



VIMASATHI

MAY 2008

FOR MEMBERS ONLY

Price : Rs. 3.00

EDITORIAL

HOW TO TACKLE INFLATION

Inflation it uniform decline In the value of money. The rupee prices never expand uniformly and hence some classes of people gain while others suffer. Those with fixed or slow changing incomes, unorganized workers and weaker section of the population suffer the worst.

Deficit financing and printing of currency notes to reduce the real debts by the Governments of the Central und States to reduce their debts is a major reason for the fall in the rupee value. India's money stocks has been growing by about 15% per year and sometimes go beyond 20%. There is no gold backing to Indian currency, as also with other countries.

Flight of capital from India to foreign countries is another important factor. Because of the improper exchange rate with discriminatory exchange controls the Indian elite including the corporate Houses are remitting large amounts abroad every year for various purposes.

The policy makers i.e. the legislature in many countries handling the budget adjust taxation and spending plans taking into consideration the technical progress, population growth, acceptable or unavoidable or natural growth of inflation, a monetary growth target be set for efficiency In the real economy, so relative prices adjust to equilibrium in response to demand and supply changes. Such cautious approach to absent in preparing the Indian Budget.

Essential Commodities Act was earlier amended to give traders to hoard food and to squeeze the

common man. During the last few years nearly Rs. 50.000/- crores of Bank loans were given to the food traders to procure and hoard food grains to make more profit, The work of the Food Corporation Of India has now been given to Ambani's and other corporate houses.

More and more land is used for production of Bio-fuels thereby reducing fertile agricultural land for food production. Waste lands are not being properly used for cultivation. Change In the weather creating floods and droughts in various countries seriously affect food production.

It is the right of every human being to have food and a dignified life. This social objective be guiding principle of every politician and Governments. Market economy and consumerism in the name of globalization and free economy will only bring catastrophe to human population. The IMF and World Bank failed lo asses the situation and forecast about this over powering global crisis.

Any Government which can not feed its population has no right to exist. Economic disparity is widening everyday creating more and more billionaires and trillionaires on one side and reducing more and more people to starvation level and ultimate death on the other. This policy must not be allowed to continue. Common people all over the world should unite and fight against this disastrous economic policy of IMF, World Bank and their supporting nations to save humanity from starvation and death.

MAY DAY - 2008

GIEAIA conveys its warmest greetings on the occasion of the International Working Class Day - May Day and wish the working class their victory in the ongoing struggles in defence of their rights. May Day is celebrated by the working class all over the world as a day of unity and international solidarity of the working class and toiling masses of the world. The working class has decisive role to play in the fast emerging political and economic situation, globally as well as locally in India. The Trade Unions being the powerful weapons in the hands of working class can build the movement to alter the social structure. The working class is committed to change the social order to end exploitations and bring social justice. The working class is determined to struggle for a better life. The working people are prepared for massive militant struggle against the anti-national and anti-people policy of the Government and Management.

The Working Class all over the world is confronting the consequences of economic reforms and structural adjustment the product of Liberalisation, Privatisation and Globalisation (LPG) policy.

The celebration of May Day is not just a routine and rituals. This is important red letter day to the toiling masses of the country. The plan and program of working people, with firm determination to consistently carry out united struggle, against the ruthless economic policies of the Government.

The economic scenario is grimed. The Union Budget is totally blind to many important issues concerning the working class. The retrograde recommendation of Sixth Pay Commission to abolish lakhs of Group D Posts, mindless outsourcing, concretisations of regular work, increasing in working hours, the souring price rises of all commodities have brought down the purchasing power of the people and the working class. The interest of the poor, lower middle class, unorganised labour, peasant and agricultural labourer is totally hurt. Higher corporate profit with less labour cost, intensification of exploitation of labour with lower work force, abolition of legal benefits, have made the life of the working people miserable. The violation of the Labour Laws and the rampant attack on trade union rights are on increase. The UPA Government is pandering, the interest of the rich and super rich, affluent, multinational and national corporate. The Government is keen to help the capitalism to consolidate and tighten its grips on the economy.

The Government is petting its back for higher growth rate, boom in stock market, improved investment, huge foreign exchange reserves. However, this do not automatically improved the living condition of the common people. The working class seek better shares of wealth produced and that for the improvement of the living condition. The living condition of common people is rudely affected due to unchecked price rise, failure of the Public Distribution System, future trading in food grains and other essential items.

The political scenario of the country is really complex and complicated. The next year election to Parliament will take place. Elections for state legislations are already slatted and take place shortly. The working class must rise on that occasion to elect their true representatives. Our struggles while continuing on the streets, work places, in front of Assemblies and Parliament should also carried forward inside the Parliament and the Assemblies by our own leaders as elected members.

On this May Day, we reiterate our strong commitment to Public Sector and its dominant role in national economy. GIEAIA is for the unity of the Working Class and Trade Union. We have to play our effective role in advancing democracy for human rights, social progress and world peace. We have to strive for the increasing employment opportunities and job securities. We shall demand for more jobs for the overall improvement of economic growth coupled with justice and fair play.

