CHAPTER-II

Research Methodology & Review of Literature
CHAPTER 2

1. **Research Methodology**

Research Methodology for present study is mentioned below:-

1. **PURPOSE OF STUDY**

In India, car vehicle insurance policy is mandatory under the motor vehicle act, while other forms of general insurance are optional. The law mandates that every owner of car motor vehicle must have the motor insurance policy. The need for Vehicle insurance of third party liability towards injury, death or property damage is mandatory as per the motor vehicle act. Therefore the vehicle car insurance becomes important as it is not only for car owners to minimise the risk for his or her vehicle but for the persons who may get injury or damage etc. due to vehicle hit or so on. The present study throws light on the various aspects of motor vehicle insurance in general and specifically for minimising risk of vehicle users.

2. **IMPORTANCE OF STUDY**

According to Indian Brand of Insurance Equity Foundation 2010 reports the insurance industry in India is estimated for life insurance is ₹ 35.000 Cr industry; Non-life insurance is ₹ 560 Cr, 56 % of which is accounted for the motor and health segments. There has been growth in car industry in India with that demand for insurance policies have increased, since the liberalisation taken place in India. The present study evaluates the performance of Public and Private insurance companies with reference to car insurance.
3. **OBJECTIVES OF STUDY**

The present study focuses on the following objectives mentioned below:

- To study the operations of vehicle motor insurance in India.
- To study the growth and development for car insurance in India.
- To study the role played by IRDA (Insurance Regulatory Development Authority).
- To study the policies towards vehicle insurance by Government of India.
- To make the suggestions and recommendations based on the Present Study.

4. **HYPOTHESIS**

1. There is continuous and consistent growth in Car and Motor Vehicle Insurance Companies in India.
2. In the era of Globalization there is competition in Car Insurance Companies in India.

**Universe**

The universe for the study is car / motor insurance companies operating in India. Thus the universe for the present study was 18 insurance companies registered with IRDA till March 2012. The list of motor / car insurance companies registered with IRDA was 18. Among these 18 companies, 4 companies were public insurance companies and remaining 14 companies were private insurance companies. (Ref List Annexure II Pg - iv)
Sample Selected

As per the information available from IRDA, the selected sample for survey was on 12 car / motor insurance companies. Also sample of 30 policy holders details from each selected 12 car insurance companies were selected for present study.

Method of Sample Selection

The Method of sample selection for present study are mentioned below:-

- **Sample selection method for car insurance companies**

  i. All four government companies were selected as sample for the present study.

  ii. From rest of the companies registered with IRDA there were eight companies established from 2000 to 2003. Out of that, four companies were selected who were displaying their documents for the public.

  iii. As per the information available about the companies registered with IRDA till March 2012, there were no companies established from 2003 to 2006.

  iv. The companies registered with IRDA there were six companies established from 2006 to 2009. Out of these four companies were selected displaying their documents for public.

Thus for the present study the sample of 12 companies registered with IRDA was selected. It is 66.66% of the universe.

- **Sample selection method for car insurance policyholders**

From the list of policyholders made available from the companies, with the help of random sampling method. 30 policyholders were selected and their details were made available by companies for further process.
The following is the list of car insurance companies selected for present study are mentioned below:

**Table 2.1**

**Car Insurance Companies selected for present study**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Registration No</th>
<th>Date Registration</th>
<th>Name of Company</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>58</td>
<td>01-04-2000</td>
<td>National Insurance Co. Ltd.</td>
<td>Govt. Company</td>
</tr>
<tr>
<td>2.</td>
<td>190</td>
<td>01-04-2000</td>
<td>New India Assurance Co. Ltd.</td>
<td>Govt. Company</td>
</tr>
<tr>
<td>3.</td>
<td>545</td>
<td>01-04-2000</td>
<td>United India Insurance Co. Ltd.</td>
<td>Govt. Company</td>
</tr>
<tr>
<td>5.</td>
<td>106</td>
<td>04-12-2000</td>
<td>IFFCO Tokio General Insurance Co. Ltd.</td>
<td>Private Company</td>
</tr>
<tr>
<td>6.</td>
<td>113</td>
<td>02-05-2001</td>
<td>Bajaj Allianz General Insurance Co. Ltd.</td>
<td>Private Company</td>
</tr>
<tr>
<td>7.</td>
<td>115</td>
<td>03-08-2001</td>
<td>ICICI Lombard General Insurance Co. Ltd.</td>
<td>Private Company</td>
</tr>
<tr>
<td>8.</td>
<td>125</td>
<td>27-08-2002</td>
<td>HDFC General (ERGO) Insurance Co. Ltd.</td>
<td>Private Company</td>
</tr>
<tr>
<td>9.</td>
<td>132</td>
<td>04-09-2007</td>
<td>Future General India Insurance Co Ltd.</td>
<td>Private Company</td>
</tr>
<tr>
<td>11.</td>
<td>137</td>
<td>08-05-2008</td>
<td>Shriram General Insurance Co Ltd.</td>
<td>Private Company</td>
</tr>
<tr>
<td>12.</td>
<td>139</td>
<td>27-06-2008</td>
<td>Bharti AXA General Insurance Co Ltd.</td>
<td>Private Company</td>
</tr>
</tbody>
</table>

**Source** - Compilation of information from following websites-
http://www.irdaindia.org/hist.htm,
5. **DATA**

The present study is based on Primary and Secondary data collected from sampled car insurance companies and sampled customers of the policyholders of sampled companies.

- **Primary Data** – The primary data for the present study was collected at two levels as follows:
  
i. a) Survey of sampled insurance companies registered with IRDA through questionnaire.
   b) Interview schedule with office bearers of sampled car insurance companies to get insight in the working of car insurance companies.
  
ii. Survey of customers who are policyholders of sampled companies through questionnaire.

