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Coverage against Maritime Disasters

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From the Publisher

Marine insurance is a very fascinating area for insurance underwriters. It tests their skills not merely in the area of insurance but in a host of other aspects as well - ranging from their knowledge of geography, sea-routes, international business formalities etc. Further, they need to update their skills with regard to global trends and keep track of the vulnerabilities associated with this business. It needs no emphasis that where the policing or supervision is weak, there is preponderance of fraudulent activities.

Historically, fraudulent elements have been taking advantage of the not-so-strict rules of a particular region to push their interests; and thus, it is not without reason that marine insurers are particularly sensitive to shipments being sent to such places or passing through such ports. Flying flags of convenience has been an age-old practice of fraudulent marine shippers and calls for special attention of insurers. Insurers should also verify the quality of the merchandise that is to be shipped; and get to know the history and condition of the ship's hull before underwriting the risks to ensure that there is no foul play.

Conceptually also marine insurance is far different from the other classes and calls for specialized skills. Insurable interest that forms the basis for the purchase of insurance is itself unique in the class, apart from other aspects like the amount of insurance, multiple claims etc. Being updated with the latest developments in international conventions and practices is also an essential prerequisite for a marine insurance underwriter.

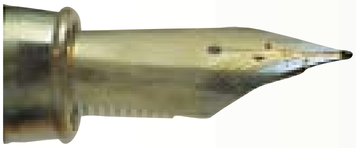
The focus of this issue of the **Journal** is on 'Marine Insurance' in its entirety. From being exclusive tax-saving instruments to providing essential risk coverage and yet participate in the market growth, life insurance products have undergone a tremendous transformation. The focus of the next issue of the **Journal** will be on 'Life Insurance Products'.

C.S. Rao

C.S. Rao

INSIDE

ISSUE FOCUS



The Passions of Marine Insurance Underwriting

One often wonders whether Marine Insurance underwriting is an art or a science. Whatever one feels, marine underwriters are a different set of people that hold their job very close to their hearts and are passionate about it. What makes this domain such a challenging task is the range of operations that they have to be conversant with. The world order in the area of international commerce is ever so dynamic and is changing by the day. This factor in itself puts the job of the marine underwriter in a very special spot.

The clauses in an insurance contract have always remained a very challenging thing - for the underwriters to frame, and for the insured to understand. In the domain of marine insurance, it is even more intriguing. The applicability of actual total loss and constructive total loss; the general average clause where the voyage itself is threatened; whether jettisoning was really warranted or not are all huge challenges and make the marine insurance sector a class apart. Besides, the various trade conventions and practices have to be fully understood in light of the new paradigm of global village and the diminishing barriers between different countries.

Insurers have also to fully assimilate the applicability of rules governing the movement of goods and the points at which risk assumption changes hands. Even when the adventures are backed by proper banking transactions, insurers should remember that bankers deal only in documents and physical verification of the goods involved is beyond their responsibility. All these factors put marine insurance on a totally different pedestal and make the job of an underwriter truly challenging.

'Marine Insurance' is the focus of this issue of the Journal and no wonder that we have several practitioners putting down their thoughts and experiences - some of them anecdotal. To begin with, we have Mr. Sibesh Sen who talks about the complications involved in marine adventures and the interpretation of clauses in a marine insurance contract, in a truly refreshing manner. In the next article 'Musings of a Marine Insurance Practitioner' by Ms. Alice G. Vaidyan, we get to see the increasingly risky nature of marine insurance business and the challenges associated with it. Mr. G.V. Rao discusses threadbare the interpretation of several clauses in marine insurance contracts, in his article.

Protection and Indemnity covers have always been an ideal foil for supplementing Hull insurance policies. Ms. Nandita Banerjee throws light on this very important aspect of marine insurance portfolio. In a very detailed account of international rules and regulations pertaining to global commerce, Mr. R.C. Guria provides us with the information on the nitty-gritty. Mr. Sagarnil Gupta gives an account of how Stock Throughput coverage can provide protection for stocks and inventory involved in international trade. Health insurance continues to be a hotly debated topic and we have an article in the 'follow-through' section by Dr. Devadasan and Mr. Anil Swarup, that talks about the Rashtriya Swasthya Bima Yojana. In addition to the usual monthly statistics of life and non-life insurers, this issue also has the details of how insurers fared in different classes of business during the latest quarter ended Dec.2007.

We have been witnessing a gradual transition from a sales-driven, tax incentive-supported life insurance business to a more voluntary, need-based purchase of life insurance covers. 'Products in Life Insurance' will be the focus of the next issue of the **Journal**.

U. Jawaharlal

Report Card:LIFE

First Year Premium of Life Insurers for the Period Ended January, 2008

Sl No.	Insurer	Premium u/w (Rs. in Crores)			No. of Policies / Schemes			No. of lives covered under Group Schemes		
		Jan, 08	Up to Jan, 08	Up to Jan, 07	Jan, 08	Up to Jan, 08	Up to Jan, 07	Jan, 08	Up to Jan, 08	Up to Jan, 07
1	Bajaj Allianz									
	Individual Single Premium	83.78	509.08	878.28	7144	70066	98245			
	Individual Non-Single Premium	587.39	3903.45	1649.25	352389	2648502	1040702			
	Group Single Premium	0.04	8.30	4.19	0	0	1	92	6177	1792
	Group Non-Single Premium	10.93	41.47	17.32	35	246	180	206038	870858	619681
2	ING Vysya									
	Individual Single Premium	1.96	19.08	21.61	233	1862	1575			
	Individual Non-Single Premium	47.13	449.59	284.29	23963	256120	145957			
	Group Single Premium	1.20	3.05	2.31	0	1	0	210	627	517
	Group Non-Single Premium	0.07	2.51	5.91	3	18	40	12579	91908	12499
3	Reliance Life									
	Individual Single Premium	43.13	197.97	81.90	10516	44431	13283			
	Individual Non-Single Premium	239.43	1283.32	379.25	121413	660922	239299			
	Group Single Premium	35.60	205.72	11.57	3	47	21	604	69553	14384
	Group Non-Single Premium	2.42	21.06	7.98	14	217	133	17764	317412	153415
4	SBI Life									
	Individual Single Premium	136.56	916.89	326.24	18609	126514	49114			
	Individual Non-Single Premium	273.77	1532.75	689.56	82587	465952	291868			
	Group Single Premium	28.17	177.12	170.48	0	0	2	11981	89362	102560
	Group Non-Single Premium	80.79	247.70	203.55	7	48	274	78473	527163	868207
5	Tata AIG									
	Individual Single Premium	4.83	32.04	14.19	1000	5448	1578			
	Individual Non-Single Premium	77.46	555.34	395.49	44512	354040	310998			
	Group Single Premium	4.60	51.69	42.38	0	4	7	24428	307813	224631
	Group Non-Single Premium	5.46	50.49	36.33	7	60	66	29768	182428	193986
6	HDFC Standard									
	Individual Single Premium	17.30	103.83	98.33	14004	210775	89746			
	Individual Non-Single Premium	255.84	1591.61	881.42	141620	529952	243454			
	Group Single Premium	10.61	75.61	117.29	15	108	82	32813	141062	148563
	Group Non-Single Premium	5.70	51.68	56.59	4	40	27	1688	33467	48537
7	ICICI Prudential									
	Individual Single Premium	44.99	300.37	305.22	7003	47359	45847			
	Individual Non-Single Premium	832.43	4800.95	2658.04	308673	2087810	1302401			
	Group Single Premium	13.24	216.93	235.30	2	136	134	54126	409902	124584
	Group Non-Single Premium	85.84	474.17	315.93	20	291	257	63814	377126	311566
8	Birla Sunlife									
	Individual Single Premium	3.19	20.02	28.21	13765	72526	51346			
	Individual Non-Single Premium	136.61	1147.20	471.22	50001	346737	203900			
	Group Single Premium	0.85	4.47	6.55	0	3	0	325	5131	3731
	Group Non-Single Premium	21.30	87.53	73.81	13	102	125	3405	131962	50463
9	Aviva									
	Individual Single Premium	1.85	17.11	25.04	271	2588	2748			
	Individual Non-Single Premium	87.59	697.24	473.14	31551	268683	212680			
	Group Single Premium	0.10	1.73	2.74	0	0	1	111	984	1547
	Group Non-Single Premium	0.87	22.33	19.81	6	93	63	54911	536146	270255

10	Kotak Mahindra Old Mutual									
	Individual Single Premium	4.69	22.94	28.32	622	3066	3034			
	Individual Non-Single Premium	98.26	582.28	314.34	33469	199657	99513			
	Group Single Premium	2.92	20.09	9.67	0	2	9	15810	149333	55534
	Group Non-Single Premium	11.18	50.54	28.75	32	206	147	34525	381628	239281
11	Max New York									
	Individual Single Premium	19.41	208.95	69.07	1615	13683	5015			
	Individual Non-Single Premium	67.53	885.50	570.99	49097	595231	411318			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	2.95	36.01	4.05	13	263	57	14011	457349	58060
12	Met Life									
	Individual Single Premium	1.59	17.37	5.39	303	2726	1154			
	Individual Non-Single Premium	88.78	475.35	191.49	24000	157974	74318			
	Group Single Premium	1.02	9.75	0.00	6	53	0	11743	152744	0
	Group Non-Single Premium	0.00	0.00	13.78	0	0	184	0	0	371695
13	Sahara Life									
	Individual Single Premium	7.19	30.22	12.97	1808	7819	3412			
	Individual Non-Single Premium	8.09	48.44	7.00	9991	67279	15980			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	0.00	0.00	0.94	3	6	3	150	271	103191
14	Shriram Life									
	Individual Single Premium	5.00	135.21	58.92	845	24466	12703			
	Individual Non-Single Premium	4.65	90.93	50.43	2417	56495	49372			
	Group Single Premium	0.00	0.04	0.00	0	2	0	0	4633	0
	Group Non-Single Premium	0.00	0.00	0.00	0	2	0	0	623	0
15	Bharti Axa Life									
	Individual Single Premium	1.01	2.36	0.00	204	367	0			
	Individual Non-Single Premium	13.76	63.88	2.85	10138	50222	2023			
	Group Single Premium	0.59	0.69	0.00	1	1	0	300	371	0
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
16	Future Generali*									
	Individual Single Premium	0.00	0.00	0.00	0	0	0			
	Individual Non-Single Premium	0.10	0.12	0.00	3	6	0			
	Group Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Group Non-Single Premium	1.20	1.79	0.00	3	6	0	47953	66213	0
	Private Total									
	Individual Single Premium	**376.48**	**2533.46**	**1953.68**	**77942**	**633696**	**378800**			
	Individual Non-Single Premium	**2818.81**	**18107.95**	**9018.76**	**1285824**	**8745582**	**4643783**			
	Group Single Premium	**98.97**	**775.18**	**602.49**	**27**	**357**	**257**	**152543**	**1337692**	**677843**
	Group Non-Single Premium	**228.70**	**1087.28**	**784.75**	**160**	**1598**	**1556**	**565079**	**3974554**	**3300836**
17	LIC									
	Individual Single Premium	2747.81	15965.85	15966.46	737597	4330794	4837523			
	Individual Non-Single Premium	2640.51	18076.25	17884.85	2494614	22061778	15755078			
	Group Single Premium	640.14	6581.94	7269.40	1998	17675	15365	2269875	17548930	10989279
	Group Non-Single Premium	0.00	0.00	0.00	0	0	0	0	0	0
	Grand Total									
	Individual Single Premium	**3124.29**	**18499.31**	**17920.14**	**815539**	**4964490**	**5216323**			
	Individual Non-Single Premium	**5459.31**	**36184.20**	**26903.61**	**3780438**	**30807360**	**20398861**			
	Group Single Premium	**739.11**	**7357.13**	**7871.89**	**2025**	**18032**	**15622**	**2422418**	**18886622**	**11667122**
	Group Non-Single Premium	**228.70**	**1087.28**	**784.75**	**160**	**1598**	**1556**	**565079**	**3974554**	**3300836**

Note: 1.Cumulative premium upto the month is net of cancellations which may occur during the free look period.
2. Compiled on the basis of data submitted by the Insurance companies.
3. * Commenced operations in the November, 2007.

FIRST YEAR PREMIUM OF LIFE INSURERS UP TO THE MONTH OF DECEMBER 2007

INDIVIDUAL SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		Dec'2006	Dec'2007	Dec'2006	Dec'2007	Dec'2006	Dec'2007
	Non linked*						
1	Life						
	with profit	179.17	124.10	20507	12987	276.15	195.98
	without profit	658.94	150.56	224771	290579	2674.80	2050.34
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	6.89	8.46	253	836	0.41	0.17
3	Pension						
	with profit	112.16	78.60	6318	9876	2.53	14.95
	without profit	1.72	0.51	70	49	1.42	0.00
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
A.	Sub total	**958.88**	**362.24**	**251919**	**314327**	**2955.30**	**2261.44**
	Linked*						
1	Life						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	2353.13	3902.26	309608	896360	3557.96	7092.47
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	1.20	0.00	0	0	0.00	0.01
3	Pension						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	13632.93	11110.20	4036361	2938458	2.09	39.65
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
B.	Sub total	**15987.27**	**15012.47**	**4345969**	**3834818**	**3560.05**	**7132.13**
C.	Total (A+B)	**16946.14**	**15374.70**	**4597888**	**4149145**	**6515.35**	**9393.57**
	Riders:						
	Non linked						
1	Health#	0.02	0.01	21	19	0.32	0.02
2	Accident##	0.04	0.02	911	110	5.72	0.89
3	Term	0.01	0.00	27	7	0.20	0.08
4	Others	0.00	0.00	0	0	0.00	0.00
D.	Sub total	**0.07**	**0.03**	**959**	**136**	**6.24**	**1.00**
	Linked						
1	Health#	0.02	0.02	65	14	0.71	0.17
2	Accident##	0.10	0.27	7795	17246	48.74	207.61
3	Term	0.00	0.00	4	0	0.08	0.00
4	Others	0.00	0.00	0	0	0.00	0.00
E.	Sub total	**0.12**	**0.29**	**7864**	**17260**	**49.53**	**207.78**
F.	Total (D+E)	**0.19**	**0.31**	**8823**	**17396**	**55.78**	**208.78**
G.	**Grand Total (C+F)	16946.33	15375.02	4597888	4149145	6571.13	9602.36

* Excluding rider figures.
** for policies Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS UP TO THE MONTH OF DECEMBER 2007

INDIVIDUAL NON-SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		POLICIES		SUM ASSURED	
		Dec'2006	Dec'2007	Dec'2006	Dec'2007	Dec'2006	Dec'2007
	Non linked*						
1	Life						
	with profit	14730.47	6420.28	13235618	10824982	121948.93	103487.03
	without profit	1844.23	174.66	672260	720788	14635.09	15057.95
2	General Annuity						
	with profit	0.17	0.05	160	84	2.68	1.29
	without profit	0.00	0.00	0	0	0.00	0.00
3	Pension						
	with profit	40.51	20.68	15802	26083	162.47	237.49
	without profit	11.56	14.33	3882	4990	0.00	0.00
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	15.53	55.64	103476	234033	4628.08	19860.94
A.	Sub total	16642.47	6685.64	14031198	11810960	141377.24	138644.69
	Linked*						
1	Life						
	with profit	0.13	0.00	61	6	1.17	0.21
	without profit	6555.07	20014.49	2649443	13842771	63697.72	200708.45
2	General Annuity						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
3	Pension						
	with profit	0.06	0.01	5	7	0.00	0.00
	without profit	1211.42	3990.98	428004	1376877	568.29	2771.26
4	Health						
	with profit	0.00	0.00	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0.00	0.00
B.	Sub total	7766.68	24005.48	3077513	15219661	64267.18	203479.92
C.	Total (A+B)	24409.15	30691.12	17108711	27030621	205644.43	342124.61
	Riders:						
	Non linked						
1	Health#	2.61	1.60	14700	8380	200.72	112.92
2	Accident##	4.91	2.92	293903	153118	4922.01	2422.66
3	Term	0.36	0.15	5979	2685	65.40	28.16
4	Others	13.44	9.65	3941	1007	2081.16	1338.07
D.	Sub total	21.32	14.32	318523	165190	7269.30	3901.81
	Linked						
1	Health#	3.85	2.51	10888	6872	352.66	280.77
2	Accident##	4.61	16.02	103207	139851	6012.25	7845.29
3	Term	0.62	0.27	6909	5263	142.17	87.69
4	Others	0.89	0.85	15414	3030	351.45	1879.46
E.	Sub total	9.96	19.65	136418	155016	6858.53	10093.22
F.	Total (D+E)	31.28	33.97	454941	320206	14127.82	13995.02
G.	**Grand Total (C+F)	24440.43	30725.10	17108711	27030621	219772.25	356119.63

* Excluding rider figures.
** for policies Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS UP TO THE MONTH OF DECEMBER 2007

GROUP SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		Dec'2006	Dec'2007	Dec'2006	Dec'2007	Dec'2006	Dec'2007	Dec'2006	Dec'2007
	Non linked*								
1	**Life**								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	1030.80	1087.61	1250	1259	483164	573746	2660.90	8358.80
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	22.88	7.35	564	416	106522	74391	1363.16	798.21
c)	EDLI								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	3.82	4.26	745	672	655287	642626	2011.31	14134.39
d)	Others								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	4247.81	1970.74	11031	13196	9086298	14859071	203924.48	260298.48
2	**General Annuity**								
	with profit	513.28	587.72	7	4	1972	965	0.00	0.00
	without profit	401.78	1352.89	45	57	5196	6502	0.00	0.00
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	467.33	1358.34	123	313	77055	202968	0.00	0.00
4	**Health**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
A.	**Sub total**	**6687.70**	**6368.93**	**13765**	**15917**	**10415494**	**16360269**	**209959.85**	**283589.88**
	Linked*								
1	**Life**								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	50.32	148.42	24	71	82961	54909	46.64	242.14
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
c)	EDLI								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
d)	Others								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	9.13	7.73	2	1	5078	435	0.51	0.04
2	**General Annuity**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	56.29	92.65	10	18	8356	48137	0.00	0.00
4	**Health**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
B.	**Sub total**	115.75	248.81	36	90	96395	103481	47.15	242.19
C.	**Total (A+B)**	6803.45	6617.73	13801	16007	10511889	16463750	210007.00	283832.06
	Riders:								
	Non linked								
1	Health#	0.21	0.15	10	12	4582	6980	4106.35	379.88
2	Accident##	0.24	0.13	26	30	12244	26778	14051.06	460.89
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
D.	**Sub total**	**0.45**	**0.29**	**36**	**42**	**16826**	**33758**	**18157.42**	**840.77**
	Linked								
1	Health#	0.00	0.00	0	0	0	0	0.00	0.00
2	Accident##	0.00	0.00	0	0	0	0	0.00	0.00
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
E.	**Sub total**	**0.00**	**0.00**	**0**	**0**	**0**	**0**	**0.00**	**0.00**
F.	**Total (D+E)**	**0.45**	**0.29**	**36**	**42**	**16826**	**33758**	**18157.42**	**840.77**
G.	****Grand Total (C+F)**	**6803.90**	**6618.02**	**13801**	**16007**	**10511889**	**16463750**	**228164.42**	**284672.83**

* Excluding rider figures.
** for no.of schemes & lives covered Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.

