"COOPERATIVE INSURANCE IN INDIA : PROBLEMS & PROSPECTS"

CONTENTS

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre for South-East Asia
Post Box Number 639, 6 Canning Road, New Delhi-1. India.

National Seminar on

COOPERATIVE INSURANCE IN INDIA : PROBLEMS & PROSPECTS

(Venue: India International Centre, 40 Lodi Estate, New Delhi-3)

P r o g r a m m e

MONDAY, February 6, 1967

09.30 - 10.30		Inauguration.
	1.	Survey of Cooperative Insurance in India, with special reference to problems.
10.30 - 11.00		Tea Break.
11.00 - 12.00		Cooperative Insurance in Retrospect. Introduced by: Dr P. Natesan, President Cooperative Fire and General Insurance Society Limited, Madras.
12.00 - 13.00		Presentation of various insurance societies - Present position.
		Lunch Break.
14.00 - 15.30		Presentation of various insurance societies - Present position. (Continued)
15.30 - 16.00		Tea Break.
16.00 - 17.00		Economic Size and results of cooperative insurance Sector. Introduced by: Mr Hans Dahlberg, Joint Director International Cooperative Alliance New Delhi
		Discussion.

TUESDAY, February 7

09.30 - 10.30	2.	Cooperative Insurance Sector and the Life Insurance Corporation of India. Introduced by: Mr J.V. Desai, General Manager Union Cooperative Insurance Society Limited, Bombay
10.30 - 11.00		Tea break.

11.00 - 12.00		Discussion
		Lunch break.
14.00 - 15.00	3.	Progress and Future : How to Accelerate Cooperative Insurance Business. Introduced by: Mr Madhava Rao Anvari, Mg. Director Cooperative General Insurance Society Limited, Hyderabad.
15.00 - 15.30		Tea break.
15.30 - 16.30		Discussion.

<u>WEDNESDAY</u>, <u>February 8</u>

09.30 - 10.00	4.	Indian Insurance Market and the ICA Reinsurance Bureau Introduced by: Mr A.S.R. Murthy, Chief Manager Cooperative General Insurance Society Limited, Hyderabad.
10.00 - 10.30		Introduced by: Representative of the ICA Reinsurance Bureau.
10.30 - 11.00		Tea Break.
11.00 - 12.30		Discussion.
		Lunch Break.
14.30 - 15.30		Action programme
15.30 - 16.00		Tea break.
16.00 - 17.00		Action programme and conclusion.

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3.

National Seminar on
COOPERATIVE INSURANCE IN INDIA: PROBLEMS & PROSPECTS

Presidential Speech by Mr Brahm Perkash, General Secretary
National Cooperative Union of India delivered on 6th February

1. At the outset, I should thank the Insurance Cooperative Societies in India for having given this opportunity of convening the All India Insurance Seminar to the National Cooperative Union of India in collaboration with the International Cooperative Alliance.

2. For some time now, we have been in aquaintance with the problems of cooperative insurance societies. The need was, however, felt by many that the Insurance Cooperative Societies should come together and discuss their problems of common interest. This would help not only clarifying their issues but also help others in understanding their problems. It was with this objectives, that this Seminar has been convened. We have timed this Seminar now, also to benefit from the valuable advice of the experts coming from Reinsurance Bureau of the International Cooperative Alliance. I am glad to note that the response from the insurance societies as well as from the Government to our invitation has been very favourable. I thank all of you for having accepted our invitation.

3. Dr Saxena in his welcome remarks had ably summarised the existing position and the problems of the cooperative insurance societies. He has also indicated the areas requiring immediate attention of both the insurance cooperative societies and the governments. To that extent, he has very much lightened the task. All of you are in fact closely associated with the day-to-day working of the cooperative insurance societies and are very much aware of these problems. However, I may make a few general remarks for your consideration in your deliberations in the Seminar.

4. I for one sometimes begin to feel that we in India have relatively neglected the development of cooperation in the field of insurance. Since independence we have given great importance to the development of cooperative sector in our planned development. Our plans have emphasized the role of cooperation as an instrument of economic democracy and consequently the principle basis of organisation in many branches of economic life. Accordingly, many economic enterprises have been organised in the field of credit, marketing, processing, housing, industries, transport, etc. The Government has come out in a big way to help the growth of cooperatives financially and otherwise. While developing cooperation in different sectors, we have also laid great stress on their integration and mutual support. Necessary care has been taken at every stage to see that cooperatives in one sector support and help those in other sector, so that all of them grow together. Although we have followed such integrated approach in different fields we seem to have relatively neglected the development of cooperatives in the sphere of insurance. After all, insurance is basically a process of collective cooperation for sharing the common risks. Cooperatives are business organisations and they are to take risks at every stage. If they are to prosper, they should also cooperate in sharing the common risks. It would be the natural aspiration of the cooperative institutions to provide for their insurance through their own insurance organisation which conforms to accepted standards of service and efficiency. In our programmes of cooperative development, we have not laid as much stress on this aspect of business as it deserves.

5. There are at present only five cooperatives working in the field of insurance. The fifth one started functioning only since the beginning

6. The report of the Study Team on General Insurance Cooperatives appointed by the Ministry of Community Development and Cooperation presents the existing position of the cooperatives in the insurance sector and also highlighted their draw backs and weaknesses. I am glad to note that the Study Group emphasised that nationalisation can never be a substitute for cooperativisation. It has stated that "Mutuality and collective cooperation are the basic principles of insurance and the State should accept the cooperative form or organisation in the insurance sector as a desirable approach and also as an integrated part of national policy." You all know the recommendations of the Study Team. It has been recommended that cooperative institutions should insure compulsorily with approved cooperative insurance organisations. For this purpose, it has recommended the organisation of a cooperative insurance society one in each State in those States where a minimum annual business of Rs. 5 lakhs gross premium is expected. It has also recommended that the State level societies should federate into a national federation, to coordinating the activities of state level societies, laying down policies and supervising the functioning, and arranging the reinsurance of all the state level societies. I am sure, they are very important suggestions on which the Seminar may like to deliberate for the purpose of evolving concrete programme for future action.

7. Besides these, I know, you have some immediate problems too. The circular issued by the Ministry of Finance to the effect that the business of cooperative societies where the government is directly or indirectly interested should be placed with the Life Insurance Corporation of India, has been troubling your minds very much. At the request of the insurance societies, the National Cooperative Union of India took this matter with the Ministry of Finance. We have received a communication from the Minister of Finance to the effect that there is nothing in principle against government aided or assisted cooperative societies placing their insurance business with cooperative insurance societies but before this was done, it would be desirable to check up the financial position and the anticedents of the cooperative insurance society concerned to ensure that the claims made of such insurance society as and when they arise shall be properly and readily made. But, however, in actual practice

the position did not seem to be so favourable. We have here the representatives of the Government. You may like to exchange ideas on this matter and suggest a concrete line of action to be followed by cooperatives.

8. The Government of India had constituted recently a Consultative Committee of the Presidents of all the national level cooperative organisations. The government is expected to consult them before taking any decision on cooperative policies. We have a similar standing committee in the NCUI to take the problems of our member-organisations. I propose to take up this subject in the next meeting of the Standing Committee.

9. In the solution of various problems connected with the insurance cooperative societies, we need to support and strengthen each other. The NCUI is there to offer service to their member-organisations. It would be a great advantage if the cooperative insurance societies coordinate their activities and approach the Governments continuously through the NCUI. Similarly, I would very much appreciate that the cooperative insurance societies develop their contacts with their sister organisations abroad for the purpose of reinsurance and also for obtaining various expert advice through the International Cooperative Alliance. We propose to take up the collective membership in the ICA very shortly. As you are aware, one of the fields in which the International Cooperative Alliance did a very good work is in the field of cooperative insurance. The Re-insurance Bureau of the ICA has been offering lot of useful service to their member-organisations in the promotion of cooperative insurance. I am glad that their experts are here to guide and advise us in the solution of the various problems the movement has been facing at present in the field of cooperative insurance in India. I am sure, this Seminar will provide a very good opportunity to pool your experiences in the field and give the initial push necessary for a sustained growth of cooperative insurance.

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7

National Seminar on
COOPERATIVE INSURANCE IN INDIA: PROBLEMS & PROSPECTS

Speech delivered by Dr S.K. Saxena, Regional Officer, International Cooperative Alliance, New Delhi, on February 6, 1967.

Mr Chairman, Distinguished delegates, members of the ICA Reinsurance Bureau, Fellow Cooperators, Ladies and Gentlemen:

It gives me very great pleasure to welcome you all to the opening session of the Cooperative Insurance Seminar organised by the International Cooperative Alliance Regional Centre for South-East Asia in collaboration with the National Cooperative Union of India. Ever since the ICA drew up the programme of long-term technical assistance which was approved by the Congress of the Alliance at Lausanne in 1960, the ICA Regional Office and Education Centre for South-East Asia have given unremitted attention to the promotion of cooperatives in this part of the world. In achieving this broad objective, we have particularly tried to develop programmes of intensive education and have organised such meetings as the present one, primarily with a view to arranging for an interchange of ideas on an intra-regional basis, often with the help of resource persons from advanced cooperative movements. For reasons which are primarily connected with the historical orientation of cooperative movements in South-East Asia, our major focus in such meetings has been on problems of credit, marketing, processing, distribution and the techniques employed for member education in cooperative societies. Subjects such as cooperative insurance have not received enough attention and it is, therefore, a matter of particular satisfaction for us that we have been able to get together a team of highly competent people both from India and from some of the leading Cooperative insurers of the West, to review some problems of insurance. This is of course not to say that we have not touched the subject of insurance at all. In fact, in March 1961, we organised a Symposium for cooperative insurers of India. The group was assisted by a resource person from the Folksam, Sweden. At that Symposium, we had, in a rather general manner, the experiences narrated from the Swedish movement and attempted to draw some lessons for the movement in India. We discussed a number of aspects related to cattle and crop insurance in India. We took note of the study of Mr. Priolkar regarding the possibilities of introducing crop and cattle insurance and found that the two schemes formulated as a result of the study did not materialize for reasons of costs and non-responsiveness of some State Governments. The Symposium also concerned itself with the pilot scheme for crop insurance in one of the Indian States and spelled out the financial implications, the moral hazards and the difficulties encountered in the implementation of the scheme. We concluded that the very high risks associated with agriculture and cattle, the non-availability of the required statistics such as loss rates in different years, the intricacies involved in the selection of areas with a view to spreading risks, the large amount of resources needed and the training requirements, were some of the major problems that had to be solved in the successful initiation of cattle and crop insurance schemes.

As our work penetrated the other countries in the Region and as we ourselves became more acquainted with the progress of cooperative insurance in South-East Asia, we felt the need for arranging a Regional Seminar so that significant national developments could be projected before a South-East Asian audience and critically discussed with a view to examining the possibility of their adaptation to other countries. In September 1963, therefore, we arranged a Seminar on Cooperative Insurance in Kuala Lumpur, with a scope that was broader both in its geographical coverage and also in terms of the range of subjects discussed. We were again fortunate in having three resource persons from the Folksam, Sweden, and with their assistance, we reviewed the factors responsible for the development of cooperative insurance, identified some fields of special importance to cooperative insurance, crop and cattle insurance, insurance for fishermen, the organisational and financial problems of a cooperative insurance society, and, finally, there was a panel discussion on "How to Organize a New Cooperative Insurance Society". Within the basic framework of a cooperative organisation with its specific ideological connotations, we further examined the hazards involved in executing schemes of crop insurance and exemplified this by the experiences of Japan and India; some efforts made in India in the field of cattle insurance were spelled out; the potentialities of insurance for fishermen were noted. We further considered the size of cooperative organisation and noted the supreme importance of economic viability and studied the impact of growing size on increased rationalization and mechanisation of several procedures and processes. We underlined the rather large and fundamental problem of lack of trained personnel and explored the possibilities of providing adequate training arrangements. The Seminar finally went into the problem of capitalisation of an insurance society and discussed its investment programming and concluded by noting some of the interesting experiments made in South-East Asia, particularly in Malaysia, where large and powerful cooperative thrift and loan societies had extended their support to cooperative insurance movement. In brief, the Seminar provided us with an excellent opportunity of gathering a large amount of factual information and of having it systematically distributed to persons and organisations that count in the field of cooperative insurance.

