

# Study Material for United India Insurance Assistant Officers Exam



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your **A** to **Z** competitive exam guide

## **Introduction: What is insurance?**

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Well it simply means protection against future contingent losses. Insurance provides financial protection against a loss arising out of happening of an uncertain event. A person can avail this protection by paying premium to an insurance company.

A pool is created through contributions made by persons seeking to protect themselves from common risk. Premium is collected by insurance companies which also act as trustee to the pool. Any loss to the insured in case of happening of an uncertain event is paid out of this pool.

Insurance works on the basic principle of risk-sharing. A great advantage of insurance is that it spreads the risk of a few people over a large group of people exposed to risk of similar type.

### **Definition:**

Insurance is a contract between two parties whereby one party agrees to undertake the risk of another in exchange for consideration known as premium and promises to pay a fixed sum of money to the other party on happening of an uncertain event (death) or after the expiry of a certain period in case of life insurance or to indemnify the other party on happening of an uncertain event in case of general insurance.

### **-Insurance Act 1938**

The party bearing the risk is known as the 'insurer' or 'assurer' and the party whose risk is covered is known as the 'insured' or 'assured'.

## **Concept of Insurance**

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The concept behind insurance is that a group of people exposed to similar risk come together and make contributions towards formation of a pool of funds. In case a person actually suffers a loss on account of such risk, he is compensated out of the same pool of funds. Contribution to the pool is made by a group of people sharing common risks and collected by the insurance companies in the form of premiums.

**Lets take an example to understand how general insurance actually works:****SUPPOSE**

- ⊕ Houses in a village = 1000
- ⊕ Value of 1 House = Rs. 40,000/-
- ⊕ Houses burning in a year = 5
- ⊕ Total annual loss due to fire = Rs. 2,00,000/-
- ⊕ Contribution of each house owner = Rs. 300/-

**UNDERLYING ASSUMPTION**

All 1000 house owners are exposed to a common risk, i.e. fire

**PROCEDURE**

All owners contribute Rs. 300/- each as premium to the pool of funds



Total value of the fund = Rs. 3,00,000 (i.e. 1000 houses \* Rs. 300)



5 houses get burnt during the year



Insurance company pays Rs. 40,000/- out of the pool to all 5 house owners whose house got burnt

**EFFECT OF INSURANCE**

Risk of 5 house owners is spread over 1000 house owners in the village, thus reducing the burden on any one of the owners.

## General Insurance Corporation of India

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The entire general insurance business in India was nationalized by General Insurance Business (Nationalization) Act, 1972 (GIBNA). The Government of India (GOI), through Nationalization took over the shares of 55 Indian insurance companies and the undertakings of 52 insurers carrying on general insurance business.

General Insurance Corporation of India (GIC) was formed in pursuance of Section 9(1) of GIBNA. It was incorporated on 22 November 1972 under the Companies Act, 1956 as a private company limited by shares. GIC was formed for the purpose of superintending, controlling and carrying on the business of general insurance.

As soon as GIC was formed, GOI transferred all the shares it held of the general insurance companies to GIC. Simultaneously, the nationalized undertakings were transferred to Indian insurance companies. After a process of mergers among Indian insurance companies, four companies were left as fully owned subsidiary companies of GIC (1) National Insurance Company Limited, (2) The New India Assurance Company Limited, (3) The Oriental Insurance Company Limited, and (4) United India Insurance Company Limited.

The next landmark happened on 19th April 2000, when the Insurance Regulatory and Development Authority Act, 1999 (IRDA) came into force. This act also introduced amendment to GIBNA and the Insurance Act, 1938. An amendment to GIBNA removed the exclusive privilege of GIC and its subsidiaries carrying on general insurance in India.

In November 2000, GIC is renotified as the Indian Reinsurer and through administrative instruction, its supervisory role over subsidiaries was ended.

With the General Insurance Business (Nationalization) Amendment Act 2002 (40 of 2002) coming into force from March 21, 2003 GIC ceased to be a holding company of its subsidiaries. Their ownership were vested with Government of India.

## History

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The control on general insurance business started with the insurance act 1938, setting up the government control. In 1968 it was amended to add more provisions to and also Add Tariff Advisory Committee. This Tariff Advisory Committee now fixes the rates terms and conditions for many branches of general insurance like Fire, Engineering, Marine, Hull and Workmen compensation insurance.