FIRST YEAR PREMIUM OF LIFE INSURERS UP TO THE MONTH OF DECEMBER 2007

GROUP NON-SINGLE PREMIUM (INCLUDING RURAL & SOCIAL)

(Rs.in Crore)

Sl. No.	PARTICULARS	PREMIUM		NO. OF SCHEMES		LIVES COVERED		SUM ASSURED	
		Dec'2006	Dec'2007	Dec'2006	Dec'2007	Dec'2006	Dec'2007	Dec'2006	Dec'2007
	Non linked*								
1	Life								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	48.77	72.97	26	40	45067	53959	173.62	281.64
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	20.61	50.39	0	2	222323	334494	4154.15	3262.51
c)	EDLI								
	with profit	0.00	1.04	0	97	0	107448	0.00	963.15
	without profit	4.21	1.74	178	142	275170	165185	2271.11	1543.01
d)	Others								
	with profit	0.00	28.34	0	134	0	325588	0.00	8445.85
	without profit	171.24	120.16	887	601	2121899	1942586	41992.99	41685.79
2	**General Annuity**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.91	8.79	3	2	68	86	0.06	0.00
4	**Health**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
A.	**Sub total**	**245.74**	**283.42**	**1094**	**1018**	**2664527**	**2929346**	**48591.92**	**56181.95**
	Linked*								
1	Life								
a)	Group Gratuity Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	200.82	281.48	203	255	173072	417711	1739.08	2660.87
b)	Group Savings Linked Schemes								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	2.26	0	19	0	5351	0.00	74.51
c)	EDLI								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
d)	Others								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	5.31	25.78	10	13	152	2725	1.37	9.60
2	**General Annuity**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	35.81	14.99	5	8	1743	1090	35.81	14.99
3	**Pension**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	199.46	248.38	103	126	48085	53405	0.00	0.00
4	**Health**								
	with profit	0.00	0.00	0	0	0	0	0.00	0.00
	without profit	0.00	0.00	0	0	0	0	0.00	0.00
B.	**Sub total**	**441.41**	**572.88**	**321**	**421**	**223052**	**480282**	**1776.26**	**2759.97**
C.	**Total (A+B)**	**687.15**	**856.30**	**1415**	**1439**	**2887579**	**3409628**	**50368.19**	**58941.92**
	Riders:								
	Non linked								
1	Health#	0.18	1.38	12	22	5654	13775	241.70	953.65
2	Accident##	0.32	0.57	26	29	17996	43921	908.49	1738.36
3	Term	0.00	0.01	1	1	95	61	2.93	0.63
4	Others	0.00	0.01	4	6	3571	1774	198.24	252.17
D.	**Sub total**	**0.51**	**1.97**	**43**	**58**	**27316**	**59531**	**1351.36**	**2944.81**
	Linked								
1	Health#	0.00	0.00	0	0	0	0	0.00	0.00
2	Accident##	0.49	0.31	37	35	23609	20788	1373.69	568.11
3	Term	0.00	0.00	0	0	0	0	0.00	0.00
4	Others	0.00	0.00	0	0	0	0	0.00	0.00
E.	**Sub total**	**0.49**	**0.31**	**37**	**35**	**23609**	**20788**	**1373.69**	**568.11**
F.	**Total (D+E)**	**1.00**	**2.28**	**80**	**93**	**50925**	**80319**	**2725.05**	**3512.92**
G.	****Grand Total (C+F)**	**688.14**	**858.58**	**1415**	**1439**	**2887579**	**3409628**	**53093.23**	**62454.84**

* Excluding rider figures.
** for no.of schemes & lives covered Grand Total is C.
# All riders related to critical illness benefit, hospitalisation benefit and medical treatment.
Disability related riders.
The premium is actual amount received and not annualised premium.
$ Reflects revised data submitted by ICICI Prudential Life Insurance Company Ltd.

The New Face of **Life Insurance Products**

'IN INDIA, THE ENDOWMENT PRODUCTS HAVE BEEN VERY DOMINANT IN LIFE INSURANCE MARKETING, OWING TO THE PSYCHOLOGY OF THE AVERAGE INDIAN. MORE RECENT TRENDS INDICATE THAT THERE IS A BETTER BALANCE IN INSURERS' PORTFOLIO BUT THERE STILL IS A CERTAIN TILT TOWARDS THE SAVINGS COMPONENT IN LIFE INSURANCE PRODUCTS' OBSERVES U. JAWAHARLAL.

Life insurance is a mechanism by which the dependents of an earning member of a family are protected from being orphaned due to his or her untimely demise. If all the earning members of the society provide for sufficient amount of life insurance during their active earning period, it would lead to an ideal situation whereby the families would continue to maintain the same standard of living, although the emotional loss would be hard to obliterate. But such a scenario would pre-suppose a much higher understanding of the benefits of insurance that is still a distant cry in several under-developed and developing economies.

In India, historically, life insurance has not been given the due importance and it has been even dubbed as 'widow's money' that is paid only when the head of the family is no more. Thus it has been associated with an inauspicious event and hence looked down upon. Besides, the Joint Family system which had strong roots in India was also partially responsible for life insurance not being very successful. As a natural corollary of all the above factors, term insurance that provides plausible answers to many of the risks never really took off in the Indian insurance domain. Because of the inherent maturity values, aided by the tax concessions given by the state; endowment products in life insurance have ruled the roost. Though there has been some correction in this lopsided trend, of late, the average Indian psyche continues to be heavily in favour of endowment products.

A significant development in the more recent times is the genesis and evolution of market-related products in life insurance. Supported by a buoyant market, these products have been a runaway success; and life insurers have largely capitalized on this boom to register an unprecedented level of growth in their business figures. The players would do well to set at naught the misgiving associated with some of these products if the levels of business growth are to be sustained over a period of time.

The rapid growth of riders has been another major development in product designing in life insurance. Although a few of the riders existed even before the market was opened up, the real utility of these add-ons came to be experienced in the liberalized regime. By providing the possibility of mixing up a few options with a base product, these riders have come to be seen as customized solutions. It is hoped that with a little more rise in the awareness levels, riders in life insurance products will occupy a very important place in the marketing of life insurance.

The focus of the next issue of the **Journal** will be on 'Life Insurance Products'. Several practitioners and others associated with the industry will be discussing the various aspects related to product development and growth.

Life Insurance Products
for
varying needs

in the next issue...

Farewell to Marine

Can We Afford It?

SIBESH SEN WRITES THAT ALTHOUGH THE CLAUSES IN A MARINE INSURANCE CONTRACT ARE STEEPED IN JARGON AND MAKE COMPREHENSION QUITE DIFFICULT, IT STILL PROVIDES THE ULTIMATE COVERAGE AGAINST THE PERILS OF THE SEA THAT IS SO VITAL FOR TRANS-NATIONAL BUSINESS TO BE CONDUCTED.

Having been associated with marine cargo insurance for nearly two decades, I wonder why people take this insurance. They say that all policies are to be read and understood in plain simple English. How many of us have read the same? When it comes to understanding the language, it is far from simple and plain. Despite the fact that 99% of all policies issued are on so called "All Risks" basis, every document that I have framed had many an additional exclusion, a list of warranties and conditions that had to be strictly complied with; and various limits and deductibles. All this makes a mockery of the term 'All Risks'. I have told my clients how wonderful the All Risk wordings are and how it shifts the onus of proof onto the insurance companies to disprove claims. When the loss does happen, the lens comes out; and the six sigma of who, how, when, where, what and which comes to the fore. Welcome to the real world.

Most vessels flutter the flags of convenience out of necessity and yet the archaic insurer wants extra premium for such things. Most claims end up non-standard for want of so called recovery rights.

War claims - I have seen once during the Iraq-Kuwait war and yet we charge premiums diligently for all shipments. Terrorism claim has hardly ever been encountered. General Average claims even insurers hardly understand. Both to Blame, I've never fathomed why the line is there. Last insolvency of ship owners was seen almost fifteen years ago. Most vessels flutter the flags of convenience out of necessity and yet the archaic insurer wants extra premium for such things. Most claims end up non-standard for want of so called recovery rights. Others end up in disputes where insurers make you feel they know everything from how your goods ought to be packed to which vessel is ideal for you to carry the goods in. In many instances the request for documents comes in batches, each time the list gets finer and claim gets further from your sight. Enough of this mirage called marine. Let us bid farewell to marine cargo insurance and live a better life.

I am no Buddha, or Mahavira who can give you the Four Noble Truths and the Eight Fold Path or the right way to life but suggest the Ten Commandments which if followed saves you - the consumer - the premium, no matter how small the figure it may have become; helps you control your destiny rather than believe in a promise called Policy; and saves you the pillar to post fight for claims. Each commandment is followed by a T3 or Time Tested Truth.

Ten Commandments

- Thou shall know your sale terms.
- Thou shall know your trade and take utmost care of manufacturing of goods.
- Thou shall pack your goods well.
- Thou shall choose your carrier carefully.
- Thou shall be aware of stowage and lashing of cargo; and use pre-shipment loading surveys.
- Thou shall know time frames and your rights against the carriers.
- Thou shall know the best way to reach the goods.
- Thou shall act with reasonable dispatch and avoid delays.
- Thou shall try and minimize losses.
- Thou shall create a fund to take care of contingencies.

Let me give you some examples of how best to make use of the Commandments.

- **Terms of Sale**: Read the Incoterms and know your sale terms well. Ideal situation in any condition is to sell Ex-Works and buy CIF. The term CIF has many a pitfall if not understood. Many a times the CIF cover ends at port of discharge - most imports into India insured by the overseas seller rarely cover the tail end inland transit. Think what you would do if faced with such a scenario - try, beg and borrow but unless the Indian insurer is a moron, you will get a candy that's bitter. In short, a Basic Cover policy where loss or damage arising out of accident to carrying vehicle is covered in addition to fire and lightning risks. *Shift the risk and save the trouble*!
- **Take care of your goods**: The goods are yours and loss, if any, would also be yours only. Make sure while manufacturing and processing of goods, all care is taken to ensure the right coatings of oil for ferrous products, the humidity factors are well controlled for edible and leather items; for all insurers will turn down losses which can be attributed to inherent vice of the subject matter insured. *Learn from history and make sure adequate precautions are taken to avoid normal losses*!
- **Packing**: Many a claim has been turned down where the surveyors questioned the dryness of the wood used for packing and palletization; many more have been questioned for usage of right materials for packing and its adequacy and sufficiency. It's your world and you know how best to pack the goods but the thumb rule is that packing should take care of normal rigors of the voyage intended. Do not ever think that getting claims arising out of jerks and jolts are a matter of right. Use the right material, give it the right coatings, use dehumidifiers where applicable and use time tested methodology or one approved and certified by an institute of repute. *Pack it up for the worst leg of the journey*!
- **Selection of Carrier**: Do not go for cheap freight, for a little saving may end up in losing big money over goods either never reaching or reaching in damaged condition. Remember the goods once damaged are irretrievably lost and a national waste. No claim can get you back to the original position. History and experience have shown that only a small minority of claims are caused by *force majure*. A huge majority is caused by human errors; and truckers and carriers are the worst culprits. Check with some bankers and insurers on the list of good road transporters. Check if the vehicle is fit, clean and capable of carrying the goods. Check if the truck is covered with a tarpaulin with *no holes* and cuts. Do the light test for containers, for leaking roofs are a perennial source of wet damages. Check the vessels when the shipment is for bulk or break bulk shipments. You will be surprised how much you can know - from owner details, to sister ship to detention history and the mundane data of class, GRT and flag. Most importantly, check if the vessel is classified by an approved society and is a member of one of the reputed P&I clubs - for this will make the difference between recoveries if a claim were to occur enroute. With air shipments, so far all airlines are deemed fairly good. *A good carrier is a better carrier of risk than the best insurer*!
- **Stowage, Lashing & Surveys**: It is not enough to select a good carrier but essential to ensure the goods are stowed properly. Many a steel coil has broken free and damaged both the cargo and the container, many a machinery has got damaged due to carrier not doing proper dunnage to avoid gaps and prevent movement during the rolling and pitching movement of a ship and many a claim has been reported and turned down where the container was stuffed at warehouse but the goods were stowed five high against an approved load bearing capacity of packing which was three high. When dealing with bulk, over dimensional and precious cargoes, I would strongly recommend paying the loss control surveyor who shall take care of loading, handling claims and stowage adequacy. *Safety first and last*!
- **Know Rights against Carriers**: Each of the carriers is statutorily governed by an Act or Convention whereby they can be held accountable for any loss or damage to the goods whilst in their custody. Ask your friendly insurer to give you a snap shot of the time frames within which claims need to be notified to the errant carriers and if pursued properly what is the maximum recovery possible. While the process and recovery prospects are never a spark that lights up the insurer's life, you could do better by entering into contracts with your regular carriers in the inland leg holding them accountable for losses and making them either pay directly to you or forfeiting the accrued

Each of the carriers is statutorily governed by an Act or Convention whereby they can be held accountable for any loss or damage to the goods whilst in their custody.

freight. You will see how quickly the losses come down. *Spare the rod and spoil the brat!*

- **Voyage**: If you thought taking a truck through Bihar and Eastern UP is fraught with danger, try Latin America and you will soon realize how our country folks will look like kindergarten kids against the big bad Latino boys. Understand your logistics and guide the carrier how to avoid difficult terrain; and if going to those areas is a necessity, what precautions to take. Take the case of a photographic film manufacturer who stopped recurrent claims when he asked the carrier to move the goods during day time only and avoid any night halts for the movement from Bhimtal to Noida. *Buy yourself an atlas before you get lost*!
- **Act with Reasonable Dispatch**: Crucify me if you want but this is a straight cut paste from the cursed clauses referred by me in the beginning. But since no other term genuinely brings forth the true meaning, the piracy is intentional. What this term means is that avoid delays of any kind, for we have seen more losses happening when the goods were stationary and movement delayed or deferred due to any reason. Think where the goods will be stored in case of any delay- transporter's godown, port or CFS. None of these are truly safe locations for your valuable goods. A good transporter wants quick turnaround time and will not store unless payments are held up - select a good carrier. Pay your customs duty well in advance to avoid goods getting stored in port premises which is the breeding ground of all mobsters; further, even if you had an insurance please remember no claims would get paid if delays were voluntary or any loss occurs due to deterioration of goods due to delay, even if the delay were to be caused by an insured peril. *He who hesitates gets lost*!
- **Loss Minimization**: Firstly, avoid losses from happening but for some reasons beyond your control the loss does happen, do everything possible to minimize the loss and stop its aggravation - whether it means spending extra money on cranes, closed storage spaces, salvage expense and arranging for quick disposal of the residue. Do remember that many a commodity fetches good salvage value provided you know how to find the right people to assist you with the activity. Every penny saved adds to your bottom line. Just a word of precaution about salvage operations- act with reasonableness. Do not spend good money after bad knowing fully well in many a case salvage may be futile or the recovered goods may be unfit for the purpose intended and probable salvage value may not be sufficient enough to venture in. *What you save so you reap*!

Do remember that many a commodity fetches good salvage value provided you know how to find the right people to assist you with the activity. Every penny saved adds to your bottom line.

- **Captive Fund**: Losses are of many kinds - some small, some large. Small ones you may load onto the carriers or bear it yourself with a slight murmur but the larger ones will hurt you badly. Then there are controllable losses and others beyond your control like floods and major accidents. For taking care of the large and non controllable losses, many a company which takes on to self insurance creates a contingent fund. This corpus will take time to build and be big enough to take care of all your contingencies. For starters, put aside the amount of premium you would have spent on marine insurance plus an extra 25% into this fund and grow it and face the consequences of your decision. *Save for a rainy day*!

The one line which summarizes all the Commandments for the consumer is ***Act As If Uninsured*** and all the rest will seem logical, acceptable and doable.

For all the still unenlightened souls who sat under the Banyan Tree with me and cannot control the terms of sale to their liking; cannot do an outsourcing of packaging activity; cannot find the good guy called carrier; unable to trace qualified supervisory surveyors; know the law but find it cumbersome and feel fighting insurers is simpler than taking on the trucker and ship owner; may have failed in geography in school and continue to fail in the maze game on the computer to be able to judge the routes; and has a nightmare of any large catastrophic losses happening and the captive fund crumbling - there is hope.

This hope floats - on sea. ***Go Get Yourself Insured***. Take a marine cargo policy - it is pretty cheap, covers more than it excludes and we marine insurers are pretty good blokes who try hard to pay the claims. The saving grace in this unreasonable world is marine insurance. It is your only ally in rough seas.

From 'Farewell to Marine' to 'Welfare in Marine' is a journey etched in the sands of time.

The author is Head, Mumbai Operations, Tata-AIG General Insurance Company Limited.

Musings of a **Marine Insurance Practitioner**

Challenges Unlimited

ALICE G.VAIDYAN OBSERVES THAT ALTHOUGH THERE ARE HUGE CHALLENGES ASSOCIATED WITH MARINE INSURANCE, IT DOES NOT CEASE TO BE A CLASS THAT UNDERWRITERS CONSIDER CLOSE TO THEIR HEARTS.

The oldest branch of insurance, marine insurance with its intricate layer of risks is a fascinating business. I would personally like to believe that marine insurance still retains a slice of that old world charm which makes it enchanting and endearing to a marine insurance practitioner. As you delve into its myriad facets, you get caught up in a world of mystery - of sea voyages, adventures of the seas and unknown treasures of the sea kingdom. That should perhaps explain the timeless appeal and intrigue of the marine insurance business. Marine insurance practitioners do take pride in the oft remarked statement that a marine underwriter is a true underwriter because he has to grapple with various factors ranging from the geography of the place, infrastructure of ports, shipping laws, maritime conventions, the nature of commodities, mode of packing and transportation; to that of the type/ year of built / GRT and class/Protection & Indemnity (P &I) of the vessel.

Conceptually, marine insurance is different from other branches of insurance, in many ways. Which other class of insurance pays more than the Sum insured for the same casualty or pays successive losses without reinstatement during the same policy period or pays 'new for old' at the time of loss? More interesting are the general average situations which form complex studies by themselves, leave alone the York Antwerp rules and the Rules of Practice of the Average Adjusters Association. The thin line of demarcation between Sue & Labour charges; and Salvage charges are as mind boggling as the nuances of a general average guarantee and salvage security. One has to deal with an additional Average Adjuster's Report along with the Surveyor's Report while scrutinizing hull claims for claims apportionment. The Carriage of Goods Act and Hamburg /Hague Visby Rules along with the Marine Insurance Act provide an interesting study as well.

The sheer size and the enormity of the risks in a marine voyage has always intrigued me. It is the high concentration of values and the severity of losses that should determine the pricing rationale. All underwriters, particularly the newer players need to be aware of the swiftly changing risk profile. We now have cruiseships bordering on 6000 passengers and the new generation of containerships having capacity of 13500 teu. These massive vessels represent huge risk exposures per keel. Today's ships are bigger and infinitely more complicated. There are many more at sea and their cargoes are much more varied and frequently more dangerous than before. A simple breakdown in any of the microsystems essential to the operation of a modern ship, such as a misunderstood command or a small mechanical failure, can lead to a disaster that results in the loss of ship and its cargo; and can potentially create huge damage to the marine environment.

Given the volatility of marine business, it is difficult to predict the results for any year. After a couple of benign years, in 2007 the international marine market suffered a series of major losses with the claims on the Hull and Machinery side alone, crossing

The thin line of demarcation between Sue & Labour charges; and Salvage charges are as mind boggling as the nuances of a general average guarantee and salvage security.

> **A realistic analysis of marine casualties would also point out that it is not the old vessels alone that get grounded or suffer losses, even the relatively new vessels with not-so-experienced masters on board and on unfamiliar routes also meet with casualties.**

USD 700 million. However, the increase in the number and severity of major claims reflects the significant growth in shipping traffic in areas of intense navigation such as ports, straits and estuaries or is linked to climate changes causing worsening meteorological conditions. Claims cost has also spiralled due to hike in steel prices and repair costs coupled with scarcity of yard capacity and high price of oil. Shipyards are at full capacity and the waiting time for repairs is often several months with a concomitant increase in prices. Though attritional claims have moderated, and the frequency of loss is stable, the premium rating development has been flat since 2005.

A realistic analysis of marine casualties would also point out that it is not the old vessels alone that get grounded or suffer losses, even the relatively new vessels with not-so-experienced masters on board and on unfamiliar routes also meet with casualties. This brings us to the most critical issue being debated in marine circles today - the alarming shortage of qualified sea farers. With a diminishing pool of experienced crew, human error casualties loom large. Thus, human error and lack of nautical expertise results in avoidable accidents. Last year, the International Union of Marine Insurance (IUMI) conference at Copenhagen focused on the technical, financial and human challenge for marine insurance.

The golden rule for an underwriter is not knowing how to take risks, but how to accurately evaluate them, so that when all the underwritten risks are added together, the result is a favourable balance at any year end without exception. For insurers the premium base has increased only as a consequence of the addition by clients of new building, and of ship value increases. The current premiums and rates are not sufficient to meet huge claims. One of the problems with the marine insurance market today is that there is enough capacity and too many providers and too many risks underwritten on myths and poor data. It is essential to have a qualified data base and knowledge about the products, as the products change character rather fast.

The Indian marine insurance market is still going through a stage of upheaval. The cargo insurance market detariffed in 1994, though fairly stabilized, is yet to see prices on par with international market rates, mainly because the market is already attuned to the present levels of premium. However, improved conditions in transportation and trade have brought down the claim ratios making it profitable even at these low premium rates. Marine hull insurance, on the contrary, may not spell the same story. Marine hull insurance detariffed in 2005, has seen alarmingly low rates, a far cry from international hull rates, where joint hull committees agree on minimum hull rates. The volatile hull market has to pay huge hull claims from the low premium funds. So, back to basics - discipline in the marketplace, selective and thorough assessment of risks underpinned by realistic, but fair pricing of the insurance products we offer.