While the Symposium of 1961 was anchored firmly in the Indian context and, therefore, did not discuss the problems of life assurance, the Seminar of 1963 in Kuala Lumpur concerned itself with various types of insurance including life. In the present meeting, we again return to India in an attempt to examine some problems which are being faced by the cooperative insurance societies in this country. I believe that Cooperative Insurance in India today is at a critical point of time in its history and the pressing problems which the movement faces more than justify the need for this Conference. The documentation which has been circulated and which presents interesting insights into the different cooperative insurance societies, also throws up a number of aspects which the group will have to keep constantly in mind order to arrive at meaningful conclusions. In India today there are four cooperative insurance societies and a fifth one has been recently registered. The Study Team on General Insurance Cooperatives which was appointed in 1964 by the Government of India made a general assessment of the cooperative insurance societies and concluded that their "functioning shows that by and large the standard of their working including financial management and services rendered by the institutions is such as should justify the confidence of policy holders. This is as good as could be expected of a society with a similar level of operation in the sector other than cooperative". Yet these societies are, by and large, small organisations; the clientele they cater for is one which involves them into high administrative costs; their financial resources are too meagre to allow them the power which comes from an assured risk taking capacity and from developing a programme of investments which would further multiply their insurance business. On the other hand, the Life Insurance Corporation, which is the sole organisation concerned with Life insurance and which has also begun to be active in the general field, has, by virtue of the substantial funds at its disposal, begun to finance large concerns on condition of tying down the latter's business unto itself. This has become a particularly important problem for the cooperative sector since the abolition of the Indian Insurance Companies Pool in 1966 and the passing on of all the business, at the direction of the Central Government, to the LIC and its subsidiaries.

If I appear to have somewhat unduly narrowed down the problem faced by the movement in India today, Mr Chairman, it is not merely in order to be polemical. Seen from the vantage point of today, the present situation mirrors in a very real sense the problems that the movement has historically led upto, its weaknesses caused by fragmentation; its vigour that has allowed it to continue in the face of severe hardship; its aspirations and, above all, the general socio-economic context in which the movement is operating in India today.

Arising out of the situation which I have just described, I think the Seminar will have to attempt to answer one large single question which I would formulate as follows: What is it that constitutes the strength of the Cooperative Insurance Movement and, keeping in view the present situation in India, what measures should it take to achieve the desired objectives? While the first part of the question is more conceptual in nature and should constantly underlie the discussions at the Seminar, the second part must be answered in precise operational terms. Here, for the sake of discussion, one may have to make a dichotomy between external strategy and internal organisational and economic problems. In "external strategy", the Seminar will have to examine the steps the movement must take and the pressures it should generate at different levels in order to mould the situation in the country increasingly to its own advantage. But more importantly, perhaps, the Seminar must devote its detailed attention to the measures which would give the cooperative insurance societies the required economic strength. Additionally, what broad areas of understanding, if any, are necessary to be arrived at among the cooperative insurance societies themselves to develop consolidated strength vis-a-vis other agencies working in the field? Furthermore, what is the support cooperative insurance societies in India should reasonably expect from the cooperative sector as a whole and how should that support be achieved? It is not an unreasonable suggestion, often made in India, that the business originating from the cooperative sector should go to cooperative insurance societies. The Cooperative Movement works within an ethic which dictates its own code of discipline of which loyalty to the movement as a whole must, ultimately, form an integral part. But the enforcement of this code can be effective only if it is based on the efficiency of services provided by societies rather than on some external constraints.

Finally, Mr. Chairman, it is important that both ideologically and operationally, the cooperative insurance movement in India should actively play its role in, and discharge its responsibilities within the international fraternity of Cooperators which the Alliance symbolizes and, in the field of insurance, the ICA Insurance Auxiliary Committee concretizes. It is for this reason that I am particularly grateful to the ICA Re-Insurance Bureau for having accepted our invitation to take part in this Seminar. The Seminar would make every effort to draw upon their expertise and I hope this gathering will eventually lead to increasing fruition of business relations between the Indian Cooperative Insurance Movement and the ICA Re-Insurance Bureau.

Fellow Cooperators, Distinguished delegates, let me once again welcome you very warmly to the ICA-NCUI Seminar.

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13

National Seminar on
COOPERATIVE INSURANCE IN INDIA : PROBLEMS & PROSPECTS
February 6-8, 1967. New Delhi

D R A F T   R E P O R T

A national seminar on Cooperative Insurance was organised in New Delhi by the International Cooperative Alliance, Regional Office and Education Centre for South-East Asia in collaboration with the National Cooperative Union of India. The Seminar was held from February 6 to 8, 1967 at the India International Centre, New Delhi. The delegates represented the cooperative insurance sector in India and the Government of India in the Ministry of Food, Agriculture, Community Development and Cooperation. The four member team of the ICA Reinsurance Bureau also participated. A list of delegates as also a copy of the programme are attached.

The various cooperative insurance societies were briefly presented. These were: The Cooperative Fire and General Insurance Society Limited, Madras; the Cooperative General Insurance Society Limited, Hyderabad; the Union Cooperative Insurance Society Limited, Bombay; the Societe Cooperative d' Assurances "La Prevoyance Sociale", Brussels, Belgium; the Nationwide Mutual Insurance Company, Columbus, United States; FOLKSAM, Stockholm, Sweden; and the Cooperative Insurance Society of England. Mention was made of their capital and surplus position, the parliamentary and voting structure, the organisation of their field force and training facilities.

Cooperative general insurance in India is of a rather recent origin. The first one to be established in India was the Cooperative Fire and General Insurance Society Limited, Madras, in 1941. Today there are four cooperative general insurance societies transacting business and in addition another society has recently been established in Maharashtra. The principal aim for establishing the societies was to provide economical and efficient services to cooperatives and also to keep the cooperative premium within the Cooperative Movement itself. With the exception

14

of the societies in Madras and Maharashtra, the other three societies are registered for undertaking operations on an all-India basis. The Orissa Cooperative General Insurance Society has, besides its head offices in Cuttack, two branches only. The Cooperative General Insurance Society Hyderabad and the Union Cooperative Insurance Society Limited, Bombay, are however operating on national basis. Their field force consists of 6,000 and 12,000 agents respectively spread over the entire country. The total premium underwritten by the general insurance sector in India in 1964 amounted to 450 million Rupees out of which the cooperative general insurance sector was responsible for 15 million Rupees. Out of the latter amount, 75 per cent was handled by one society, the remaining 25 per cent being handled by the other three. All types of insurance policies are being underwritten by the cooperative insurance sector. Besides the most usual types of policies like fire, marine, accidents etc., certain experiments with new coverage have also been tried out, for example, cattle insurance.

It was found that the overwhelming majority of premium to cooperative insurance societies still originated from the cooperative sector, a situation which contrasted sharply with the cooperative insurance societies in Europe and the United States.

In the presentation of the cooperative insurance movement in India, the following main points were made:

1. Due to the increasing diffusion of cooperative tasks away from the Registrar of Cooperative Societies, the business accruing from the cooperative sector to cooperative insurance societies was likely to slacken.

2. The ways to ensure that commission from cooperative sources was kept within the cooperative sector were discussed and in this connection the merits of the individual acting as an agent as against a cooperative organisation were discussed.

3. Cooperative insurance societies were facing a serious problem as a result of the Reserve Bank's recent Banking Regulations Act under which banking institutions including the cooperative banks were not allowed to contribute more than 2% of the total share capital of a sister cooperative institution. What is more, if the contribution they had made was more than 2%, the same could be withdrawn by the cooperative banking institutions, thus posing a serious problem to the capital structure of the cooperative insurance societies.

15

4. Some attention was also given to the investment by cooperative insurance societies within the cooperative sector itself and various examples were cited to illustrate this practice both from the Indian and Western contexts.

5. The various forms in which commission was paid were also discussed namely, the actual payment to the agent or working the benefit into a lower premium structure. Different practices in this regard between the European societies on the one hand and the United States' Nationwide on the other, were noted.

Economic Size of a Cooperative Insurance Society

When discussing the economic size of an insurance enterprise, it was stated that no general rule could be applied in this regard. As an indication, it was mentioned that a great number of small mutual insurance companies exist in the field of cattle and fishermen's insurance providing very good service to their member-policyholders. The development in the insurance world today is, however, towards larger units which trend indicates that mass coverage is the most economical. A large sized insurance enterprise is financially much stronger than a small sized society. Such financial strength is helpful in effectively meeting competition; it allows for experimenting with new types of policies; makes it possible to employ qualified technicians and specialists to guide and advise in management affairs; permits the use of modern business machines; and, finally, permits the underwriting of large risks. In addition, a large sized enterprise operating over a large geographical area would automatically spread the risks very effectively which is the fundamental mechanism of insurance.

In this connection, the Seminar devoted its attention to what, in the Indian context, would be an economically viable unit. It was stressed that before a unit is established in a certain area the need for careful investigation of the potential market, the minimum business required etc., was of utmost importance. The Seminar wanted to know the basis on which the figure of Rs. 5 lakhs was arrived at by the Study Team of 1964.

16

The Cooperative Insurance in India and the Life Insurance Corporation of India

Prior to 1956, the cooperative insurance societies were transacting all types of business on a restricted basis, both in respect of the geographical area as well as the underwriting of risks. This limitation in business was mainly on account of the small size of the cooperative insurance societies which had to operate with limited resources in competition with the insurance companies in the private sector. Until 1956, cooperative insurance was able to expand its business on account of the development of cooperative industries and institutions during the Second and Third Five Year Plans and because of the effective services it offered. However, this year also marked the entry in the general insurance business of the Life Insurance Corporation of India through its subsidiary. Subsequently, in 1964, the LIC itself entered the general insurance field and this created enormous difficulties for the insurance cooperatives on account of the severe competition of the financially powerful LIC which also enjoyed the backing of the State.

It was reported at the Seminar that cooperative societies which had received directly or indirectly substantial government assistance were asked by the government to insure with the LIC. A parallel development of a similar nature was faced by the cooperative banks when the State Bank of India was established. In the case of the State Bank and the cooperative banks subsequently, relations were properly established so that both types of institutions supplemented the activities of each other rather than competed with each other.

The Seminar expressed serious concern to the challenge posed by the LIC to the small cooperative insurance sector. Doubts were raised whether the approach of the government towards the cooperative insurance was in keeping with the declared policy of the government to build up a cooperative sector through active support from the government.

The business of the cooperative industries such as cooperative sugar and spinning mills which have come up mainly on account of the active and substantial government support, represent a sizeable proportion of the cooperative total premium. The denial of this business to insure cooperatives would eventually strangle the insurance cooperatives.

The seminar discussed the approach to be adopted for tackling the problems for the cooperative insurance sector arising out of the entry of the LIC in general insurance business. The seminar felt that as a long term objective, greater commercial efficiency should be developed by the cooperative insurance societies. In this connection, the Seminar pointed out that successful insurance business can be built on three main factors, viz. (1) By operating for a large number of people; (2) by operating over a large geographical area; and (3) By having a large volume of premium.

Recommendations of the Seminar

In order to increase the competitive efficiency of cooperative insurance societies, a question was raised in the seminar whether an attempt should be made to amalgamate the existing societies into a nationwide organisation or some arrangement for joint working should be evolved. A limited question of making appropriate representation to the government for allowing the cooperative societies to continue to insure with the insurance cooperatives was also discussed. In this connection the Seminar recommended that the insurance cooperative societies in India should constitute in collaboration with the National Cooperative Union of India, an ~~all~~-India Committee on Cooperative Insurance for the purpose of representing to the government regarding the problem of insurance cooperatives vis-a-vis the LIC, and, secondly, to discuss and to develop on a continuing basis a concerted programme of activities by insurance societies leading ultimately to the organisation of an All-India Federation of Cooperative Insurance Societies or the creation of a nation wide insurance cooperative. Examples of such joint activities could be the mutual understanding among the cooperative insurance societies for setting up commonly agreed upon branches in big cities and decide the premium in a mutually agreed manner.

