekha Awate

Assistant professor

Dept. of commerce

INSURANCE

B.COM. PART 1
SEMESTER 1ST

Basics of Insurance



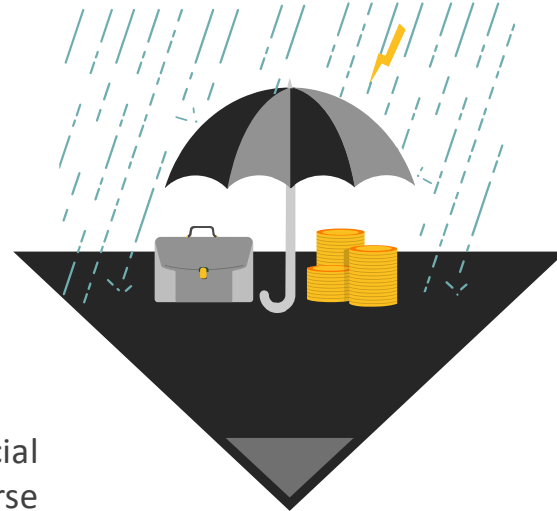
What is Insurance?

1. Insurance is a financial product that reduces or eliminates the cost of probable loss of life or some asset.
2. Insurance is a risk transfer tool. By taking an insurance policy, you transfer risk to insurance company.
3. Insurance company assumes risk against premium paid by many persons.
4. Insurance company pays to those who actually suffer the loss and claim.



Why Insurance?

Insurance does not reduce the probability of occurrence of adverse events



Certain insurance are mandatory, e.g. motor insurance



It just helps you to manage the financial impact or amount of loss if the adverse event actually take place

Buying certain type of insurance helps in saving income tax also, e.g. life insurance and health insurance

Remember



Insurance should not be taken just for saving tax

Insurance should not be taken as investment primarily

Popular Types of Insurance

Life Insurance

1. Term insurance
2. Whole life
3. Endowment
4. Unit Linked Insurance Plan or ULIP
5. Money back
6. Retirement plan
7. Child Insurance
8. Annuity or Pension plan

Non Life or General Insurance

1. Health Insurance
2. Travel Insurance
3. Motor Insurance
4. Home Insurance

Insurance Sector in India

- Insurance Regulatory and Development Authority of India (IRDAI) is the regulator.
- There are many players offering numerous products to suit various needs.

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Life Insurers



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General Insurers

Do You need Insurance?

You need insurance if you feel that the financial impact or amount of loss on account of occurrence of the adverse event will be difficult to manage.

Examples

1. You need to buy life insurance policy if you are the one of the earning member of your family. You do not buy Life Insurance because you are going to die. You buy life insurance because someone else is going to live after you and they will need money.
2. You need to buy health insurance if you or your family member may fall sick and the expected cost of treatment will be difficult for you to be bear.

How to Choose Life Insurance Policy?

Important parameters which one should consider before selecting a life insurance policy -

1. Your current income and expenses
2. How much money your family may need when you are not there?
3. How much premium you can afford?
4. Insurer's claim settlement record
5. Policy exclusions



Difference Between an Agent and Broker

An insurance broker represents you as the client whereas an Insurance Agent represents the company they are engaged by.

An Insurance Broker is interested in selling, buying or negotiating various financial products best suited to their individual client's needs for compensation



An Insurance Agent sells, negotiates, or promotes financial products on behalf of his / her organization.



What Is An Insurance Repository?

1. Insurance Repository is an entity licensed by IRDAI which enables holding of insurance policies in an electronic form.
2. It maintains policy data on behalf of insurance companies.
3. It also act as a single point of service for all e-policies held by a policyholder.
4. It facilitates conversion of the existing paper policies into electronic policies.
5. NDML, a 100% subsidiary company of NSDL is one Insurance Repository.
6. You can view details of your insurance policies kept in e-Insurance account opened with NDML in your Consolidated Account Statement.
7. e-Insurance account can be opened online, any time.



THANK YOU