- **Secondary Data** - The secondary data was collected through books, periodicals, reports from various motor tariff's committees, newspapers articles, magazines, journals, reports from various websites etc are taken for the study. The data available from annual reports of various insurance companies were also taken for the present study.

As per the objectives and hypothesis of the present study, it was decided to collect the data from company as well as customers who are car insurance policy holders of the company. The data collected for companies is majority quantitative data and the data collected from policy holders is majority qualitative data on the basis of five point rating scales.

With this objective, two questionnaires were made, one for company and other for car insurance policy holders. The details for data analysis for present study are as follows:

1. Car insurance company – 12 Nos.
2. Car insurance Policy Holders - 360 Nos.
The sampled data was tabulated and processed. With the help of statistical techniques data analyses is done. The sampled data is also presented in diagramed form.

6. LIMITATIONS OF STUDY

1. The study is related only to the General Insurance Companies providing car insurance.
2. The study is restricted only to the car insurance companies registered with IRDA. (Insurance Regulatory Development Authority)
3. The study is for the period between 2000 -2009.

- Theory of Oligopoly Market

Insurance business in India was Oligopoly nature, since the independence of India. The IRDA was established in 1999, it saw various changes in the business, technology, structure, and competition etc. After 1999, with ushering into globalization, entry of new insurance companies in the car / motor insurance business, lead to the strong growth in Indian car / motor insurance market. Oligopolistic competitive car and motor insurance market where the “Competition is among the Few” firms registered with IRDA is concern for the present study. It is the insurance market where the insurance policies are sold by few insurance companies with characteristics of two way competitions process, interdependence, product differentiation, and price discrimination.

The characteristics of two way competitions, interdependence, product differentiations and price discriminations in car / motor insurance market are mentioned below:-
Two way Competition on Price and Quality

The existence of two way competitions does prevail in the insurance market with characteristic of competitions on the price of products offered in the insurance market. Every insurance company wants to achieve the objective of higher premium earnings with lower claim settlement payment to its clients. Thereby in order to achieve its objective, every insurance company follows two way competitions process with each other in the insurance market. Firstly, insurance companies compete with each other on the policies prices offered to their customers. secondly insurance companies constantly compete with each other on the superior quality of services given to their customers. The process of two way competition on price and quality of services given to customers is regularly undertaken by various motor/car insurance companies in India.

Interdependence

There are few firms operating in the insurance market, the characteristics of interdependence play a critical role. There is an existence of interdependence in decision making of these few insurance companies operating in the market. The numbers of competitors are few, any change in price and quality of product by any insurance company will have direct effect on the fortune of its rival insurance companies, and then the rival insurance companies will retaliate by changing its own price and quality of their products offered in the market. There are more than one reaction pattern is possible from the various insurance companies, so it would create unstable insurance market. Thereby in order to have stability in the insurance market, there is a mutual interdependence among the insurance companies to have determinate solution on the price of product. The characteristic of mutual interdependence within the insurance companies do exists in the Indian insurance market. Therefore there is an existence of interdependence among the motor / car insurance companies in India.
Product Differentiation

Car / motor insurance companies sell the insurance policies to the consumers which are the close substitutes of each other. Almost all the car / motor insurance companies have to face stiff competition from his rival companies which is selling the similar insurance policies but with close substitutes of differences.

Car / motor insurance companies sells the insurance policies with close substitute of difference are mentioned below:-

- Quality of service.
- Customers – Client relationship.
- Technological services.
- Network - Locations operations.
- Advertising/ Media promotions.
- Agent services.
- Competitive Insurance companies Insured Declared Value rates.
- Competitive Insurance companies issue of competition on lower premium, better quality of services and hassle free claim settlements.

Therefore every car / motor insurance companies concentrate on selling the insurance policies to its customers with product differentiation as a close substitutes so that it could attract maximum customers in the market.
Price Discrimination

Car / motor insurance companies adopt price discrimination on the grounds of discounts and additional benefits facilities provided to its customers so that it could get large amount of customers associated with their companies.

The insurance policies sold by various car insurance companies for similar make and models of cars are discriminated on its premium prices, by offering various discount and additional benefits. The Price Discrimination indicators of discounts and additional benefits followed by car insurance companies are mentioned below:-

1. **No Claim Bonus**: - No claim bonus is a discount that is given to the insured person or the driver of insured person’s vehicle for safe driving. If they have a safe driving record in the past years and have not been involved in any accident, and have not filed any claim with the insurance company so, as a reward for safe driving insured person become eligible for a "No Claim" Bonus. The maximum no claim discount goes up to 50% for own damage premiums.

The track record as a safe driver can be carried over to the insurance policy of any other vehicle insured person buy, whether a new car from a showroom or a second hand car. the insurance companies do gives benefits of No Claim Discounts.

2. **Voluntary Deductible or Excess**: - If the insured person agree with the insurance company that in case of an accident, if the insured person will bear some part of the damage cost out of there own pocket before the insurance company’s obligation to start compensating insurer, then the insurance company is willing to offer insured person a discount for sharing the cost. Any damage in excess of this cost borne by individual will then be undertaken by the company. For example, insured person chose to bear up to ₹ 3,000 of damage costs. Let’s say if insured person have an accident and the claim arises to ₹ 10,000. Then the Insured person will bear the first ₹ 3,000, and the amount in excess of this, i.e. ₹ 7,000, shall then be borne by the insurer. All policies require that insured person will bear the first ₹ 500 or ₹ 1,000 of damage suffered, as per the cubic capacity of vehicle.
At the time of taking the policy insured person can volunteer to bear higher than this minimum stipulated amount if a claim were to arise. In technical terms this is called a deductible, i.e., the amount the insurance companies will deduct from insured person before it pays out claim to insured person as final compensations.

3. **Automobile Memberships Discount:** Are insured person is a member of a recognized Automobile Association like Automobile Association of India? Western India Automobile Association or Automobile Association of Eastern India? If so, then they can get a discount of 5% on the own damage premium. subject to a maximum of ₹ 500 on the car. By paying whatever membership dues insured person pay to the association, the insured person can get the additional benefit of cheaper car insurance. Automobile Research Association of India offers 5% discount for recognised Automobile Associations Members for car insurers in India.