The Seminar recommended that the proposed all-India Committee should consider for immediate action the following points:

1. To achieve mutual understanding among the cooperative general insurance societies for appointing agreed upon branches in big cities and arranging for a joint share of premium.

2. To take up with the proper authorities the matter of raising the existing reserves for unexpired risks to 75% and the relaxation of expense ratio allowed under the insurance act.

The consensus of the seminar was that a sizeable share of the insurance business of all unions and state government undertakings and nationalised industries should be ear-marked to the cooperative general insurance societies to stimulate their growth.

For a progressive increase of premium earnings the cooperative insurance sector should lay increased emphasis on convassing non-cooperative business, such as, from small industrialists and traders. This has vast potentialities.

The Department of Cooperation should persuade the cooperative institutions to insure their insurable interests with the cooperative general insurance societies. This would be in line with the newly accepted cooperative principle of "Cooperation among Cooperatives". Conventions should be developed so that cooperative institutions would insure with the cooperative insurance societies. There should, however, be no compulsion on this account.

The ICA Reinsurance Bureau should help the Indian cooperative insurers by placing their reinsurance without insisting on reciprocity. It was explained by the representatives of the Bureau that the waiver of the reciprocity clause would not be practicable in the long run. However, they would make a symbolic gesture without any long-term commitment at this stage.

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COOPERATIVE INSURANCE SECTOR AND THE LIFE INSURANCE CORPORATION

J.V.Desai, Manager
Union Cooperative Insurance Society Limited, Bombay.

SINCE a Co-operative Insurance Society is mainly to serve the Co-operative Sector, the formation of such Societies can be conceived only when there exists a well developed Co-operative Sector to support the Co-operative Insurance Societies in the initial stages. In our Country, for various reasons, there has not been even development of Co-operative movement with the result we find concentration of Co-operatives in some parts of the Country, whereas in some other parts, the Co-operative movement is not so much conspicuous. The then State of Bombay and the States of Hyderabad and Madras had a lot of Co-operative premium to offer which led to the formation of the Co-operative Insurance Societies in these three States somewhere in the forties.

The main idea of starting the Co-operative Insurance Societies was the need felt by the Co-operatives to have Co-operative Insurance Societies of their own, who could attend to the special requirements of the Co-operatives at large. One of the objects for starting the Insurance Co-operatives, was to keep the profits earned from Co-operative Societies within the Co-operative fold and to distribute a part of such profits to the insuring societies by way of bonus to policyholders and thus help them to reduce the cost of insurance.

Co-operative Insurance Societies in India, true to their objectives, were the first to introduce cheap policies specially designed for small Co-operative Societies. Mention may be made of Package Policy which is generally offered to the small Co-operative Societies. The Banker's Blanket Policy has been designed specially for Co-operative Banks so that they may get protection against various hazards to which the Banks are exposed. The Insurance Co-operative Societies have also introduced special policies against the breakdown of lift irrigation pumps which are given to the Agriculturists out of the loan advanced by the Land Development Banks. The Co-operatives, in general, have taken good advantage of the facilities offered by the Co-operative Insurance Societies in the Country.

Out of the profits earned, a percentage of the profits is being shared by the Co-operative Insurance Societies amongst its

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20

policyholders, thus helping the Co-operatives to get the insurance at a cheaper cost.

Because of the various type of special policies offered as also due to the consistant payment of bonus to policyholders by the Co-operative Insurance Societies, an atmosphere of confidence was created in favour of the Co-operative Insurance Societies amongst the various Co-operative Societies. The Co-operative Societies, in general, were satisfied with the services rendered by the Co-operative Insurance Societies. These and other factors such as the inter-dependence of the Co-operatives and their mutual sentimental approach, have encouraged the Co-operative Insurance Societies to expand their sphere of activities both geographically as also in respect of underwriting. The decision of the Co-operative Insurance Societies to expand was very well timed, as it was during this period only, that the Co-operatives made big strides. It is pertinent to note that even in the initial stages, the Co-operative Insurance Societies had not received any direct help from the Government except that in some cases, the Registrars of Co-operative Societies have issued circulars recommending the Co-operatives to take advantage of the services offered by the Co-operative Insurance Societies. The Co-operative Insurance Societies had to struggle hard against the competition from the Joint Stock Companies. Many a time, the Joint Stock Companies have misrepresented the Co-operative Insurance Societies in the Co-operative field as the Co-operative Insurance Societies were working with a much less share capital than what the Joint Stock Companies had. Generally the policyholders are guided more by the share capital as they are not aware of other technicalities that go with the insurance. Inspite of the stiff competition from the Joint Stock Companies as also the propaganda carried out against the Co-operative Insurance Societies, the Insurance Co-operatives proved equal to the task, by virtue of their service and approach.

The business of Government was collected under a separate 'Pool' from where every company was given a share. The Co-operative Insurance Societies had appealed to the Government time and again to reserve a part of the Government business for the Co-operative Societies as that would give them additional strength to embark on new schemes as also it would help them to build up reserves. The appeals of the Co-operative Insurance Societies were turned down by the Government for reasons that the Co-operatives are already getting a share from the 'Pool' even though it was argued by the Co-operative Insurance Societies that they get a very negligible share from the business of the 'Pool'. In spite of all

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21

these handicaps, the Insurance Co-operatives have shown consistant progress both in terms of premium and the profits. But for the interest shown by the Co-operatives, it would not have been possible for the Co-operative Insurance Societies to show such a substantial progress during such a short time.

In the year 1956 however, the Life Insurance Corporation of India was formed, nationalising all the life insurance companies which were then doing the life insurance business. The Oriental Fire and General Insurance Company which was then transacting the general insurance business was made the subsidiary of the Life Insurance Corporation of India. With the backing of Government and the vast finances at its command, the 'Oriental Fire' started encroaching on the general insurance field. Besides, the business of all such properties where the Life Insurance Corporation of India has a financial interest in them, was diverted to the 'Oriental Fire'. While there is nothing wrong, in principle, for the 'Oriental Fire' to claim the business of the Government properties, it was only when they tried to enter the co-operative field, with an aggressive salesmanship, that the Co-operative Societies were faced with a grave problem. The arguments put forward by the Government insurance company was that the Co-operative business is indirectly financed by the Government, and as such, the business of co-operative falls within the purview of the Government-controlled business. The arguments of the 'Oriental Fire' and for that matter, the Government, if allowed to go without being challenged, may prove detrimental to the development of Co-operative Insurance Societies. It is no exaggeration to say that such an approach of the Government will in the long run undermine the very existance of the Co-operative Insurance Societies.

It is to the credit of the Co-operative Insurance Societies that inspite of the competition from the Joint Stock Companies as also the unfavourable approach of the Government insurance company, the Co-operative Insurance Societies maintained their progress year after year.

However, the decision of the Life Insurance Corporation of India to enter the general insurance field as from 1st April 1964, has given rise to a fear amongst the Co-operative Insurance Societies, inasmuch as the Life Insurance Corporation of India has huge investment potentialities because of its life funds, which may be used to finance the co-operative sector and thus to claim the insurance business from the Co-operatives. The symptoms of this fear are already visible as can be seen from a circular

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22

issued by the Ministry of Finance directing all the Co-operatives where the Government is directly or indirectly interested to place their insurance businesses with the Life Insurance Corporation of India. It is here that the Co-operative Insurance Societies will be faced with a big challenge.

Having accepted the policy of mixed economy, it is absolutely essential that all the three Sectors viz., Private, the Public and the Co-operative are allowed to function without being disturbed. The attitude of the Government, however, appears to be to favour the Life Insurance Corporation of India at the cost of the Co-operative Insurance Sector.

The Co-operative Insurance Societies in this Country have repeatedly appealed to the Government to draw the line of demarcation by which the business of Co-operatives, whether financed by the Government or otherwise, is made the "preserve" of the Co-operative Insurance Societies. It is a matter of regret that the appeal has not received the sympathetic consideration from the Government of India, with the result, that the Co-operative Insurance Societies have been left alone to decide the future course of action. As a policy decision, the Government of India has accepted the principle of Government participation in Industrial Co-operatives, which means that the Government finance will be made available to the Co-operatives in the initial stages. This decision has been taken on the grounds that the Co-operatives, in the infant stage, are not able to get the required finance from their members. Government finance to the Co-operatives, however, does not change the character of the institution. An analogy can be drawn from the Government finance made available to the Joint Stock Companies. In many of the big private industries the Government bodies have financed by way of loans. This finance has not turned the private industry into a Government industry even though a substantial credit has been advanced by the Government Financing Institutions. What is true of the Joint Stock Companies should be equally applicable to the Co-operative Sector as otherwise there will be a feeling amongst the Co-operators that the Government applies different methods of thinking in the case of the Joint Stock Companies and the Co-operative Sector. Perhaps, Co-operators will be led to believe that the Co-operatives are not getting the just treatment only because they do not wield as much political influence on the Government as the private industrialists do.

It is not possible for the Co-operative Insurance Societies

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23

to compete with the Life Insurance Corporation of India as the finance available to the Co-operatives is absolutely negligible as compared with the vast resourdes at the command of the Life Insurance Corporation of India. The Co-operative Banking Sector is predominantly financing the Agricultural credit, and for the industrial co-operatives, many a time, the Co-operatives have to bank on the finance available from other semi-Government institutions. The moment the finances are drawn from such semi-Government institutions, the Life Insurance Corporation of India comes with a claim that the business of such industrial co-operatives must be placed with the Life Insurance Corporation of India. This is absolutely an aggressive salesmanship and it may deprive the Co-operative Insurance Societies of all the business of industrial co-operatives and in the long run, it may eliminate the Co-operative Insurance Societies altogether.

The Co-operative Insurance Societies have already lost the business of Co-operative Housing Societies, only on the grounds that the "Housing Finance Co-operative Societies" who finance the Housing Co-operatives, have received loans from the Life Insurance Corporation of India.

It is indeed, a pity that a giant organisation like the Life Insurance Corporation of India which can very well extend its operations in various other fields, which have not been tapped so far by the general insurance companies, should resort to such tactics which only help to divert the business already on the books of Co-operative Insurance Societies. It is only the Life Insurance Corporation of India which can start new types of business as they have tremendous funds at their disposal to experiment on new insurance covers. Besides, they have already taken over the business of the 'Pool' which accounts for an approximate premium of Rs. 3 crores with a substantial profit margin. If their methods of snatching the business of Co-operative Industries succeed, the Co-operative Insurance Societies will be faced with the problem of their underwriting. This is because the Industrial Co-operatives are not so much exposed to fire hazards as are the agricultural co-operative risks. Cotton underwriting is very predominant in the Co-operative Sector and unless it is balanced by better quality business, there will not be proper spread over of Portfolio as required from the point of view of sound underwriting. The Five Year Plans have laid stress both on Public and Co-operative Sectors to achieve the goal of Democratic socialism. Once it is accepted, it is upto the public sector to see that the Co-operative

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24

sector is encouraged to grow side by side. Life Insurance Corporation of India, therefore, has to play a positive role and for that it should prepare itself to underwrite various types of hazardous risks that will be offered to them as a result of higher allocations on Public Sector under the Five Year Plans. Besides, they can also think of starting, at least on pilot basis, schemes such as Cattle and Crop Insurance which will go a long way to improve the lot of agriculturists who play an important part in the Indian Economy.

What is Life Insurance Corporation of India doing today is not what is expected from an Institution of its nature and size. It is simply entering the market like a money lender who tries to exploit the weakness of the borrowers, and the Co-operatives, being in need of finances, have to submit to the pressure of the Life Insurance Corporation of India. It is therefore the moral duty of the Government to define the policy so as not to encourage the Life Insurance Corporation of India at the cost of Co-operative Insurance Societies.

