

## BASICS OF INSURANCE AND ITS ORIGIN



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### Insurance

An arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium. Insurance is a means of protection from financial loss. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss.

### The founder of Insurance

- The Benjamin Franklin was the father of insurance in united state

### Insurance birth:

- The insurance was started on 1760 in Philadelphia and New York founded the corporation

### Insurance started in India

- In 1870 Bombay mutual life assurance society became the first Indian insurer
- In twenty century many insurance company were founded in the year 1912 the life insurance company act and provident fund act were passed to regulate the insurance business

### The oldest insurance company in India:

- The national insurance company is the oldest one and it was founded in 1960 and in business

### Types of Insurance

1. Health insurance
  2. Travel insurance
  3. Motor insurance
  4. Marine insurance
  5. Commercial insurance
  6. Life insurance, etc
- 1) **Health insurance:** It is a insurance heals to have treatment hospitalization express of an individual or family. It also includes critical illness of a person it is known as health insurance
  - 2) **Travel insurance:** Losses which can affects the normal travel plan of an individual family or a student is known as travel insurance
  - 3) **Motor insurance:** Motor insurance means when a motor cycle damages or repair the off amount will be replace it costs is known as the motor insurance
  - 4) **Marine insurance:** In marine insurance when it get damage or losses of the cargo the carrier is known as the marine insurance
  - 5) **Commercial insurance:** Financial liability occurring in normal business operation is known as the commercial insurance
  - 6) **Life insurance:** Life insurance is a contract where by the insured promises to pay a uniform rate of premium at fixed amount for a fixed period is known as life insurance

### How Many Categories in Insurance

• General insurance	-	13
• Group insurance	-	125
• Individual insurance	-	24
• Insurance simplified session	-	2
• Liability insurance	-	81
• Marine insurance	-	49
• Profession	-	1
• Property insurance	-	109

These are the different categories in insurance. In one insurance policy there are many divisions as been given according to that they function. In these categories many policy's are unknown to the customer one who uses this policy.

### The Basics Insurance Policies

1. Health insurance
2. Motor insurance
3. Home owner's or renter's insurance
4. Life insurance
5. Disability insurance

These are the basic insurance which we can use in our day to day life. Rest of this insurance are the additional insurance which is given to us.

### The Unnecessary Insurance Policies

1. Flight insurance
2. Life insurance for kids
3. Accident death insurance
4. Disease insurance
5. Mortgage insurance

These are the unnecessary insurance for a human life. It is not a basic one for human beings. This insurance is created for the rich people, not for all.

