

## **DIFFERENCE BETWEEN AN INSURANCE CONTRACT WITH LIC AND PRIVATE INSURANCE COMPANY:**

Insurance contract with LIC is different to a certain extent with that of a private player. Although the objective of taking insurance plan under both the cases is the same. The following are the differences between a Life Insurance Contract with LIC and with that of a private player.

<b>Life Insurance with LIC</b>	<b>Life Insurance with private player</b>
1. LIC was formed and registered on September, 1956.	The IRDA has issued the first license to ICICI Prulife in December 2000.
2. The insured has to take the policy on the proposal form issued by LIC only.	In case of life policy with a private player 24 different insurance companies issues different application forms.
3. The premium charges on different products by LIC is less than that of private players.	The premium charges by the private players are comparatively more than that of LIC.
4. LIC does not pay service tax and education cess on the premium collected by it.	The private players have to pay service tax and education cess on the premiums collected by them.
5. The LIC does not provide riders on its products.	The private players provide different types of riders on their products.
6. The life insurance products of LIC are not tailor-made i.e. as per the requirement of the customers.	The life products of private players are tailor made and can be designed according to the requirement of different customers.
7. The mode of payment of premium in case of LIC may be yearly, half yearly, quarterly, monthly, salary saving schemes.	The mode of payment of premium under private players are generally yearly, half-yearly, monthly or salary saving schemes.

The following are the points of differences between general insurance contract with a government company and with the private player.

<b>General Insurance Contract</b>	<b>General Insurance Contract with a private player</b>
1. The general insurance act was nationalized on 1972	The IRDA has permitted private general insurance players in December 2000.
2. The general insurance companies were delinked from GIC in 2002.	IFFCO Tokio General Insurance Company was the first private non life insurance company in India founded on Dec 4th 2000.
3. The GIC has conventionally three branches i.e. fire, marine and miscellaneous (accident) insurance.	In modern times the products are classified as insurance of person, property, interest and liability, etc.

### **INSURANCE THROUGH INTERNET**

The insurance industry is dependent on computer technology. As per the guidelines of IRDA any company using computer technology for carrying out insurance business are :-

- (a) What are the areas in which computer system will be used.
- (b) From where the computer systems will be purchased i.e. whether locally or from international market.
- (c) The extent to which computers will be used to serve customers.
- (d) The extent of inter-connectivity of the system.
- (e) How information technology will be used to develop MIS.
- (f) Upto what extent the procedures and operations will remain manual.

After fulfilling the above requirements the IRDA will permit the insurance companies to operate in a fully computerized environment.

The IRDA has also specified to all insures to create their own website to provide complete information to the customers. The companies should disclose their registration or the license number on their website. Any customer who wishes to undertake any life or general insurance contract with an insurance company can fill up the application form viz internet which acceptable to the insurance company, provided the form is accurately filled in

a proper way and truly reflect the intention of both the insured and the insurer.