4. **Anti-Theft Discount:** If insured person has installed an anti-theft device like an alarm or locking system approved by Automobile Research Association of India (ARAI), then insured person is avail a discount of up to ₹ 500. This is because by installing an anti-theft device, insured person have reduced the chances of theft, thereby reducing the insurance company's risk as well. So, the insurance company is willing to reduce the insured people’s premium. The insured person gets around 2.5% discounts for Automotive Research Association of India (ARAI) and Automobile Association of Southern India (AASI) approved by anti theft device in various vehicles.

5. **Discount on Vintage Cars:** If an individual buy a vehicle certified as a vintage car by the Vintage or Classic Car Club of India, then the individual is eligible to a discount on the premium by insurance companies. The discount amount can vary on the basis of car and process adopted for discount by insurance companies.
6. **Discounts for Handicapped Persons:** Insurance companies provide handicapped insured persons a discount of 50% on the own damage premium, provided that the vehicle has been modified for use. The discount is also available for institutions exclusively engaged in the service of handicapped patients.

7. **Corporate Discount:** Certain corporate companies purchase cars in large bulk, thereby the manufacturer/dealers of the vehicles give a good rate of discount on total price cost of cars and insurance companies provide them with additional benefits like Zero Depreciation of Insurance Policy Covers, Discounts on Automobile Membership, No Claim Bonus, and Discount on Anti Theft Device etc.³ Professional or married individuals' discount are also provided by car insurance companies.

8. **Age Discount:** The insurance companies also provide discounts on the age of insured persons. If the age of the Insured is between 36 years to 45 years - 5% Discount on the Own Damage Section of the policy. If the age of the Insured is between 46 years to 60 years 10% Discount on the Own Damage Section of the policy for age discount. Insured person need to submit Pan Card copy and other identification documents.

9. **Occupation Discount**

An insured person pursuing any of the following occupation can avail 5% discount on the Own Damage Section of the policy given by certain insurance companies is mentioned below:-

- A fully qualified and practicing Chartered Accountant.
- Serving in defense and paramilitary services.
- Teaching in Government recognized Schools, Colleges, and Universities & Educational Institutions.
- Employees of Central / State Government departments.
- Qualified medical doctors who are registered with any Government recognized Medical Council.⁴
For occupation related discounts on motor car insurance, the insured person need to submit either the education or employment certificate along with there identification documents to the insurance companies.

**Additional Benefits offered by Car Insurance Companies**

- Instant online policy insurance and renewal in easy steps.
- Cashless claims at over 1500 preferred garages provided by companies. 75% on account payment when cashless facility is not available.
- To locate a Preferred Garage nearest by (Toll Free) Numbers.
- Transfer the existing No Claim Bonus from any insurance provider ranging from 20% - 50%.
- 0% interest EMI option available on payment through Credit Card. (Conditions and terms applied by insurance companies)
- Instant claims assistance and SMS updates on the motor claim status through 24x7 call-centers.
- Towing facility in an event of a breakdown/accident 24x7 service by phone or online process.
- Companies prefer workshops to give the access to hassle-free inspection, high service standards and cashless settlement of claims in event of an accident/breakdown of various vehicles.

These are price discrimination measures undertaken in the form of discounts and additional benefits provided by car / motor insurance companies to its customers in India.
W.J. Baumol Theory of Sales Maximisation of Oligopoly

W.J. Baumol Theory of Sales Maximisation of Oligopoly is concerned on the sales maximizations model, which is a significant and more of reality approach in the business behavior of real world. Theory states on sales maximisation subject to minimum profit constraint should be an objective to the firms. The price and output is determined by the oligopolistic business firms which will take into account on advertising expenditure and overhead cost on price of the product. Baumol theory concentrating on the sales is applicable to the car motor insurance business, where the car / motor insurance companies concentrate on the selling of insurance policies as a primary objective of every car / motor insurance company’s. Therefore the advertising cost to sell car insurance policies is undertaken by the insurance companies is very important in an oligopolistic market where the competitions among few firms prevail. As well as the overhead cost on car / motor insurance business is also taken into considerations, rather than concentrating on the profits. The Baumol theory of sales maximisation does not ignore profit, but since the insurance business strongly depends on the sales of insurance policies, therefore theory of sales maximisation is applicable. The growth in sales of car / motor insurance policies would lead to growth of car / motor insurance companies, and ultimate it leads to rise in aggregate profit margins for car / motor insurance companies.

In order to conclude, Theory of Sales Maximisation of Oligopoly given by W.J. Baumol can be applicable for car / motor insurance business in India.
References


3. http://www.itrust.in/content/personal-finance/are-you-eligible-for-these-discounts-on-your-car-insurance-premium.


II. Review of Literature

**Introduction**

The review of literature on the present study “The study of Vehicle Insurance in India with special reference to car insurance in India” is classified into 17 Books, 13 Reports, and 10 Newspapers Articles etc. The literature shows author’s point of views on the vehicle and car insurance norms in India. Authors of various books explain the past and the present of the insurance industry in India with an eye on the global changes. Then the concept and the definition of insurance, insurance contract and the history of motor vehicles act are also mentioned in systematic by various authors. Certain books show the importance of coverage of UK and International Insurance Markets and the impact of Globalisation, harmonisation, and convergence along with the role of insurance within financial framework is explained in comprehensive mechanism.