It is time that the Co-operatives in general and the Insurance Co-operatives in particular, raise their voice against this injustice done to the Co-operative Insurance Societies. The Co-operative Insurance Societies do not ask for any charities, but they only demand impartial treatment from the Government.

It is hoped, that the Government will reconsider its policy so as to encourage balanced development of the Public and the Co-operative Sectors both of which, are essential for the attainment of our goal of Democratic Socialism.

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25

COOPERATIVE INSURANCE IN RETROSPECT

by Cooperative Fire & General Insurance Society Ltd., Madras.

THE Cooperative Fire & General Insurance Society Ltd., Madras, is the first of its kind in India. It was started with a view to plough back premium paid by the Cooperative Societies to the Insurance institutions into the Cooperative movement, and conserve the amounts for nation-building activities undertaken by the Cooperatives. Before the inauguration of this Cooperative Insurance Society the Cooperatives in Madras State incurred Rs.5 lakhs under premium expenditure. This sum was going into the pockets of the Joint Stock companies. Since independence and introduction of Three Five Year Plans there has been a steady increase in the development of the Cooperatives and the total amount of premium paid by the Cooperatives has increased considerably. The Cooperatives entered into new fields like setting up of Sugar Mills and Spinning Mills involving large amounts of capital expenditure in putting up the Mills and also large amounts under premium for insuring the assets.

Formerly all Cooperatives were under the control of one Registrar of Cooperative Societies in Madras State. During recent years the Registrar of Cooperative Societies, Madras, has been deprived of the control over certain types of Cooperatives. The control over the Fishermen Cooperatives was transferred to the control of the Director of Fisheries in 1952 who and his subordinates are acting as Registrars for the Fishermen Cooperative Societies. The control over the Industrial Cooperatives has been transferred to the control of the Director of Industries and Commerce who is assisted by a Joint Director of Industrial Cooperatives.

The Industrial Cooperatives and their supervising officers are not under the control of the Registrar of Cooperative Societies, but they are acting as a separate wing under the control of the Director of Industries & Commerce. The Cottage Industrial Cooperatives are under the control of the Village Industries and Khadi Board, and they are not under the control of the Registrar of Cooperative Societies. Milk and Dairy Cooperatives are transferred to the control of the State Milk Commissioner who is acting as Registrar for Milk and Dairy Cooperatives. Control over the Housing Cooperatives are now transferred to the Chairman, of the State Housing Board, who is now acting as Registrar of Cooperative Housing. The Cooperative Spinning Mills are transferred to the control of the Director of Handlooms who was made the Registrar of Cooperative Spinning Mills. Since the control on various Cooperative Societies vested with Registrars most of whom are holding different u

posts in the Government there is no uniform policy in encouraging the Cooperative Insurance Society which is under the control of the normal Registrar of Cooperative Societies. The Registrar of Cooperative Societies, Madras, has been kind enough to issue circular instructions to all the Cooperatives under his control to insure their assets etc., with the Cooperative Fire & General Insurance Society Ltd., Madras. But other heads of departments who are ex-officio Registrars of Cooperative Societies are not so favourably inclined. On the other hand a few of them, have issued circulars that Cooperatives under their control should insure with the Life Insurance Corporation of India.

As per the recommendation No.9 of the recommendations made by the Study Team adopted by the Ministry of Community Development and Cooperation, Government of India, all Cooperative institutions should compulsorily insure their assets with the Cooperative Insurance organisations only.

As per the letter No.16/2/59 Coop/BC dated 6.4.1965 received from the Government of India, Cooperatives should not be compelled to insure their assets with an insurance organisation other than the Cooperative organisation. The recommendation No.9 of the Study Team has been accepted by the State Government. In spite of it the Government of Madras in its G.O. MS.4027 (Industries), Department of Industries, Labour and Housing dated 1.10.1966 has instructed that the Cooperative Spinning and Sugar Mills should insure their assets with the Life Insurance Corporation of India. The Director of Industries & Commerce informs that he has received instructions from the State Government of Madras, that State-aided Cooperative institutions should insure their assets with the Life Insurance Corporation of India only. These developments are very recent and it is stated that the State Governments have issued certain instructions on receipt of instructions from the Ministry of Finance, Government of India. It has been informed that the Ministry of Finance desires to develop the general business of the Life Insurance Corporation of India, by insisting that all institutions which are helped by the Government by way of loans or subsidies should insure with the Life Insurance Corporation of India. These developments will affect the development of Cooperative Insurance Society as all the Cooperative institutions are receiving aid from the Government by way of loan or subsidy. If this condition is insisted upon, many big Cooperative institutions will have to insure with the Life Insurance Corporation of India instead of with the Cooperative Insurance Society resulting in a big slice of premium income of Cooperative Insurance Societies being taken away from them. It is worth mentioning that the premium income from Cooperative Spinning and Sugar Mills alone in Madras State comes to Rs.4,11,000/-. The total premium income of the Cooperative Fire & General Insurance Society Ltd., Madras, is Rs.12,00,000/- (Rs. Twelve lakhs only). It may be seen that if the insurance of assets of Cooperative Spinning and Sugar Mills is taken away from the Cooperative Fire & General Insurance Society Ltd., Madras, there will be a big drop in the income of this Cooperative Insurance Society.

Hence it is observed that Union and all State Governments should be approached and requested to issue instructions to all Government Officers that they should see that every Cooperative Society under their control insure only with the Cooperative Insurance Society. Unless this is done there will be a big set back in the development of Cooperative Insurance resulting in the loss of gains made by Cooperative Insurance Societies during the past decade and in the present decade. The retrogression is very severe and will hit the financial position of the Cooperative Insurance Societies. We request the seminar to consider this problem and decide about the steps to be taken to avoid the retrogression and for the further development of the Cooperative Insurance Societies.

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-76-

PROGRESS AND FUTURE: HOW TO ACCELERATE COOPERATIVE INSURANCE BUSINESS

Madhava Rao Anvari, Managing Director
Cooperative General Insurance Society Limited, Hyderabad

COOPERATIVE insurance has come to stay in the Cooperative Sector in India as we have joint stock insurance companies in Private Sector and Life Insurance Corporation in Public Sector. Within the last two decades five Cooperative Insurance societies have come up and four of them are working quite satisfactorily and the fifth has started functioning from 1-1-1967. It is recognised that the cooperative movement is an effective means for the economic and social development of the country by the planners. Assistance is given by the State and Union Governments for the sound development of cooperative movement in various departments, such as banking, marketing, processing, producers and consumers, apart from industrial societies as sugar factories and spinning mills etc. This growth and expansion of the cooperative movement naturally gave birth to the Cooperative Insurance. The State and Union Governments have recognised the Cooperative Insurance as a potential source to provide safeguards to the various cooperatives.

At present, nearly Rs.1½ crores premium is being underwritten by all the Cooperative General Insurance societies in the country, inspite of bitter competition in the Indian insurance market. The cooperators and the cooperatives have helped these societies substantially which enabled the Cooperative Insurance societies to face the severe competition in the field. Insurance companies in Private Sector have tied business and with their enormous financial and other resources they are capable of competing with the Cooperative Insurance societies who do not possess such resources. While the Cooperative Insurance societies were facing this severe competition from the Private Sector, Life Insurance Corporation, with its subsidiaries, entered the general insurance field backed by huge financial resources, with the strong support of the Union Government. As the joint stock companies already control the insurance of industrial, commercial and banking concerns in the Private Sector, the L.I.C. group enjoy the monopoly in respect of the business of industries under the control of Union and State Governments. Further, the L.I.C. can easily control any industrial concern through huge loans or subscribing to the share capital and while doing so the L.I.C. can lay down a condition that the insurance business should go to them. Even in the Cooperative Sector the L.I.C. is interfering by offering financial support to cooperative sugar factories etc.

The Indian Insurance Companies' Association Pool was hitherto underwriting the entire general insurance business of the Union and

State Government concerns and distributing the same among all the general insurance companies including cooperative insurance societies, pro-rata. From the beginning of 1966 the Pool was dissolved and the entire business, at the direction of the Central Government, is being passed on to the L.I.C. and its subsidiaries. This sudden loss of Pool's premium income amounting to nearly Rs.3 lakhs for each Cooperative Insurance society, is a great impact on the management expenses. It is, therefore, essential, for sound growth of these societies, that some portion of the insurance business of Government undertakings be earmarked for cooperative insurers also. The entire business of the cooperatives in the country be exclusively left to be served by the cooperative insurers, irrespective of the financial help given to these industries either by the State or Union Governments or Life Insurance Corporation.

The main object of the Cooperative General Insurers is service before profit, and hence there must be some favourable consideration in the policy of taxation to the cooperative insurers.

It is a well known fact that the Cooperative Sector consists of cooperatives of small resources and the insurance societies are established to serve the insurance needs of these sister societies by receiving very small bits of premium, besides rendering competitive services. The business of the cooperatives to a great extent consists of short term policies, from 1 to 3 months - issued for small sums of insurance premium, which involves high administrative cost. Though the premium income is comparatively smaller than the services rendered by the insurance societies to the cooperatives, the administrative cost is very high on account of protracted negotiations required to be conducted to obtain business from the cooperatives. As such, the Government should favourably consider to allow some relaxation in the limits imposed on the management expenses, as per the Insurance Act.

At present, the premium reserve relating to the unexpired risks is allowed upto a maximum of 50% for the purpose of taxation in Fire and Miscellaneous sections. Even if the insurance societies think of providing higher percentage of reserves as a measure of precaution and safety of the societies, the taxation authorities will not allow exemption for the extra reserve. Since the reserves play a very important role in the capital formation of the insurance society for the reason that the society receives large interest on the investment of these reserves, it naturally helps steady growth of the society. Thus the interest earnings of the society may indirectly influence the price that its customers have to pay and, therefore, the taxation authority should favourably consider to raise the existing 50% rate of the reserve upto 75%, as is being allowed in case of Marine insurance business.

For the sound and efficient growth of Cooperative Insurance societies, the following deserve favourable consideration :

1. The Cooperative Sector should exclusively be reserved for Cooperative General Insurers alone for servicing, irrespective of the interest of the Government or L.I.C. in its capital formation or working funds.

2. 25% share in the insurance business of all Union and State Government undertakings and nationalised industries should be allotted to the Cooperative General Insurers.

3. Management expenses allowed under the Insurance Act should be relaxed to a suitable extent.

4. The existing reserves for the unexpired risks should be allowed to raise upto 75% by the Cooperative Insurers in Fire and Miscellaneous departments.

5. Cooperative General Insurers also should be allowed concessions in the matter of taxation just as other cooperatives are allowed.

6. The International Cooperative Alliance Reinsurance Bureau should help the Indian Cooperative Insurers by placing their reinsurance without insisting on reciprocity.

7. The Government of India be requested to give favourable consideration to the recommendations of the Seminar along with the recommendations of the Study Team appointed by them in the year 1964.

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INDIAN MARKET AND THE ICA REINSURANCE BUREAU

By: Cooperative General Insurance Society Limited
Hyderabad.

BROADLY speaking reinsurance is a process, through which, every insurance company tries to spread its risks directly accepted with a view to getting the best benefits out of the law of average. One means of spread is by national companies, exchange reciprocally among themselves of indigenous business secured by them directly. Another way of spread is geographical, which is secured by companies operating in one country, exchanging the business with companies operating in other countries. Obviously a spread internationally is wider spread than a spread internally. The balancing of these two types of spreads depend upon various factors namely (1) quality of business in each country, (2) amount of reinsurance obtainable within the country, and (3) necessity in under developed countries to seek reinsurance outside their country for new lines of insurance undertaken. When the balance of payment problem arises in a country like India, which necessitates minimising as much drain as possible of foreign exchange, the insurers have to face the problem whether they are well-advised to stop completely the overseas reinsurance. There has been so far excess of premium over claims which would result in drain in foreign exchange if reinsured abroad, unless there is matching inward reciprocity. Though much could be argued for the international spread of risks directly accepted, when it results in heavy drain, the Indian insurers are compelled to re-examine their foreign treaties.