The world is partial towards Marine insurance practitioners who are judged mainly on the relative small size of marine insurance premiums, while the complexities and intricacies of marine insurance business are sadly ignored. It is true that marine is only responsible for a small percentage of a composite insurer's premium income, but the success of an insurance operation is not really measured by premium income but by result - or loss potential. And here marine, being exposed to natural perils, liability issues and typical accumulation in ports and on vessels, plays an important role.

In this context, it is interesting to note that insurance is an ageing industry and must compete with other financial sectors, often glossily attractive, in order to identify and retain the best brains. It is also a sad fact that regrettably, the insurance industry is not perceived or regarded as highly as other financial services and professions; and cannot match the salaries and perks they offer. Hence it is a real challenge to manage the complex issues thrown at us almost constantly which require experienced and trained professionals. To end on a more cheerful note, in spite of all the problems besetting the commercial marine market, a marine insurance practitioner should retain some optimism to survive. There is a lot going forward that will give the marine insurance practitioner a bumpy yet greatly interesting ride.

The author is Chief Manager, Marine Dept., The New India Assurance Company Limited, Corporate Office, Mumbai.

Coverage in **Marine Insurance**

Issues of Customer Concern

'MARINE INSUANCE IS A COMPLEX ISSUE WHEN IT COMES TO INTERPRETATION AND APPLICABILITY OF CLAUSES. THIS NECESSITATES THAT THE INSURED AS WELL AS THE INSURERS HAVE TO FULLY UNDERSTAND THEIR ROLE IN THE TERMS OF THE CONTRACT' SAYS G.V. RAO.

This article aims to discuss a few issues of concern to users of marine policies in India, in respect of the imports and exports of their cargoes. An exclusive Marine Insurance Act enacted in 1963 is designed to guide them on the practices to be followed in the transaction of marine insurance businesses of hull, cargo and freight. They have also, in addition, to fulfill the provisions of Section 64VB of the Insurance Act 1938 on payment of premium in advance of risk commencement. The voyages undertaken are subjected to specific ICC clauses, defining inception and termination of insurance covers, and the perils insured against. Compliance with so many enactments does not come easy to anyone involved in the process.

We will discuss the specific issues concerning premium payment and commencement of risk; and a case involving a marine cargo fraud committed by a ship-owner to the detriment of the cargo shipper involving a shipment between Thailand and Senegal, as an illustration. South East Asia, internationally, is regarded as notorious for phantom ship frauds. Let us discuss the premium issue first.

What the MI Act says on premiums

The Marine Insurance Act 1963 has four sections 23, 33, 54 and 86 that elaborate the position on premium payment. Section 23 says: "a contract of marine insurance is deemed concluded when the proposal of the assured is accepted by the insurer, whether the policy be issued or not; … reference can be made to the slip, cover note—although unstamped?"

Section 33 says: "Where an insurance is effected at a premium to be arranged, and no arrangement is made; a reasonable premium is payable. Where insurance is effected on the terms that an additional premium is to be arranged in a given event, and that event happens and no arrangement is made; then a reasonable premium is payable".

Section 54 says: "Unless otherwise agreed, the duty of the assured … to pay the premium and the duty of the insurer to issue the policy… are concurrent conditions. The insurer is not bound to issue the policy until payment of the premium".

Section 86 says: "Where any right, duty, or liability would arise under a contract of marine insurance by implication of law, it may be negatived or varied by express agreement, or by usage; if the usage be such as to bind both parties to the contract."

What the Insurance Act says

Section 64VB (1) of the Insurance Act says: **"No insurer shall assume any risk in India** in respect of any insurance unless and until the premium payable is received by him…in advance in the prescribed manner". Section 64 VB (5) says: "**The Central Govt. may, by rules, relax the requirements of sub-section (1) in respect of particular categories of insurance products.**

Where insurance is effected on the terms that an additional premium is to be arranged in a given event, and that event happens and no arrangement is made; then a reasonable premium is payable.

The Govt. has specified a rule 59 (k) under 64VB (5) permitting relaxations for a variety of risks. Unfortunately, these are not popularized among the insuring public. In respect of marine cargo imports, the risk may be assumed subject to the condition that the premium shall be paid within 15 days of the receipt of declaration in India from the insured's representative overseas. For exports overseas, risk may be assumed subject to the condition that the premium **shall be paid within 15 days from the date of sailing of the overseas vessel.**

Rule 59 (b) says that policies issued to Govt. and Semi-Govt. bodies may be issued subject to an undertaking by the proposer to pay the premium within 30 days of the premium amount to be paid. There is a lack of public awareness of the rules of the 64 VB (1) relaxed by the Govt. in respect of various relaxations on payment of premium in advance of risk assumption by insurers.

How does one reconcile the apparent contradictions in regard to the payment of premium, as described in the Marine Insurance Act, as described in the Insurance Act and the relaxations permitted by the Govt.? Apparently, the Insurance Act is seen as binding on the insurer only, and not necessarily on the insured. The Insurance Act is to regulate the functioning of the insurer and his market conduct. Any prejudice against any of the provision of the Insurance Act should not be foisted on the insured customers.

The simple question to be answered is: whose responsibility is it for the collection of the premium in advance for a cover to be in force? This provision, as can be seen from above, does put the responsibility on the insurer only. Note the words…no insurer shall assume…. When one has assumed a risk and issued a marine policy, on whom does the onus for collecting additional premium lie? In the case of open policies or open covers, if the premiums collected midway are found insufficient, is the marine cover off or it is yet on? More so, as it is for the insurer to keep tabs on premium, and it is his responsibility to keep the cover not going, as the 64VB (1) is made more mandatory on the insurer than on the insured?

Marine policies are still transacted by insurers as Open Covers, Open Policies, specific marine policies and individual marine certificate issued under the Open Covers/ Policies. Open Covers are broad agreements guaranteeing automatic cover to the insured and defining only the terms thereof. Open Policies, however, define the Sums Insured assured for a series of transits to be made in course of time. Sometimes the sums insured get exhausted, and at other times the premiums already paid get exhausted, with the sums insured not getting exhausted.

Rule 59 (b) says that policies issued to Govt. and Semi-Govt. bodies may be issued subject to an undertaking by the proposer to pay the premium within 30 days of the premium amount to be paid.

Resolution needed

This ambiguity on premium payments as described in the MI Act and Insurance Act must be addressed and settled by the General Insurance Council of non-life insurers without taking the issue to courts for decisions. The guidance of market conduct is one of the duties ascribed to the GI Council. The onus of collection of adequate premium is on the insurers according to Section 64VB. But the courts in their recent judgments have tended to take side with the insurers, even for their deficient operational systems. This legal lacuna should be fought and reversed. Once a policy is issued, the onus of collection of premium should be foisted on the insurer and not on the insured.

Marine Insurance Frauds

Those insured engaged in imports and exports have another reason to be concerned about - the selection of the ship that carries their insured cargo. 'Phantom ship' frauds are more common in South East Asia than elsewhere. Even insurers have to be on guard, as primarily claims would be lodged on them by the insured.

In one instance, a ship carrying rice from Thailand to Dakar port, Senegal instead of sailing for the destination as declared in the policy, after loading of the cargo, just disappeared and cargo was never delivered. What are the rights of the cargo insured? The Transit clause 8 of the ICC (A) provides that "the insurance attaches from the time the goods leave the warehouse or place of storage at the place named (herein) for the commencement of the transit". Section 44 of the MI Act of the UK provides: "…where the destination is specified in the policy, and the ship, instead of sailing for that destination, sails for any other destination, the risk does not attach".

If the court determines that, at the time sailing of a vessel and cargo were in truth bound for a terminus other than that identified in the policy as definitive of the voyage insured, then Section 44 will apply and the risk which prima facie attached when the goods left the warehouse will in the event be held as not attached.

The cargo insured in Thailand under the marine insurance policy was subject to English law and practice. The insured argued in a London Court that the transit clause in ICC (A) should be interpreted to override Section 44. Once the transit has attached under clause 8, it surely cannot un-attach, even if the vessel sailed to a destination different from the one specified in the policy.

It was, however, held by the court that the transit clause 8 was only an example of the extension of a marine policy to any land risk incidental to any sea voyage. But such an extension does not alter the fundamental nature of a marine voyage policy, which is to cover a marine adventure defined by its two marine termini.

The Judge opined that while the transit clause addresses the duration of insurance, always assuming the risk has in fact attached, Section 44 deals with the fundamental issue of whether the insurance itself has attached. If insurance has not attached, there is no question of attachment of duration of insurance. The Judge quoted "If the court determines that, at the time sailing of a vessel and cargo were in truth bound for a terminus other than that identified in the policy as definitive of the voyage insured, then Section 44 will apply and the risk which prima facie attached when the goods left the warehouse will in the event be held as not attached".

The shippers and the cargo purchasers; and the banks that financed the deal should be cautioned to be on their guard against such a possible fraud by a phantom ship, particularly in South East Asia. The writer recalls of another notorious case in early eighties of 'Averilla' and 'Odhai' in which New India was sought to be the one to be defrauded. It was a case of two shipments between Singapore and an African port and covered by the New Delhi office of New India that did not know any of the parties involved in the transaction! The vessel sailed, sold the cargo and sank off the coast of Sri Lanka.

Final word

The issue of insufficiency of premium in marine open covers and open policies is too important a matter to be left only to insurers, who would always want to play safe. The relatively worse sufferers are those from the public sector enterprises that have deficiencies in their operational systems and are at the losing end. A solution on this issue is long due.

The author is ex-CMD, Oriental Insurance Co. Ltd.

Protection & Indemnity Insurance

Some Interesting Facts

NANDITA BANERJEE OPINES THAT IN VIEW OF THE HIGH AMOUNTS INVOLVED, HULL INSURANCE ALONE WOULD NOT PROVIDE SUFFICIENT COVERAGE FOR THE VESSEL OWNERS; AND IT IS EXPECTED THAT THEY OBTAIN MEMBERSHIP OF ONE OF THE ESTABLISHED P & I CLUBS.

The subject of Shipowners Mutual Insurance Associations i.e. Protection & Indemnity Clubs (P&I Clubs) has always evoked keen interest amongst the insuring fraternity. Much can be said about the significant role in the maritime sector that is played by P&I Clubs.

Hull insurance in itself would not afford adequate cover for the extensive range of liabilities incumbent on a vessel owner. Considering the large amounts at stake, it is expected that vessel owners would not only obtain hull insurance cover at competitive terms, but would also definitely obtain liability cover from an established P&I Club for their vessel.

An increase in maritime commerce and international conventions and statutes stipulating the liabilities of shipowners, has led to the need for commensurate protection. This, in turn, has led to the development of mutual insurance organizations alongside conventional insurance.

Rather than approach the matter from a purely academic perspective, an attempt has been made to address the salient features through brief answers to FAQs (Frequently Asked Questions) on the subject.

- **What are P&I Clubs?**
  The Clubs are associations of shipowners and charterers, owned and controlled by the insured shipowners or charterer "Members". They operate on a non-profit making mutual basis. The Members pool their resources together in order to meet losses suffered by each individual. The members are thus self-insured and the *shipowner could be said to be both the insurer and the insured.*

- **How do P&I Clubs function?**
  Each Member contributes in maintaining a fund from which losses suffered (if any) are made good. The initial contribution of a Member is based on vessel tonnage of the insured vessels entered with the Club.

  The basic principle is that the contributions or *"calls" paid* by the Member in a year should be sufficient to meet all the claims, reinsurance and administrative expenses of the Club for the year.

- **How did P&I Clubs develop?**
  They developed from the 19th Century onwards to provide protection to shipowners against risks *not covered* by marine insurers. These risks comprised liabilities which are quite diverse in their scope.

- Historically, ship owners required cover for a quarter of their liability for material damage done in collision with another ship or vessel as this is normally excluded from the scope of cover of the Collision Clause under the standard marine hull covers.

- They also required cover for liability in respect of loss of life and/or

An increase in maritime commerce and international conventions and statutes stipulating the liabilities of shipowners, has led to the need for commensurate protection.

personal injury, for damage done to immobile objects such as dock walls, jetties, quays etc. and also claims in respect of cargo or engagements of the insured vessel.

- **Which are the major P&I Clubs?**
13 P&I Clubs and their affiliates make up the *INTERNATIONAL GROUP OF P&I CLUBS.* Approximately 90% of all the worlds merchant tonnage is entered with these Clubs. The Clubs are variously based in different locations and countries such as London, Bermuda, Scandinavia, Luxembourg, the United States and Japan.

Clubs in the International Group pool their larger risks and share all claims in excess of a pre-determined amount. They also enjoy reinsurance protection at cost, as compared to the much higher levels available in the commercial reinsurance market.

Some of the major Clubs are:

- The American Steamship Owners Mutual P&I Association. Inc. (SCB)
- Assuranceforeningen Gard, Norway
- The Japan Ship Owners Mutual P&I Association, Tokyo
- The Britannia Steamship Insurance Association Ltd, London
- The London Steamship Owners Mutual Insurance, London
- Sveriges Angfartygs Assurance Forening, Gothenburg (The Swedish Club)

The oldest P&I Club still in existence is the Britannia Steamship Insurance Association Ltd, London which began as a protection Club in 1855.

The Clubs policy year traditionally begins on 20th February. The reason for this is historical. Traditionally, 20th February was the date when the Baltic Sea became ice-free and vessels that had been laid up during the winter months commenced trading again.

Traditionally, 20th February was the date when the Baltic Sea became ice-free and vessels that had been laid up during the winter months commenced trading again.

- **What are the risks covered by P&I Clubs?**
The risks covered by P&I Clubs are mainly:
  - Loss of life & personal injury risks
  - Collision risks
  - Cargo risks
  - Harbour etc. damage risks
  - Wreck risks
  - Life & other salvage & General Average risks
  - Quarantine & Infectious disease risks
  - Risks in respect of distressed or sick seamen, sick passengers & stowaways
  - Fines
  - Costs
  - War Risks
  - Freight war risks

Club rules are constantly reviewed and changed to meet the ever-increasing liabilities involved in the business of ship owning and operating. With the exception of oil pollution, the Clubs afford unlimited liability cover for their members claims.

Clubs assist Shipowners in dealing with every aspect of a casualty, from finding experts to deal with the immediate casualty; to legal advice and paying claims. As part of their services, they normally have local port correspondents at all major ports and in the event of an incident, the Master of the Member's vessel directly contacts them. The Club correspondents have to be knowledgeable in P&I matters and to have good contacts with the authorities as well as specialist surveyors in their respective areas. In situations of necessity, including emergencies, the Club correspondents issue a Club letter of guarantee in the event of an actual or threatened ship arrest.

Guarantees given by P&I Clubs in the International Group are almost universally accepted as good security. This service is therefore extremely useful to the members in avoiding costly delays to their vessels, especially in situations of claimants arresting a vessel against which they have a claim, in order to obtain security.

P&I Clubs and cargo liabilities - Cargo liabilities constitute a very important part of the cover provided by the Club. Normally this cover is given on the basis that the shipowner's contract with the owner of the cargo is on terms at least as favourable to the shipowner as the provisions of The Hague or Hague-Visby Rules, under the Brussels Convention of 1924, its Protocol of 1968 and The Hamburg Rules of 1978. Where insured, cargo insurers pursue claims with shipowners after subrogation on account of short delivery, loss or damage to the goods carried under approved Bills of Lading. Shipowners after settling such claims with the insurers can make appropriate recoveries from their P&I Clubs.

Claims have to be notified immediately to P&I Clubs. Claims against Clubs are normally reimbursed to the shipowner after the agreed amount is paid to the third party claimant. This constitutes the 'pay to be paid concept. Claims may also be made by way of 'direct action against the Clubs. In the latter instance, in the event of an actual or threatened ship arrest, the Clubs issue letters of guarantee and the Port/Governmental authorities deal directly with them.

- **Is P&I Club membership compulsory?**
  No. As of now there are no statutory requirements in respect of membership of P&I Clubs. Membership of P&I Clubs is done on a voluntary basis.

Current trends

With environmental concerns becoming a major global issue, the prohibitively high costs of oil pollution clean-up and wreck removal have caused considerable concern at all levels.

> **Significant changes can be observed even in India, in line with the prevalent global scenario.**

Increasingly, many ports such as those in the U.S.A. are insisting on membership with the International Group of P&I Clubs as a pre-condition for vessels to berth at their harbours, such risks falling under the purview of the covers granted to Members.

- **Are there any Indian P&I Clubs?**
  No. In fact, Indian vessels have to obtain P&I cover from any of the established P&I Clubs, based abroad. For example, our national carrier SHIPPING CORPORATION OF INDIA LTD., has covered their fleet with the following International Group P&I Clubs:
  - The Steamship Mutual Underwriting Association Ltd., London
  - Assuranceforeningen Gard, Norway
  - The Britannia Steamship Insurance Association Ltd, London
  - The North of England P&I Association Ltd., U.K.
  - The London Steamship Owners Mutual Insurance Association, London

- **What are the current trends in India?**
  Significant changes can be observed even in India, in line with the prevalent global scenario. The Department of Shipping under Ministry of Shipping, Road Transport and Highways is framing Wreck Removal Rules under the Indian Ports Act, 1908.

  According to the draft rules, all ports before granting ship-owners permission to enter the port were *to ensure that the vessels were covered against wreck removal and oil pollution risks by a P&I Club.* Ships not complying with this provision were to be denied permission to enter the port.

The matter is still being debated in shipping, insurance and P&I Club circles.

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Laws, Rules and Regulations

Governing Marine Insurance

'CROSS-BORDER TRADE IS REPLETE WITH THE RISK OF INSUFFICIENT UNDERSTANDING OR FAULTY INTERPRETATIONS OF THE TRADE TERMS. HENCE IT IS VERY ESSENTIAL TO HAVE A COMMON PLATFORM THAT IS WELL UNDERSTOOD BY THE TRADERS AND INSURERS ALIKE' EMPHASIZES R. C. GURIA.

Marine insurance business is mostly international and subject to law and international regulations in every stage of operations. It is governed by the oldest insurance law called the Marine Insurance Act 1906 subsequently amended as the Marine Insurance Act 1963 in India and guided by the various clauses formulated by the Institute of London Underwriters (ILU) and the International Commercial Terms now known as Incoterms2000 developed by ICC (International Chamber of Commerce). Thus in India Marine insurance is subject to the following statutes and international regulations for import and export insurance and hulls insurance.

Statutes

- The Insurance Act 1938 with Insurance Rules 1939
- The Marine Insurance Act,1963
- The Stamp Act 1899
- The Foreign Exchange Management Act
- Rules and laws relating to carriage or recovery.
  - The Multimodal Transportation of Goods Act 1993 with UNCTAD/ICC Rules for Multimodal Transportation Documents
  - The Indian Carriage of Goods by Sea Act,1925 (as amended)
  - The Indian Railways Act 1989
  - The Carriers Act, 1865
  - Indian Carriage of Goods by Air Act, 1943 and Warsaw Convention of 1929
  - Indian Post office Act, 1898
  - Major Port Trust Act, 1963
  - Indian Port Trust Act, 1908
  - Customs Act, 1962

International Rules & Regulations

- ICC Regulation Incoterms2000
- The Hague Rules 1924
- The Hague -Visby Rules 1968
- The Hamburg Rules

Institute Clauses of ILU for import /export insurance

- Institute Cargo Clauses (A), (B), and (C)
- Institute War Clauses (CARGO)
- Institute Strikes Clauses (CARGO)
- Institute Cargo Clauses (AIR)
- Institute War Clauses (AIR CARGO)
- Institute Strike Clauses (AIR CARGO)

Institute Clauses for Hull Insurance

- Institute Time Clauses (ITC)- Hulls (1.10.83)
- Institute Voyage Clauses - Hulls (1.10.83) - in case of insurance for a particular voyage
- Institute Fishing Vessel Clauses

The underwriters are well equipped with institute clauses, which are attached with policies. But the underwriters need to refer also the relevant provisions of the Marine Insurance Act and the Incoterms in marine insurance management always. We discuss here the salient aspects of the Marine Insurance Act, 1963 and Incoterms2000 only.

The underwriters need to refer also the relevant provisions of the Marine Insurance Act and the Incoterms in marine insurance management always.