The role competitive insurance market, regulatory approach reflect different interest, liberal insurance market, market power, path towards competitive solvent insurance market, and future role of government towards the Indian market is critically analysed by various authors. The business policy of insurance in India, claims procedures, salvage disposal, basic claims settlements, insurance risk management and its procedures of insurance business in India was well explained by books authors. The certain authors analysis on motor vehicles Acts in India 1988, claims tribunals formation growth, compensations procedures, insurance of motor vehicles, legal procedures evidence, appeals in courts relating towards legal aid, criminal law, Lok Adalats cases and settlements etc issues in India.
The detailed analytical views mentioned in the reports given by the editorial team on Confederation of Indian Ernst & Young is the extensive information on Indian industry overview. Indian Industry on crossroad of development, critical factors for market development and way forward for Indian Insurance was very valid information about the insurance industry. as the reports also examines the of growth drivers, financial inclusions, distribution channels, emerging trends, untapped latent potential industry, and the recent regulatory process govern by current market state in order of consumer preferences. The reports given by various general insurance companies was critical, as these reports showing yearly performance of various companies. policy operations medium followed in India for car insurance business.

The Indian motor tariffs reports also shows the details on tariff for private car. tariff for motorised two-wheelers tariff for commercial vehicles, tariff for goods carrying vehicles tariff for trailers tariff for vehicles used for carrying passengers for hire or reward, tariff for miscellaneous, special types of vehicles tariff for motor trade, road transit risks tariff for motor trade, road risks tariff for motor trade, internal risks proposal forms standard wordings in respect of policy including premium computation tables and applications for insurance industry in India. The tariff on Cover Note, India Motor Tariff (IMT) Endorsements. Statistical Codes for tariff is also mentioned in various reports. The reports and journals given by IRDA also explain the rules and regulations of IRDA and the statutory function of the authority is also mentioned in details.

The newspaper articles showed the current scenario for car /motor insurance in India and recent imposition of tariffs by IRDA was also mentioned in various newspaper articles. The recent discounts schemes for car /motor insurance and its annual premium rates were also mentioned in newspaper articles.
The Literature review on books, reports, and newspaper articles for present study is mentioned below:-

A. (i) Books (International Books References)


   The basic understanding of the concept of risk, the development and the role of
   insurance industry, various classes of insurance, types of provider and the
   legislative environment all within the wider context of financial services is the
   issues of the Insurance Industry is explained in details from the book.

   The scope and purpose of Insurance, the principles of the insurance contracts is
   essential terms mentioned. The book provides coverage of UK and International
   Insurance Markets and the impact of Globalisation, harmonisation, and
   Convergence is also provided. The concept and role of insurance within
   financial framework is explained in comprehensive mechanism.

   The unit team members of the Chartered Institute of bankers (London), analyzes
   the Basic Insurance concept. Insurance market place, Government Policies,
   Private Car Insurance, and the financial services of U.K in Insurance business
   Industry. References are taken from book for further studies on the issue of
   insurance risk transfer mechanism.

   World Publications New Delhi 2007

   Book is written by risk expert management author who initiates the reader to the
   basic of risk management and its relationship with the insurance. The book
   provides a step by step guide to managing insurance related issues, be it
   choosing the right insurer, making a claim or renewing insurance policies. The
   book also offers a detail listing of insurance products.
The analysis of small and medium enterprises (SMEs) is more vulnerable to the impact of risks than large corporations since they neither have professional risk managers nor financial resources to absorb losses. SMEs also lack in awareness that insurance plays a pivotal role in crushing them from a variety of insurable risks. Book was essential to understand the basic analysis of insurance market for present study.

A. (ii) Books (National Books References)


The insurance industry in India has come a long way. Within a decade of India obtaining her independence, the makers of modern and independent India decided to bring in the life insurance industry into mainstream of national life to give a meaningful expression to the social aspiration of the people of India. The book shows the effectiveness and substance on Life Insurance Corporation and the General Insurance Corporation contributing to redesigning the socio-economic fabric of modern India as part of the post-independence economic history of India. Though these two organisations have interlaced and intertwined their destiny with that of India, preference shift in the Indian markets, new realities of the Global Economic order, and demands arising out of multilateral trade agreements have all left India with no option other than throwing open its economic and commercial policies to global competition and challenges. In such circumstances the Insurance Industry of India could not remain protected and insulated from facing new challenges. The global exposure of the Indian Economy appears to have paved for the unprecedented economic resurgence.

Author H. Narayanan tries to profile the past and the present of the insurance industry in India with an eye on the global changes. The concept and the definition of insurance, insurance contract, and the history of motor vehicles act beginning were taken as reference study.

The vehicle insurance industry in India has the policy holders explaining their rights and the obligation to be taken care both before and after buying the policy. The grievance redresses process to follow in the events of rejection of claims. The Insurance agents are helping their clients to update their knowledge on legal aspects of insurance. The offer for better guidance at the point of sale and for settlements of claims is an important issue. The need for the clients to understand the need to know before they decide to take a Vehicle Insurance policy is utmost critical matter of subject. The book by Mr. Gnanasundaram Krishnamurthy serves as guide to policyholders. Insurance agents on the various aspects of vehicle insurance industry in India.

The book touches upon almost every issue a vehicle owner is liable to face in case of vehicle insurance claims tribunals and the traffic advisory committee. The reference is taken from the book on Motor Vehicle Act 1988 and the liability from insurance claims operations from central government (IRDA) norms are taken as reference study.


The book provides a comprehensive and up to date picture of insurance industry. Authors first trace the origin and the working of the insurance industry and factors that lead to nationalisation. Then the close analysis of recent development and the transformation that has taken place after reform so that macro perspective on this industry can be taken into consideration. The authors examine the measures taken by the existing public sector insurance companies to restructure them in the present scenario. The book provides an overview of the present and the likely to be policies of the new players that have entered in the market.
The book also offers the suggestion about the future of the industry in terms of potentials and the possible growth, initiatives needed to give future impetus to the industry, the product and the services offered, regulatory issues and the evolving market strategies in the context of the highly competitive environment. Book is written in concise and absorbing manner to provide an enormous interest to students, professionals and intermediaries in the insurance and financial sector. The certain part of references based on the competitive environment for insurance business in India was taken for reference study.