**LET US MARCH FORWARD FOR SOLIDARITY
OF THE WORKING CLASS.**

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DISCUSSION ON PROMOTION POLICY ON 28.04.2008 AT NEW DELHI

**GIPSA INVITES GIEAIA FOR DISCUSSIONS
ON PROMOTIONAL PROCESS FOR
SUPERVISORY, CLERICAL AND SUBORDINATE
ON 28TH APRIL, 2008 AT NEW DELHI VIDE
THEIR LETTER DATED 17TH APRIL 2008.**

In consideration of this developments and also appeal of the Chairman, the Unions have jointly decided to defer the ONE DAY STRIKE of 23rd April 2008.

13TH MAY CONSOLIDATE THE PUBLIC SECTOR GENERAL INSURANCE COMPANIES IN ONE CORPORATION

13th May is a day that has changed the destiny of General Insurance Employees and the General Insurance Industry. This was the day in 1971, the 106 General Insurance Companies were taken over by the Government. The Insurance Industry thereafter in our country has made vast strides and occupied very high pedestal in economic framework of our country and contributed lot for the national building. In spite of excellent track record of the Industry, in the name of economic reforms, the Government has succumbed to the dictates of World Bank and IMF. In spite of the categorical assurance of the Government on the floor of parliament, the Government is making disparate attempts to weaken the Public Sector General Insurance Companies. The Public Sector General Insurance Companies were de-linked under the excuse of creating competitive environment. In reality, the Public Sector Companies have suffered a lot from this mere mockery of competition.

In this changing environment, Public Sector General Insurance Companies have to be responsive to the changes. The Insurance Market itself has undergone deep changes. The emergence of the powerful customer class and their high expectations can be met only if the operating apparatus are geared up suitably. This is stupendous task. Public Sector General Insurance Companies need tremendous capacity to resources to face the new challenges in new situation. The restructuring of Public Sector General Insurance Companies in ONE SINGLE MONOLOTHIC STATUTORY CORPORATION WITH A THREE TIER ORGANISATION STRUCTURE is the demand of General Insurance Employees.

In order to increase the efficiency of Public Sector General Insurance Companies by introducing clear objectives and performance criteria and to make industry more vibrant organisation ONE SINGLE CORPORATION only should be the restructuring plan.

In Public Sector Organisation, each office should justify its existence by confirming to the market needs. Rationalisation in Organisation set up will evolve a compact and scientific organisation structure. In normal course, Industry should be developed according to the market requirement and only basis of prudential norms with customer orientation. Fragmented organisation setup up hamper sound growth. The united single corporation will mean strong capital base, easy facility to implement its policy, saving wasteful expenses, infusing a sense of

confidence among insured and overall a tight accountable administration.

On 13th May, GIEAIA directs all the employees to celebrate the Takeover Day all over the country. The employees will justify the existence of premier Public Sector General Insurance Companies to play their dominant role in national economy with firm determination and strong conviction to built strong modern India. The Day we reiterate our place for the formation of One single monolithic Autonomous Corporation with firm commitment of customer service.

On this Day, the units should hold meetings to explain the challenges and dangers of future and prepare employees to meet the challenges to promote and protect the interest of Public Sector General Insurance Companies and the employees.

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ALL INDIA CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS			
2007	BASE YEAR		M
	2001=100	1960=100	
APRIL	128	2921.71	
MAY	129	2944.54	
JUNE	130	2967.36	
AVERAGE = 2944.54			154
JULY	132	3013.01	
AUGUST	133	3035.84	
SEPTEMBER	133	3035.84	
AVERAGE = 3028.23			175
OCTOBER	134	3058.67	
NOVEMBER	134	3058.67	
DECEMBER	134	3058.67	
AVERAGE = 3058.67			182
2008			
JANUARY	134	3058.67	
FEBRUARY	135	3081.49	

The new series of the Consumer Price Index Nos. for industrial workers on base 2001=100 has been released with effect from January 2006 by the labour bureau. The linking factor for the conversion of new series index to previous series of 1982=100 is 4.63. Further the linking factor for conversion from 1982=100 to previous series of 1960=100 is 4.93.

48TH WORKING COMMITTEE CALLS FOR UNITED SUSTAINED STRUGGLE ALONGWITH WORKING CLASS

The 48th Working Committee Meeting of GIEAIA was held at Kolkata on 7th and 8th April 2008. The Working Committee has given a clarion call for united sustained struggle against the policies of the management and government along with the entire working class and mass organisation of the country. Com. Gurudas Dasgupta in his presidential address explained in detail the present political economy and Trade Union scenario. In his speech he demonstrated how the economic growth being boasted by UPA Government has neglected of our population. The balance 23 percent only are the beneficiaries of 9.5% economic growth. The policy being followed by present UPA Government will lead to pauperization of the people and pampering a Capitalist. The economic growth should lead to economic empowerment or else it is irrelevant to the people. He cautioned the General Insurance Employees not to be complacent but to express their concern to the peasant who commit suicide also to the striking workers and un-organised labourers. We must express our concern over the steep price rise so as to enlist the support of the people for our struggle.