Marine Insurance Law: The Marine Insurance Act 1963

- **Fundamentals of Marine Insurance Contract**
  - *Contract of Indemnity*

    The contract of marine insurance is a *contract of indemnity, which* protects against physical and other losses to moveable property and associated interests, as well as against liabilities occurring or arising during the course of a sea voyage. Marine insurance policy is a contract of indemnity*,* which is a basic principle of the law of insurance. Common law and civil law definitions are similar in this regard. Sec. 3 of the MI Act provides that a contract of marine insurance is an agreement whereby the insurer undertakes to indemnify the assured, in the manner and to the extent thereby agreed, against marine losses, that is to say, the losses incidental to marine adventure.
  - *Utmost Good Faith*

    As per Sec.19 a contract of marine insurance is a contract based upon utmost good faith and if the utmost good faith be not observed by either party, the contract may be avoided by the other party. Under Sec.20 the assured must disclose to the insurer, before the contract is concluded, every material circumstance which, is known to the assured, and the assured is deemed to know every circumstance … Under Sec.21 the agent must disclose to the insurer every material circumstance which is known to himself, and an agent to insure is deemed to know every circumstance where an insurance is effected for the assured by an agent. Very importantly the duty of disclosure continues to apply even after the conclusion of the contract as decided in the case *Shipping Co. Ltd. v. Uni-Polaris Insurance Co. Ltd. and La Réunion Européene (The Star Sea)2001.*

- **Measure of Insurable Value**

  One of the major problems an insurer generally faces is determination of insurable value of the subject matter of marine insurance. To sort out the problem we are required to refer to the provisions of the MI Act over and above technical aspects. Sec.18 provides that "*Subject to any express provision or valuation in the policy, the insurable value of the subject-matter insured must be ascertained as follows:-*
  - In insurance on **ship**, the insurable value is the value, at the commencement of the risk, of the ship, including her outfit, provisions, and stores for the officers and crew, money advanced for seamen's wages, and other disbursements (if any) incurred to make the ship fit for the voyage or adventure contemplated by the policy, plus the charges of insurance upon the whole:
  - The insurable value, in the case of a **steamship**, includes also the machinery, boilers, and coals and engine stores if owned by the assured; in the case of a ship driven by power other than steam includes also the machinery and fuels and engine stores, if owned by the assured; and in the case of a ship engaged in a special trade, includes also the ordinary fittings requisite for that trade"
  - *In insurance on **freight**, whether paid in advance or otherwise, the insurable value is the gross amount of the freight at the risk of the assured, plus the charges of insurance:*
  - In insurance on **goods or merchandise**, the insurable value is the prime cost of the property insured, plus the expenses of and incidental to shipping and the charges of insurance upon the whole:
  - In insurance on **any other subject-matter,** the insurable value is the amount at the risk of the assured when the policy attaches, plus the charges of insurance".

  Thusly the MI Act provides clear legal provisions in regard to measure of insurable value of all kinds of subject matter of insurance.

> **Marine insurance policy is a contract of indemnity, which is a basic principle of the law of insurance. Common law and civil law definitions are similar in this regard.**

- **Losses and abandonment**

  Sec. 55 to 66 provide for the various losses for which the underwriters are liable in various situations in various subject matters of insurance:
- Included and excluded losses S.55.
  - "Subject to the provisions of this Act, and unless the policy otherwise provides, the insurer is liable for any loss proximately caused by a peril insured against, but, subject as aforesaid, he is not liable for any loss which is not proximately caused by a peril insured against.
  - In particular -
    - the insurer is not liable for any loss attributable to **the wilful misconduct of the assured**, but,

unless the policy otherwise provides, he is liable for any loss proximately caused by a peril insured against, even though the loss would not have happened but for the misconduct or negligence of the master or crew;

- unless the policy otherwise provides, the insurer on ship or goods is not liable for any loss proximately caused by although the delay be caused by a peril insured against;
- unless the policy otherwise provides, the insurer is not liable for ordinary wear and tear, ordinary leakage and breakage, **inherent vice or nature of the subject-matter insured,** or for any loss proximately caused by rats or vermin, or for any injury to machinery not proximately caused by maritime perils".

Sec. 55(1) says about included loss and Sec 55(2) describes about excluded loss.

- **Partial Loss and Total Loss**

  Sec.56 provides that a loss may be either total or partial. Total loss may be either an actual total loss or a constructive total loss. Sec 57 provides that where the subject-matter insured is destroyed, or so damaged as to cease to be a thing of the kind insured, or where the assured is irretrievably deprived thereof, there is an actual total loss and in the case of an actual total loss no notice of abandonment need be given.

- **Constructive Total Loss S.60**

  - **There is a constructive total loss** a) where the subject-matter insured is reasonably abandoned on account of its actual total loss appearing to be unavoidable, or b) because it could not be preserved from actual total loss without an expenditure which would exceed its value when the expenditure had been incurred.
  - **In particular, there is a constructive total loss** -
    - Where the assured is deprived of the possession of his ship or goods by a peril insured against, and (a) it is unlikely that he can recover the ship or goods, as the case may be or (b) the cost of recovering the ship or goods, as the case may be, would exceed their value when recovered; or
    - In the case of damage to a ship, where she is so damaged by a peril insured against that the cost of repairing would exceed the value of the ship when repaired.

      In estimating the cost of repairs, no deduction is to be made in respect of general average contributions to those repairs payable by other interests, but account is to be taken of the expense of future salvage operations and of any future general average contributions to which the ship would be liable if repaired; or
    - In the case of damage to goods, where the cost of repairing the damage and forwarding the goods to their destination would exceed their value on arrival.

  Where there is a constructive total loss the assured may either treat the loss as a partial loss or abandon the subject matter to the insurer and treat the loss as if it were an actual total loss (S. 61).

- **General Average S.66**

  As per sec.66

  - *a General Average loss is a loss that arises from a general average act, general average expenditure or GA sacrifice*. It further provides that
  - "... There is a general average act where any extraordinary sacrifice or

Sec 57 provides that where the subject-matter insured is destroyed, or so damaged as to cease to be a thing of the kind insured, or where the assured is irretrievably deprived thereof, there is an actual total loss and in the case of an actual total loss no notice of abandonment need be given.

expenditure is voluntarily and reasonably made or incurred in time of peril for the purpose of preserving the property imperilled in the common adventure.

- Where there is a general average loss, the party on whom it falls is entitled, subject to the conditions imposed by maritime law, to a rateable contribution from the other parties interested, and such contribution is called a general average contribution.
- Subject to any express provision in the policy, where the assured has incurred a general average of expenditure, he

Sometimes underwriters find it difficult to exercise the subrogation rights due to lack of clarity of legal perspectives thereof. The MI Act is very clear in this regard.

may recover from the insurer in respect of the proportion of the loss which falls upon him; and in the case of a general average sacrifice, he may recover from the insurer in respect of the whole loss without having enforced his right of contribution from the other parties liable to contribute.

- Subject to any express provision in the policy, where the assured has paid, or is liable to pay, a general average contribution in respect of the interest insured, he may recover therefor from the insurer.
- In the absence of express stipulation, the insurer is not liable for any general average loss or contribution where the loss was not incurred for the purpose of avoiding, or in connection with the avoidance of a peril insured against.
- Where ship, freight, and cargo, or any two of those interests, are owned by the same assured, the liability of the insurer in respect of general average losses or contributions to be determined as if those interests were owned by different persons."

- **Measure of Indemnity in case of marine losses**

  The provisions contained in Sec.67 to Sec.78 provide for measure of indemnity for the marine losses to the subject matter of insurance under an unvalued or a valued policy.

  - **Insurer's Liability S.67:** As per this sec. "*the sum which the assured can recover in respect of a loss on a policy by which he is insured, in the case of an unvalued policy to the full extent of the insurable value, or, in the case of a valued policy to the full extent of the value fixed by the policy, is called the measure of indemnity.*

    Where there is a loss recoverable under the policy, the insurer, or each insurer if there be more than one, is liable for such proportion of the measure of indemnity as the amount of his subscription bears to the value fixed by the policy in the case of a valued policy, or to the insurable value in the case of an unvalued policy"
  - **Total Loss S.68:** It provides for the measure of indemnity for total loss under a valued policy and an unvalued policy with the provisions that *"where there is a total loss of the subject-matter insured,(i) the measure of indemnity is the sum fixed by the policy if the policy be a valued policy and (ii) the measures of indemnity is the insurable value of the subject-matter insured if the policy be an unvalued policy".*
  - **Partial Loss:** The basis of measure of indemnity for partial losses of ship, freight and goods are described by S.69, S.70 & S.71 respectively in details. Let us see how we can apply insurance law on assessment of partial loss of freight as provided by Sec.70 which states that "subject to any express provision in the policy, where there is a partial loss of freight, the measure of indemnity is such proportion of the sum fixed by the policy in the case of a valued policy or of the insurable value in the case of an unvalued policy, as the proportion of freight lost by the assured bears to the whole freight at the risk of the assured under the policy".

- **Insurer's rights in respect of claim settlement (S.79 toS.81)**

  Insurers do have certain rights as per the following provisions of the MI Act in order to limit his liability for payment of claims:

  - S. 79. Right of subrogation

    Sometimes underwriters find it difficult to exercise the subrogation rights due to lack of clarity of legal perspectives thereof. The MI Act is very clear in this regard providing specifically that

    - "*Where the insurer pays for **a total loss**, either of the whole, or in the case of goods of any apportionable part, of the subject-matter insured, he thereupon becomes entitled to take over the interest of the assured in whatever may remain of the subject-matter so paid for, and he is thereby subrogated to all the rights and remedies of the assured in and in respect of that subject-matter as from the time of the casualty causing the loss.*
    - Subject to the foregoing provisions, where the insurer pays for **a partial loss**, he acquires no title to the subject-matter insured, or such part of it as may remain, but he is thereupon subrogated to all rights and remedies of the assured in and in respect of the subject-matter insured as from the time of the casualty causing the loss, in so far as the assured has been indemnified,

according to this Act, by such payment for the loss."

- S. 80. Right of Contribution

We all know about insurer's right of contribution, but what is more important is the insurer's right to maintain suit against other insurers for contribution as per the provisions of the Act providing that

- "*Where the assured is over-insured by double insurance each insurer is bound, as between himself and the other insurers, to contribute rateably to the loss in proportion to the amount for which he is liable under his contract.*
- If any insurer pays more than his proportion of the loss, he is entitled to maintain a **suit for contribution against the other insurers**, and is entitled to the like remedies as a surety who has paid more than his proportion of the debt."

- S.81. Deduction for under-insurance Traditionally followed that marine insurance is an agreed value policy where under insurance is not applicable. But the MIA 1963 says something different providing that

"Where the assured is insured for an amount less than the insurable value, or, in the case of a valued policy, for an amount less than the policy valuation, he is deemed to be his own insurer in respect of the uninsured balance".

So underinsurance will apply to marine insurance as per the MI Act. To clarify the provisions let us consider the following case where the surveyor recommended for under insurance

INCOTERMS 2000–International Commercial Terms

Like domestic trade, in international trade also, the exporter and the importers both have certain obligations to fulfill in order to consummate a contract. But unlike in contracts under Sale of Goods Act, in contracts of international sale, the transfer of risks and transfer of property are separated. Marine insurance management including underwriting and claims need to determine the terms of sales in various contracts of sales. In considering a proposal for cargo insurance underwriters begin with examination of the contract of sales, that specifies duties and responsibilities of the buyer and the seller; and divide the transaction costs between them. A contract of sales basically provides the following two fundamental items, which are very essential for drafting and issuing marine insurance policy:

- Terms of Sales
- The price to be paid.

These terms are varied from contract to contract, from consignment to consignment, country to country, from cargo to cargo, from market to market and so on. But these terms have had wide impact over duties and responsibilities of the buyers and sellers and transfer of ownership and risks. In some cases, buyers have the major duties commencing from carrying the goods from sellers' warehouses to the buyers' premises involving all sorts of transits, customs clearance, insurance etc. where sellers' responsibilities are the minimum. Again in some cases sellers' responsibilities are more and buyers' responsibilities are less. Further more, in international sales, transfer of property in goods (ownership) is different from the transfer of risks. The terms of contract dictate duties, responsibilities of the parties to the contracts of sales and also provide where and how the risks are being transferred from sellers to the buyers. All these aspects are very vital for the underwriters for insuring the risks of the respective parties and establishing their ownership in the property for determination of insurable interests. Businessmen from various countries have met and developed international commercial terms (INCOTERMS) to make the international sales easier and quicker. The latest version are Incoterms2000 which have been developed at the Brussels Conference under the guidance of ICC (International Chamber of Commerce). Marine cargo underwriters are required to understand INCOTERMS while considering the contract of sales for international transactions related to import and export of goods. As per Incoterms2000 there are13 terms, out of which FOB, C&F, CIF are the common ones, which we know. But others are also very important for underwriters for effective underwriting. Very precisely every term has ten points of conditions that are covered or complied with by the seller or the buyer. The first term is **EWX**; Ex-works has the least number of obligations for the seller and consequently the largest number for the buyer. Conversely the last term **DDP**, 'Delivered

Like domestic trade, in international trade also, the exporter and the importers both have certain obligations to fulfill in order to consummate a contract.

Title and risks including payment of transportation costs and insurance pass to the buyer once the goods are delivered alongside ship by the seller whether used for sea or inland waterways transport.

Duty Paid' has the largest number of obligations for the seller and the least number for the buyer. Some of the terms are discussed in brief.

- **FOB (Free on Board):** Under FOB contracts, the seller undertakes to deliver the goods over the ship's rail, at which point the risks pass from the seller to the buyer. The seller's responsibility is to pay all expenses until this point. He is to arrange for insurance up to the point. **The buyer is also responsible for insurance from the time he assumes the risks**, that is, once the goods pass the ship's rail. Sellers are responsible to clear customs dues, quality inspection charges and other export related dues. It is important that the shipment term in the bill of lading must carry the wording "Shipped on Board", it must bear the signature of the transporter or the carrier or his authorized representative with the date on which the goods are boarded. **FOB price is inclusive of Ex-Works price, packing charges, transportation charges up to the place of shipment.**
- **C&F/ CFR (Cost and Freight):** Under this term the exporter bears the cost of carriage (freight). Risk passes from the exporter to the buyer at the port of shipment. The seller gives the notice of shipment to the buyer to enable him to arrange insurance. Until shipment, the risks however remain with the shipper. **The buyer is responsible for insurance from the time he assumes the risks, that is, from the point of shipment.** The transfer of risks is the same as in FOB. The seller needs to protect his interests by insuring the risks in goods from his warehouse till the goods are loaded in the overseas vessel. **C&F price is inclusive of Ex-Works price, packing charges, transportation charges up to shipment & freight.**
- **CIF (Cost, Insurance and Freight):** The seller is responsible for insurance from own warehouse to that of the buyer at the destination point. This policy is called "warehouse to warehouse" marine policy. The policy is taken in the sellers' name and the claim is negotiated by the buyer, generally through a claims settling agent at the destination place in his own country. **The seller is responsible to arrange insurance on warehouse-to-warehouse basis protecting the interests of both the seller and the buyer.** Title and risks pass to the buyer when goods have been delivered aboard the ship at the loading point. Buyer supports the entire risk of transportation. CIF includes Cost, Freight and Insurance as the term provides.
- **EXW (Ex Works):** Title and risks pass to the buyer including payment of all transaction and insurance costs from the seller's door irrespective of mode of transportation. **The buyer (importer) arranges insurance for consignment.** The buyer has to bear all costs and risks involved in shipment transaction. Seller provides the goods for collection by the buyer on the seller's promise. Seller's responsibility is to put the goods in a good package, which is acceptable and disposable by the transport. (However if the parties wish the seller to be responsible for the loading of the goods on departure and to bear the risks and costs of loading, it needs a specific wording to the effect in the contract of sales.
- **FCP (Free Carrier Point):** The seller's responsibility is to deliver the goods into the custody of the transporter at the named points or load the goods on the buyer's vehicle. It is the buyer's responsibility to receive the seller's arriving vehicle unloaded. Thus title and risk pass to the buyer including transportation and insurance. **The buyer decides the means of transport and insurance cover.** The seller and the buyer agree upon the point of delivery of goods.
- **FAS (Free Alongside Ship):** Title and risks including payment of transportation costs and insurance pass to the buyer once the goods are delivered alongside ship by the seller whether used for sea or inland waterways transport. However export clearance obligation rests with the seller. Seller's responsibility ends as soon as the goods are placed cleared alongside the ship. **The buyer's responsibility for all expenses and insurance start with the arrival of goods alongside ship.**
- **CPT (Carriage Paid to):** This term is used for transport by rail, road, and inland waterways. The seller and exporter are responsible for the carriage of goods to the nominated destination and to pay freight for the first carrier. He is responsible to do custom clearance and

arrange and pay carrier up to the agreed destination. The buyer is responsible to pay for import customs; unloading costs and bear the risks of loss/ damage after the goods are given by the first carrier. **Thus the buyer needs to take insurance when he takes the risk on delivery by the first carrier.**

- **CIP (Carriage &Insurance Paid):** This term is almost similar to CPT except that the seller has to arrange and pay for the insurance against the risks of loss or damage of the goods during shipment. The seller has to take the insurance and pay the freight. The buyer has to pay customs and unloading charges. He supports the risks of loss or damage when the goods are given to the first carrier.
- **DAF (Delivered at Frontier):** Title, risk of damage/loss and liability for import custom clearance pass to the buyer when cargo delivered to the named border point by the seller using any mode of transportation. The term is used mainly for delivery of goods by rail or road. When the buyer takes the delivery of the goods at the agreed border point, he is responsible for all custom formalities and insurance to mitigate the risks of loss or damage to the cargo. The seller is responsible to make the goods available to the buyer by the carrier up to the customs border as defined in the contract of sales.

A different set of incoterms have been found suitable in different modes of transports which the underwriters need to know to decide the terms, conditions and warranties in the policies.

- **DES (Delivered Ex-ship):** Title, risks of loss/ damage or responsibility for discharge from vessel and import customs clearance pass to the buyer when the seller delivers goods on board the ship to destination port either for sea or inland waterways transportation. The seller is responsible to make the goods available to the buyer up to the named port or after crossing the customs border. The buyer is responsible to pay for unloading and insurance for risks arising after taking delivery at destination port.
- **DEQ (Delivered Ex-Quay):** Title and risks pass to the buyer when delivered on board the ship at the destination point by the seller who delivers goods on dock at destination point cleared for import.
- **DDU (Delivered Duty Unpaid):** Seller is responsible to make the goods available at the named place in the country of importation. The seller is responsible for all transportation cost and accepts the custom duty and taxes as per custom procedure. The buyer is responsible for compliance of import customs formalities.
- **DDP (Delivered Duty Paid):** Title and risks pass to buyer when seller delivers goods to the named destination point cleared for import. The seller is responsible to make the goods to the buyer at his risk and cost as promised by the buyer. The buyer is responsible to take delivery at a nominated point and pays the expenses for loading and insurance.

Modes of transport and appropriateness of Incoterms2000

Suitability of incoterms also depends on mode of transports. Not all terms are equally suitable for all sorts of transports. A different set of incoterms have been found suitable in different modes of transports which the underwriters need to know to decide the terms, conditions and warranties in the policies. Incoterms are classified based on suitability to the modes of transport.

These terms prescribe responsibilities and obligations of the buyers and the sellers to make the transaction complete and effective. They also specify the point of transfer of risks. These terms describing the duties and responsibilities of the parties are listed numerically in a book published by ICC. We, the underwriters need to read the books and appreciate the terms in our underwriting function for import or export businesses. Incoterms are international rules that are accepted by governments, legal authorities, businessmen and parishioners worldwide for the interpretation of the most commonly used terms in international trade. They either reduce or remove most confusions or uncertainties arising from differing interpretations of such terms in different countries. Thus marine underwriters cannot ignore them in marine insurance management.

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Stock Throughput Policy

A Viable Alternative

SAGARNIL GUPTA STATES THAT INSURANCE BUYERS, FOR GOODS IN TRANSIT AND STORAGE, INCESSANTLY SEEK OUT LESSER DEDUCTIBLES, ENHANCED PROTECTION AND LESSER PREMIUM OUTGO. HE FURTHER SAYS 'WITH SPORADIC EBB AND FLOW IN THE PROPERTY MARKET AND THE RECENT DIFFICULTY IN OBTAINING ADEQUATE CATASTROPHIC LOSS LIMITS, MOST ORGANIZATIONS ARE OPTING FOR THE MARINE MARKET AND ITS STOCK THROUGHPUT FORM AS A LUCRATIVE ALTERNATIVE TO THE PROPERTY MARKET'S WAREHOUSE AND INLAND TRANSIT COVERAGE'.