The post liberalised insurance industry scene in India witnessed dramatic changes in terms of product and services, new channels of distribution, emergence of information technology as service facilitator etc. The opening up of the insurance sector has resulted in players responding to market demands of choice and competition in vigorous manner to argument to market shares. The book contains contradictory trends in the Indian insurance Industry. It offers master’s level insurance and risk management issues in India. The Report on the Insurance sector given by Birla Institute of Technology is valuable to the Industry Leaders in insurance, policymakers, world renowned researchers, academicians, regulatory body and by all those observing the Indian Insurance Industry.

References are taken from competitive insurance market, regulatory approach reflect different interest, liberal insurance market, market power, path towards competitive solvent insurance market, and the future role of government towards the Indian market.
New Delhi – Allahabad 2011.

The book is on Motor Vehicles Act 1988 which is a provision of the Act contained in each units of the book. The book analyzes Act based on stringent provisions for the issues of driving licenses to drivers as well as conductors. The operations of transport vehicles and state transport undertaking are also been analysed in the book. Control of traffic, Insurance vehicles against third party risks. Liability without fault, Fault liability, compensation on structured formula basis hit and run accidents have been analytically and critically shaped in this edition of book in order to understand the government operations according to the impositions of act in Indian vehicle industry.

The book also contains special coverage on various types of negligence, liability of Insurance companies. Selection of appropriate multiplier, etc. the Central Motor Vehicles Rules, 1989 has often been amended for the implementations of provision of the act. All the updates amendments included to make this compendium as a good reference book. The basic definition of motor vehicles and the chart on types of vehicles, which is concerned on the transport vehicles and non - transport vehicles were taken as reference study.


The details of history and origins of insurance business in world are mentioned in the book. The analysis of general insurance business operations and decision making are given in comprehensive pattern.

Book analyzes the business policy of insurance in India. claims procedures, salvage disposal. Basic claims settlements, insurance risk management and its procedures of insurance business in India is mentioned in the book. Operation of insurance business in India along with the governmental procedures is also mentioned in detail. The financial procedures and policies are given detail format. The concept of history and origins of insurance is taken as a reference for study.

The book on Insurance Principles and Practices is divided into five segments as the first segment is on Introduction to the Insurance, second segment is on Life Insurance, third segment is on Marine Insurance, fourth segment is on Fire Insurance, and fifth segment is on Miscellaneous Insurance along with the prospects of insurance and privatisation of insurance industry in India is mentioned in details. The certain parts of reference from the book on introduction of the term insurance are reviewed for reference study.


The book is an analysis of Insurance fundamentals, Environments and procedures. The book is divided into three major segments of fundamentals, its working environments and its procedures for the regular insurance business. The book is the comprehensive analysis of operations in principles of insurance, Insurance and economic development, business environment. Growth of insurance business in India and business environment along with insurance procedures. The book explains the procedures, documentations of insurance business, settlements of claims. Life insurance and non life insurance procedures. Certain parts of explanation on the introduction of insurance as sum of money, premium and compensation are reviewed as the reference study from this book.


12. V.B. Kolhatkar, V.A. Pai “Motor Insurance” Insurance Institute of India Mumbai 1999, Book no:- 1640 (NIA)


The book is a collection of various forms and documentations of the motor insurance in India. The book is the upgraded version on motor insurance introduction, legal aspects, motor insurance policies, motor insurance practices, documents, underwriting, claims, motor third party pool. Information Technology in motor insurance.

The information about vintage car and light motor vehicle weight and gross motor vehicle weight analysis in the current motor insurance scenario was taken for the reference study.

14. Mr. Kluwer “Hand Book of Insurance” Hand book (Compiled folder), Book no; - 6988 (NIA)

It is the compiled set of folder book named “Handbook of Insurance” the book consists of various segments on the general principles and the market of insurance. Property and business interruption of insurance, engineering insurance, liability insurance, construction insurance and the issues of motor insurance market, legislations and general principles, insurance of private cars and motor cycles, insurance of commercial vehicles, motor trade and contingent liability insurances. The Motor Vehicles (Compulsory Insurance) regulations in 1992 come into force on 31st Dec 1992 implement the third motor insurance directive under which there is requirement for motor policies to cover all passengers including those in the employment insured were taken as reference study.

The book is a detailed analysis of Motor Accidents, Insurance Claims and Compensation. The detailed analysis of claim procedure and the compensation process of insurance procedure have been mentioned. The exhaustive coverage of supreme court decision along with cases on trots and negligence where the motor accidents claims through tribunals rules and forms of applications is given in the book. The detail provisions of motor insurance, personal injuries and disability, review and revision process of claims tribunal courts is mentioned in the book.

The Motor Vehicles Rule Acts along with cases of certain states is given and the essential aspects of insurance claims and compensations are extensively explained in the book was referred for the present study.

Regal Publication New Delhi 2007, Book No:- 19538 (NIA)

The book contains the analysis of Insurance sector in India – An overview, Economic Liberalisation and insurance sector reform in India, Development of insurance sector in India, Risk Management in Insurance, Performance of Insurance sector Pre and post Liberalisation in India, Impact of Economic Liberalisation on the volume of insurance business in India.

The Book was used as references for the present study where the performance of insurance companies, especially during the insurance liberalisation of India was considered for the reference study.

The Book is an analysis on General Principles of Motor Insurance and Contracts, proposal and policy forms, claim compensation, jurisdiction of civil courts, legal provisions, legal aspects of third party claims and roles and policies of Motor accidents.

References of current Supreme Court cases, liability of insurers and its third party claim management was essential factor for studying the insurance business in Indian market. The basic understanding on motor claim management was referred for the present study.

B. (i) Reports (International Reports References)

1. Confederation of Indian Industry Ernst & Young “Indian Insurance Sector – Stepping into next Decade of Growth” Date - 1.9.2010

The report given by the editorial team of Confederation of Indian Ernst & Young provides extensive information on Indian industry overview, Indian Industry on crossroad of development. Critical factors for market development and way forward for Indian Insurance sector.