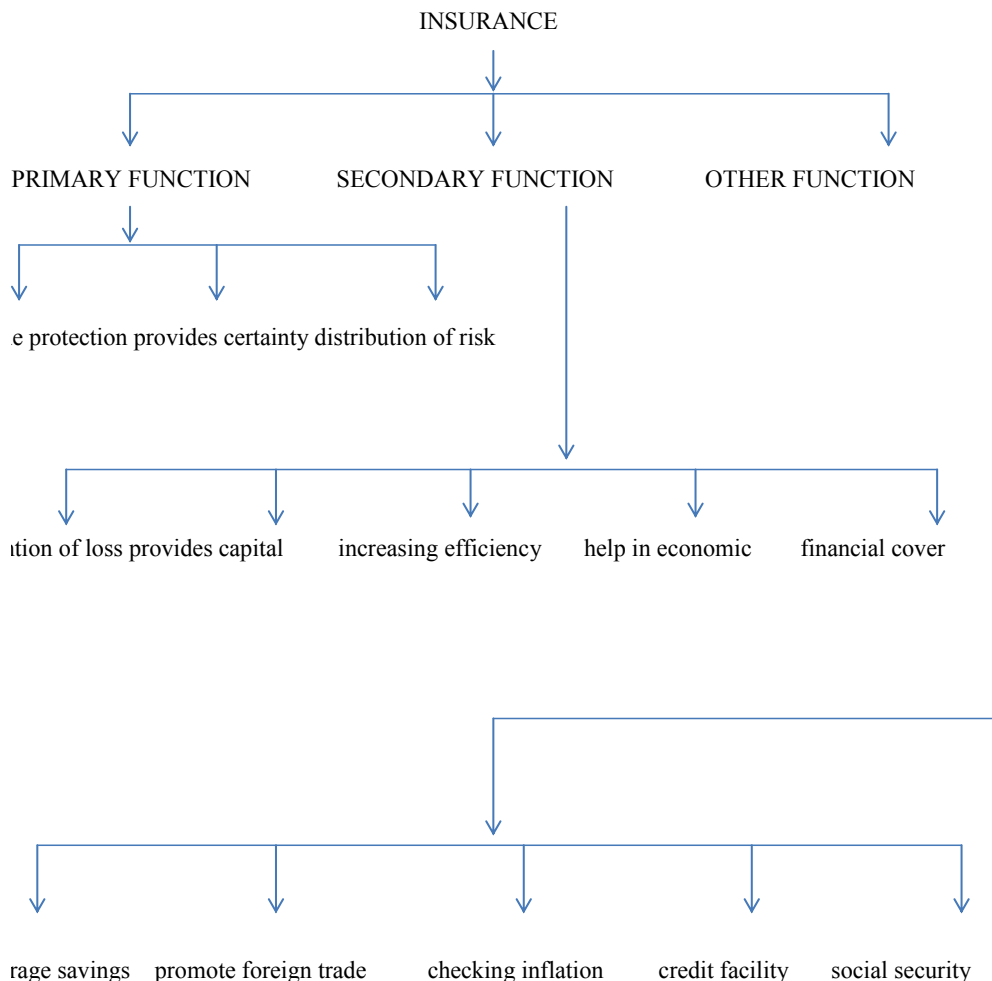
### What are these Two Divisions

1) There are some insurance which is very useful to the customer one who uses the insurance policy. If any customer likes to have insurance policy they can take some important policy like, health insurance, car insurance, renter insurance, life insurance, disability insurance, these are very important policy in a human life.

2) There are some unnecessary insurance which is not important for the customer. They are flight insurance, life insurance for kids, accident death insurance, disease insurance, mortgage insurance, these are the insurance which is not necessary one.

## How the Insurance Functions

The insurance are classified in to three categories and they work on this process



### Primary Function

- **Providing Protection:** Providing protection to the people against the problem risk of loss is the main functions of insurance it gives guarantees the insured person to indemnify the losses on the occurrence of an uncertainty event
- **Provides Certainty:** Insurance remove the fear from the mind of the people and provides certainty of payment at the uncertainty of losses time
- **Distribution Of Risk:** When risk occurs the losses is shared by all the persons who are exposed to the risk is known as the distribution of risk

### Secondary Functions

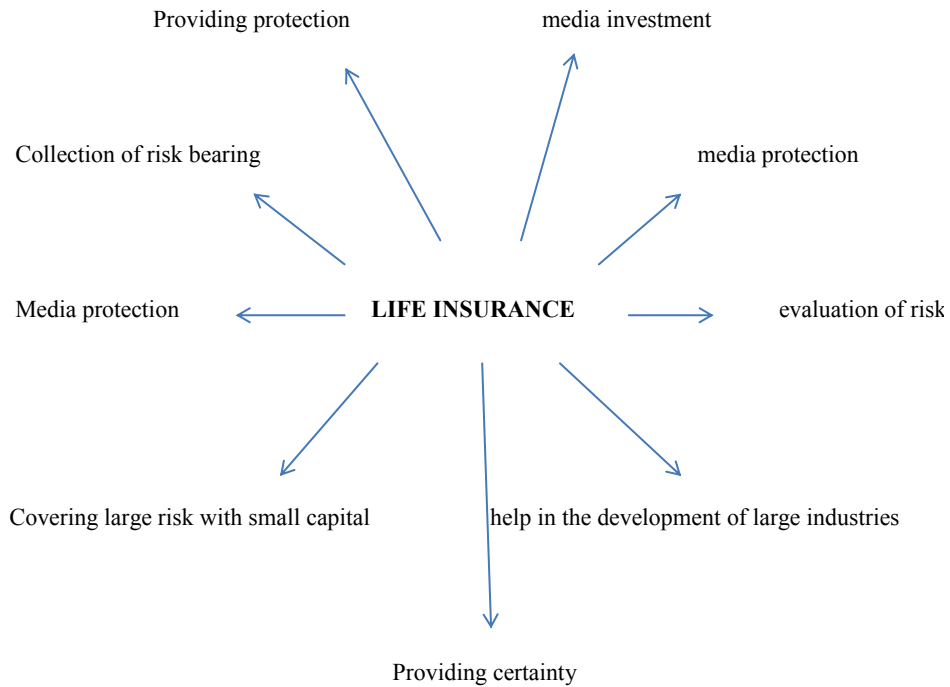
- **Prevention of Loss:** Prevention of loss is the best solution to the problem of risk the insurance join hands with those are engaged in preventing the loss of the people from death or damage is known as prevention of loss

- **Provides Capital:** A Country's natural resource can be exploited with long term for that huge amount of investment will be given by the insurance company is known as provides capital
- **Increase Efficiency:** Insurance eliminates fear in the mind of people about possible losses likely to arise due to death and destruction of property. The person who has taken policy they can act freely and devote his entire attention towards achievement of certain goal
- **Help in Economic Progress:** Insurance plays an important role in the development of the industrial sector and thus help in economic development of a country this motivate which is essential for the development of economic in the country
- **Adequate Financial Cover:** The necessity of insurance is largely felt to give a cover to the ruler area and also in society the economically the backward class the country are provides the adequate financial cover against death a reasonable cost is known as adequate financial risk
- **Other Function**
- **Encouraging Savings:** Life insurance is consider as the one of the important form of savings payment of a life policy premium become a habit and this effect brings a compulsory savings mind like this they encourage the savings
- **Promotes Foreign Trade:** Foreign trade fully depends on insurance the banker will not come forward to discount the marine trade bills will not end unless the cargo is fully insured
- **Checking Inflation:** Insurance plays an important role in controlling inflation. It curbs the circulation of money and saves it from its ill effects this is known as checking inflation
- **Credit Facilities:** The credit facility is for business people they can borrow loan from banks and other financial institution by pledging their insurance policies in this credit facility the plus point is they borrow the money from the bank how much they need
- **Social Security:** Insurance gives an instrumental force to fight against old age. Unemployment evils of property fateful accident of a person and property and similar other natural calamity it has helped society a lot by designing various type of insurance like ,employee state insurance act, provide fund act, workmen's compensation act, ect