Just like other insurance companies, the Cooperative General Insurance societies in India are actively transacting all types of general insurance business such as, Fire, Marine and all miscellaneous accident insurances, in addition to the special types like cattle insurance, package policy to cooperatives and guarantee insurance etc. They have been placing reinsurances abroad with both cooperative insurers as well as other professional reinsurers through First and Second Surplus treaties in Fire and Marine departments, and Quota Share and Excess of Loss Treaties in Motor and Miscellaneous Accident department.

32

As per statistics available, the results of the reinsurance arrangements of Indian insurers with overseas companies showing drain from 1960 to 1963 are as under:

1960	...	Rs. 184 lakhs
1961	...	Rs. 327 lakhs
1962	...	Rs. 206 lakhs
1963	...	Rs. 175 lakhs

This is attributed to comparatively worse foreign business received in reciprocation of Indian business reinsured outside India.

While the above is the general trend of the foreign business, we give below the results of the transactions of our Society during the past eight years showing unfavourable results of our exchange with both cooperative insurers and professional reinsurers abroad.

(STATEMENT APPENDED) See page 5.

It is clear from the above figures, while the business ceded by the society continued to be good, inward treaties from abroad including ICA Bureau members though maintained parity in the premium exchange, the profit derived by the society is highly unfavourable. Attempts were made to make some adjustment in the commission rates of our outward treaties but the experience continued to be the same inspite of the general reduction in the Fire premium rates about 12% in 1960 and a further reduction of 15% in 1962.

At this point, it would be pertinent to say briefly the reinsurance market available for the companies operating in the country. In India, there are three categories of reinsurance companies, namely (1) professional reinsurers, doing reinsurance business exclusively, (2) Branch offices of foreign companies, devoting to write reinsurance business for their companies, and (3) direct writing companies accepting small amounts of reinsurances usually under reciprocal treaties and others.

When drain on account of reinsurance transactions abroad by Indian companies is found not controlled, and increasing year by year, the Government of India took a very serious note of the same and suggested the Indian insurance industry to take immediate steps to minimise the same by (1) reducing the existing fire premium rates, (2) by increasing the retention capacity of Indian companies by forming reinsurance companies.

Accordingly, India Reinsurance Corporation Limited has been formed in 1956 by Indian insurance companies including cooperative insurers and they have voluntarily agreed to cede 10% of the direct acceptances in Fire and Marine departments and 5 per cent on Miscellaneous risks. The industry has also taken steps to reduce fire premium rates - 12 per cent in 1960 and further reduction of 15 per cent in 1962. In addition to the agreed cessions to the India Reinsurance Corporation, the industry tried its best to cede as much business as possible to this reinsurer out of their surplus before the same is offered to foreign companies. In spite of these steps, the drain on account of reinsurance exchange continued to be heavy and then, the Government of India, in 1961, started a reinsurance company in the public sector, known as the Indian Guarantee and General Insurance Company Limited to further increase the retention capacity of the Indian market to absorb as much reinsurance business as possible in India itself, before the same is passed on to foreign market.

Government of India made it compulsory to offer 10% of each policy issued in Fire and Marine departments and 5% of each policy issued in Miscellaneous department, to each of the above two reinsurers (total 20% in Fire and Marine, and 10% in Miscellaneous) namely, the India Reinsurance Corporation Limited, and Indian Guarantee and General Insurance Company Limited. As these steps did not help to minimise the drain, the Reserve Bank of India finally decided to restrict the exchange of reinsurances with foreign companies when facilities are available within the country. In view of the continued bad experience of the foreign business, it naturally compelled the insurers in India to suddenly withdraw their treaties hitherto held by foreign companies and place the same with the local reinsurance Pools, started by (1) Bombay market and (2) South India market.

The root cause of the continued drain is non-profitable treaties offered to Indian market by foreign companies in exchange of profitable business from Indian insurers though it may be attributed to some extent, to direct business operations of Indian insurers in the overseas market, and direct operations of non-Indian insurers in India. This unfortunate development naturally curtailed freedom enjoyed by the Indian insurers for placing their reinsurances abroad. Unless the foreign reinsurers closely examine their accounts and adjust their treaties in order to maintain equity in payments, it will be impossible for Indian insurers to place any reinsurances abroad, in view of the Reserve Bank's restrictions.

It is most significant that traditionally well-developed companies should continuously show such unfavourable results not from any catastrophic conflagrations or other similar losses. Perhaps, it may be due to the tendency of the foreign market, to enlarge the position of the insured by including in their cover many additional hazardous risks like, wind-storm, torendo, earthquake and other extraneous perils in their fire policies or it may be due to inadequate premium rates. It is curious that member-insurance societies of the ICA Reinsurance Bureau have also not considered to better the situation all these years.

The aim of the Reinsurance Bureau should not only be prospecting actively for its members but also to review the exchanges arranged and suggest alterations in the reinsurance system or in its terms or in underwriting policies, when such intervention is warranted for mutual benefit of its members. Otherwise its objects are not fulfilled and the benefits derived will be one-sided. While it is not my intention to make any criticism, it is the actual experience of the Indian Cooperative Insurers, which is expressed here to find out ways and means to set right the position which will enable the ceding as well as receiving companies to maintain equitable profits in their transactions.

35

BUSINESS RECEIVED FROM ICA MEMBERS — BUSINESS CEDED TO ICA MEMBERS

Year	Total In Income	Total Outgo	Result	Total Income	Total outgo	Result
1958	39,551	35,023	4,528	71,095	56,910	14,185
1959	46,744	39,323	7,421	71,467	56,125	15,342
1960	46,582	40,989	5,593	88,075	72,705	15,370
1961	139,696	127,504	12,192	118,873	95,096	23,777
1962	167,319	158,663	8,656	143,119	94,042	49,077
1963	179,531	176,638	2,893	152,052	136,568	15,484
1964	208,326	207,206	1,120	152,448	111,894	40,554
1965	254,471	250,583	3,888	165,142	128,052	37,090
	1082,220	1035,929	46,291	962,271	751,392	210,879

BUSINESS RECEIVED FROM OTHER FOREIGN REINSURERS — BUSINESS CEDED TO OTHER FOREIGN REINSURERS

1958	17,670	14,842	2,828	28,436	22,764	5,672
1959	25,646	24,850	796	28,586	22,450	6,136
1960	45,560	42,818	2,742	50,925	43,623	7,302
1961	39,032	32,563	6,469	53,760	40,224	13,536
1962	59,887	50,299	9,588	61,254	40,305	20,949
1963	77,334	79,477	(2,143)	65,316	58,527	6,789
1964	90,464	85,211	5,253	65,334	47,958	17,376
1965	98,154	100,898	(2,744)	70,806	54,879	15,927
	453,747	430,958	22,789	424,417	330,730	93,687

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PRESENT WORKING AND PROGRESS OF THE COOPERATIVE GENERAL INSURANCE SOCIETY LIMITED, HYDERABAD

CO-OPERATIVE General Insurance Society Limited, Hyderabad was established in the year 1947, with its area of operation, Union of India, and it actually started underwriting the business in 1949. The Society is registered under the State Cooperative Societies Act, Multi Unit Act of India and Indian Insurance Act, 1938.

The Co-operative Sector covers Banking, Marketing, Consumers, Housing, Spinning Mills, Sugar Facto-ries and Processing Societies and Cooperative Insurance is an essential factor to cover the risks of these cooperatives in order to keep the cooperative funds within the movement itself.

The Authorised Capital of the Society is Rs.25 lakhs, out of which Rs. 5.50 lakhs is subscribed and paid up. Share subscription is open to cooperatives and the individuals pay one Rupee as membership fee. The Society did not borrow any funds or get subsidy or share capital either from the Union or State Government or from other sources. The share capital of the Society is made up of ordinary shares of Rs.10/- each, with an entrance fee of Re. 1/-. Transfer of Society's shares can be made only with the consent of the Board. When the Society was started in 1947, major portion of the capital was subscribed by cooperative banks, cooperative marketing societies and other apex cooperative institutions and individual promoter members.

Unlike the joint stock companies, under the Cooperative Societies Act, the payment of dividend to the members of a cooperative society on the share capital is limited to a maximum of 6.1/4%. This enables the Society to add a major portion of its profits, i.e. 25% to its Statutory Reserve Fund and about 20% to policyholders as no claim bonus.

The Board of Directors of the Society consists of representatives of apex cooperative societies and elected representatives of cooperative institutions, and individual promoter members. Under the Byelaws of the Society, Two Directors are elected from individual shareholders, and Seven from cooperative societies. In addition,

37

four Directors are nominated by Apex cooperatives and two Directors are coopted by the Board. The Registrar of Cooperative Societies of the State is also a member of the Board as ex-officio Director.

The constitution of the Society provides participation in the profits of the Society by its policy holder members. Thus the Society has two types of members i.e. 1) shareholder members and 2) policyholder members. Policyholder members are not entitled to exercise voting rights, as in the case of ordinary shareholder members. However, majority of the shareholder members are also policyholder members, who participate in the General meetings and exercise their vote. The unique feature of this Society is that the policyholder societies, being shareholders, not only receive dividend on their shares but also receive no claim bonus on the premium paid to the Society.

The Society has been paying dividend to the shareholders from 5% to 6¼% every year, besides bonus to the policyholders upto 10%.

The Society underwrites all types of general insurance business such as Fire, Marine and Miscellaneous Accident insurances through out India, as a Tariff Insurer. The Society is a member of all the four Regional Councils of the Insurance Association of India. The Society is very cautious in its underwriting and particularly wishes to serve the general insurance needs of the cooperatives effectively. As such, the Society is constantly showing steady progress in its working year after year by underwriting quality business.

The following table gives the working and financial position of the Society during the last six years.

Year	Premium Income	Claims paid	Capital & Reserves	Profit	% of Dividend paid
	Rs	Rs	Rs	Rs	
1961	10,80,506	3,61,657	16,24,548	52,557	6
1962	12,80,810	5,04,337	18,86,811	73,266	6¼
1963	13,63,471	5,54,339	21,97,450	92,343	6¼
1964	15,64,161	6,30,646	23,98,054	89,008	6¼
1965	16,47,515	7,92,822	27,84,518	41,994	5
1966*	20,00,000 (gross)	-	30,00,000		

(*Tentative Figures)

Out of its total investments about 60% are invested in Government Securities and the remaining in shares, debentures and Fixed deposits with the cooperatives. The Society has also now its own spacious building to house its Head Office in Hyderabad.

The Society has extended its organisation all over India through its Regional, Divisional and Branch Offices besides the net work of agencies and other field workers.

The Society is a member of the International Cooperative Alliance Reinsurance Bureau. Statutorily, all Insurers in India should reinsure their business to the extent of 20% of the risks underwritten by them with two Indian reinsurers i.e. 1) India Reinsurance Corporation Ltd., and 2) Indian Guarantee & General Insurance Co. Ltd. Further, due to the restrictions imposed by the Reserve Bank of India, in respect of foreign reinsurances with a view to conserve foreign exchange and also on account of unfavourable trend of the foreign reciprocal accounts, the Society had to reluctantly reduce its business with foreign reinsurers including ICA Bureau members. However, the Society hopes that, in course of time, it will be in a position to exchange some business at least with the members of the ICA Bureau.

While the Society has been successfully underwriting business under major heads of Fire, Marine and Miscellaneous Accident Departments, it has also commenced underwriting Cattle insurance, "Comprehensive Policy" in respect of monies of Credit or other Cooperatives. It is also exploring possibilities for underwriting the "Agriculturists' Comprehensive Policy" covering Personal Accident, loss or damage to their implements, live stock and other personal effects.

The Society is not having any training programme for its staff excepting on-the-job training. However, it encourages the staff to take the advantage of examinations conducted by the Federation of Insurance Institutes, Bombay, and the successful candidates are offered special incentives by way of increments etc. Since the Society is fully aware, out of its own experience, that mere insurance technical qualification is not sufficient to handle the business of the cooperatives successfully, every effort is being made to include "cooperative insurance" also as a subject in the syllabus at the cooperative training centres.