History of STP

STP is popularly known as 'Cradle to Grave' Coverage. This policy was introduced in mid 1970 mainly for the following reasons: to have a single policy as against multiple marine and property policies; to avoid property tariff; to expand marine premium during soft marine market; and to obtain broader coverage for static risks under marine portfolio.

What is Marine STP?

It is the process of insuring both stock and transit/inventory exposures under a 'Single Policy' to ensure seamless protection to the assured on a worldwide basis.

To whom it can be issued?

Stock Throughput Policy is perfect for organizations that source raw materials or semi finished goods for further value addition. These organizations then store and distribute finished goods across the world.

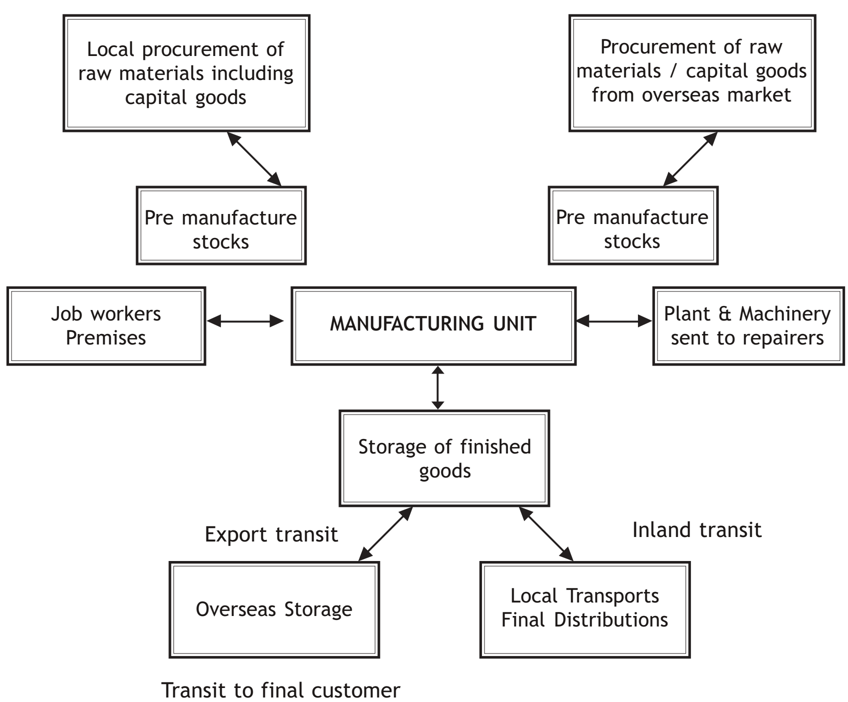
Scope of STP

Inputs & Output: Raw materials, Work in Progress and Finished Goods that are in transit on World to World basis. All locations are covered such as assured's factory (ies)/ Job Workers/ Sub-Contractors/ Warehouses (3rd Party taken on lease or on rent) when cargoes are not in course of transit within the meaning of Marine Insurance.

Movements of other items related to operations as for example:

- Import of plant and machinery on C&F/ FOB or similar terms
- Import of plant and machinery on CIF terms with DIC extension.
- Purchase of plant and machinery from local/domestic market
- To & Fro journey when plant or machinery sent to repairer's workshop for repairing and overhauling etc.

Here is a diagrammatic representation of the scope of STP.



> **This policy is very simple to administer since there is no need for declaring individual shipments. It is adjusted against final sales value/ turnover achieved by the company.**

Why Stock risk is different from Transit risks (in course of transit)

This is a static risk, always exposed to fire, AOG and social perils.

Total exposure of inventory/stock at any point of time in a particular area/ region is always greater than the single carrying limit.

Stocks are usually kept at various 3rd party locations where different cargoes can be stored/kept (including hazardous and non hazardous material) and warehouse keepers tend to offer less care in terms of handling and storage etc.

Severity Analysis

Line	Claims Frequency	Size of the loss
Static	Low	High
Marine	Low to Medium	Low to Medium

Risk Covered

There are two ways of underwriting a Marine Stock Throughput policy.

1. All Risks: All Risks of physical loss or damage from any external cause.
2. Transit Risk on All Risks basis and Static Risk other than in course of transit on named perils basis (with add on covers).

Major Exclusions

Goods at retail outlets, insured property (ies) in the open or outbuilding, any property other than the subject matter insured, policy deductible, consequential loss / legal liability, loss resulting from unexplained or mysterious disappearance or shortage discovered on taking inventory, misplacing or misfiling of information or clerical or accounting errors, loss or damage to goods and merchandise caused by or resulting from misappropriation, conversion, infidelity or any dishonest act on the part of the assured or other party of interest, his or their employees or agents, processing risks, theft unless following forcible and/or violent entry into or exit from the premises and act of terrorism are some of the major exclusions.

Benefits of STP from Assured's point of view

- Seamless Protection: A single policy provides comprehensive protection against both, Transit (Inland & Ocean Marine) and Inventory/Stock exposures.
- Coverage: STP offers broader coverage under static risk as against Standalone Property policy.
- Premium payment: Premium can be paid in installments in order to assist cash flow of the company.
- Policy Administration: This policy is very simple to administer since there is no need for declaring individual shipments. It is adjusted against final sales value/ turnover achieved by the company.
- It helps in elimination of duplicity of coverage - no need for multiple policies for both transit and inventory/ stock risks.
- It also eliminates dispute on concealed damage claims between Marine and Property Underwriters.

Marine STP - Challenges for Insurers

Marine Stock Throughput Policy has the following challenging features:

- Need for co-ordination between Marine Underwriter and Property Underwriter for pricing and terms for static risks.
- Continuous review of static risk in order to control accumulation for AOG/ Social perils.
- Requirement of loss control effort through COPE (Construction, Occupation, Protection and Exposure) Survey where the value of stock is high in named locations.
- There is no standard policy form for Marine STP since each risk is unique and each policy needs to be tailor-made in terms of deductible, basis of valuation, price, scope of cover, exclusions, warranties etc.
- Soft market conditions force Marine Underwriters to accept undesired extensions.
- A single static risk loss can have negative impact on marine book.

Philosophy

Only write legitimate STP to support cargo business.

Underwriting Process

- Cardinal Principles for writing Stock Throughput Policy:
  - You are a marine underwriter.
  - Do not try to cross subsidize (Static and Marine premium)
  - Stock and Marine Risks need to be evaluated separately.
  - Examine the logistics chain of the company thoroughly.
  - Evaluate the ratio between inputs and output.
  - Accumulation control is a must.
  - Analyze closing stock ratio.
  - Assess average period of stock holding.
  - Appraise the basis of valuation.
  - Scope of both Proportional and XOL treaties.

- Production process of the goods.
- Never ever assume under STP. Understand the risks.
- Sale terms (both Import, Domestic - both purchases & sales; and Export).
- Parity between single carrying limit, and limit per location (other than in course of transit).
- Survey of named locations/loss control survey.

Risk Analysis Process

Rule I

Non Static Risk (Marine):

- Type of cargoes (Inputs & Output/s).
- Packing details
- Loss Statistics for 5 years
- Conveyance: Ocean going Vessel, Air, Rail, Road, Own Vehicle etc
- Limit per Conveyance
- Limit per Location (In course of Transit)
- Deductible
- Basis of Valuation - stage wise
- Turnover – Break-up of sales: Domestic, Exports & Turnover of Inputs with break of import & Inland Procurements.
- Sale terms

Analyze the Interest from Fire and Crime risks point of view. Also consider geographical spread.

Rule II

- Limit per Location (Named Location) and Maximum Aggregate Value of stock at any given point of time at all named locations
- Limit per Location (Un-named Location) and Maximum Aggregate Value at any point of time at all un-named locations.
- Loss statistics for five years.

Rule III

Static Risks

Interest: Analyze the Interest from Fire and Crime risks point of view. Also consider geographical spread.

COPE Analysis/Survey

Construction	Occupancy	Protection	Exposure
Year of Construction	Owned/Leased	Lightning Conductor	Value/PML
Storage Area	Single Occupancy/ Multiple Occupancy	Hydrant System	Earthquake
No of Storey	Description of Stock /Average period of Storage	Sprinkler	Flood
Roof	Type of Cargo Stored (Hazardous / Non Hazardous)	No Smoking Regulation/Smoke Detector	Windstorm
Pillars	Packing	Portable Fire Extinguisher	Burglary/Theft
Floor	Type of Storage/ Height of Storage	Burglar Alarm System	Arson
Walls	General Housekeeping	Watchman/ 24 Hours Security	Surroundings
Basement Storage	Method of Storage Inventory - Computer/ Manually/Maximum Value of Stock at any point of time	Nearest Fire Brigade	Water logging/ Inundation

Rule IV

Accumulation Control
Reason for Accumulation Control: To reduce the exposure.
List of Named Locations: (Accumulation Control Sheet)

Sl. No.	Name of Processing Unit/ Warehouse	Interest Covered	City	District	State	Address	Pin Code	Value at Risk

Pricing

A single rate is applied on estimated annual turnover of the company which is subject to final adjustment on the basis of actual turnover achieved.

Considering the above, logical steps for calculating the rate:

Step I
Calculate the Transit premium separately as per your underwriting guidelines.

Step II
Calculate the Static premium which includes premium for crime risk. Whenever you have any doubt regarding pricing on Static risk please consult with your Property Underwriter for his/her guidance since you are the marine underwriter. Where there is geographical spread, premium can be calculated on weighted average basis considering COPE factors.

Step III
Consider the R/I market including terms and additional price for placing Excess, if any.

Discounts
- Favorable claims experience
- Spread discounts
- Opt for higher deductible under Static Risks.

Loading
Adverse claims experience

Deductible
- Do not write any business without Storage Deductible.
- Deductible for Static risk should not be less than the Transit Deductible.
- Increase the Deductible if the cargo is exposed to crime risk and/or AOG perils.

Issues in the Indian Market

The Indian insurance market needs more expertise to underwrite this specialized class of business in terms of coverage, pricing and deductible.

The following are certain concerns when underwriting a STP Policy:

- Quality Issues: Construction/Occupancy/Protection of the Warehouse/Storage Premises
- Nat Cat Exposures
- Social Perils
- Accumulation Control
- RI Support/Capacity

Where there is geographical spread, premium can be calculated on weighted average basis considering COPE factors.

The author is National Head – Marine and Liability Underwriting, Bharti AXA General Insurance Co Ltd.

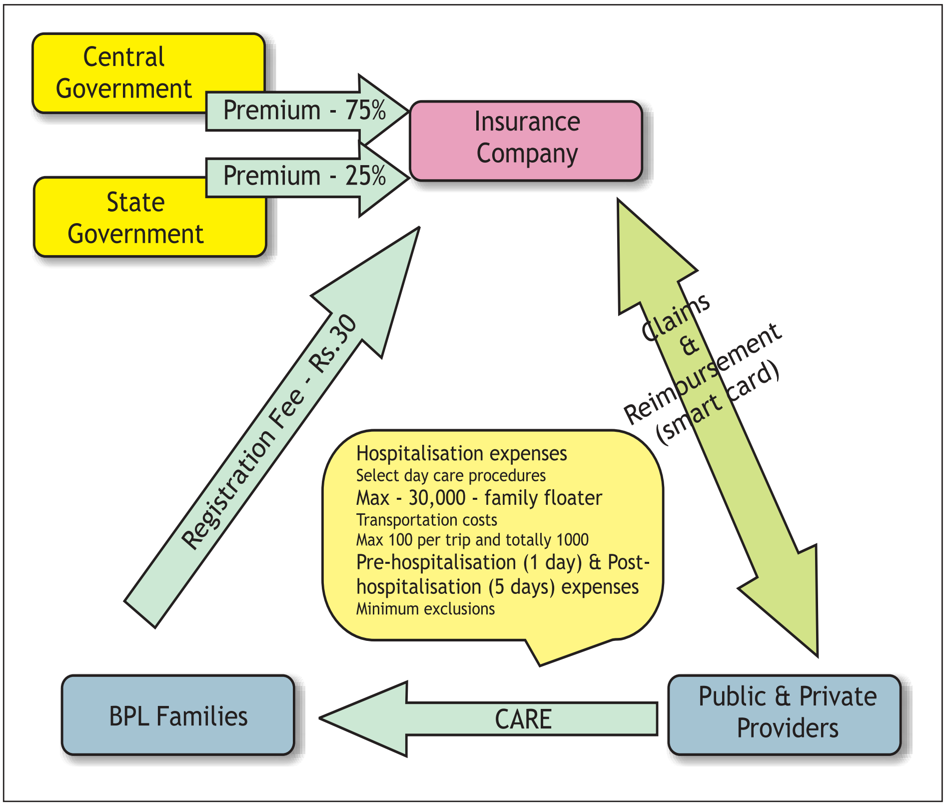
Rashtriya Swasthya Bima Yojana

An Overview

Dr. N. Devadasan and Mr. Anil Swarup opine that there is need to formulate a design for providing easy access to healthcare for the poor of the country; and the RSBY is a great step in this direction although it is replete with huge challenges.

The Rashtriya Swasthya Bima Yojana (RSBY) is a health insurance scheme for "Below Poverty Line" (BPL) workers in the unorganised sector. It was formally launched on the 1st of October, 2007 by the Central Government and is a part of the ongoing process by which the present government at the Centre has initiated for providing social security for workers in the unorganised sector. A Bill has also been introduced in Parliament during the month of September, 2007. The RSBY is supposed to become operational from the next financial year, i.e. 2008 - 2009. All the 600 districts of the country are to be covered in a phased manner by 2012. The main objective of this scheme is to provide health security for the BPL workers in the unorganised sector and their families through an insurance cover for hospital expenses. It is hoped that the scheme would protect this vulnerable section of the population from catastrophic medical expenditure

The design of the scheme



Implementing agency

An insurance company is the implementing agency. The company will be selected by the state government based on competitive bidding. All insurance companies registered with the IRDA are eligible to compete. Those that have the capacity and offer the lowest premium will be offered the opportunity to implement the scheme in the state. They have a lot of responsibility, ranging from enrolling BPL families, to empanelling providers to processing the claims and reimbursements and monitoring the entire scheme in the districts *(Box 1)*. Their performance will be assessed and if found unsatisfactory, the contract can be revoked.

Box 1: Some of the roles of the insurance company in implementing the RSBY

• Accrediting and empanelling hospitals – public (including ESI) and private	• Development of grievance redressal mechanism
• Marketing of the scheme through NGOs	• Claims and reimbursements
• Distributing the smart cards	• Reporting to the state government

Community

All below poverty line (BPL) families (both urban and rural) are eligible to enrol in this scheme. In the first year, the scheme will be implemented only in 120 districts of the country. Each year, another 120 districts will be added to this list. The criterion for BPL is as prescribed by the Planning Commission of India. Only two adults and their three dependent and unmarried children are eligible per family. Elderly parents will get the benefit as a separate family provided they are a part of the BPL list.

The insurance company is expected to enrol the BPL families with the help of local and credible non-governmental organisations (NGOs) / Community based organisations (CBOs) / panchayat members. The NGO will create awareness among the BPL community. Once this has taken place, a representative each from the NGO, the State Government and the smart card agency will visit the BPL families in their villages for identification and delivery of smart card. Those families desiring to be enrolled will have to pay a registration fee of Rs. 30. These families in return will immediately receive a smart card ***(Box 2)*** with their family details (including thumb print). This will then act as a proof of identification when the BPL insured patient goes to the hospital for admission. Initial enrolment will be periodic (once a quarter). There will be a waiting period of a couple of months before the individual can avail of the benefits.

Premium

The premium is to be determined on the basis of an open tender process. Insurance companies will have to bid and the company that fulfils the technical criteria and has the lowest premium will be chosen. 75% of the premium for the basic package (up to a maximum of Rs. 565 per family of five) will be paid by the Government of India, and the balance 25% of the premium will have to be borne by the State government. The governments will pay the premium to the insurance company commensurate with the number of BPL families enrolled. The Central government will also contribute Rs.60 as the cost of the smart card. The State government is to meet the premium for any additional benefits or administration costs.

Benefits

The insured BPL patient is covered for hospitalisation expenses in empanelled hospitals. Select daycare procedures like haemo-dialysis, tonsillectomy, laparoscopic procedures, treatment of fractures etc. are also covered by the scheme. Most conditions are covered by this scheme and exclusions are minimised ***(Box 3).*** However, the list of exclusions may be modified by the individual state governments.

The maximum cover for a family of five is Rs. 30,000 per year, on a family floater basis. This can thus be used by a single family member through one admission or many family members through multiple admissions.

Other than the above benefits, the scheme also covers pre-hospitalisation expenses for one day and post-hospitalisation expenses for 5 days as well as transport expenses (up to a maximum of Rs. 1000 per family per year). This is the basic package and is non-negotiable. Each state government is free to add on more benefits, but will have to bear 100% of the extra premium for these additional benefits.

The Ministry of Labour is in the process of developing a list of medical procedures and the costs thereof. This will ensure that costs remain within limits and the health service provider cannot charge unreasonably.

Box 2: Smart cards for the Rashtriya Swasthya Bima Yojana

The smart card will be issued by the insurance company and will have the details of the family, including thumb print, the insurance status, the amount of money used for previous hospitalisations and the amount of money left for use.

A team will visit each village armed with a laptop, a smart card printer, a finger print reader and a digital camera. They enrol the BPL families and issue the smart card on the spot.

All empanelled hospitals are expected to have a smart card reader (~ Rs. 12,000). When the patient produces the smart card, it is validated by the thumb print. After that, all the transactions are entered into the reader (off-line). Once a day, this data is transmitted to a central server through an ordinary telephone line (with 64 kbps transmission speed) or even a mobile phone.

This smart card should be eventually applicable anywhere in the country. This is particularly useful for migratory families who can use this even in the cities. While the card is a family card, a family can ask for individual cards but will have to pay for the same.

Box 3: Tentative list of exclusions under the Rashtriya Swasthya Bima Yojana

- Conditions that do not require hospitalization
- Conditions that are treated at home
- Congenital external diseases
- Drug and Alcohol Induced illness
- AIDS/HIV
- Sterilization and Fertility related procedures
- Vaccination
- Sexually transmitted diseases
- War, Nuclear invasion
- Suicide
- Naturopathy.

Providers

Both public (including ESI) as well as private hospitals can provide health services under this scheme. However, only those hospitals that meet specific conditions are to be empanelled by the insurance companies. Some of these conditions are – at least 10 beds, qualified doctors and nurses, a telephone line, basic record keeping and registration with the Income tax.

The BPL patient is expected to go to the hospital with the smart card. If the patient requires admission, a staff member at the hospital will verify the identity and ascertain the eligibility through a smart card reading machine installed in each network hospital. The thumb-impression, embedded in the chip of the smart card, will facilitate such verification. The patient will then be admitted and treated. The diagnosis would be fed into the smart card reader which would then automatically calculate the pre-fixed charge for that diagnosis. Once a day, this data (of the patient and the illness and the fixed charge for treating this illness) will be transferred to a central data base that allows the insurance company to monitor the admissions in various hospitals. The data transmission requires a smart card reader (that the hospitals will purchase) and a phone line with 64kbps capacity for data transfer. At the time of discharge, the amount spent on the beneficiary will be debited from the credit of the insurance amount in the chip. So, in effect, the patient does not have to pay any money at the time of discharge.