The report is also an analysis of growth drivers, financial inclusions, distribution channels, emerging trends, untapped latent potential industry, recent regulatory govern the current market state and consumer preferences. The Indian Insurance market and Evolution of the Industry is taken as the reference study from the given report.


3. Guang Z. Chen, (Sector Manager for Transport, South Asia Region) Energy & Infrastructure Operations Division South Asia Regional Office Document of World Bank India “Road Transport Service Efficiency Study” Date – 1.11.2005

Report reviews on the long-distance road transport industry in India in order to identify inefficiencies that could reduce the benefits to be derived from the large investments now being made by the Government in the nation’s highway infrastructure. The findings of this study have been presented at recent seminars such as the “Global Infrastructure Summit” organized by the Federation of the Indian Chambers of Commerce and Industry (FICCI) in March 2005, and the “Convention on Reforms in the Road Transport Sector” organized by the All India Confederation of Goods Vehicle Owners Associations (ACOGOA) and the All India Bus Operators Confederation (AIPOC) in February 2005.
All these studies were commissioned and managed by the Energy and Infrastructure Unit of the South Asia Region of the World Bank for the purpose of undertaking the subject sector work. The current business fundamental of commercial motor insurance and insurance tariff was taken for the reference study.

B. (ii) Reports (National Reports References)

4. A. Vijayakumar (Reader in Commerce Erode Arts College, Tamil Nadu) “Globalisation of Indian Insurance Sector - Issues and Challenges” Date - 01.01.2002

The author analyzes his report by showing the opening up of insurance sector that will foster competition, innovation and product variations. However, in this context one has to consider various issues at stake including demand for pension plan, separateness of banking from insurance sector, role of IT, possible use of postal network for selling insurance products and above all, the role of Insurance Regulatory Authority. The report views on the Globalisation of Insurance sector and it further shows the view of IRDA and its operation in India.

The report mentions the role of market structure, role of technology and the insurance sector reforms. The certain parts of references on origin and growth of historical background and the critical issues faced by insurance sector from the report are reviewed as the reference study.

5. Tapen Sinha “Indian Insurance Industry – Challenges and Prospects”
   Institute of Insurance and Risk Management Publisher Ltd.
   Date – 01.01.2002

The report consists of introduction of an overview of India’s insurance market India in the international context. History of insurance development in India. Regulatory Regime. Life and Health insurance. Non-life insurance. Rural insurance.
This report aims to promote a better understanding of insurance in India today. Covering a broad range of topics, the booklet shows the diversity of Indian insurance, its development and its prospects. It also provides a lot of international comparisons which put developments in India into perspective. In so doing the booklet takes advantage of the fact that Professor Tapen Sinha, although Indian by nationality has pursued a lot of his professional career overseas.

The report proves especially beneficial for insurance companies operating in India, or intending to enter the Indian market, to position themselves in this market. In addition it should provide background information on the right institutional and legal frameworks to further develop the industry in the best interests of India and its people. The demand elasticity and growth potential along with future market characteristics behavior in Indian market is taken as the reference study.


Report is the description of the future in life insurance will be determined by the increase in pure protection products, a refreshing look at unit-linked plans, launch of customized plans, and improved service levels. The insurance sector will grow steadily rather than rapidly. While the law and regulations are in place to ensure financial strength and solvency of insurers, the regulator’s challenge lies in monitoring compliance.

The opportunity for financial services is increasing all over the world. Big domestic companies with significant market shares in the local countries will have the opportunities to commence business in other markets. Keeping in mind the complexities of the industry, multi-product, multi-channel, and multi segment route needs to be followed for growth.
The challenge of successfully implementing banc - assurance lies in training the staff, integrating the insurance products, and ensuring best quality service.

Agents in the insurance sector are critical for its success and, in order to gain competitive advantage, quality people are needed but attracting and retaining agents is a challenge. The certain parts on the challenges of Indian Insurance sector is reviewed as the reference study.


The report is the analysis given by the United India Insurance Company limited (GIC) government entity, on the Insurance Policy issued to the customer for Car Insurance. The report file contains the entire procedure of car insurance in India. The procedure mentioned in this report is followed by the public and the private car insurance companies in India. The key components of the car insurance is the procedure of loss or damage to the vehicle insured. Sum insured declared Value (IDV), Liability to the Third Party, Personal Accident cover for owner driver, General Exception (Applicable to all section of policy), Terms and conditions of the motor insurance companies and the provisions of no claim bonus. The analysis on car insurance policy, and its operations in India was taken for the reference study.

8. Annual Report by Bajaj Allianz General Insurance Company
Report 10th Year - 2009-10

The report is given by the Bajaj Allianz General Insurance Company Limited is on the analysis of yearly performance of the company. The certain parts of competitive environment core values of Bajaj general insurance company on Customer First Always, Organisation above Self, Trust, High Standards, Shared ownership, Spirit of Adventure, and Respect for Diversity was taken for the reference study.
**Report 11th (Policy Booklet) Date – 31.10.2011**

Report on Bajaj Allianz General Insurance Company Limited is on the analysis of yearly performance of the company. The similar grounds analysis for car insurance policy operations measures in India are shown in the report. The report file contains the similar car insurance policy mechanism of loss or damage to the vehicle insured, Sum Insured Declared Value (IDV), Liability to the Third Party, Personal Accident cover for owner driver, General Exception (Applicable to all section of policy). Terms and conditions of the motor insurance companies and the provisions of no claim bonus.

Report was selected to show the similar kind of car insurance policy issued by the private general insurance company. The reference on the No Claim Bonus procedure, compulsory deductible, legal liability to paid driver or conductor or cleaner employed in connection with the operation of insured vehicle, and personal accident to unnamed passenger other than insured and the paid driver and cleaner procedure was taken for the reference study.