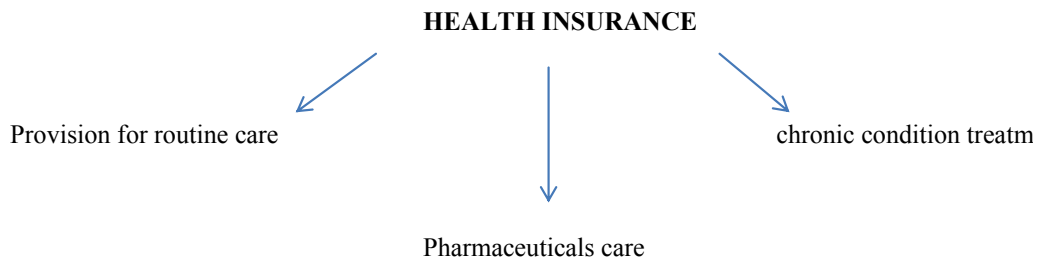
#### Top 5 Basic Insurance Policies

1. Life Insurance
2. Health Insurance
3. Motor Insurance
4. Home Owner Insurance
5. Disability Insurance

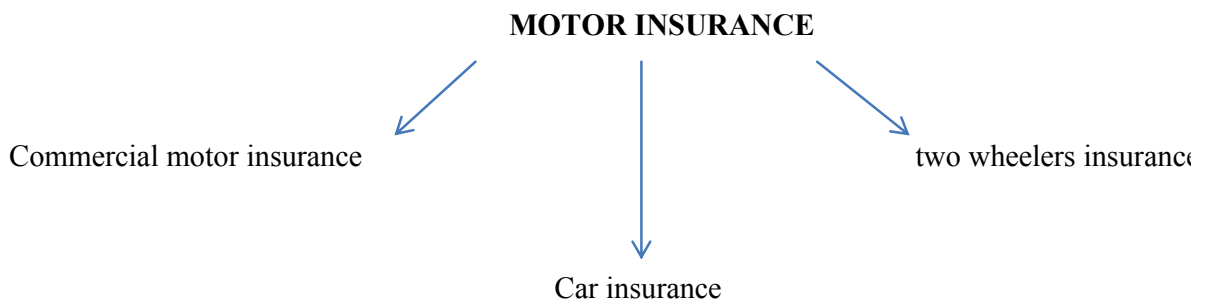
### 1) Functions of Life Insurance



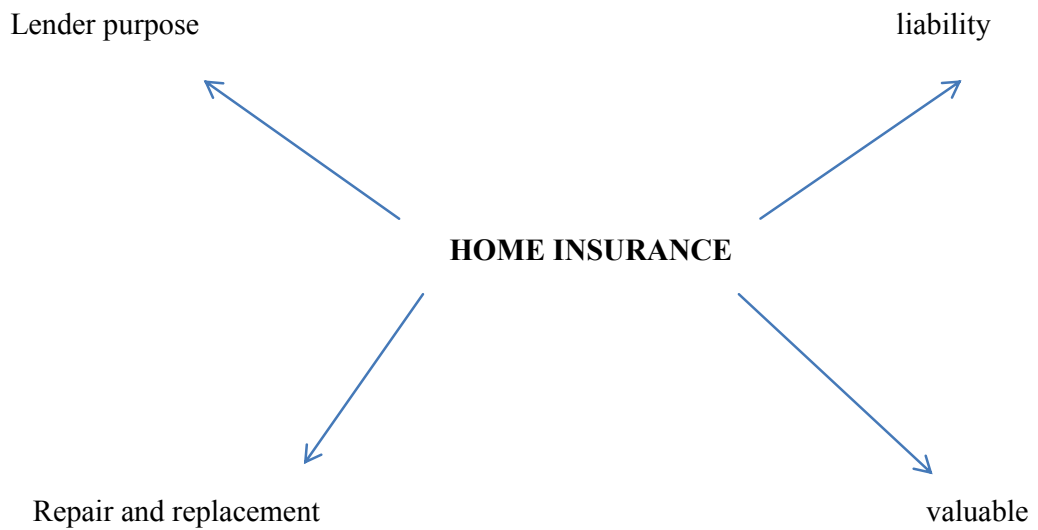
### 2) Health Insurance Primary Function



### 3) Types Motor Insurance



#### 4) Function Home Owner Insurance



#### 5) Functions of Disability Insurance