He explained the recommendation of the sixth pay commission and pointed out the difference of minimum and maximum salary of Rs.5,000/- to Rs.90,000/-. Thus the cadre parity has been distorted and widen disproportionately. He vociferously condemned the sixth pay commission recommendation to abolish Group D. The proposal to hike FDI from 26% to 49% in Insurance Industry has been stalled due to the constant protest of left parties. The Government and the Management is offensive the workers and the employees will have to reply the same by counter offensive. He called upon the General Insurance Employees to foster unity among themselves along with the working class in order to fight back and win the battle.

The Working Committee after completing its routine work of passing accounts and adopting review note deliberated on the prevailing situation and its impact on 'the General Insurance Employees. The Working Committee met in-depth analysis of present developments. The issues of reckless implementation of TMP by the four companies ignoring the specific provision NEEDBASE, Outsourcing, Compassionate

Appointment, Residual Issues, Unilateral Introduction of New Pension Scheme, One more Option for Pension, current status of PLLI, Vehicle Advance, Housing Loan etc.

The Working Committee on our demand for formation of one SINGLE MONOLITHIC CORPORATION by merging four existing Public Sector General Insurance Companies, Working Committee has spent considerable time on preparation of report, educative literature, posters etc. After a threadbare discussion, it was unanimously decided that the report, educative literature / materials have to be prepared within a month's time for presenting the same to Political Leaders, Parliamentarians and others to seek their support in favour of ONE CORPORATION. The posters so designed for merger to be printed and sent to all our offices for display to get the support of customers. It is also decided to hold Symposiums and Conference in this connection to spread this message across the country.

The Working Committee has also directed the General Secretary and Secretariat to take immediate and necessary steps to get the official recognition for GIEAIA as it has undoubtedly proved its supremacy and representative character as a single largest trade union operating in the industry in the check-off exercise conducted twice by the management of four Public Sector General Insurance Companies.

On appoint of Consultants-BOSTON CONSULTANT GROUP (BCG) and PRICE WATER HOUSE AND COOPERS, the General Secretary has placed all the information that have been given to representatives of GIEAIA in the meeting with officials of GIPSA and management of three companies. The Working Committee Members have raised an important question that whether in-house competent skills and professionalism have faded away? Even assuming that we require Consultants why four Public Sector Companies have not gone for one Consultant instead of four, thus curbing the management expenses in crores. The General Secretary clarified the position by saying that this particular matter has already been raised before the respective companies and their reply was "they simply acted in accordance with the directions of the

appropriate Ministry". Since the fees is running to crores of rupees to each consultant and the direction has come from the Ministry, it was decided to refer this issue to our President for further action.

The WC have noted its concern that the industry as a whole have not performed well in the market. It is emerged from the statistics available, the General Insurance market is being dominated by Private players. The WC has regretted that one of the four Public Sector Companies was not able to sustain the growth rate they achieved last year. Whatever may be the reasons, we cannot accept this dismal performance, Working Committee lamented. The WC in one voice have requested the Corporate

Managements to show their aggressiveness in the market instead on Class III and IV employees. In the opinion of WC, in the competitive era, our managements must focus to stay ahead of competition. If our industry wants to stay ahead and prosper, they must excel others. To excel, management must outperform the competitors. To achieve this, management must cover extra mile and they must also be creative and innovative. To put in other words - it is not one man's job or work, it is more than that. It is personal, group and organizational commitment. There must be a burning desire to achieve this. The WC looks forward better performance in the coming year in the de-tariff regime. To achieve this, GIEAIA will extend all co-operation. Of course, without sacrificing and compromising basic ethos of trade union.

AITUC has taken historical decision to collect signatures from the common people against the price rise, on common issues and demands to be submitted to Hon'ble Speaker of Lok Sabha through Memorandum in the first week of May, 2008. Since the issues and demands of the Memorandum are common issues and some of them pertain to us also, it is decided to direct all our Zonal Organisations, its Branches, Units and Working Committee Members to involve themselves in the signature campaign. As per the advice of AITUC, GIEAIA has to collect ONE LAKH and above signatures. It is also decided that the signatures so collected in the proforma (already supplied), to be sent to respective Zonal Head Quarters for their onward transmission to GIEAIA to be handed over to AITUC. This shall be completed on or before 30th April, 2008. The WC has approved and ratified the action taken.

10th Conference of GIEAIA is due and it is proposed to hold next year. He further informed that this conference will be hosted by our General Insurance Employees' Union, Western Zone and

Com. Lalit Suvarna, General Secretary, GIEU WZ has already accepted and prepared to host this conference at Nagpur on the dates to be recommended by the Working Committee. The WC after having heard, discussed the matter in detail and have decided as follows:

8th and 9th February, 2009 - Holding Working Committee Meeting of GIEAIA.

9th February, 2009 Inauguration of Conference of GIEAIA in the Evening.

10th and 11th February, 2009 - Conference of GIEAIA - General Council Meets.