Implementation of the scheme

State governments have been assigned the responsibility of implementing the scheme. They are the ones who will plan the projects, within the guidelines of the Rashtriya Swasthya Bima Yojana. They will submit a detailed proposal to the Ministry of Labour and Employment to avail the 75% subsidy from the Government of India. The proposal should contain certain key elements (given in the guidelines). States have to identify an autonomous body that will provide the oversight and guidance to the scheme. Other than this, the proposal should throw light on how the state government plans to contract insurance companies; create awareness among the BPL community; distribute smart cards. Finally, the state government will have delineated the roles and responsibilities of each of the stakeholders. The roles of each of the stakeholders are given in ***Table 1.***

Comments on the RSBY

The Rashtriya Swasthya Bima Yojana is the third health insurance scheme from the government of India's stable. The earlier ones (Universal Health Insurance Scheme and the National Rural Health Mission) were launched by the Ministry of Finance and Health respectively. The RSBY attempts to learn from these and other such schemes that are being administered at various levels by different agencies. Like the earlier schemes, it covers the BPL families, but unlike the UHIS, the RSBY has opened up the scheme to both public and private sector insurance companies. Secondly, it has insisted on a cashless system, thereby attempting to replace the reimbursement model, once and for all. Thirdly, it covers all the common ailments and minimises exclusions. And finally, it spells out in detail the roles and responsibilities of each of the stakeholder. A lot of effort has gone into standardising various processes like developing the tender document, list of diseases and their costs. The Union Labour Ministry is also assisting the State Governments in formulating the projects

It is also hoped that by this form of demand side financing, where the money follows the patient, the most vulnerable sections of society will have access to quality care. And once private entrepreneurs see the possibility of an income, they may be

Table 1: Roles of each of the stakeholders in the Rashtriya Swasthya Bima Yojana

Activities	Central Govt	State Govt	Insurance Co.	NGO	Provider	Community
Finalising the projects, (benefit package and implementation arrangements)		✓				
Appointing an insurance company		✓				
Applying to the Central government		✓				
Clearance by the Central government	✓					
Identifying the BPL families		✓				
Creating awareness among the community			✓	✓		
Distributing smart cards and instruction manuals			✓	✓		✓
Empanelling providers			✓			
Setting up the card readers and back end operations			✓			
Paying the premium to the insurance company	✓	✓				
Patient uses the empanelled facility					✓	✓
Claims submitted to the insurance company					✓	
Reimbursement to the provider			✓			
Monitoring of the scheme	✓	✓	✓			

willing to open up hospitals even in rural areas to tap this 'market.' This may balance out the urban – rural divide.

Having said that, there is still a long way to go. The real test would be in issuing the smart card in rural locations and in convincing the beneficiaries for paying the registration fee of Rs.30/-. In the next section we discuss some of the challenges in implementing this scheme.

The insurance company as the implementing agency

The insurance company has been assigned the onerous task of implementing the scheme. This is the most challenging part of the scheme wherein the insurance companies will have to build capacity in terms of human resources, infrastructure and finances. The RSBY suggests that the insurance companies partner with local and credible NGOs for reaching out to the beneficiaries. This requires a paradigm shift as usually the insurance companies are comfortable in underwriting, not addressing in social issues, like creating awareness or in issues like empanelling providers and ensuring that they adhere to quality classes.

There are a few ethical issues to be considered. Apprehensions have been expressed with regard to a possibility of the insurance companies handing out smart cards to ineligible persons/families to increase the numbers with a view to garnering additional premium amount from the government. However, this may not be as easy an exercise as it may sound as each beneficiary has to be identified and authenticated in public by a government official. Verifications will also be undertaken subsequently.

The tendency of the insurance companies to empanel as few hospitals as possible will have to be checked upfront while evaluating the quotes as well as when a contract is being entered into between the States and the insurance companies.

Smart-Cards

Much of the scepticism regarding the scheme centres around the smart card. However, without the smart card the scheme would be a non-starter. Critical to the scheme is its cashless feature which can easily ride on the smart card. The smart card also enables interoperability in all the network hospitals right through the country. This feature too is essential in view of the migratory nature of BPL population. Moreover, biometric model in this smart card will ensure that only bona fide patients receive treatment. The success of the scheme depends upon the smooth delivery and operation of the smart card. Though this technology has been tested in many micro finance institutions, scaling it up in rural areas will be the real challenge. It has to be seen whether such a technology will be able to withstand the rugged conditions of rural India. There are other associated operational issues with regard to maintenance, break downs and back-up. The distribution of smart cards itself will be an enormous task which requires huge technical manpower and hardware and, above all, meticulous planning.

Providers

The focus on both public and private providers is an attempt at trying to improve access to health care for the BPL patients. The public sector would be incentivised to improve the quality of services to attract the BPL patients and thereby receive the reimbursements. This would help these beleaguered and under funded CHCs and district hospitals to use the money to improve their infrastructure, personnel and drug supply. However, as BPL person becomes a VIP, the public hospitals will have to evolve a mechanism to keep those above poverty line contented. For all this to happen, the public hospitals needs to evolve a performance based incentive system, so that the government staff are motivated by the extra income.

The bogey of fraud is ever present in the Indian insurance scene. While the smart card is an attempt in the direction to minimise this, one cannot rule out the possibility of frauds where the APL landlord orders his BPL labourer to accompany him to the hospital with the smart card. The landlord could then compel the labourer to affix his thumbprint on the smart card reader (in collusion with the hospital authorities) and then avail the benefits. However, such instances can be detected by random checks and will have to be dealt strictly, especially by black listing the hospital concerned. The other possibility of fraud would be when the hospital charges the insurance company as well as recovers part of the bill from the patient, resulting in double billing. However competition amongst hospitals is likely to take care of this problem, as patients will identify these rotten apples and will approach only the genuine providers.

Conclusions

The RSBY is an attempt at providing health security to the poor of our country. There could indeed be some problems and challenges but it has a potential for success if it is implemented with the same rigour and passion with which this scheme has been conceptualised. The biggest challenges are roles of insurance companies and the smart cards. Only time will tell how these two will face up to the challenge that is Bharat.

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प्रकाशक का संदेश

बीमा लेखन के मैरिन बीमा एक चमकदार क्षेत्र है। यह केवल बीमा क्षेत्र में निपुणता की जांच नहीं करता वरन् अन्य तथ्यों जो भूगोल के ज्ञान जल मार्ग, अन्तराष्ट्रीय व्यवसाय औपचारिकता इत्यादि शामिल है। आगे उन्हें अपनी निपूर्णता को भौगोलिक समकालिक परिपाटियों आधार पर तथा व्यवसाय से जुडी संवेदनशीलता का ध्यान रखते हुए। इस बात पर जोर डालने की जरूरत नहीं कि जहाँ पुलिसिया या पर्यवेक्षण कमजोर होता है वहाँ कपट की गतिविधियां बहुतायत में होती है।

ऐतिहासिक रूप से, कपटी तत्वों से कमजोर नियमों का फायदा उठाया है तथा एक विशेष क्षेत्र में अपने हितों को आगे बढाया है। अतः यह बिना कारण के नहीं है कि मैरिन बीमा ऐसे क्षेत्रों में नौवहन भेजने में ऐसे बंदरगाहो से तथा वहां से गुजरने के लिए संवेदनशील रहा है। नौवहन के कपट के लिए सुविधानुसार झण्डे फहराना बहुत पुरानी परिपाटी रही है तथा बीमाकर्ता के विशेष ध्यान का खिचती है। बीमाकर्ता को नौवहन किये गए माल की गुणवत्ता पर भी ध्यान देना चाहिये तथा जहाज के इतिहास तथा स्थिति पर भी ध्यान देना चाहिये जिससे बीमा लेखन से पहले यह सुनिश्चित किया जा सके की कोई गलत कार्य नहीं हो रहा।

सिद्धांत रूप में भी मैरिन बीमा अन्य प्रकार के बीमा से अलग है और इसके लिए विशेष फौशल की आवश्यकता है बीमा हित जो किसी बीमा क्रय का आधार होता है वह स्वयं में ही इस वर्ग में विशेष है अन्य तत्वों जैसे बीमा का लेखा, बहुविकल्प दावे इत्यादि नवीनतम विकास को अध्यतन बनाने के लिये अन्तराष्ट्रीय सम्मेलन तथा प्रथा मैरिन बीमा लेखन को एक आवश्यक आहर्त है।

इस अंक के केन्द्र बिन्दु में 'मैरिन बीमा' अपनी सम्पूर्णता में है। कर बचाने के लिए विशेष औजार के रूप में जो आवश्यक जोखिम आवरण प्रदान करता है तथा साथ ती बाजार की वृद्धि में भागीदारी करता है। जीवन बीमा उत्पादों में व्यापक परिवर्तन हुआ है। जर्नल के अगले अंक के केन्द्र बिन्दु में 'जीवन बीमा उत्पाद' होगे।

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दृष्टि कोण

मैं यह आशा करती हूं कि विभ्भिन उत्पदों के बीमालेखन मानको के लिए पहली आवश्यकताओं में प्रकटिकरण आवश्यकता हो सकती है।

सुश्री सेंडी प्रेगर

अध्यक्ष, नैशनल एसोसिएषन आफ इंशुरेंस कमीशनर (एन ए आई सी)
तथा कनसास बीमा कमीशनर

(एशिया) क्षेत्र को मजबूत करने में अनुभव को बाटँना ज्ञान तथा विशेषज्ञता विपति के समय प्रबन्धन जा बडे प्रचालन रुकावटो तथा संकट में वित्तिय संस्थान तथा बाजार रुकावटों से निपटने का सामर्थ रखता हो।

सुश्री टीओ स्वी लियान

उप प्रबन्धन निदेशन,प्रुडेंशल पर्यवेक्षण, मोनेटरी प्राधिकरण, सिंगपूर

एक अच्छे विनियामक वातावरण में वित्तिय संस्थान को प्रोत्साहित किया जायेगा सृजनात्मक विचार अपनी पहल पर लेने के लिए, तथा यह तथ्य बेहतर वित्तिय सेवा की तरह ली जायेगा।

श्री तकाफुमि सेटो

कमीशनर, फाईनेंशल सर्विस एजेन्सी, जापान

व्यक्तियों के प्रोफाईल के अनुसार (प्रिमियम) में कभी आयेगी। हम चाहते है मूल्य निर्धारण अधिक तर्क संगत हो। बीमाकर्ता को जोखिम आधारित मूल्य अवधारणा प्रिमियम निर्धारण करने के लिए करनी जाहिए।

श्री सी एस राव

अध्यक्ष, बीमा विनियामक विकास प्राधिकरण, भारत

अव्यवस्था भी एक बडी समस्या है, तथा मुख्य सुचना तीव्रता से संचारित नहीं होती है। यह कठिन हो जाता है कि किस उत्पाद के लिए कौन सा उपयोक्ता ठीक रहेगा।

सुश्री साराह विल्सन

निदेशक तथा बीमा क्षेत्र की नेता, एफ एस ए, यूके

यह स्पष्ट रूप से समझना चहिये की विनियामक पूँजी आवश्यकताएँ कम से कम है जिन्हें बीमाकर्ता को अवश्य पूरा करना चाहिये, उस स्तर पर नही जहाँ वह अपना व्यवसाय संचालित करते हैं।

श्री टोम कार्प

कार्यकारी महा प्रबन्धक, आस्ट्रेलिया प्रुडेंशल विनियामक प्रधिकरण

"

अभिकर्त्ता क्यों और कैसे

पिछले अंक से आगे...

प्रधान द्वारा एजेन्सी सद्द करने अथवा एजेन्ट के व्दारा परित्याग करने पर क्षति पूर्ति

एजेन्सी अनुबंध चाहे व्यक्त हैं अथवा गर्भित, यदि किसी निर्धारित समय के लिये हैं तो प्रधान एजेन्ट को तथा एजेन्ट स्वामी को स्थिति उनुसार बिना उचित कारण दिये समय से पूर्व एजेन्सी को समाप्त करने अथवा परित्याग करने पर क्षति पूर्ति करेगा।

निरस्त करने अथवा परित्याग करने का नोटिस

एजेन्सी को समाप्त करने अथवा उसका परित्याग करने का उचित नोटिस देना अनिवार्य है अन्यथा प्रधान अथवा एजेन्ट को कोई हानि होती है तो स्थिति अनुसार एक दूसरे की क्षति की पूर्ति करेंगे।

एजेन्सी का निरस्तीकरण एवं परित्याग व्यक्त अथवा गर्भित हो सकता है

एजेन्सी का निरस्तीकरण एवं परित्याग व्यक्त अथवा गर्भित हो सकता जो स्वामी अथवा एजेन्ट के व्यवहार पर निर्भर करता है।

उदाहरण

क ने ख को अपने मकान को किराए पर देने के लिए अधिकार सौंपा। लेकिन बाद में 'क' ने स्वयं ही इसे किराए पर दे दिया। यह 'ब' के अधिकार का गर्भित निरस्तीकरण है।

एजेन्ट के अधिकार के निरस्तीकरण का एजेन्ट एवं तृतीय पक्ष पर प्रभाव

एजेन्ट के अधिकार के निरस्तीकरण से एजेन्ट तब तक प्रभावित नहीं होगा जब तक कि उसे इसका ज्ञान नहीं हो जाएगा। इसी प्रकार तृतीय पक्ष भी इस सम्बन्ध में उसको जानकारी मिलने के पश्चात ही प्रभावित होगा।

प्रधान की मृत्यु अथवा पागल हो जाने के कारण एजेन्सी की समाप्ति पर एजेन्ट का दायत्व

प्रधान की मृत्यु अथवा उसके पागल हो जाने के कारण एजेन्सी की समाप्ति पर एजेन्ट अपने दिवंगत स्वामी के प्रतिनिधि की ओर से उसको सौंपे गये हितों के सरंक्षण एवं सुरक्षा के लिए सभी आवश्यक कदम उठाने के लिए बाध्य होगा।

एजेन्ट के अधिकार के निरस्तीकरण से एजेन्ट तब तक प्रभावित नहीं होगा जब तक कि उसे इसका ज्ञान नहीं हो जाएगा। इसी प्रकार तृतीय पक्ष भी इस सम्बन्ध में उसको जानकारी मिलने के पश्चात ही प्रभावित होगा।

सब-एजेन्ट के अधिकार की समाप्ति

एजेन्ट के अधिकारों के निरस्त हो जाने पर (एजेन्ट के अधिकार की समाप्ति से संबन्धित दिये गये नियमों के अनुसार) उसके द्वारा नियुक्त सभी सब ऐजेन्टों के अधिकार भी समाप्त हो जाऐंगे।

एजेन्ट के प्रधान के प्रति दायत्वः

प्रधान के व्यवसाय के संचालन का दयित्वः

ऐजेन्ट, प्रधान के द्वारा दिये निर्देशों के अनुसार अथवा इस प्रकार के निर्देशों के अभाव में एजेन्ट द्वारा व्यवसाय के संचालन के स्थान पर उसी प्रकार के व्यवसाय के संचालन संबन्धि प्रचलित रीतियों के अनुसार अपने स्वामी के व्यवसाय का संचालन करने के लिए बाध्य होगा । यदि एजेन्ट इसके विरूध्द आचरण करता है तो प्रधान को होने वाली हानि को वह पूरा करेगा और यदि लाभ होता है तो उसे वह स्वामी को सौंपेगा।

एजेन्ट के लिए आवश्यक कौशल एवं उध्यम

यदि स्वामी ने कोई विशेष चातुर्य की कमी न देखी हो तो एजेन्ट, एजेन्सी कार्य को उसी कौशल से करने के लिए बाध्य होगा जो उसी प्रकार के व्यवसाय में लगे अन्य व्यक्तियों में होता है। एजेन्ट उचित कर्मठता दिखाने, अपना पूरा कौशल का उपयोग करने तथा अपने स्वामी को उसके अपनी लापरवाही, कौशल की कमी अथवा कुप्रबन्ध के प्रत्यक्ष परिणाम के रूप में क्षति की पूर्ति के लिए बाध्य है। लेकिन यदि क्षति इस प्रकार की लापरवाही, अकुशलता अथवा कुप्रबन्ध का अप्रत्क्ष अथवा दूरस्थ परिणाम है तब वह क्षति पूर्ति के लिए बाध्य नहीं होगा।

एजेन्ट का उतरदायित्व

मांगने पर एजेन्ट को अपने स्वामी को सही हिसाब देना आवश्यक है।

एजेन्ट का स्वामी के साथ संवाद एजेन्ट का दयित्व

एजेन्ट का कर्तव्य है कि वह कठिनाई में अपने स्वामी के साथ मनोयोग से संवाद बनाए रखे तथा उससे दिशा निर्देश प्राप्त करता रहे।

एजेन्ट द्वारा एजेन्सी कार्यो को बिना स्वामी की सहमति के स्वयं की इच्छानुसार करने पर स्वामी के अधिकार

यदि एजेन्ट बिना स्वामी की सहमती के तथा उसे बिना उन तथ्यों से अवगत कराए जिनकी

एजेन्ट के रूप में कार्य करने का प्रतिफल इन सभी राशियों को एजेन्ट स्वामी के खाते में प्राप्त राशि में से रोक सकता है।

उसे जानकारी हुई है एजेन्सी के कार्य को स्वयं की इच्छानुसार करता है तोः स्वामी उस लेने देन को रद्द कर सकता है यदि यह सिध्द हो जाता है कि एजेन्ट ने उससे मूल तथ्यों को बेईमानी से छुपाया है अथवा एजेन्ट के कार्यों से उसे हानि हुई है।

क. 'क' 'ख' को अपनी भू-संपत्ति को बेचने का दयित्व सौपता है। 'ख' उसे 'स' के नाम से अपने लिए खरीद लेता है । इस तथ्य के उजागर होने पर कि 'ख' ने संपत्ति अपने लिये खरीदी है तो वह बिक्री को रद्द कर सकता है लेकिन उसे सिध्द करना होगा कि 'ख' ने मूल तथ्य को जान बूझ कर छुपाया था अथवा स्वामी को इस सौदे से कोई घाटा हुआ था।

ख. 'क' 'ख' को अपनी भू-सेपत्ति बेचने का अधिकार देता हैं। बेचने से पूर्व भू संपत्ति की जांच करते समय उसे वहां एक खान का पता चलता है जिसके संबन्ध में 'क' को कोई ज्ञान नहीं है। 'ख' 'क' को सूचित करता है कि इस भू भाग को वह स्वयं क्रय करना चाहता है परन्तु खान के संबन्ध में वह 'क' को कुछ नहीं बताता। 'क' 'ख' को इसके क्रय की अनुमति दे देता है। बाद में पता चलने पर कि 'ख' को क्रय के समय खान का ज्ञान था 'क' अपनी इच्छानुसार सौदे को रद्द कर सकता है अथवा बिक्री को मान्यता दे सकता है।

एजेन्ट द्वारा सुपुर्द कार्य को स्वेच्छानुसार से करने होने वाले लाभ पर प्रधान का अधिकार

यदि एजेन्ट उसको सौंपे कार्य को बिना स्वामी को बताये, स्वामी के नाम से न कर अपने नाम से करता हे तो इसी एजेन्ट को इस सौदे से होने वाले लाभ पर स्वामी का अधिकार होगा।

एजेन्ट का स्वामी के खाते में प्राप्त राशि में से राशि रोकने का अधिकार

कार्य को पूरा करने के लिए यदि एजेन्ट ने कोई राशि अग्रिम दी है अथवा कोई व्यय किये हैं तथा एजेन्ट के रूप में कार्य करने का प्रतिफल इन सभी राशियों को एजेन्ट स्वामी के खाते में प्राप्त राशि में से रोक सकता है।

एजेन्ट का प्रधान / स्वामी के लिए प्राप्त राशि का भुगतान करने का दायत्व

पूर्व अनुभाग में दी गई मदों की राशि को काटकर स्वामी के खाते में प्राप्त राशि को स्वामी को दे देना एजेन्ट का कर्तव्य है।

एजेन्ट के प्रतिफल के देय होने पर

जब तक की कोई विशेष अनुबंध नहीं है एजेन्ट को इसकी सेवाओं का प्रतिफल तब तक देय नहीं होगा जब तक कि वह कार्य को पूरा नहीं कर लेता है । लेकिन वह वस्तुओं की बिक्री से प्राप्त राशि को रोक सकता है यधपि बिक्री के लिए उसको प्रेषित पूरे माल का विक्रय नहीं हुआ है या फिर बिक्री का सौदा अभी अधूरा है।

कार्य के कु-प्रबन्धन के लिए एजेन्ट प्रतिफल का अधिकारी नहीं

यदि एजेन्ट अपने कार्य का भली भांति न करने का दोषी है तो कार्य के उस भाग के लिए जिसको उसने उचित ढंग से नहीं किया है प्रतिफल का अधकारी नहीं है।

उदाहरणः क ने ख को 'स' से 1000 रूपये वसूलने के लिये नियुक्त किया है। ख के कु-प्रबन्ध्ध के कारण से रूपयों की वसूली नहीं हो सकी । ख को अपनी सेवाओं के लिये प्रतिफल प्राप्त करने का अधिकार नहीं है तथा उसे हानि की पूर्ति करनी होगी।

स्वामी की संपत्ति पर एजेन्ट का ग्रहणाधिकार

अन्यथा अनुबंधन होने की दशा में एजेन्ट को अपने पास रखे स्वामी के माल, कागजात एवं अन्य चल अथवा अचल संपत्ति को तब तक रोके रखने का अधिकार है जब तक कि उसका कमीशन, किसी प्रकार का भुगतान अथवा अन्य सेवाओं के लिए देय राशि का भुगतान न किया जाय अथवा उसके खाते में जमा न किया जाय।