10. **Insurance Regulatory Development Authority 1st Annual Report 2000-01, IRDA Report Part – 1, Date – 01.01.2002**  
*Source:- www.irda.gov.in*

Report is first of any kind presented by IRDA. As the report gives the details about the constitution of IRDA, Historical Background, Agents and insurers intermediaries, surveyors and loss assessors, professional bodies, control and monitoring, self-regulatory bodies, headquarters of the authority, policies and programmers, review and working operations of insurance regulatory and development authority. The statutory function of the authority ensured in the section 14 of the Insurance Regulatory and Development Authority Act 1999, and organisational matters of Insurance Regulatory and Development Authority.


Report was given by Insurance Regulatory Development Authority (IRDA) it’s the annual report of the year 2001 – 2002 (2nd Annual Report). The report is on the basic regulations of aggregate insurance business in India. The report is on Constitution of the authority, evolving market conditions, regulations, role of professional bodies, issues penetrating to customer protections, issues pertaining to solvency, reporting practices, issues pertaining to solvency, registrations of new insurers, surveyors and loss assessors. Third party administrations. Tariff advisory committee, obligations of life and non life insurers. International co – operations. role of technology. Headquarters authority. The introduction of Tariff Advisory Committee and the table for list of existing tariff business control by Tariff Advisory Committee is taken for the reference study.

12. **Indian Motor Tariff (Provision of Indian Motor Tariff) Government of India Date - 30th June 2002**

Road Risks Tariff for Motor Trade. Internal Risks Proposal Forms Standard Wordings in respect of Policy including Premium Computation Table and Certificate of Insurance. The tariff on Cover Note. India Motor Tariff (IMT) Endorsements. Statistical Codes for tariff is mentioned in report. The Indian Motor Tariff provisions introduction and the regulations for tariff private car were taken for the reference study.

13. **Insurance Regulatory Development Authority 11th Annual Report**

   **Year - 2010 -11, Source; - www.irda.gov.in**

   Report by Insurance Regulatory Development Authority (IRDA) is the annual report of the year 2010 – 2011 (11th Annual Report). The report is the analysis on the policies and programmers on current Indian insurance market and various sectors of insurances, review of working and operations of insurance business and international co – operations in insurance business, public grievances. Insurance associations and insurance councils, statutory and development functions of the authority, and organisation matters relating to the insurance business are dealt within. The application on Indian Motor Third Party Insurance Pool (IMTPIP) is taken as the reference study.

C. **Newspapers Articles**

1. **The Indian Express (Express Money Editions) - Amitabh Jain VP Costumer Service Motor ICICI Lombard, “You can save money on that Car Insurance Policy” Date - 13/2/2012**

   *The Indian Express*, article was about current claim procedures determinants and tips for lowering your car insurance premiums. Article given in newspaper is taken for the reference study. The details of article was on car insurance is the combination of own damage and third party liability coverage. Own damage part of the insurance covers any damages /theft (total or partial) of the car whereas third party covers any damages and injury caused to a person and property by the insured car. The primary factors that determine your car insurance premium are the make / model of the car, age
of the car and city of registration on the basis of IDV Insured Declared Value. The claim procedures are determined on the company package policy. Tips on lowering your car insurance Premium on the issues of no claim Bonus. Discount for Anti Theft Devices. Automobile Association Membership Discount, and going online was mentioned in the article.

2. The Economic Times of India - Editors panel (New Delhi) “India will be 3rd Largest Light Vehicles Market by 2020” Date - 14/6/2011

The Economic Times of India article on the written under the panel of editors of Economic Times on the future growth of vehicle industry is mentioned in this article was basically about the predications that “India will be the 3rd Largest Light Vehicles Market by 2020” states that India will become the third largest market in the world after China and US for light vehicles, including passenger cars and Light Commercial Vehicles (LVC) by 2020. According to market research firm JD Power Asia Pacific. The country however, will have to improve its infrastructure, as well as resolve component supply chain issues, in order to realise its huge potential.

India will become third biggest market for light vehicles that includes passenger cars and LVCs, with total sales of nearly 12 million units. In a report given by India Automotive (2020).

By 2020, China light vehicles market is expected to reach 35 million units, while that of the US will rise to 17.4 million units. There is a huge potential in Indian market, but the key challenges lie in infrastructure growth to support the automotive industry. India Automotive report pointed out that the average income of Indians expected to be moderate even in 2020; vehicles demand will still be focused in lower end passenger vehicles segment as well as in Sports Utility Vehicles (SUV) and Multi Purpose Vehicles (MPV) segments. The article was taken as the reference study.
3. *The Economic Times of India* - Editors Panel “Car sales rise just 7% to 1.58 L in May, Slowest in Two Years” Date - 10/06/2011

*The Economic Times of India* article on the growth of car sales in the current scenario of the Indian market is mentioned by the editors of economic times as the article was taken for present reference study. The article mentions the car sales growth at their slowest pace in two years in May, as rising fuel cost and costlier loans dampened demand. The sales figures heightened fears that stubbornly high inflation and aggressive rate hikes by the Reserve Bank of India to tame it are crimping economic growth. Sales rose just 7% to 1.58 lakh units during the month, as against 30% jump in deliveries to 1.48 lakh units in the year ago period, data released by the Society of Indian Automobile Manufacturers (SIAM). This trend is likely to continue for the same time, after which there will be pickup in sales hopefully. Demand for vehicles in India, an important gauge of the country’s economic health, is led by a middle class that mostly bases its purchase decisions on the price of fuel and loans.

The growth rate was down for cars, the growth in numbers was the slowest since May 2009 when car sales rose 2.77%. (SIAM) expects sales to drop to 12 -15% in the current financial year, after it surged 30% last year to 1.98 million units, driven mainly by a demand from the growing middle class.