In the light of above deliberations, discussions, suggestions and decisions, Working Committee calls upon all the General Insurance Employees to stand united to protect and preserve this premier Public Sector in its premier position while protecting the interest of the employees in the industry. There are many tasks that are to be accomplished. It is pertinent to note that this present UPA Government at the Center or the Corporate Managements of our Industry are not our friends and belong to a different Class. Therefore, it is very patently clear that if you want to achieve our goals, targets or tasks or protect ourselves from the attacks, we need to struggle. Yes, only through struggles - sustained struggles this can be achieved.

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Editorial Board

COM. M. S. UPADHYAY

COM. P. P. RAVINDRANATHAN

COM. N. D. SUNDARESAN

COM N. P. UPADHYAY

VIMASATHI

Vol. XXXXIII - Issue No. 5 ● MAY 2008

Gram : "VIMASATHI",

Tel.: 2207 0058 / 2207 3508 / 2207 3996

Fax : 0091-022-2207 3996

E-mail : gieaia1971@yahoo.com

Cell No. : 98191 92127

Edited & Published by M. S. Upadhyay for the General Insurance Employees' All India Association, Sterling Cinema Bldg., 3rd Floor, 65, Murzaban Road, Fort, Mumbai - 400 001. and Printed at New Age Printing Press, 85, Sayani Road, Leningrad Chowk, Prabhadevi, Mumbai - 400 025. Phone : 2422 8222

Drive Carefully

G. V. RAO DIGS OUT THE DEEPER IMPLICATIONS OF THE THIRD PARTY MOTOR POOL FOR THE INDIAN GENERAL INSURANCE MARKET

It is approaching a year, since the IRDA directed the non-life insurance industry to form a Motor Third Party Pool, using the authority vested in it under section 34 of the Insurance Act enabling it to issue directions in the public interest. The original intent was to set up a 'Pool' to include all third party (TP) insurance covers of all registered road-plying vehicles under one umbrella. The main purpose of the directive was to enable all vehicle owners to have the statutory basic TP cover, without which no vehicle owner can ply his vehicle on road. The TP pool came in to force on 1st April 2007. We would review its progress in this write-up.

Insurers have been complaining, for the past few years, that the premium rates for TP covers were grossly under-priced and they should be allowed the freedom to price them according to their risk perceptions. Earlier, the powerful lobby of the owners of commercial vehicles had check mated all such attempts, and got the Govt. and the Supreme court on their side. The industry did not have acceptable data to justify the extent of increase. While not publicly denying, insurers began to refuse TP covers on the sly or charged higher premiums. There were complaints from the truck owners of non-availability of TP cover at tariff rates.

In this situation, with detariffing to take place from January 2007, the IRDA decided to bring all the TP rates, freed from the tariffs along with other rates, under its zone of administered control for all registered road vehicles, and raised them substantially. With the exception of the owners of commercial vehicles, the other sectors of vehicle-owning community had no organization to protest at the enhanced rates— that were pushed up in excess of 100% or more. A deal was later concluded between the IRDA, the Govt. and the Lobby to tone down the steeper increase. The commercial vehicle lobby was also assured that TP insurance cover would be available to all through the formation of the TP Pool.

Any tinkering with the concept of motor TP Pool would need a fresh bout of formal consultations among this consortium. Insurers seem to have failed to grasp the importance of the moral assurance given to all other stakeholders.

They have tended to believe that IRDA could always manage the entire process, once again, on their behalf with others. It is indeed a pity that insurers have not yet realized that it was their inability to bick up their case for rate increases by data and other evidence that has weakened the negotiating stance of the IRDA too.

They must have snap out of the self-denial mode and do something about it. Insurers are letting others down by the deficiencies of their systems. For IRDA, selling this proposal of Pool to private insurers was not easy, as they were the worse affected. Each insurer had its own ideas on such an imposed solution and they had the legal

right to refuse to participate in the Pool. Hence, a TP Pool that might, and should, have otherwise shaped up as a voluntary Association of insurers has now ended as a body to implement the IRDA directives, with no corporate choice; that is unfortunate.

No exit strategy for an individual insurer has been provided for. While TP premiums would be pooled, the losses would be shared, not on the individual contribution of such TP premiums to the Pool by each, but on the gross direct premiums of each insurer of all portfolios. The logic for the imposition of the latter is baffling, and it defies all rationale and seems arbitrary and indefensible. No effort was made by any one to examine if there was a platform and infrastructure available with the GIG to implement the new arrangement. No detailed planning was undertaken and no safeguards created for the Pool to function immediately. That responsibility was passed on the General Insurance Council, and the GIG, as the leader of the Pool.

The point this writer wants to make is that right through the process of the formation of the Pool, it has been a question of one entity passing the buck to the other. Even now none knows where the accountability for the success or failure of the TP Pool lies. No one power-centre has been identified and has been entrusted with necessary authority to ensure it's proper functioning. Management accountability is seen .is lacking in the process. Let us now understand the mechanics of how the pool works.