In 1972, the General Insurance (Business Nationalization) Act was passed. It set up GIC and its subsidiaries. 107 private companies were merged into GIC and its subsidiaries and these companies included both Indian and foreign companies. General Insurance Corporation was formed as company under the Companies Act unlike LIC, which was setup as corporation.

The GIC has only one office in Mumbai and is the holding companies for all the subsidiaries. It formulates general policy guidelines for general insurance industry and control the investment and reinsurance policy of the companies.

GIC had four subsidiary companies, namely (with effect from Dec'2000, these subsidiaries have been de-linked from the parent company and made as independent insurance companies.

- 1. The Oriental Insurance Company Limited**
- 2. The New India Assurance Company Limited**
- 3. National Insurance Company Limited**
- 4. United India Insurance Company Limited.**

In April 1993, the govt setup a high power committee headed by R. N. Malhotra, former Governor of Reserve Bank of India. The committee submitted its report to the ministry on 7th January 1994.

On 23rd January 1996, The Insurance Regulatory Authority was set up by a Government order. N. Rangachari has taken over the function of the controller of the Insurance also. In that capacity he has the controlling authority over the General Insurance and Life Insurance business in India.

In the budget speech of July 1996, the govt formally announced its plans to open the Insurance Industry and also the intention of bringing an Insurance Regulatory Authority Bill 1996.

## **Insurance Regulatory and Development Authority Act 1999 (IRDA)**

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An Act to provide for the establishment of an Authority to protect the interest of the policy holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters concerned there with or incidental thereto and further to amend Insurance Act 1938, and General Insurance Business (Nationalisation) Act 1972.

On 26th August 1998 the Reddressal of public Grievances Rules 1998 was issued by the Insurance Division, Ministry of Finance by which the Govt of India setup the Insurance ombudsman scheme for GIC and LIC. This will handle cases against Industry from the public and would take over a large part of the consumer forums. The scope limited to personnel lines

of insurance i.e. Policies taken on individual capacity. Insurance Industry has Ombudsmen in 12 cities. Each Ombudsman is empowered to redress customer grievances in respect of insurance contracts on personal lines where the insured amount is less than Rs. 20 lakhs, in accordance with the Ombudsman Scheme.

## **United India Insurance Company Limited (UIIC)**

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**United India Insurance co** is formed as a subsidiary of General Insurance Corporation of India. It was incorporated as a Company on **18th February 1938**. Their quarters is in Chennai. Now they are the second largest insurer in India and the largest in Rural insurance and Insurance of major power plants. They have carved a niche for themselves in this segment because of their deep rooted commitment combined with experience and expertise over 7 decades. Investment Information and Credit Rating Agency of India Limited (ICRA) has awarded them with 'iAAA' rating indicating sound financial position and highest claims paying capacity.

General Insurance Business in India was nationalized in 1972. 12 Indian Insurance Companies, 4 Cooperative Insurance Societies and Indian operations of 5 Foreign Insurers, besides General Insurance operations of southern region of Life Insurance Corporation of India were merged with United India Insurance Company Limited. After Nationalization United India has grown by leaps and bounds and has 18300 work force spread across 1340 offices providing insurance cover to more than 1 Crore policy holders. The Company has variety of insurance products to provide insurance cover from bullock carts to satellites.

United India has been in the forefront of designing and implementing complex covers to large customers, as in cases of ONGC Ltd , GMR- Hyderabad International Airport Ltd, Mumbai International Airport Ltd Tirumala-Tirupati Devasthanam etc. We have been also the pioneer in taking Insurance to rural masses with large level implementation of Universal Health Insurance Programme of Government of India & Vijaya Raji Janani Kalyan Yojana ( covering 45 lakhs women in the state of Madhya Pradesh) , Tsunami Jan Bima Yojana (in 4 states covering 4.59 lakhs of families) , National Livestock Insurance and many such schemes.

The solvency margin is pegged at 3.32 and the net profit of the company for 2008-09 showed a healthy Rs. 745.485 crores. With over 1350 offices spanning the length and breadth of the country they have been at advantage to serve customers better. Besides this their core strength lies in their human resources. Having a work force of 17000+ people and an army of 2000 officers committed to the service of their customers, they are in a position to make light of the fact that they issue more than 1 crore policies in a year and settle more than 8 lac claims annually.