प्रधान, के एजेन्ट के प्रति कर्तव्य

एजेन्ट द्वारा किये गये वैध कार्यों के परिणाम स्वरूप उसको होने वाली क्षति की पूर्ति

एजेन्ट को दिये गयै अधिकारों का उपयोग करने के मध्य सभी वैध कार्यों के परिणाम स्वरूप उसको यदि कोई क्षति होती है तो स्वामी उसकी क्षति पर्ति के लिये उत्तरदायी होगा। एजेन्ट द्वारा सद्भावना पूर्ण कार्य करने के परिणाम स्वरूप होने वाली क्षति की पूर्तिः

जब एक व्यक्ति दूसरे व्यक्ति को किसी कार्य को करने के लिये एजेन्ट के रूप में नियुक्त करता है तथा वह दूसरा व्यक्ति सद्विश्वास से कार्य करता है तो एजेन्ट को किसी प्रकार की क्षति पहुंचने पर स्वामी उसकी पूर्ति करेगा भले इससे तीसरे पक्ष के अधिकारों का हनन हुआ है।

एजेन्ट के अपराधिक कार्यो के लिए नियोक्ता का कोई दायत्व नहीं

यदि एक व्यक्ति दूसरे व्यक्ति को कोई अपराधिक कार्य करने के लिए नियुक्त करता है तो नियोक्ता एजेन्ट के प्रति उत्तरदायी नहीं है भले ही स्वामी ने एजेन्ट को उस कार्य के परिणामों के विरूध्द क्षति पूर्ति का वचन देता है । 'ख' 'स' की पिटाई कर देता है तथा इसके लिए उसे 'स' को हर्जाना देना होता है । 'क' हर्जाने की राशि के लिये 'ख' के प्रति उत्तरदायी नहीं है।

प्रधान की उपेक्षा के कारण एजेन्ट को होने वाली क्षति की पूर्ति

प्रधान की उपेक्षा अथवा प्रवीणता की कमी के

कारण यदि एजेन्ट को कोई हानि होती है तो प्रधान को उसकी पूर्ति करनी होगी ।

उदाहरणः 'क' 'ख' को मकान बनाने में ईटों की चिनाई के लिए नियुक्त करता है जबकि पेड / बॉधने का कार्य स्वयं करता है। पोड ठीक से नहीं बांधी गई जिसके कारण 'ख' को चोट पहुंची। 'क' को ख को इसका हर्जाना देना होगा।

जेन्सी का तीसरे पक्षों से अनुबंधों का क्रियान्वयन एवं उसके परिणाम

एजेन्ट के माध्यम से अनुबंध एवं उसके कार्यों के परिणाम स्वरूप पैदा दायतवों को उसी प्रकार से क्रियान्व्यन होगा तथा उनके वही वैधानिक परिणाम निकलेंगे मानों कि यह अनुबंध एवं कार्य स्वामी ने ही किये है।

उदाहरण

क. 'क' ने ख से माल खरीदा और वह जानता था कि ख एजेन्ट है परन्तु उसे प्रधान का पता नहीं था। ख के स्वामी को क से माल का मूल्य वसूलने का अधिकार है तथा ख के स्वामी द्वारा मुकदमा करने पर देय राशि का 'क' 'ख' से यदि कोई राशि लेनी है तो उसमें समयोजित नहीं कर सकता।

ख. 'क' 'ख' का एजेन्ट है तथा उसे ख के नाम पर धन प्राप्ति का अधिकार है। वह स से ख को देय राशि की वसूली करता है। 'स' 'ख' के प्रति देयता से मुक्त हो जाता है।

प्रधान की ओर से किये अनुबंध को एजेन्ट न तो व्यक्तिगत रूप से लागू कर सकता है न ही उससे बाध्य हो सकता है।

एजेन्ट के अधिकार से अधिक कार्य करने पर प्रधान बाध्य नहीं

जब एजेन्ट अधिकारित कार्य से अधिक कार्य करता है तथा यह अधिक्य कार्य अधिकारित कार्य से अलग नहीं किया जा सकता तो स्वामी लेन देन को मानने के लिए बाध्य नहीं है।

उदाहरणः 'क' 'ख' को अपने लिए 500 घोडे खरीदने के लिए नियुक्त करता है। 'ब' 500 घोडे तथा 200 बकरी 6000रू० में खरीद लेता है। क चाहे तो पूरे सौदे को अस्वीकार कर सकता है।

एजेन्ट को नोटिस देने के परिणाम

यदि एजेन्ट को अपने स्वामी का कार्य करते हुए कोई नोटिस प्राप्त होता है अथवा सूचना मिलती है तो इसका कानूनी प्रभाव प्रधान एवं तृतीय पक्ष के बीच नहीं होगा जो के यही नोटिस अथवा सूचना प्रधान को प्राप्त होने पर होता।

उदाहरणः 'क' को 'ख' स से माल का क्रय करने के लिए नियुक्त करता है। 'स' प्रकट में इस माल का स्वामी है। क नियुक्ति से पूर्व स के यहां नौकर था तथा उसे पता था कि माल 'स' का नहीं 'प' का है लेकिन 'ख' इस तथ्य से अनिभिज्ञ है। अपने एजेन्ट को इस तथ्य का ज्ञान होने पर भी 'ख' स पर अपने ऋण की राशि में से इस माल के मूल्य को समायोजित कर सकता है।

प्रधान की ओर से किये अनुबंध को एजेन्ट न तो व्यक्तिगत रूप से लागू कर सकता है न ही उससे बाध्य हो सकता है।

जब तक कि इस सम्बन्ध में कोई अनुबंध न हुआ हो एजेन्ट ने स्वामी की ओर से जो भी अनुबंध किये हैं वह न तो व्यक्तिगत रूप से उन्हें लागू कर सकता है और नहीं निजी तौर पर उनसे बाध्य हो सकता है।

विपरीत अनुबंध की संभावनाः इस प्रकार के अनुबंध की संभावना निम्न मामलों में मानी जायेगा

जबकि एजेन्ट ने अनुबंध किसी विदेशी व्यक्ति को माल बेचने अथवा उससे खरीदने के लिए किया हो।

जब एजेन्ट ने अपने स्वामी का नाम उजागर नहीं किया है।

जब स्वामी का नाम उजागर तो कर दिया है मगर उस पर मुकदम नहीं चलाया जा सकता।

अघोषित एजेन्ट के द्वारा किए अनुबंधों के पक्षों के अधिकार

एजेन्ट माना एक व्यक्ति के साथ अनुबंध करता है जो नहीं जानता कि वह एजेन्ट है और ना ही एजेन्ट होने की शंका का कोई कारण है। उसका स्वामी अनुबंध का निष्पादन चाहता है तो अनुबंध के दूसरे पक्ष के अधिकार वही होंगे मानों कि एजेन्ट ही प्रधान है।

अनुबंध के पूर्ण होने से पहले यदि स्वामी अपने आपको उजागर कर देता है तो दूसरा पक्ष, यह सिध्द करने पर कि यदि उसे प्रधान के सम्बन्ध में ज्ञान होता अथवा एजेन्ट के प्रधान न होने का ज्ञान होता तो वह कभी अनुबंध नहीं करता, अनुबंध के अपने भाग के बचन को पूरा करने से इन्कार कर सकता है।

एजेन्ट को स्वामी समझकर अनुबंध का निष्पादन

यदि एक व्यक्ति दूसरे व्यक्ति से बिना यह जाने कि वह एजेन्ट है अथवा बिना किसी उचित आधार के कि वह एजेन्ट है अनुबंध करता है, स्वामी यदि अनुबंध का निष्पादन चाहता है तो यह एजेन्ट एवं उसक स्वामी के बीच अधिकार एवं उत्तरदायत्वों के आधार पर ही होगा।

एजेन्ट के अनिधिकृत कार्य अधिकृत थे इस विश्वास को दृढ करने पर प्रधान का दायत्व

जब एजेन्ट बिना उचित अधिकार के स्वामी की ओर से किसी दूसरे पक्ष के साथ कोई सौदा करता है अथवा कोई दायत्व का निर्माण करता है ऐसे में यदि स्वामी शब्दों अथवा व्यवहार से उस अन्य पक्ष को विश्वास दिलाता है कि यह सौदा अथवा दायत्व एजेन्ट के अधिकार क्षेत्र के भीतर है तो प्रधान इन सौदों अथवा दायत्व से बाध्य होगा।

उदाहरण

(क) 'क' 'ख' को बिक्री के लिए माल भेजता है तथा निर्देश देता है कि निर्धारित मूल्य से कम पर न बेचे। 'स' 'ख' को दिये गये निर्देशों से अनिभिज्ञ माल को निर्धारित मूल्य से कम पर खरीदने का सौदा करता है। 'अ' इस अनुबंध से बाध्य होगा।

(ख) 'क' खं को हस्ताक्षर युक्त एक कोरा विनिमय साध्य विलेख दे देता है। 'ख' उसे निजी तौर पर दिये 'क' के आदेशों का उल्लंघन करते हुए बेच देता है। यह बिक्री वैध मानी जाएगी।

एजेन्ट द्वारा मिथ्या वर्णन अथवा झालसाजी से किए समझौता की स्थिति

एजेन्ट अपने स्वामी का कार्य करते हुए मिथ्या वर्णन करता है अथवा जाल साजी करता है तो एजेन्ट के इन समझोतों की वही सिथिति होगा जो स्वामी द्वारा मिथ्या वर्णन अथवा जालसाजी करने पर होती। लेकिन यदि एजेन्ट मिथ्या वर्णन अथवा जालसाजी उसके अधिकार से बाहर के लेन देनों में करता है तो इसका प्रभाव स्वामी पर नहीं पड़ेगा।

यदि एजेन्ट मिथ्या वर्णन अथवा जालसाजी उसके अधिकार से बाहर के लेन देनों में करता है तो इसका प्रभाव स्वामी पर नहीं पड़ेगा।

उदाहरण

(क) 'क' 'ख' का उसका माल बेचने के लिए एजेन्ट है। 'क', 'स' को अपने अधिकारों से बाहर मिथ्या वर्णन कर 'स' को माल बेच देता है। यह अनुबंध 'स' की इच्छानुसार 'ख' एवं 'स' के बीच वैध या अवैध हो सकता है।

(ख) 'क' 'स' के जहाज का कप्तान है तथा जहाज पर माल के प्राप्त न होने पर भी उसके लिए जहाजी बिल्टी जारी कर देता है। 'ख' एवं छद्म प्रेषणी के बीच यह बिल्टी अवैध होगी।

लेखक भारतीय जीवन बीमा निगम, शाखा कार्यालय 2, कानपूर, उत्तर प्रदेश में बीमा सलाहकार।

विशेष लेख: पेन्शन सुधारों पर सरकारी दृष्टिकोण और निदान

श्री एच.एम.जैन कहते हैं, यदि देश की जनसंख्या की औसत आयु में वृद्धि होती है, अर्थव्यवस्था में वरिष्ठ नागरिकों के जीवन-स्तर को न्युनतम सुविधाएं मुहैया कराने की क्षमता भी घटती है।

आज के परिदृश्य में तेजी से वृद्ध होती जनसंख्या, मृत्यु दर के घटने व बढती जीवन अवधि के कारण मात्र विकसित देशों में ही नहीं बल्कि भारत जैसे विकासशील देशों के वरिष्ठ नागरिकों की अर्थिक समस्याओं की ओर ध्यान आकृष्ट हुआ है। विशेषकर संगठित क्षेत्र में दशकों के कार्यकाल के पश्चात सेवानिवृत्त हुए लोग बचतों के घटते मूल्य, गिरती बैंक दर और मुद्रास्फीति के कारण नई नई समस्याओं से जूझते हैं और उपने सेवाकाल के जीवन-स्तर को भी बनाए रखने में अपने को असमर्थ पाते हैं।

यदि देश की जनसंख्या की औसत आयु में वृद्धि होती है, अर्थव्यवस्था में वरिष्ठ नागरिकों के जीवन-स्तर को न्युनतम सुविधाएं मुहैया कराने की क्षमता भी घटती है। उपने इस सामर्थ्य को बढाने में सरकार को प्राथमिकता देना अनिवार्य हो जाता है। जहाँ तक भारत की जनसांख्यिक स्थिति एवं प्रकृति का प्रश्न है, सौभाग्य से इस देश का अनुभव विकसित देशों के माध्यम से

काफी बढा है और पेन्शन के क्षेत्र में सुधारों की ओर इसका ध्यान अरसे से गया है।

देश की जनसंख्या में अगले 20 वर्षों में एक अनुमान के अनुसार सेवानिवृत्त होने के बाद लोगों का परिवार के दूसरे सदस्यों पर निर्भर रहते की दर कम हो जाएकी और साथ ही सेवानियोजन के अपरिमित अवसर होने से हमारी श्रम शक्ति में अधिकाधिक लोगों की जुडने की भी संभावना है। एक वैज्ञानिक, आधुनिक व ढांचे के सुधार के साथ साथ उपयुक्त पेन्शन प्रणाली स्थापित करने का यह बहुत अच्छा अवसर है। देश में स्वास्थ सुविधाओं के उत्कृष्ट होने व उनकी उपलब्धि के कारण, पेन्शन के लिए अर्हता पाए लोगों और सेवानिवृत्त व्यक्ति कम से कम अगले 17 वर्षों तक पेन्शन लेगा। इसका तात्पर्य यह है कि एक औसत श्रमिक या कार्मिक को ऐसी बचत हौगी जो सेवानिवृत्ति के बाद दो दशकों तक कारगर हो।

कुछ अपवादों को छोडकर जैसे 'नेशनल ओल्ड एज पेन्शन स्कीम' है, वृद्ध जनसंख्या का सामाजिक संरक्षण हमारे देश में है ही नहीं। देश की 74 प्रतिशित कार्यरत जनता को आज कोई पेन्शन लाभ नहीं उपलब्ध है। इनमें से अधिकांश असंगठित क्षेत्र में है।

पेन्शन सुधार के नए कदम

भारत में पेन्शन क्षेत्र के सुधारों पर नीति विषयक चर्चा सर्व प्रथम 1998 में प्रारम्भ हुई थी तथा बजट की घोषणाओं में भी उनका उल्लेख था। नई पेन्शन प्रणाली 'ओसिस' नामक परियोजना जिसका पूरा नाम 'ओल्ड एज सोशल एण्ड एम्पवारमेन्ट' मंत्रालय के अंतर्गत था। एक उच्च स्तरीय विशेषज्ञों के समूह जिसके अध्यक्ष श्री बी. के. भट्टाचार्य थे उनहोंने नई पेन्शन प्रणाली के सूत्रपात विमर्श व अध्ययन के बाद किया था। इस नई स्कीम को केन्द्रीय सरकार के उन कर्मचारियों के लिए कार्यान्वित भी कर दिया गया है जिनकी भर्ती 2 अप्रैल 2004 या उसके बाद हुई है। सुरक्षा सेवाओं से जुडे लोग यद्यपि इस स्कीम के बाहर रखे गए हैं। सदस्यों के लिए विकल्प और पारदर्शिता है।

इस प्रणाली को नियंत्रित करने के लिए एक सक्षम नियामक प्रधिकारण की भी बडी आवश्यकता है। निवेश, फण्ड की सुरक्षा व लचीलापन इस नई स्कीम में कम आय पाने वाले असंगठित क्षेत्र के कर्मचारी वर्ग को सामाजिक सुरक्षा प्रदान करने में यह स्कीम अद्वितीय कही जा रकती है। केन्द्रीय सरकार के लगभग 2,00,000 कर्मचारी इस योजना में शामिल हो चुके हैं। इसे डिफाइन्ड-कान्ट्रब्यूशन पेन्शन प्रणाली कहा जाता है।

सन 2004-2005 के बजट में एक उपयुक्त कानून पारित करने की घोषणा भी की गई थी जिससे एक नियामक प्राधिकरण भी स्थापित किया जा सके। इसी संदर्भ में 29 दिसम्बर 2004 को सरकार ने पेन्शन फण्ड रेगुलेटरी एण्ड डेवलपमेन्ट अथारिटी आर्डी नेन्स भी जारी किया था। इस आर्डीनेन्स को बदलने के लिए 21 मार्च 2005 को एक विधेयक भी संसद में रखा गया। इस विधेयक को वित्त मंत्रालय की स्टैंडिंग कमेटी को भेज दिया गया। इस कमेटी ने अपनी रिपोर्ट 26 जुलाई 2005 को संसद के समक्ष प्रस्तुत की है। इसकी प्रमुख अनुशंसाओं में हियर - 1 खाते से र्मचारी को पैसा निकालने की सुविधा है। यह वह खाता हे जहाँ कर्मचारी की मासिक कटौती का पैसा जमा होता है इन अनुशंसाओं में सार्वजनिक क्षेत्र के पेन्शन फण्ड के निवेश, फण्ड मैनेजरों के जुनाव की विधि, और निवेश पर लाभ की गारंटी और सदस्यों को इस विकल्प का भी प्रावधान है कि उनका 100 प्रतिशत अनुदान सरकारी सिक्युरिटीज में हो, इन सबका विवरण है।

इसका तात्पर्य यह है कि एक औसत श्रमिक या कार्मिक को ऐसी बचत होगी जो सेवानिवृत्ति के बाद दो दशकों तक कारगर हो।

भविष्य के अवसर

इस कमेटी की सभी अनुशंसाओं की गहरी जांच के बाद पी.एफ.आर.डी.बिल 2005 में अपेक्षित संशोधन भी कर लिए गए हैं और वे सरकार के विचारार्थ व कार्यान्वयन के लिए तैयार हैं।

यह नया विधेयक जब अधिनियम के रूप में परिवर्तित हो जाएगा, पेन्शन क्षेत्र में आमूल परिवर्तन होने की आशा है। इस क्षेत्र में सार्वजनिक क्षेत्र व निजी क्षेत्र की बीमा कम्पनियों के समक्ष यह एक क्रान्तिकारी परिवर्तन व चुनौती का समय होगा। अभिकर्ताओं की सतर्कता, ज्ञान, दक्षता व इस नए बाजार में पैर जमाना भी एक नई चुनौती होगी। कदाचित प्रशिक्षण के नए अवसर हमारे सामने होंगे क्योंकि इस नए पेन्शन बाजार के दबावों के बीच हमें संभव है आगे आने वाले दिनों में एक नई चुनौती मिलेगी। विदेशी कम्पनियों के संभावित प्रवेश से इस क्षेत्र में भी प्रतिद्वन्दिता का रूप तेज हो जाने की आशंका है जिसके लिए हम लोगों को समय रहते सचेत रहना होगा।

पृष्ठभूमि और आज की मांग

आज सारी दुनियाँ में जीवन अवधि काफी बढ़ चुकी है जिसमें हमारा देश भी शामिल है। औसत मृत्यु दर के उत्तरोत्तर घटने व बेहतर स्वास्थ्य सेवाओं की उपलब्धि के कारण पिछली जनगणना में ही यह पाया गया था कि एक भारतीय 63.8 वर्ष तक सामान्यतः जीवित रहता है। कृपोषण व प्रदूषण के साथ साथ अनेक महामारियों जैसे प्लेग, मलेरिया व क्षय रोगों का उम्मूलन आज एक वैश्विक सत्य है और विकसित देशों में सामान्य जीवन अवधि 80 से 85 वर्ष तक की हो चुकी है। शोध रिपोर्ट के अनुसार चिकित्सा क्षेत्र

पहल पर नहीं किया जा रकता है। इसमें संगठित निजी क्षेत्र व गैर सरकारी स्वैच्छिक सेगठनों को भी एक भूमिका अदा करना होगा।

हाल में एक शोध संस्थान के अनुमान के अनुसार सन 2010 तक हमारे देश में स्वास्थ्य बीमा का इतना विकास होगा कि मात्र यह क्षेत्र रू 25000 करोड़ की सीमा पार कर जाएगा। बीमा के लिए सक्षम जनसंख्या 30 करोड़ से अधिक हो जाएगी और इसका कुल 3 प्रतिशत स्वास्थ्य बीमा के विविध प्रकारों का फायदा उठाएगा। अभी यह प्रतिशत संगठित क्षेत्र में मात्र एक प्रतिशत से कम है। यह क्षेत्र देश की अर्थव्यवस्था के लिए एक नई चुनौती होगी।