Mechanics of Pool working:

The formula designed for premium cessions and claim payouts has remained as reported above; GIG would get 2% of 100% reinsured premium, as its professional fees. Insurers would get 10% of charged premium, as their management commission both for issuing the cover and for managing the processing of claims under them. The entire risk would be 'reinsured' with the Pool. Courts would, however, only deal with those insurers that issued the policies; and as such the Pool has no legal personality before the courts. The contract is still between the insurer and his insured. The Pool deals with insurers only and not with the latter's customers. The law has stipulated the GIG as the Pool leader. Since the Pool's administrative functioning required coordination, the IRDA has asked the General Insurance Council to take over this function. The Council, representing all non-life insurers, would decide on how to administer it. The statutory role of the Council is, however, limited 'to advise and aid' insurers and 'to reader advise' to the IRDA in certain specified functions of market conduct of insurers and of control of their expenditure. The Pool intervention, as such, is not included in it. The immediate problems the Pool has encountered are listed below.

(Contd. on Pg. 7)

Problems encountered in Pool management:

1. The IT platforms for getting policy and claims data for individual acceptances from insurers are not yet fully synchronized. The four PSU insurers operate for TP business through over 2500 offices in the country. They have been finding it difficult to get such data themselves.
2. GIG estimates under reporting of premiums at about 30% for the 10 months of the operations. TCS has created systems for the Pool but not for its members.
3. It is expected that the industry issues about 25 lakh TP policies under CV.
Each TP cover costs about Rs 5,000 to Rs 6,000. The total premium for the Pool could, therefore, be about Rs 2,000 crores. None knows the real numbers for the market.
4. After 10 months, only 2 claims have been settled for Rs 1.2 lakhs. Claims development and its reporting system are tardy.
5. No guidelines have been given to the Pool on how to invest the premiums received from insurers to generate supplemental investment income. These amounts are tied up currently in fixed deposits.
6. The Pool is a reinsurance arrangement. Hence, what applies to other reinsurance placements, applies to it as well. Furnishing data to reinsurers are usually based on actuals plus estimates where these are not available. Such estimates apply both to premiums and claims. The private players having centralized information systems generate faster and more accurate data on their operations. Here is one field where they are totally dependent on the Pool, which again is dependent on the 2800 offices of the four PSU insurers for informational flow.
7. The Accounting standards employed by PSU insurers are such that TP claims are recognized and registered only when court summons are received, which may take two or more years, after the occurrence of the accident. Till then, no liability for the accident reported is acknowledged in the books.
8. Claims repudiated are taken off the books, more often, with provisions deleted.
9. The processing of claims by PSU insurers is left entirely to the lawyers. Court-directed decisions are the norm than an exception.
10. Accounting and reconciliation of numbers could prove a nightmare with passage of time. There are precedents that even on co-insurance accounts, insurers have deliberately fouled the system.

Since the perception towards settlement of TP claims of the private players are different from those of the PSU insurers, there is a fundamental issue at stake on outcomes of settlements and how to ensure that the financial statements provided do reflect a true picture. Now let us examine the latest salvo fired by the insurers. While these are operational problems that could get sorted out with

better co-operation among the insurers, there are certain core issues that might prove detrimental to the very functioning of the Pool.

Since the Pool is a 100% reinsurance arrangement, the accounting standards to be followed by all insurers for this sector at least, should be common, to represent equity and fairness. The important issue is recognizing when liabilities have been reported, estimating them adequately and ensuring their earliest liquidation. Here the standards and practices vary between PSU insurers and private players. How does one reconcile their differing approaches? This is one challenge the Pool has to deal with.

Latest Salvo:

Insurers have come up in February 2008 with another brainy idea of converting the present Pool into a "Declined Risk Pool", meaning if any one was refused a TP cover for a CV, he could go to the Pool. Otherwise, insurers say they are generally prepared to write all the TP covers for their own accounts, and not necessarily for the Pool. In the single event, where an insurer does not want to write it for its own account, the insurer can write for the Pool account, at Pool rates. Insurance Availability is thus assured.

In one view, this proposal has a lot of merit, as it avoids many issues that would otherwise complicate the functioning of the Pool. This proposal was also earlier offered to insurers, but could not be concluded, for some unaccountable reason.

The IRDA to whom this proposal was made in February 2008 has frowned upon it and has declined to look at it. It was too soon and too early to talk of changes. The proposal would need to be renegotiated with others like the Government and the CV lobby and would show the industry in a poor light. It was the PSU insurers that wanted the Pool, without which they would be not interested in detarffing.

There is enough justification for the decision of the IRDA, as the past conduct of the non-life insurers has shown such frequent somersaults being made by them on this issue. In fact, in one view, they have lost the respect of both the public and the Authority in the process. The public, because, they are daily subjected to such vagaries of somersaults in their claims settlement processes; and the Authority because of the utter lack of insurers' sincerity in implementing, what they have agreed with it. The tragedy of the whole issue, is that the insurers continue to refuse to think, see and act logically on their actions.