During its 18 years, the Society has maintained a steady progress, with its meagre resources, inspite of keen and bitter competition. Now the Life Insurance Corporation of India, inspite of its promises, is trying to gradually enter into the cooperative field, directly or indirectly with its huge financial resources. Inspite of the general policy of the State and Union Governments to give assistance to the Cooperative General Insurance Societies, in actual implementation, it is often found very discouraging.

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39

PRESENTATION OF COOPERATIVE INSURANCE SOCIETIES
Union Cooperative Insurance Society Limited, Bombay

1. Present Position. Trend of Premium

Year	Paid-up share capital	Gross Premium	Net Premium	Net Claims	Departmental Reserves	Net Profits
1952	348,000	161,426	62,366	9,761	3,085	30,848
1953	375,200	213,401	112,864	14,438	58,895	46,166
1954	481,800	327,893	138,766	9,719	69,388	94,580
1955	492,400	401,800	253,870	34,292	126,935	102.990
1956	515,800	636,276	342,443	57,299	171,221	142,310
1957	519,000	952,982	533,144	105,957	266,572	180,724
1958	568,500	1377,689	847,544	160,549	428,296	185,629
1959	649,300	2049,087	1300,549	258,901	658,252	246,216
1960	719,500	3330,828	2098,343	512,325	990,205	209,679
1961	773,200	6471,759	2737,672	756,323	1411,640	259,590
1962	786,700	9127,262	5014,080	1449,261	2129,327	431,948
1963	792,300	10530,650	5700,574	2298,874	2992,864	457,168
1964	844,100	10643,018	6310,018	2803,921	3283,707	884,362
1965	897,600	12991,853	7238,085	3253,223	3734,745	1001,372

2. Set up and Internal Organisation

The administration of the Society is vested in a Board of Directors duly elected from various constituencies such as Founder Members, Central and Federal societies, Cooperative societies, Urban cooperative banks, Industrial cooperative banks, individuals etc. A nominee of the National Cooperative Union of India is also coopted on the Board. The General Manager, H.O. is in charge of the Society's administration with the help of Departmental Heads.

For purposes of efficient management and for offering prompt service to its clientele, the Society has decentralised its working at nine area levels on the basis of the volume of premium, with Statewise divisional offices and supported by Branches, Sub-branches and Inspectorate offices at many important centres in India. Statutory audit is also conducted at Area levels. A firm of Chartered Accountants has also been engaged for Internal audit.

3. Staff Training

The Society has its own programme of training its staff in the various departments at Area office level.

The society is also bearing the cost of prescribed text books and examination fees for the various types of Insurance Examinations conducted by the Federation of Insurance Institutes.

Special increments are also offered to employees for passing insurance examinations.

4. Investment Programme

As a cooperative body we have to satisfy the requirements of the Cooperative Societies Act and the Society's investments are mostly in Government papers and shares of other cooperative institutions. It is also our policy to spread over the investments in all the States of the Indian Union, as ours is an all-India organisation. The position of our investments as on 31st December 1966 is as under:

	Book Value
Central Government Loans and cash deposits	Rs. 676,892
State government loans	Rs.2,854,311
Municipal loans	Rs. 347,825
State Financial Corporation Bonds	Rs. 398,000
State Coop Land Mortgage Banks Debentures	Rs. 445,500
State Electricity Board Deb.	Rs. 200,000
Katakhal Lala Bazar Rly. Deb	Rs. 69,000
State Financial Corporation Shares	Rs. 5,000
State Cooperative Banks' shares	Rs. 38,500
Housing and Marketing Societies shares	Rs. 306,000
Other Cooperative societies shares	Rs. 525
India Reinsurance Corporation's shares	Rs. 40,000
	Rs.5,381,553

The Society also owns two majestic buildings - one in the heart of Bombay City and another at Ahmedabad. As a result of the restrictions on Investments the average interest yield is very low.

41

5. Financial Resources

While the total business in India of 72 Indian General Insurance Companies in 1964 stood about Rs. 45 crores the total business of the Cooperative Insurance Sector was not negligible. The business of this society accounted for about 76% of the gross premium in the cooperative sector. This is no mean achievement for this Society which is the last comer in the Cooperative Insurance Sector in 1949.

It is however pertinent to point out in our case that despite the Resolution Number 10 adopted at the Third Indian Cooperative Congress held in New Delhi in 1958 urging upon the Government to declare business of cooperatives as PRESERVES of Cooperative Insurance Societies, the business of major Cooperatives like Sugar Factories, other processing societies etc. are not flowing to us in view of an adverse decision taken by the government. In our case only about 60 per cent of the business emanates from the Cooperative Sector while the rest comes from the General Public and business concerns. This point will drive home another important factor that unless radical measures are taken to treat cooperative business as PRESERVES of cooperative insurance societies, the orthodox concept that Cooperative Insurance Societies thrive on Cooperative business will be incorrect.

The Study Team appointed by the Government of India have estimated the annual gross premium to be about Rs. $2\frac{1}{2}$ to 3 crores from Cooperative institutions in the country. It will thus be clear that there are vast financial resources if all the business of cooperative sector is exclusively channelised to the Cooperative Insurance industry.

TOTAL ASSETS OF THE SOCIETY

During 1960	Rs. 3,571,848
1961	Rs. 4,878,130
1962	Rs. 6,948,040
1963	Rs. 8,099,614
1964	Rs. 10,020,276
During 1965	Rs. 12,726,960

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42

WORKING PAPER ON THE PRESENT POSITION OF THE COOPERATIVE FIRE & GENERAL INSURANCE SOCIETY LTD., MADRAS

THIS Society was registered in March 1941 under the Madras Cooperative Societies' Act VI of 1932. This type of Society is the first of its kind in India. Encouraged by the success achieved by the South India Cooperative Insurance Society, Madras, in the field of "Life Assurance" steps were taken to organise a similar Cooperative Institution to cater to the needs of "General Insurance". Before the inauguration of this Society, all the Cooperative Institutions in this State had placed their General Insurance requirements with the Joint-Stock Insurance Companies. The premium revenue that went into the hands of such companies was estimated to be about Rs.5 lakhs per annum. With a view to plough back such funds within the Cooperative movement for the various nation-building activities undertaken by the Cooperative organisations, this Cooperative Institution was brought into being.

2. MEMBERSHIP: The capital of this Society is made up of 'A' Class and 'B' Class shares. The value of 'A' Class share is Rs.100/- and that of 'B' Class is Re.1/-. As per the By-laws the Madras and Andhra State Cooperative Banks have taken shares for Rs.1,25,000/- at Rs.100/- per share; District Cooperative Central Banks have also taken shares for not less than Rs.1,000/- each and other registered Societies have each taken not less than one 'A' Class share. 'B' Class share-holders are not entitled to any dividend or vote in the meetings of this Society. The paid-up capital has been increased from time to time and it stood at Rs.4,01,151/- as on 31.12.1965. This Society had 646 'A' Class and 6,751 'B' Class members with a paid-up share capital of Rs.3,94,400/- and Rs.6,751/- respectively as on 31.12.1965.

3. BUSINESS : The Society has undertaken so far business in Fire, Burglary, Cash-in-transit, Motor Vehicles, Fidelity Guarantee, Cyclone, Floods and Marine. The total annual premium income earned from 1958 to 1965 is given hereunder :

1958	...	Rs. 7,03,280/-	
1959	...	Rs. 8,80,262/-	
1960	...	Rs. 7,76,579/-	
1961	...	Rs.10,08,943/-	
1962	...	Rs. 9,49,893/-	
1963	...	Rs. 9,91,086/-	
1964	...	Rs.11,43,845/-	
1965	...	Rs.10,45,405/-	(Excluding Pool premium - not received so far)

43

It will be seen therefrom that the Society has been progressively augmenting its general insurance business. The expenses of management excluding Agency commission for the following years are also hereunder :

1958	...	Rs. 2,37,449/-
1959	...	Rs. 2,80,290/-
1960	...	Rs. 2,80,320/-
1961	...	Rs. 2,74,763/-
1962	...	Rs. 2,51,039/-
1963	...	Rs. 2,52,574/-
1964	...	Rs. 2,31,246/-
1965	...	Rs. 2,42,224/-

4. AGENCY APPARATUS : To procure and solicit insurance business an agency corps has been formed throughout this State. At present we have 152 agents of whom about 90 are the employees of cooperatives duly nominated by them as their agents. They have to inspect the various risks proposed for insurance, assist clients in the matter of filling up the forms and give suggestions with regard to the improvement of risks and issue temporary cover notes on behalf of this Society. They are paid an agency commission not exceeding 15%. All agents have to take a Licence from the Controller of Insurance valid for three years on payment of Rs.5/-. Under the new Amendment Act 1959, an All India Insurance Council has been set up for regulating inter alia the rates of premiums for all classes of risks and issue instructions from time to time setting forth the warranties, terms and conditions governing the insurance contracts. An Administrative Machinery has been set up under section 64 (F) of the Insurance Act and a voluntary Code of Conduct has been evolved for ensuring observance by Insurers carrying on general insurance business of the Code provisions of the Insurance Act which prohibits payment of illegal rebates and screening of the opening of branches and appointment of field-workers.

5. INVESTMENTS : This institution has deposited a sum of Rs.3,74,948=75 in Government Securities and Central Land Mortgage Bank Debentures with the Reserve Bank of India in accordance with the provisions of the Insurance Act. It has also invested a sum of Rs.8,71,219/- in the Madras and Andhra Cooperative Central Land Mortgage Bank Debentures etc., a sum of Rs.1,00,000/- in the Finance Corporation and Rs.200/- in Central Cooperative Printing Works Ltd., Madras, and Rs.1,000/- in Union Cooperative Insurance Society Ltd., Bombay. In the Current Account and Season Deposit Accounts with the Madras State Cooperative Bank Ltd., Madras, and other Cooperative Central Banks and the Central Bank of India Ltd., Madras, this Society had a sum of Rs.16,15,160=93 as on 31.12.1965.

6. CLAIMS : In the course of the following years, Fire, Motor, Burglary and Marine Claims have occurred and the amount paid by us

is given below :

44

1958	...	Rs. 1,76,938/-
1959	...	Rs. 1,49,167/-
1960	...	Rs. 1,75,973/-
1961	...	Rs. 2,65,760/-
1962	...	Rs. 1,89,519/-
1963	...	Rs. 1,66,368/-
1964	...	Rs. 1,24,933/-
1965	...	Rs. 1,95,152/-

7. MANAGEMENT : In accordance with the By-Law No.24, 16 members constitute the Board of Management. 3 Members are elected from Cooperative Central Banks, 3 members from the Cooperative Supply & Marketing Societies, 1 member from the Madras State Cooperative Bank, 1 member from the Cooperative Stores, 1 member from the Tamil Nadu Handloom Weavers' Cooperative Society, 1 member from Spinning Mills, 1 member from other Cooperative Societies, 1 member nominated by the Registrar of Cooperative Societies, 1 member from the Sugar Mills, 1 member from the Cooperative Weavers' Societies, and one member co-opted from the members of the Cooperative institutions of the Andhra State and one co-opted from member of the Kerala and Mysore State.

The strength of the Board under the constitution is 16. At present the number of Directors on the Board is 14. Dr P. Natesan, has been the President of the Society since 9.3.1963.

The election to the Board shall be by ballot in the manner prescribed in rule No. 29 of the Madras Cooperative Societies' Rules 1963 and as per bylaw No.24(2) of the Society.

There is an Executive Committee consisting of five members to whom the management of the institution has been entrusted by the Board.

Fidelity Guarantee Insurance was started with effect from 1945, Motor Insurance from 1st July 1946, Cash-in-Transit insurance from December 1955, Burglary Insurance from January 1952, Marine Insurance from October 1956 and Transit-cum-Erection insurance from August 1958.

At the end of every year returns are prepared and presented to the General Body and sent to the Controller of Insurance, Simla, in accordance with the provisions of the Insurance Act.