वरिष्ठ नागरिकों को बीमे के संरक्षण का मौलिकक अधिकार उनकी कोई भी आयु हो, मिलना आवश्यक है।

मूलभूत पेन्शन

हमारे देश कें एक अरसे से स्वास्थ्य बीमा की उपेक्षा होती रही है और बदलते जनसांख्यिक दबावों के कारण जिसके तहत वृद्ध लोगों की सेख्या में उत्तरोत्तर वृद्धि हो रही है, अब इस समस्या को अनदेखा करना बीमा कम्पनियों व सरकार के लिए भी मुश्किल हो रहा हैं। कुछ दिनों पहले बारतीय बीमा नियामक और विकास प्रधिकरण ने स्वास्थ्य बीमा से जुडे सभी पक्षों की जांच के लिए एक वर्किंग ग्रूप का गठन किया था जिसके संयोजक आई.आर.डी.ए के सामान्य बीमा के सदस्य के. के.श्रीनिवासन थे। प्राधिकरण के कार्यकारी निदेशक पी.सी.जेम्स के अलावा इसके सदस्यों में केन्द्रीय स्वास्थ्य व परिवार कल्याण मंत्रालय और बीमा कम्पनियों के प्रतिनिधि भी थी। इस पैनल में गैर सरकारी स्वैच्छिक संगठनों के प्रतिनिधियों को भी स्थान दिया गया था। ग्रामीण क्षेत्र की स्वास्थ्य सम्बन्धी समस्याओं के समग्र रूप व हल को भली भांति समझने व सुझाव देने के लिए एक विशेष सब - गुप भी बनाया गया था जिसकी अनुशंसाओं का लाभ उठाकर इस पैनल ने अपनी रिपोर्ट हाल में जारी की है। स्वास्थ्य बीमा की कीमत, संरक्षण का दायरा, प्रीमियम संग्रहण, दावों का भुगतान, उत्पादों का विपणन और सामान्य नागरिकों के लिए उपल्ब्धता - इन सब विषयों की इस रिपोर्ट में विशद चर्चा है और दी गई अनुशंसाओं के कार्यान्वयन के प्रश्न का भी विशिष्ट उल्लेख किया गया है।

इस रिपोर्ट में कुछ मूलभूत प्रश्नों को भी छुआ गया है जिससे इसका नीति विषयक महत्व भी बढा है। उदाहरण के लिए वरिष्ठ नागरिकों को बीमे के संरक्षण का मौलिकक अधिकार उनकी कोई भी आयु हो, मिलना आवश्यक है। यदि कोई वरिष्ठ नागरिक प्रीमियम देक्ने के लिए तैयार है तब उसे किसी भी आधार पर बीमे से वंचित नहीं किया जाना चाहिए। विशद सामाजिक सुरक्षा योजना के अन्तर्गत यह भी जरूरी माना गया है कि हर व्यक्ति निजी पहल पर समय रहते ही भावी सुक्षा के लिए पेन्शन व स्वस्थ्य बीमा के लिए पहल करे। सामान्य दरों पर 65 वर्ष तक की आयु के नागरिकों या इसके उपर की आयु के लोगों गो भी स्वास्थ्य बीमा उपलब्ध हो और बिना किसी ऊपरी आयु की सीमा के बंधन के उसे बीमा के पुनर्वसन का अधिकार दिया जाए। प्रीमियम या अतिरिक्त 'लोडिंग' अनावश्यक रूप से किसी भी स्थिति में ऊंची दर पर नही क्योंकि सेवानिवृत्त नागरिकों के पास संसाधन भी अत्यन्त सीमित होते है। मूल भावना यह है कि तुलनात्मक रूप से युवा अथवा सेवाकाल में बीमा लेने वालों के भुगतान से वरिष्ठ नागरिकों के लिए बाधा न माना जाए और उनकी सामान्य स्वास्थ्य और चिकित्सकीय आवश्यकताओं पर पूरी संवेदनशीलता दिखाई जाए। किसी भी स्थिती में पहले से हुए रोग के नाम पर जैसे रक्तचाप या मधुमेह के बहाने किसी वरिष्ठ नागरिका को बीमे से वंचित न किया जाएं। वरिष्ठ नागरिकों को हमारे बीच सम्माननीय स्थान दिलाने के लिए सरकार, स्वास्थ्य मंत्रालय और बीमा कम्पनियों के बीच परस्पर संवाद को बनाए रखना भी आवश्यक है।

में अत्याधुनिक जटिल खोजो और नई खास्थ्य सेवाओं के कारण पश्चिमी देशों में नागरिकों की औसत आयु 90 वर्ष की हो जाएगा। गत आधी शताब्दी में जो प्रगति हुई है उससे सन् 2050 तक जाहे एक जापानी हो या आस्ट्रेलिया का निवासी औसत रूप से 100 वर्ष तक जीवित रहेगा। वैज्ञानिकों ने यह सिद्ध कर दिया है कि मनुष्य के 'जीन्स' जो स्वस्थ जीवन के लिए प्रकृति ने पहले ही हमें दिए है वे हमें मानसिक व शारीरिक रूप से सौ वर्ष तक सक्षम बनाए रखा रकते है यदि हम अपने पर्यावरण से पूरा ताल मेल बना सकें। इस बदलते परिदृश्य के कारण वरिष्ठ नागरिकों के लिए एक पूरी तरह से नया दृष्टिकोण पैदा करने की आवश्यकता है। पेन्शन योजनाओं की प्रकृति, वृद्धों के लिए नए प्रकार के लाभपूर्ण नियोजन अवसर, दूरगामी स्वास्थ्य सेवाओं के सार्वजनीकरण के लिए पहल, सेवनिवृत्ति की आयु की पुनर्वीक्षा, कम प्रीमियम अथवा निःशुल्क सामूहिक स्वास्थ्य बीमा योजनाओं की उपलब्धि, अस्पतालों, आरोग्य केन्द्रों व मानसिक स्वास्थ्य के लिए विशाल स्तर पर केन्द्रों की स्थापना - यह सब मात्र सरकार की

लेखक लाईफ इन्शोरेन्स एजेन्ट्स फेडरेशन ऑफ इण्डिया प्रेसिडेन्ट और आई.आर.डी.ए एडवायजरी बोर्ड में मेम्बर।

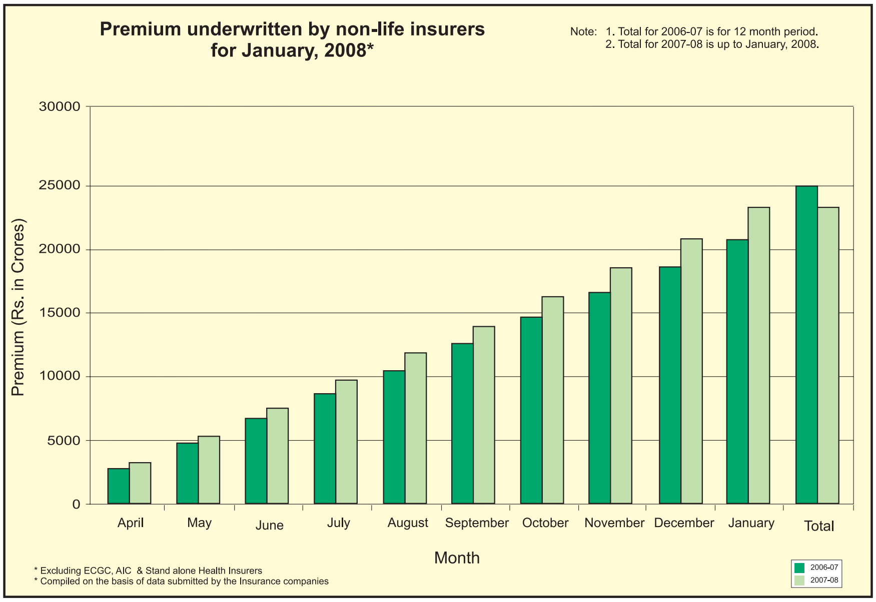
Report Card: General

GROSS PREMIUM UNDERWRITTEN FOR AND UP TO THE MONTH OF JANUARY2008

(Rs.in Crores)

INSURER	JANUARY		APRIL - JANUARY		GROWTH OVER THE CORRESPONDING PERIOD OF PREVIOUS YEAR
	2007-08	2006-07	2007-08	2006-07	
Royal Sundaram	70.30	56.31	566.20	494.13	14.58
Tata-AIG	82.81	66.62	672.28	636.27	5.66
Reliance General	149.17	101.12	1673.64	712.26	134.98
IFFCO-Tokio	127.34	101.70	927.47	925.00	0.27
ICICI-lombard	278.43	275.03	2903.10	2601.56	11.59
Bajaj Allianz	212.57	166.77	1925.46	1474.27	30.60
HDFC General	17.46	14.28	185.98	156.21	19.05
Cholamandalam	48.00	29.05	435.52	258.65	68.38
Future Generali*	4.42	0.00	5.43	0.00	
New India	450.72	407.75	4361.44	4099.73	6.38
National	373.96	362.25	3296.06	3108.45	6.04
United India	315.87	273.10	3076.39	2901.78	6.02
Oriental	329.81	335.37	3224.71	3305.00	-2.43
PRIVATE TOTAL	990.50	810.87	9295.08	7258.36	28.06
PUBLIC TOTAL	1470.36	1378.47	13958.60	13414.96	4.05
GRAND TOTAL	2460.87	2189.35	23253.68	20673.32	12.48
Credit Insurance					
ECGC	56.99	49.37	530.95	492.78	7.75
Health Insurance					
Star Health & Allied Insurance	4.29	1.20	157.25	16.86	832.67
Apollo DKV*	0.49	0.00	0.61	0.00	
Health Total	4.78	1.20	157.85	16.86	836.27
Agriculture Insurance					
AIC	126.57	21.52	700.16	483.33	

Note: Compiled on the basis of data submitted by the Insurance companies
** Commenced operations in November, 2007.*



GROSS PREMIUM UNDERWRITTEN BY NON-LIFE INSURERS WITHIN INDIA (SEGMENT WISE):

Sl. No.	Insurer	Fire	Marine	Marine Cargo	Marine Hull	Engineering	Motor
1	**Royal Sundaram** *Previous year*	**54.24** *82.68*	**12.35** *12.00*	**12.35** *12.00*	**0.00** *0.00*	**29.73** *27.52*	**285.77** *215.37*
2	**TATA-AIG** *Previous year*	**105.73** *115.29*	**72.48** *51.81*	**72.48** *51.81*	**0.00** *0.00*	**22.68** *21.70*	**182.37** *215.35*
3	**Reliance** *Previous year*	**112.87** *127.00*	**32.14** *19.41*	**25.14** *12.63*	**7.00** *6.78*	**74.95** *53.65*	**982.71** *261.80*
4	**IFFCO Tokio** *Previous year*	**190.70** *253.50*	**49.34** *114.09*	**41.62** *37.74*	**7.73** *76.35*	**67.19** *67.98*	**320.62** *274.12*
5	**ICICI Lombard** *Previous year*	**401.54** *356.29*	**178.02** *116.52*	**48.16** *42.61*	**129.86** *73.91*	**144.58** *148.36*	**955.49** *809.23*
6	**Bajaj Allianz** *Previous year*	**221.33** *313.63*	**62.47** *56.15*	**56.34** *48.16*	**6.13** *7.99*	**107.12** *122.03*	**954.66** *564.13*
7	**HDFC Chubb** *Previous year*	**6.23** *5.66*	**2.20** *1.71*	**2.20** *1.71*	**0.00** *0.00*	**4.54** *3.19*	**102.17** *101.76*
8	**Cholamandalam** *Previous year*	**58.39** *65.08*	**25.64** *19.82*	**24.16** *18.97*	**1.48** *0.85*	**22.98** *18.11*	**153.71** *60.57*
9	**Future Generali $** *Previous year*	**0.23** *0.00*	**0.52** *0.00*	**0.52** *0.00*	**0.00** *0.00*	**0.18** *0.00*	**0.11** *0.00*
10	**New India** *Previous year*	**603.14** *757.44*	**307.27** *225.83*	**130.32** *110.11*	**176.94** *115.73*	**161.37** *153.10*	**1,487.00** *1,468.05*
11	**National** *Previous year*	**287.43** *397.75*	**131.60** *131.31*	**90.55** *87.07*	**41.05** *44.24*	**100.17** *87.86*	**1,561.37** *1,426.56*
12	**United India** *Previous year*	**412.10** *549.75*	**223.36** *226.84*	**125.58** *103.04*	**97.78** *123.80*	**153.07** *157.02*	**1,022.59** *863.78*
13	**Oriental** *Previous year*	**402.92** *458.05*	**262.49** *284.22*	**121.70** *128.25*	**140.80** *155.98*	**162.90** *151.10*	**1,196.26** *1,265.70*
	Grand Total *Previous year*	**2,856.62** *3,482.13*	**1,359.38** *1,259.73*	**750.61** *654.09*	**608.77** *605.63*	**1,051.30** *1,011.63*	**9,204.72** *7,526.41*
	SPECIALISED INSTITUTIONS						
14	**ECGC *** *Previous year*						
15	**Star Health & Allied Insurance**** *Previous year*						
16	**Apollo DKV $** *Previous year*						

Note: In case of public sector insurance companies, the segment wise data submitted may vary from the flash Nos filed with the Authority. As such, the industry totals may vary from the flash figures published for the month of December-2007.
$ Commenced operations in November, 2007.
*Pertains to Credit Insurance.
** Pertains to Health Insurance.
Compiled on the basis of data submitted by the Insurance companies

FOR THE PERIOD APRIL - DECEMBER - 2007 (PROVISIONAL & UNAUDITED)

(Rs.Crore)

Motor OD	Motor TP	Health	Aviation	Liability	Personal Accident	All Others	Grand Total
231.55 *193.62*	**54.22** *21.75*	**80.10** *70.14*	**0.00** *0.00*	**4.08** *6.73*	**22.62** *18.73*	**7.00** *4.65*	**495.90** *437.82*
152.01 *197.15*	**30.35** *18.20*	**52.07** *34.48*	**0.00** *0.08*	**73.90** *57.98*	**78.20** *57.86*	**2.04** *15.12*	**589.48** *569.66*
713.26 *261.00*	**269.45** *0.80*	**221.10** *48.57*	**5.99** *5.50*	**11.86** *8.22*	**36.56** *14.28*	**46.27** *72.71*	**1,524.47** *611.14*
219.86 *269.22*	**100.77** *4.90*	**66.99** *41.42*	**4.03** *1.74*	**20.14** *9.91*	**15.17** *12.99*	**65.96** *118.01*	**800.13** *893.76*
679.74 *713.28*	**275.75** *95.96*	**674.41** *498.53*	**30.07** *24.05*	**67.71** *73.82*	**94.33** *98.50*	**78.52** *201.23*	**2,624.67** *2,326.54*
695.48 *391.89*	**259.17** *172.24*	**181.57** *116.60*	**9.81** *5.51*	**35.92** *22.40*	**29.02** *19.53*	**111.00** *87.51*	**1,712.89** *1,307.50*
90.53 *96.27*	**11.65** *5.49*	**25.69** *7.52*	**0.00** *0.00*	**3.80** *3.10*	**4.46** *6.76*	**19.43** *12.23*	**168.51** *141.93*
123.68 *55.86*	**30.03** *4.71*	**82.59** *27.73*	**-0.15** *0.39*	**11.63** *12.52*	**9.09** *6.58*	**23.64** *18.81*	**387.52** *229.60*
0.10 *0.00*	**0.02** *0.00*	**0.00** *0.00*	**0.00** *0.00*	**0.00** *0.00*	**0.00** *0.00*	**0.00** *0.00*	**1.04** *0.00*
811.44 *944.03*	**675.56** *524.02*	**856.74** *536.93*	**51.26** *77.06*	**66.03** *49.40*	**62.78** *65.51*	**315.31** *379.79*	**3,910.90** *3,713.12*
981.45 *977.66*	**579.92** *448.89*	**466.74** *269.43*	**38.24** *62.74*	**29.93** *28.99*	**47.41** *43.99*	**259.22** *297.57*	**2,922.10** *2,746.20*
613.79 *544.75*	**408.79** *319.02*	**448.33** *302.18*	**20.59** *24.00*	**50.34** *50.63*	**64.33** *65.29*	**370.24** *389.19*	**2,764.96** *2,628.68*
737.55 *852.50*	**458.71** *413.20*	**402.52** *315.00*	**58.94** *80.13*	**51.58** *45.14*	**67.47** *52.25*	**289.81** *315.86*	**2,894.90** *2,967.47*
6,050.34 *5,497.23*	**3,154.38** *2,029.17*	**3,558.84** *2,268.52*	**218.79** *281.20*	**426.91** *368.83*	**531.42** *462.28*	**1,588.43** *1,912.68*	**20,796.43** *18,573.41*
						473.96 **443.41**	**473.96** *443.41*
		136.00 **3.99**			**14.87** **11.66**	**2.09** **0.00**	**152.96** *15.66*
		0.12 *0.00*					**0.12** *0.00*

The 10th Global Conference of Actuaries (GCA) was held on 7th and 8th February, 2008 at Mumbai. It was jointly organized by Institute of Actuaries of India (IAI) and International Actuarial Association (IAA).

Mr. C.S. Rao, Chairman, IRDA seen lighting the lamp to mark the inauguration of the Conference. Also seen in the picture is Mr. K.S. Gopalakrishnan, CFO, Aegon.

Dr. R. Kannan, Member (Actuary), IRDA making a presentation at the Conference. Also seen in the picture are (L to R); Mr. Stewart Ritchie, President, Faculty of Actuaries, UK; and Mr. David G. Hartman, President, IAA.

Ms. J. Anita, Deputy Director (Actuary), IRDA making a presentation. Seated on the dais is Mr. Richard Kipp, MD, Milliman India.

11 - 12 Mar 2008 Venue: Singapore	3rd Asian Conference on Takaful By *Asia Insurance Review, Singapore*
13 - 14 Mar 2008 Venue: Singapore	Conference on Terrorism & Political Risk in Asia By *Asia Insurance Review, Singapore*
15 - 17 Mar 2008 Venue: Qatar	The MultaQa Qatar Conference By *Qatar Financial Centre Authority*
17 - 20 Mar 2008 Venue: Bahrain	World Insurance Forum By *Dubai International Financial Centre DIFC*
25 - 26 Mar 2008 Venue: Moscow, Russia	Moscow International Reinsurance Congress By *Russian Polis – Information Group*
27 - 28 Mar 2008 Venue: Singapore	Alternative Risk Financing Conference By *Asia Insurance Review, Singapore*
02 - 03 Apr 2008 Venue: New Delhi	Annual Policy Conference 2008 By *Sa-Dhan, New Delhi*
15 - 16 Apr 2008 Venue: Hanoi, Vietnam	2nd Life Summit in Asia By *Asia Insurance Review, Singapore*
28 - 29 Apr 2008 Venue: Bahrain	2nd Middle East Conference on Bancassurance & Alternative Distribution Channels By *Asia Insurance Review, Singapore*
28 – 29 Apr 2008 Venue: Singapore	Asia Insurance Summit By *Informa Finance, Singapore.*

RNI No: APBIL/2002/9589

view point

I would expect that one of the first requirements to appear might be disclosure requirements related to insurer underwriting standards for various products.

Ms Sandy Praeger

President of the National Association of Insurance Commissioners (NAIC) and Kansas Insurance Commissioner

The sharing of experience, knowledge and expertise in managing crises will strengthen the region's (Asian) ability to cope with major operational disruption, distressed financial institution and market disruption.

Ms Teo Swee Lian

Deputy Managing Director, Prudential Supervision, Monetary Authority of Singapore

In a better regulatory environment, financial institutions will be encouraged to develop creative ideas at their own initiative, and this we expect will lead to better financial services.

Mr Takafumi Sato

Commissioner, Financial Services Agency, Japan

There could be a drop (in premiums) depending on the profile of the individual. In fact, we expect pricing to become more rational. Insurers will adopt a risk-based pricing approach to determine their premium.

Mr C S Rao

Chairman, Insurance Regulatory & Development Authority, India

Jargon is also a significant problem, and key information is often not prominently communicated. It can be difficult even to grasp the type of consumer a particular product might be right for.

Ms Sarah Wilson

Director and Insurance Sector Leader, FSA, UK

It should be clearly understood that the regulatory capital requirements are minimums which insurers must meet, not the levels at which they should be running their businesses.

Mr Tom Karp

Executive General Manager, Australian Prudential Regulation Authority