Insurers have let down the market by continuing to drastically reduce OD rates, even while complaining about the loss ratios of TP covers for all categories of vehicles. Private cars have 183% loss ratio; 2-wheelers 177%; Buses 246% and other CVs 220%. These numbers are provided by the PSU insurers for 2005/6 and are available on the website of the TAC. One is surprised that with such loss ratios in cars and 2-wheelers, how could insurers still reduce OD rates?

(Contd. on Pg. 8)

Are there other alternatives to Pool?

The problems of carrying along the powerful lobby of CV truck owners would never be easy, even in the future. IRDA would be asked to review the TP rates once again in the next three years by insurers. How would the industry and the IRDA respond then? An acceptable formula for making up future rate increases has not been agreed to among the stakeholders. Similar battles among them as in the past are likely, since solutions found are not based on principles but on expediency and opportunism.

It has been commented that about 25% to 30% of the vehicle population is out of the statutory TP insurance net. With road taxes paid in advance for several years, authorities have no inbuilt mechanism to check currency of TP insurance policy.

In South Africa, which is considered a more developed market than India's, TP insurance premium is collected in installments, in the form of a cess on the fuel consumed per litre by each vehicle owner, whenever he fills his vehicle. This system has two advantages; no vehicle is left out of the insurance net. Secondly those who haul more miles pay more for insurance, as it should be. A Govt. constituted body for disbursement of claims can administer such funds centrally.

If funds are found insufficient to pay the TP compensation, the cess per litre can be subsequently increased at the budget time. Such a step may benefit even the current Commercial Vehicle TP premium payers. For a Government so concerned about the financial condition of the poor farmers that has emboldened the Govt. to write off loans, it must also shed a tear or two for those unfortunate road accident victims that do not get quick financial amelioration from the courts and insurers. What is the Govt. doing to render justice to the maimed, and the families of the dead, road accident victims now?

Another suggestion would be to form a Corporation as a subsidiary of the non-life insurers to handle only TP covers. The Govt. can provide reinsurance in an appropriate manner. Nevertheless the present mode of transacting this business has a lot of unsavory elements, mostly to the victims of the road accidents.

Future scenario:

Since the TP Pool is to continue, it is hoped that it would redeem itself; and become a prized innovation, as it is expected to be, by those that created it. The final say on its eventual disbandment would rest with the Truck lobby and none else, including insurers. The truck lobby regards the present solution, as a one-time effort of insurers to which they have yielded; as the last time they accepted-but not agreed to- for rate rise was 15 years ago. Insurers are in for a status quo on rates for a fairly long time. They would, however, tend to retaliate by playing games with the market and the TP Pool itself weakening it further.

1. It is possible that insurers might refuse insurance for other TP covers now being written for their own account in the future. This possibility needs examination.

2. Accounting nightmares are possible, and the Council, would inevitably seek IRDA intervention to sort out issues.
3. Over /under provision of claims and cash flow issues would simmer soon.
4. Recovery of cash calls would prove to be cumbersome. The financial statements would end with notes from auditors that more liability items are as per estimate.

Perhaps it is better that the Authority should consider appointing, an independent committee of experts to consider these and other issues, before closing down the suggestion from insurers, once and for all. Partly, it was the IRDA that originally prompted the idea of a "declined risk" pool, before it went on to the new current arrangement of the Pool for different reasons. If insurers have a case to make on the Decline Risk Pool, they must support based on principle, by evidence, arguments and future scenarios by subjecting all of them to what in other market are called 'stress tests'. Insurers should have the freedom to express their common views and should be encouraged to do so. Perhaps the Insurers should have taken up this issue with a greater thoroughness; and not embarrassed themselves by asking yet for one more change.

IRDA should know that the General Insurance Council is a body representing the community of insurers 'to advise and aid' them and 'to render advise' to IRDA on control of expenditure by insurers. It is a self-regulated body working in the best interests of insurers and the public. The co-ordination work required of the Pool, in the view of this writer, is not its designated statutory responsibility.

One should understand the relevant role and responsibility allotted to each of the stakeholders. Else recriminations ensue. Hence this idle talk by the Pool of recruiting hundreds of lawyers to perform claim settlements. Pool is only a reinsurer, and performs only as such. Pool is needed as a market convenience and it badly needs the support of its cedants to function efficiently and in time.

If the Council of insurers keeps the public interest uppermost in its mind and conducts its negotiations, based on certain fair principles, and not on opportunism, it would be beneficial to the long-term interests of the public. Is the Pool issue now raised by insurers through its Council meant for the general good of the public or it is meant only in their narrow financial interests? This has not been spelt out.

*Comments may be sent to: gvr Rao70@gmail.com
Courtsey : ASIA Insurance Post*

OBITUARY

**COM. GAJANAN V. SIGNAPURKAR, ASSTT.,
UNITED INDIA - GOA IS NO MORE.**

Com. Gajanan V. Signapurkar who was working as Assistant in United India Branch Office Mapuca passed away on 12.02.2008. VIMASATHI mourns the said demise of our Comrade and send heart felt condolences to the bereaved family.