8. PROFIT AND LOSS ACCOUNT : The profit earned by the Society is shown yearwise for the past 8 years.

1958	...	Rs. 64,750/-
1959	...	Rs. 80,275/-
1960	...	Rs. 70,864/-
1961	...	Rs. 35,331/-
1962	...	Rs. 1,21,267/-
1963	...	Rs. 1,74,113/-
1964	...	Rs. 2,21,529/-
1965		Rs. 2,05,670/-

45

9. FINANCIAL POSITION AT A GLANCE AS ON 31.12.1965 :

1.	Paid-up capital	Rs. 4,01,151 00
2.	Miscellaneous, Fire and Marine Fund.	Rs.11,78,727 29
3.	General Reserve	Rs. 5,65,487 11
4.	Other Funds	Rs. 6,49,324 32

A novel scheme of 'Payment out of Profits to all Policy-holders' was also introduced from 1964 according to which the policy-holders get a share out of the annual net profits of the Society on the net premium every year, which no Joint-Stock Insurance Company has been allowing to its clients. The object of the 'Payment out of profits to Policy-holders' is in keeping with the ideals of cooperation in that the policy-holders are also allowed to participate in the profits of the Society.

To sum up, this is the first cooperative enterprise in the field of General Insurance and it is rendering useful service in the field of all categories of insurance including Machinery-Erection, Burglary, Riot and Civil Commotion, Fidelity Guarantee, Cash-in-transit and Personal Accident to all Cooperative Institutions and the general public in the south zone of the Indian Union.

According to the modern insurance practices, the Society has also entered into reinsurance treaty with renowned Reinsurers.

Details of the sums reinsured and reinsurance premium ceded from 1960 to 1964 are given below :

Year	Sum Reinsured	Reinsurance Premium
1960	Rs.25,35,43,351/-	Rs.3,60,923=40
1961	Rs.33,89,95,107/-	Rs.4,61,983=85
1962	Rs 25,72,32,191/-	Rs. 3,59,808=39
1963	Rs.17,52,65,251/-	Rs. 3,45,391=36
1964	Rs.19,02,59,773/-	Rs. 4,29,055=27
1965	Rs.22,28,57,351/-	Rs. 5,01,544=05

46

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ECONOMIC SIZE & RESULTS OF COOPERATIVE INSURANCE SECTOR

by Hans Dahlberg, Joint Director, ICA, New Delhi

Synopsis

WHAT IS THE ECONOMIC SIZE OF AN INSURANCE SOCIETY?

No general rule that an insurance enterprise must have a given size to be economical.

ADVANTAGES OF SIZE REVIEWED AGAINST THE INDIAN SITUATION.

Advantages of small size

1. Low investments.
2. Special Insurance forms relating to the local conditions.
3. Good check on claims.

Advantages of large size

1. Good type of insurance available all over the country.
2. Low costs of operation.
3. Can afford services of specialists and to introduce modern office equipment like business machines.
4. Better financial strength.
5. Possibility to underwrite large risks.
6. Experiment with new types of insurance policies.
7. Increased possibility of reinsurance relations.
8. Better spreading of risks.

Large scale operations seem to be most economical although situations exist where operations on small scale are most economical and efficient.

Initially necessary to start on small and local scale.

Serious considerations should now be given for large-scale operations.

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47

INDIA: ARTICLE FROM INSURANCE MARKETS OF THE WORLD
by Swiss Reinsurance Company

HISTORY OF INSURANCE

INDIA is really a vast sub-continent, consisting of numerous villages with a population predominantly devoted to agricultural pursuits. In an agricultural society, each family was once largely self-sufficient and the exchange of goods was conducted on a barter basis. When a person's building was destroyed by fire, neighbours helped him in the task of reconstruction; and in the event of illness his friends came to his assistance. In such a self-contained society, the head of the family left to his survivors a means of livelihood. The joint family and caste system, the village panchayat, and the temple and charitable institutions - all combined in their efforts to relieve a person from the rigours of any misfortune.

It has been stated that the Sanskrit term "Yoga Kshema", meaning "insurance" is found in the Rig-Veda and that some kind of insurance was practised by the Aryan tribes in India nearly three thousand years ago. The earliest available reference to a form of insurance is found in the Codes of Manu, which contain rules for contracts of sea-borne and land traffic whereby the rates of interest on loans depend upon the risks to be run and the period of the loan.

India came under the Crown in 1858. It was during this period that the impact of the Industrial Revolution was keenly felt, and these economic changes brought about a disintegration of village life and self-sufficient economy, as also of the joint family system.

It is interesting to note that the earliest known policy in English (dated 1555) is expressed as "on the good ship Sancta Crux from any port of the isles of Indea of Calicut unto Lixborne".

Between 1797 and 1810, seven Marine insurance companies were started in Calcutta, the centre of the East India Company's trade and power. None of these companies exist today.

In 1818 the Oriental Assurance Company was started in Calcutta by a group of Europeans but it failed in 1834. The "Madras Equitable" was founded in 1829. In 1849 was established the Tinnevelly Diocesan Council Widows' Fund at Palamkote, Madras. In 1871 the "Bombay Mutual" was founded strictly on the mutual principle and operated purely under Indian management. All these mutuals had a religious background and appeal. In 1874 the proprietary company, the Oriental Government Security Life Assurance Company, Bombay, was founded, which in later years achieved the status of the largest Life office in the East.

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In 1825 the Alliance British & Foreign Fire Insurance Company established an agency office in Madras and also set up agencies in Bombay and Calcutta later in the same year. The next significant date is 1850, when the "Triton" was established in Calcutta: it continues to operate even today. The Sun Fire Office had its first Far Eastern experience in India, when in the 1840's it reinsured some risks for the Bombay Fire Office.

From 1850 onwards there was a steady flow of British and Commonwealth companies, establishing themselves through agents selected from the trading firms operating in the ports of Calcutta, Madras and Bombay. As railways opened up the country in the second half of the century, the trade spread inland and insurance naturally followed. The field was crowded with agencies until, with the growth of business, companies were obliged to establish branch organisations: the earliest branch organisation was that of the "South British" in 1882.

In 1906 there occurred several cotton fires at Colaba (Bombay) and the strain of these losses resulted in a demand for higher rates. This demand was strongly resented by the Indian mercantile community, particularly the cloth merchants, who floated the first indigenous General insurance company, the "Indian Mercantile", in 1907.

The growth of nationalist feelings, as also the industrialisation that followed in the wake of the First World War, resulted in the floating of a number of Indian offices in Bombay in 1919, viz. "New India", "British India", "Jupiter", "Universal" and "Vulcan". The years that followed were a period of great political agitation and political consciousness which gave a fillip to the business of Indian companies. In 1923 the Workmen's Compensation Act was passed and the companies transacted this type of business on a tariff basis. The Motor Vehicles Act of 1939 introduced compulsory Third Party insurance.

With the entry of Indian firms in the market and the establishment of the Indian Insurance Companies' Association in 1928, there was a persistent demand for insurance legislation. The Insurance Act was passed in 1938 and the immediate result was the discontinuance of Life business by a number of non-Indian companies and the opening of General departments by a number of Indian offices.

With the achievement of independence in 1947, India has forged ahead with her plans for economic development. On the 19th January, 1956, Life assurance was nationalised in India. The Life Insurance Corporation Act (Act xxxi) of 1956 acquired all the assets and liabilities appertaining to the Life assurance business in India of all Indian and foreign insurers, after granting compensation, and vested them in the Life Insurance Corporation. The Act also gave the Life Insurance Corporation the sole monopoly for transacting Life assurance business in India.

2. THE POSITION OF INSURANCE TODAY

2.1 The Insurance Companies

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2.11 Number of insurers

Year	Insurers	Life only	Life & other classes	Other classes only	Total	Life	Fire	Marine	Miscellaneous
						(either alone or with other classes)			
1938	Indian	182	18	17	217				
	Non-Indian	12	14	117	143				
1950	Indian	135	50	50	235	185	73	67	92
	Non-Indian	5	15	86	106	20	79	56	55
1960	Indian	-	1	88	89	1	50	13	25
	Non-Indian	-	-	73	73	-	50	16	12
1961	Indian	-	1	82	83	1	48	12	22
	Non-Indian	-	-	73	73	-	49	12	12
1962	Indian	-	1	78	79	1	47	12	19
	Non-Indian	-	-	70	70	-	49	10	11

2.12 Premiums received in thousands of Rupees*

GROSS PREMIUM WRITTEN DIRECT IN INDIA

Year	Insurers	Life	Fire	Marine	Miscellaneous
1950	Indian	323,950	47,717	20,311	29,772
	Non-Indian	60,995	40,389	24,481	20,142
1960	Indian	not available	92,789	58,185	121,359
	(Outside India)	not available	23,506	19,737	43,263
	Non-Indian	not available	51,693	27,655	31,057
1961	Indian	not available	105,482	63,820	143,210
	(Outside India)	not available	25,039	20,852	49,647
	Non-Indian	not available	56,297	29,340	34,904

*- Rs. 100 were equivalent to US $ 34.97 in 1938 and to US $21 between 1950 and 1961.

58

NET PREMIUM

Year	Insurers	Fire in India	Fire outside India	Marine in India	Marine outside India	Miscellaneous in India	Miscellaneous outside India
1938	Indian	4,311	4,128	1,184	2,451	3,460	683
	Non-Indian	9,481	-	4,008	-	5,772	-
1950	Indian	22,999	32,469	10,503	9,803	23,638	6,173
	Non-Indian	24,504	-	18,010	-	18,174	-
1960	Indian	59,718	73,441	31,096	24,170	95,035	46,756
	Non-Indian	31,764	-	20,504	-	26,751	-
1961	Indian	74,917	77,185	38,910	26,443	121,201	56,080
	Non-Indian	35,116	-	20,512	-	28,757	-

51

2.13 **Net Claims paid** in thousands of Rupees*

Year	Insurers	Life: by Death	Life: By Maturity	Fire	Marine	Miscellaneous: in India	Miscellaneous: outside India
1938	Indian	19,367	20,939			3,816**	587
	Non-Indian	not available				6,649**	2,453
1950	Indian	38,039	55,531	18,875	8,069	13,608	
	Non-Indian	9,034	21,223	5,903	6,124	7,817	
1960	Indian	76,806	230,124	54,109	38,645	76,581	
	Non-Indian	-	-	5,624	9,819	12,830	
1961	Indian	86,519	254,551	56,267	47,720	89,457	
	Non-Indian	-	-	6,961	11,378	12,243	

2.14 Life assurance in force in thousands of Rupees*

Year	Insurers	In India: No. of Policies	In India: sum assured	Outside India: No. of Policies	Outside India: sum assured	National income
1938	Indian	1,239,567	2,037,123	61,302	151,471	not available
	Non-Indian	276,143	943,102	-	-	
1950	Indian	3,048,770	6,358,095	252,422	566,482	95,300,000
	Non-Indian	231,234	1,088,360	-	-	
1960	Indian	7,455,444	21,686,559	257,177	1,090,042	142,000,000
	Non-Indian	-	-	-		
1961	Indian	8,336,149	26,111,939	240,410	1,144,319	146,000,000
	Non-Indian	-	-	-		

* - Rs.100 were equivalent to US $34.97 in 1938 and to US $21 between 1950 and 1961.