Liberal economic policies of the government of India have contributed significantly towards the car market in India. Many foreign investors have become interested to come and invest openhandedly in the car market of India. Reduction in the rate of customs for small vehicles has also supported a substantial boom in the Indian automotive industry. It is expected that the car market in India is going to be one of the biggest car markets in the world.

*The Economic Times*, article on the car sales of 2011 is mentioned in details. The article is about the Domestic passenger car sales saw its growth in 27 months in June 2011 at 1.67%. The Car sales stood at 1,43,370 units in June 2011 this year against 1,41,086 units in same month June 2010, according to figures released by the Society of Indian Automobile Manufactures (SIAM). This article was taken for the reference study on the present scenario of car industry sales in India.

5. *The Times of India* - Editors Panel of India “Car sales in Positive Zones in Feb” Date - 2/3/2012

*The Times of India*, article on “Car sales in Positive Zones in Feb 2012” is the article taken for reference study. The article mentions that car sales remained positive in Feb 2012 as people purchase vehicles ahead of an expected duty hike in the budget. Car sales, that suffered this fiscal on account of higher interest rates and sharp rise in petrol prices, have been holding steady over the last two to three months as companies cleared in ventories through discount and special offers.

Company executives and dealers said a possible duty increase on diesel cars that can see their retail prices go up and has lead to customers to buy vehicles. Maruti March towards normally continued as company volumes were up 6% at 1,07 lakh units in 2011. While companies like Tata Motors, Hyundai, Mahindra, Toyota continued their healthy run. The sales were not on expected lines as market continued to be sluggish. High interest rates, hike in fuel prices, commodity prices, inflation and negative market sentiments continue to put lot of pressure on automobile market.
6. **The Economic Times of India** - Vidyalaxmi & Preeti Kulkarni “5 Add-ons Luxury Car Insurance must Have” Date - 7/09/2012

The Economic Times article on “5 Add-ons Luxury Car Insurance must Have” analysis on car insurance covers have become highly comprehensive, offering a range of add-ons that are crucial, especially for the luxury cars. While ignoring comprehensive insurance would be a mistake, resisting the urge to splurge on heavily – promoted add-ons is advisable.

The article analysis add-ons cover offered by car insurance companies is Depreciation Reimbursement, Engine cover, Roadside Assistance Lost Key Replacement, Return of Invoice, Filing a Claim. The certain parts of article were taken for the reference study.

7. **The Economic Times of India** - Preeti Kulkarni “Now Pay a Lower Car Insurance Premium if you are Married” Date - 16/01/2013

The Economic Times article on “Now Pay a Lower Car Insurance Premium if you are married” was taken for the reference study. The article analyzes factors like profession, gender and marital status, among many others, are now being used by insurance companies to determine the premium. Traditionally, car premiums were decided upon the basic factors like engine capacity, age of the car, and geographical zones. Over the last four years insurers in India have started using several other asset based parameters such as fuel used in the car, effective anti theft device etc. Further few insurers now are trying with demographic parameters as well. Now in terms of demographic parameters the companies have started taking into accounts the insured age, gender, occupation driving experiences.

For instances, married individuals in the age group of 32-60 are entitled to discounts as they are perceived to be more responsible drivers as such things are taken as a rating parameters. Discounts on the basis of such personal information can go up to 20%. Likewise the loading on premium, can be high as 20%.
However the possibility of discounts in one category being cancelled due to loading in another cannot be ruled out. For instance high premium due to the fuel type may nullify the discount earned on the account of occupational age.

The Article also states the advantages of certain discount factors like providing more information in the proposal form: Buy Police online, protecting individual’s No Claim Bonus, Higher Deductibles, Choosing of Fuel Type wisely, and Installing Anti-Theft Devices.

8. *The Economic Times of India* - Ketan Thakkar & Bakul Chugan Tongia
   “Petrol Vs Diesel Cars: Get your Fuel Math right First”
   Date - 07/01/2013

*The Economic Times*, article on “Petrol Vs Diesel Cars: Get your Fuel Math right First” the article analyzes fuel price differential may tilt customer’s preference towards petrol cars. Since the hike in diesel prices the industry experts the momentum for petrol cars to gather speed. Since then analysts say thanks to hard - sell by auto companies to its dealers, the customers is now more informed about which fuel powered car to choose depending on usage.

The article analysis petrol and diesel cars price rates of premium, usage measures, and constant fluctuation on government price rates on petrol and diesel. The article was taken for the reference study.

9. *The Times of India* - Udit Prassana Mukerji “Third Party Motor Cover Cost to Soar” Date - 19/02/2013

*The Times of India*, article on “Third Party Motor cover cost to soar” was taken for the reference study, the analysis shows that Insurance Regulatory Development Authority (IRDA) has recently proposed a 38.87% weighted jump in TP motor insurance for private cars across all sub classes in the exposure draft for revision of premium.
The revision will hit owners of entry level cars below 1000cc segments— the most as rise in TP cover proposed for this category is 85%. The point of view from ICICI Lombard, Oriental and National Insurance companies is taken in the article to increase the TP motor rates more due to high loss ratio in third party.

10. *The Times of India* - Editors Panel “Pay 20% more for Third Party Motor Cover” Date - 29/03/2014

_The Times of India_ article on “Pay 20% more for Third Party Motor Cover” analysis the concept of increase in the cost on third party motor insurance rise from 1st April 2014. IRDA has notified the new rates. The increase in premium rates is around 20% for small cars and 10% for two wheelers and vehicles carrying goods. The table regarding increase in premium rates for third party motor covers for private cars was taken as the reference study.

**Summary for Review of Literature**

The review of Literature on “The study of Vehicle Insurance in India with special reference to car insurance in India” shows authors point of views on the vehicle and car insurance norms in India. The review on history of insurance, process of insurance, tariffs measures, vehicle acts, car policies procedures, current scenario of car insurance, and important articles on car insurance market in India was reviewed critically. Therefore Literature review on books, reports, and newspaper articles was essential factor for present study.