Invest where the WORLD is investing

Nagpur today has emerged as Asia's biggest logistic hub and has become international investment destination. Prosperity glimpses of Nagpur: Approx. 38,000 crores investment being made in Nagpur. Evolving IT hub, Parcel hub, Education hub and Medical hub.

Nagpur stands second in the overall tally of most developing cities of India as per Knight-Frank report. 4 lakh employment is estimated to be generated by MIHAN.

The city has shifted from Tier III to Tier II status.

Mind blowing appreciation of 500% in the land prices of Nagpur in the year 2006-2007.

All the above developments have created rush in realty world of the city and people from all over the world are eagerly grabbing large chunks of the gilt edged Nagpurian land.

Around 20 to 30% shrewd NRI investors are already proud owners of this land.

Gracelands- Presenting prosperity projects

- Prominent projects on Wardha road especially near Mihan.
- First ISO 9001-2000 realty company of Nagpur.
- Registry in three months and mutation within one month from sale deed.
- At least 4- 5 projects on sale every month.
- Completion of 60 projects in 2 years.
- 5000 customers from all over the globe.
- 33% NRI customers.
- Offices in Mumbai and Pune apart from Nagpur.
- NA, TP sanctioned layouts.

For site visit / project information & booking please call :

+91-9326888903

Democraeve kear mej kajles kaakone SJob Uethear.S. ka kajU leSka oves kaas centreeF& kear DeBeer ves DelMeK mes HedMeK hej Gleej abUee nW

heJear Deej centreeF& kea Ke Deiej iec& nW les GAesie SJob kaaceieej eljeaer mejkaejer veeUdeW ka eKeuehka oMe ka Devoj kaaceieejes kea Ke car vejce vener nW kaaceieej mellee'le #eSe cell nes Uee Demellee'le #eSe cell mejkaejer kaaceej Den mejkaejer kaaceej Uee drapeer #eSe kea kaaceieej, Demeltee SJob DeaaceMe nj Deej mes calfej nes jne nW U's Jeteve Deuleeie kear emehaajMeW ka eKeuehka Meek& he" hej yal's ueeies ka DeueJee mejkaejer (kaabete) kaaceieejer-Deedkaceejer mes uckaj mesee ka leares Delies ces ienje osee Iehka jne nW heeJes Jeteve Deuleeie ka @. 15,000 kajed[ka emehaajMees ka meece#e Jetevee @. 7,975/- kajed[kear emehaajMe, eljeaie les mJeeedkka nW meeJeeedkka #eSe ka kaaceieejes kear dreeens GUUetece vUdeUeele ka meeUeeJee Sc. pes jele ka UeeJeeve hej Deeme ueeUes yal'er nW hejvleg meeJeeedkka #eSe kear kaacele hej drapeer #eSe kaas yomeves ka mejkaejer Ueumees ka eKeuehka Deie Jareb Yee magupe jner nW meeJeeedkka #eSe hej[dreeedkka mahLeveW ka yeka UeeUee kear mejkaejer veeUe SJob DevUe caeies ka eKeuehka

Gyue jne nW yekkaaceieejes kea Deoveeve mel[kaas Ieka Dee Uejae nW meeJeeedkka #eSe kear meeJeeCe yeece kaaceieejes magr mes nW mejkaej ka Deekes kear dreeedkkaer yeece nW ueeJeekeajer SJob peve GhdJeeer GAesie kaas eljeaves SJob kaaceieejes kea cevegyue Iee[ves ndeg mejkaej SJob Ueyaveve kear Deej mes drelle velles nLeka[es kaas Dehevees kear Fpapeo oer pee jner nW Je-ax mes meeJeeCe yeecekaaceieej kear Gelle SJob pedepe caeieW kear DevoeKeer kajles nS yeyaveve yeecekaaceieej kaas UeeUe[le kajis ndeg Dehevee GAesie SJob kaaceieej eljeaer Spe[le peyeyve Leaveve Ueerleer nW Ueyaveve kear ceveceveer ka eKeuehka GAesie ka leares UeeUeele mellee'ves, GIEAIA, AIEAIA, NFGIE kea Ska cable hej Deeve mJeeie UeeUe kaace- Deoveeve kea eljeayue yep Uejae nW SJob Gmekaar ipe Ueyaveve Deej mejkaej Ieka henjje ider nW IeYee les ni[leue Jeheme uesre SJob 28 Debeue kaas Jeelek cell Meaceue nesre kea Devejade Ueyaveve ves ekaUee nW Deoveeve ehaueeue mLeele ekaUee idee nW Deye oKeeve nW Jeelek cell GSB ekame kajJes yal'lee nW James hadak kea Devejale Deeme kear pUeele kear hejer Iejn UepJeele verek nesre os jne nW DeekJey Devoj eljeaie kea Iehacraeve Yee les GUeb nE

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yeecekaaceieejes kea Deepe oes IeeS kea yeeh iekave ni[leue — veei chej