They have 25 Regional Offices, 1 Regional Cell, 2 Large Corporate Brokers Unit, 362 Divisional Offices, 684 Branch Offices and 288 Micro Offices spread around the country. They have 17488

personnel working with them. There are 4451 officers (Class I) 2013 Development Officers (Class II) 8508 Staff Senior Assistant and Assistant (Class III), 2516 Sub staff, Drivers, Peons and thousands of agents.

## **Important Points to Remember about UIIC :**

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- United India Insurance Company Ltd was Founded on 18th February 1938
- **Head Quarters** - Chennai
- **CMD** - Milind A Kharat
- General Insurance Business in India was nationalized in **1972**
- **Tag Lines** - Solutions That Bring Back Smiles- Real Fast...
- UIIC celebrated its **Golden Jubilee (50 Years)** in the year 1988
- **Platinum Jubilee** (75 Years) in the year 2012
- This is a public sector “General Insurance” company wholly owned by govt of India.

### **Board Of Directors**

- **Milind A Kharat** - Chairman cum Managing Director
- **S.Surenter** - Director & General Manager
- **M. Sashikala** - Deputy General Manager

### **Awards Received by UIIC :**

- Best In Industry Is Rated By:- Iaaa By ICRA For 9 Consecutive Year
- B++ Rating By AM BEST
- Best “GENERAL-INSURANCE” Of The Year 2010 :- By NDTV
- Top 3 “GENERAL-INSURANCE In Asia” :- 14 th ASIA Insurance Industry Award 2010
- Skoch Financial Inclusion Award:- 2011
- Bloomberg UTV For Best general insurer (Public-Sector):- 2011
- Best Insurer-Non Life By The “Dalal Street Investment Journal’s PSU Award” :- 2011
- Skoch Financial Inclusion AWARD 2013 :- For ICT Based INNOVATION
- M Power & CNBC TV18 Award In 2013:- For Best GENERAL INSURANCE Provider

## Policies Offered by UIIC :

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- **Personal Policies**
  - Householder[disambiguation needed]
  - Personal Accident
  - Mediclaim
  - Unimedicare
  - Bhavishya Arogya
- **Commercial Policies**
  - Fire Insurance
  - Marine Insurance
  - Motor Insurance (vehicle insurance)
  - Industrial Insurance
  - Liability Insurance

## Their Bancassurance tie-ups

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- Andhra Bank
- State Bank of Hyderabad
- Indian Bank
- Canara Bank
- Syndicate Bank
- State Bank of Travancore
- State Bank of Indore
- State Bank of Patiala
- Bank of Maharashtra
- Bank of Rajasthan
- Federal bank

## Their Corporate Clients

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- Oil and Petro-Chemical Majors
  - Oil and Natural Gas Corporation Ltd.
  - Indian Oil Corporation
  - Hindustan Petroleum Corporation Ltd.
  - Haldia Petrochemicals Ltd
  - Gujarat State Fertilizer Corporation



- Gujarat Narmada Valley Fertilizer Corporation.
- **Power and Energy Sector**
  - Nuclear Power Corporation Kaiga, Kudankulam
  - Karnataka State Electricity Board, Bellary
  - Punjab State Electricity Board
  - Tiesta Uraj Ltd
  - Chattisgarh State Electricity Board
  - National Hydro Power Corporation
  - National Thermal Power Corporation
  - BHEL Power Projects: Chandrapura, Bakreshwar, Jaindal Super Power
  - Plant Raigarh, Sudan, Dadri
  - GVK Industries
  - Tata Power
  - Neyveli Lignite Corporation
  - Damodar Valley Corporation
  - Tanir Bavi Power Company Pvt. Ltd
  - Tehri Hydro Development Corporation
  - Subansiri Lower Hydro Electric Project
  - Torrent Power
  - SEPCO
  - IOC Panipat Naphtha Cracker Project
  - IOC Haldia Hydro Cracker Project
  - Tata Projects Ltd
- **Aviation**
  - National carriers: NACIL (Air India)
  - Private carrier: King Fisher / Air Deccan
  - Indian Space Satellites Programme
- **Infrastructure Sector**
  - Larsen and Toubro
  - GMR Group
  - Maytas Infrastructure
- **Pharma Major**
  - Dr. Reddy's Laboratories
- **Hotels**
  - Oberoi
  - Hyatt Regency
  - Park Sheraton
- **Manufacturing**
  - Ballarpur Industries
  - MICO

- ITC
- FACT
- Nirma
- Asian Paints
- Oswal Group
- Balco Industries
- Hindalco Industries
- India Cements
- Vedanta Group
- Tata Motors
- TVS Group

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