GIEAIA ka GhdUee#e Beer Ueehe Uejece"ka Ilee GIEU (wz) ka mermedeUe Ueehe Deldies djece kaaceieejes magpele kajles nS-

meJeeCe yeece GAesie cell kajUe[le kaaceieej UeeWkae UeeKe mellee've pevejue FvMuejvme Schuee#e Deere Fh[Uee DemeeSmeSMeve ka dreeUeeW ka Ierle yeece kaaceieejes Deepe Magaajej dvedha 11 Debevekaas UeyeeFSS[Fh[Uee FvMuejvme kaheveka Mokeajveiej dnlEle #eSedde kaaceieej kea meeceves oehenj 11.30 yepes 1.30 yepes Ieka 2 IeeS kea yeeh iekave ni[leue SJob pejoej eljeaie UeeMeele ekaUee- kaaceieej UeeWkaas meYee Jeeax kear heeUeeleer UeeUee Magr kaj eljoea mLeeveWkaas IeeSele kajvee, UeeUeeve heeUeeer cell magpeUeeW idles kaaceieej eljeaer melLeeveUeeW kaas Jeheme uesre SJob veece kaaceieej yeeUeehka hej yeeUeele kaj Gmes Iejjle ueeUe kajvee, Svmekaj Jee ceesJeeUeeS heeUeehej heyeeUeej kajvee, Devejathee Yeeaa ekaaj Magr

kajvee, heeUeeve kea Ska Deej caeiee, meYee DelMekeaveere kaaceieej UeeWkaeW hej kaaceieejes yeeveve Fve caeies kaas uckaj Uen ni[leue kear ief&leer- meYee kaas JemSvek Peave ka mermedeUe Jee veei chej MeekKee ka meUee Beer Ueehe DeJeeS SJob pevejue FvMuejvme Schuee#e Deere Fh[Uee DemeeSmeSMeve ka GhdUee#e Beer Ueehe Uejece"ka ves magpeUee ekaUee- oves Jeeaa Deellis kaane eka kaab mejkaej SJob ephmee ceveceiees kaaceieej UeeWkaas YeeUeeve kaas meece#e vener jner nW Ieele kaaceieej UeeWkaas UeeKe caeies ephmeeUee UeeUeeve heeUeeer SJob Devejathee YeeUeej ueeer jeka kaas nSokaj Gmes Iejjle ueeUe kajves kear caeie kear nW ephmee ceveceiees Fme heyueka mekaaj kaas kaaceieej kajka UeeJnS mekaaj kaas ueye oves kea kaaceieej kaj jner nW pes kaaceieej eljeaer SJob je° eljeaer nE Fmekaa dules mallesveEje pejoej eljeaie ekaUee pee jne nW

Gvnes Deheves YeeceUeeW ceere mahkaaler ka Eeje ieyee ohaaveeoj ka japeiej kaas dUeeves kea Ueeame SJob kaab mejkaej ka GoejkaajCe ka veece hej UeeJnS mekaaj kaas ye[lee oves kear dreeer kea dreee ekaUee- Deyeener kaas Deej#eCe oves ka meeUee UeeUeeUee ka Haimues kea mJeeiee kajles ntyes caeie kear ief& kear kaab mejkaej Deye Fme dreeUee kaas mener #hecell kaaceieej Ueeve kajis SJob DeedUee #hemes dreeU[W ntyes Flej ceieemeJeeUeeWkaas Fmekaa ueye oves ka dules Fve GAesies cell kaaceieej YeeUee Magr kajis Fme eljeaie kaaceieej cell Yeeer oehenj cell Yeeer mUee cell Uee-hej#e meomUees Ghdnlele jnkaaj pejoej veejyeeer kea-

□□□



EARN MORE INTEREST

Contact

VIMA KAMAGAR CO-OPERATIVE BANK LTD.

'YOGAKSHEMA', EAST WING, GROUND FLOOR, J. B. MARG, MUMBAI 400 021.

PHONE NO. : (Yogakshema) 6573 0720, 6573 0721/22 Fax : 2202 7518

(Loan Dept.) : 6573 0725/26

BRANCHES AT

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1. WE PAY MORE INTEREST THAN NATIONALISED BANKS ON ALL KINDS OF DEPOSITS.
2. WE OFFER ATTRACTIVE AND VALUABLE SCHEMES FOR VARIOUS KINDS OF DEPOSITS TO SUIT ALL SECTIONS OF PEOPLE.
3. WE OFFER PROMPT AND EFFECTIVE SERVICE TO OUR ESTEEMED AND VALUABLE CLIENTS.
4. JOIN OUR KALPATARU, RECURRING AND LAKHPATI DEPOSIT SCHEMES AND EARN VARIABLE RATE OF INTEREST.
5. SOUND FINANCIAL POSITION AS ON 31.03.2007.

(Figures in lakhs)

1. PAID UP SHARE CAPITAL	:	561.65
2. RESERVES & OTHER FUNDS	:	696.30
3. DEPOSITS	:	8526.88
4. LOANS AND ADVANCES	:	7117.67
5. WORKING CAPITAL	:	10602.46

GOVERNMENT AUDIT CLASSIFICATION - "A" CLASS

Shri V. B. AGATE
Chairman

Shri R. R. PARDHI
Vice-Chairman