** - Includes Fire and Marine

2.15 UNDERWRITING RESERVES (Indian insurers only) in thousands of Rupees*

	1938	1950	1960	1961
Life assurance	505,994	1,814,751	5,603,781	6,315,919
General assurance	13,985	70,091	170,835	207,348

2.16 Share capital and free reserves (Indian insurers only) in thousands of Rupees*

	1938	1950	1960	1961
A. General reserve and other reserve funds				
insurers	13,684	38,964	88,173	92,824
Life Insurance Corporation	-	-	68,518	72,504
B. Share capital				
Insurers	36,257	99,324	116,770	113,179
Life Insurance Corporation	-	-	50,000	50,000

2.2 THE LEGAL BACKGROUND

2.21 Law of insurance supervision

The Insurance Act, 1938, applies to all classes of insurance and to Indian as well as foreign insurance companies. It provides for (i) registration; (ii) substantial deposits to be made - under Section 7 of the Act, a deposit of Rs.350,000 is to be made for all classes excluding Life; Rs.150,000 each for Fire, Marine, Accident and Miscellaneous insurance - and for minimum working capital, separation of departmental accounts; (iii) limitation of commission to agents; (iv) licensing of agents; (v) prohibition of rebating, and (vi) abolition of Managing Agencies, whereby persons who under an agreement enjoyed full control over the management and conduct of the company, were prohibited from acting in that capacity. It further provided for periodical valuation of Life business and submission of returns. The Act regulated the investments of Life companies, who had to invest 55% of their assets in approved securities. It also paved the way for standardised policy conditions. Though the law was based on the American and Canadian Law, it followed the principle of minimum intervention and maximum publicity.

* - Rs.100 were equivalent to US$ 34.97 in 1938 and to US$ 21 between 1950 and 1961.

The Act created the office of a Controller of Insurance, who was granted wide executive powers. Under Section 33 of the Act, he was empowered to call for an inspection into the affairs of an insurer. The insurers were required to submit returns of their business and revenue accounts. The Controller and the Department of Insurance operate under the Ministry of Finance, with offices at Kennedy Cottage, Simla.

The Insurance Act was mainly directed against Life assurance but it was found very deficient and in 1950 the Insurance Amendment Act was passed. The Amedment introduced the following new features: (i) Control of an insurer's overall expenses relative to its business in India, expressed as a percentage of its gross direct premium income. It was thought that if a company's overall expenditure was controlled, its ability to rebate would equally be controlled or severely restricted. (ii) The remuneration of Principal Agents was prescribed and it was decreed that they should be prohibited after seven years. Now there is only one class of agent - Insurance or Licensed agent - , whose commission is limited to 15% in the case of Fire and Miscellaneous and 10% in the case of Marine business. (iii) The Insurance Association of India was created. (iv) The Act provided for the establishment of Tariff Committees for the regulation and control of rates and the establishment of Regional Councils for four areas, thereby replacing the Agents' and Tariff Associations.

In 1952 a Code of Conduct was introduced by the Executive Committee of the General Insurance Council. It included a stipulation that no cover could be granted before the premium had been paid. The companies were required to furnish a written undertaking to the Executive Committee to observe a number of specific points on organisational matters such as branch and inspectorate appointments and business procedure in the conduct of their affairs in India.

One of the criticisms levelled against General insurance was that a heavy strain was imposed on the country's foreign exchange position through the reinsurance abroad of excess Indian business. In order to relieve this strain, the Government sponsored the India Reinsurance Corporation (established in 1956) which was organised by insurers, Indian and non-Indian, participating in the capital as also by agreed cessions of 10% of their gross direct premium.

In order to handle the Reinsurance business of the Government-controlled companies, the Indian Guarantee Insurance Company was converted into a reinsurance company by raising its capital to Rs. 10 million.

The Insurance (Amendment) Act which came into force from April 1961 stipulates that "every insurer shall reinsure with Indian reinsurers such percentage of the sum assured on each policy as may be specified by the Central Government, provided that no percentage so specified shall exceed 30% of the sum assured on such policy". It provides for the appointment of a Reinsurance Advisory Committee. This law enables the India Reinsurance Corporation and the Indian Guarantee Insurance Company to participate in these compulsory cessions on an equal footing, it being understood that the Indian Guarantee - the Government company - offers the ceding companies treatment identical to that given by the India Reinsurance Corporation. Though the law provided for a maximum cession of 30%, the percentage of compulsory cessions is now prescribed at 20%.

2.22 CARTEL LAWS

In India there is no cartel law in respect of insurance.

2.23 SOCIAL INSURANCE AND FORMS OF COMPULSORY INSURANCE

The first attempt at social insurance came with the passing of the Employees' State Insurance Act, 1948 which applies to all factories. The scheme is compulsory and contributory. By the end of 1959, the scheme had been introduced in 96 regions covering over 1,713,650 employees.

The Employees' Provident Funds Act, 1952 involves a contributory scheme applied to factories. Also there are other Acts such as the Coal Mines Provident Fund and Bonus Act, 1948, and Maternity Benefit Acts in various states. The establishment of the Employers' State Insurance Scheme has deprived the Accident offices of a large volume of Workmen's Compensation business.

2.3 ASSOCIATIONS AND INSTITUTES

2.31 INSURANCE ASSOCIATIONS, TARIFF AGREEMENTS AND POOLS

The Insurance Association of India is a statutory body created by the Insurance Amendment Act, 1950. The Association has two Advisory Committees, for Life and General business. It also established the Tariff Committee for the control of rates, and Regional Councils in Bombay, Delhi, Calcutta and Madras. The Act authorised the establishment of the Executive Committee too, on which Government representatives are also included and which advises the Controller of Insurance.

The Indian Insurance Companies' Association Pool handles the Government and semi-Government business shared by the Indian companies. 75% of the business goes to the Government-owned companies and 25% to the other Indian companies. There is also the Calcutta Coal Pool, which is operated by 20 companies who cede the fatal risks under the Indian Mines Act to the Pool. It is managed by the Calcutta Claims Bureau (established in 1928), a body formed to handle the claims under the Workmen's Compensation Act, 1923.

In addition to the Insurance Association, the Bombay Salvage Corps serves the insurance companies as well as the public. It was established in 1907 and is maintained by the insurance companies, its object being to act as an auxiliary to the fire brigade for salvage purposes and to provide patrols for the cotton storage area.

2.32 INSURANCE TRAINING ORGANISATIONS

The Federation of Insurance Institutes (of India) was founded in 1955 to encourage insurance education in the country. It is affiliated to the Chartered Insurance Institute, London, and has regional institutes at 28 centres. Apart from this, some of the universities in India have insurance as a subject for the Bachelor of Commerce degree.

3. PROBLEMS AND PROSPECTS IN THE INSURANCE MARKET

The national market in India has grown both in number of units and in volume of business. The Indian companies, having firmly established themselves in the national market, are expanding their operations overseas in territories where there is a significant Indian mercantile community. The emphasis on gross direct premium in the formula for overall expenses has encouraged the companies to embark upon new classes of business such as Aviation, Marine Hull, Machinery Breakdown and Loss of Profits thereby, Credit and Hire Purchase Guarantees, comprehensive covers and Flood insurance. The Government has also organised the Export Risks Insurance Corporation and is now contemplating Crop and Cattle insurance. Certain pilot schemes on these lines have been operating in some of the states.

With Life assurance as a State monopoly, and the other classes of business controlled by statutory bodies, the Indian market is known for its scramble for business and for the pernicious practice of rebating, which can only flourish by companies resorting to malpractices and manipulation of accounts. The various efforts at controlling this unhealthy situation have not met with any success. The Insurance Amendment Act, 1950 destroyed the long-established agency regulations and the Code of Conduct has not been able to fill the gap. With the emphasis on premiums in the market, the numerous units of the market are anxious to maintain their premium volume regardless of statutory or code obligations.

Recently an effort has been made to establish a Non-Diversion Scheme on the lines of the war-time standstill agreement which operated in the U.K. The Scheme also visualises mutual assistance to companies which subscribe to it and suffer loss of business in consequence. The withholding of reinsurance facilities will be one of the penalities imposed on recalcitrant members. The Scheme is a voluntary one and has found an eager response amongst Indian companies, but its mechanism has yet to be set up to run smoothly.

In present Motor business, increased repairs and replacement costs are enhancing the loss ratio, necessitating a doubling of the rates in respect of commercial vehicles.

Since the nationalisation of Life assurance business, there has been a constant fear locally that General insurance business would also be nationalised. Though the question of nationalisation has been repeatedly raised in Parliament, the Government has indicated that it does not desire to nationalise General insurance on account of its extremely hazardous character.

A notable catastrophe loss was the Bombay Explosion of 1944, when, following the explosion in s.s. Fort Stikine in the Bombay Docks, the entire export storage area was in flames. Losses worth Rs.106 million were paid. The Government contributed part of the loss from funds collected under the War Risk Scheme, treating it as a war loss.

The north-eastern belt of India is subject to seismic disturbances and the notable earthquakes in this region have been the Bihar Earthquake of 1934 and the Assam Earthquake of 1950. Though there was extensive damage to property, the insurance claims were not numerous as most property was not insured against earthquakes.

A major loss in recent years was the destruction of the Assam Sawmills. This risk was completely washed away by the floods in the Brahmaputra river, which changed its course following the earthquake in Assam. Total claims approximating Rs. 6.5 million had to be met.

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57

REGIONAL SEMINAR ON COOPERATIVE INSURANCE HELD IN KUALA LUMPUR
(3RD - 15 TH SEPTEMBER 1963)

INTRODUCTION

A Regional Seminar on Co-operative Insurance was organized by the International Co-operative Alliance, Education Centre in Kuala Lumpur between 3rd - 15th September, 1963. Co-Sponsers of the Seminar were Folksam, the Swedish Insurance Co-operative Society, the Malayan Co-operative Insurance Society and the Co-operative Union of Malaya. The I.C.A. was represented in the Seminar by Mr. M. Radezki, Director of the I.C.A. Education Centre, Folksam had made available three resource persons; Mr. S. Rimmerfeldt, Mr. H. Bucht and Mr. D. Landin, who introduced a number of subjects. Mr. N.A. Kularajah, General Manager of the M.C.I.S. and Mr.G.S.Dass from the Department of Co-operative Development, Government of Malaya also made several introductions.

The inauguration was chaired by Enche Yahya bin Mohamed Sani, Chairman of the Malayan Co-operative Insurance Society Ltd. The inauguration of the Seminar was performed by the Hon'ble Enche Mohamed Khir Johari, Minister of Agriculture and Co-operative, Federation of Malaya. The Seminar was closed by Y.M. Raja Zainal bin Raja Tuchick, Co-operative Commissioner, Government of Malaya.

PLACE OF INSURANCE CO-OPERATION IN THE SOCIETY.

At present, co-operative insurance does not exist in all the countries of South East Asia. In India, there are four co-operative insurance societies and all of them have been working for several years already. In Malaya, the Malayan Co-operative Insurance Society is the largest insurance organization in the life field in the country and has recently also started non-life business. The Co-operative Insurance Society of Pakistan with Head Offices in Lahore has been in existence for a number of years and carries on all kinds of business. The East Pakistan Co-operative Insurance Society of Dacca was started only in 1961. In Japan there is a net of small mutual insurance organizations affiliated to the national mutual insurance federation of

58

agriculture co-operatives. In the Phillipines, the Central Co-operative Exchange which is the national co-operative marketing federation, intends to start co-operative insurance activities in the near future. No important insurance co-operation activities seem to exist in Ceylon or Thailand.

When organizing insurance co-operative society, a number of problems have to be faced. One of the very important difficulties is the inadequacy of legal provisions. This usually depends on the fact that no insurance co-operative activities have previously been performed in the country and thus there are no regulations regarding the conduct of such business. In some countries, the activities of the co-operative insurance societies have to agree both with the rules for co-operative societies in general, and with the rules applicable to ordinary insurance companies. Thus the liberty of the insurance co-operative organization becomes very restricted.

In many countries of South East Asia, there are provisions that a co-operative insurance society must start with a considerable share capital, a large part of which has to be deposited in government securities. It may be difficult for the newly established society to satisfy these rules.

Lack of trained personnel is another problem in the creation of an extension of business of an already existing insurance co-operative society. Often it is not advisable to recruit managers and field staff from private insurance companies. In many cases, it seems to be better to train devoted co-operators to assume responsible positions in the organizations.

The International Co-operative Alliance has certain possibilities to assist newly created co-operative insurance societies through its re-insurance bureau and other committees involved in the problems of co-operative insurance. Individual co-operative insurance organizations both in Europe and in Asia are also prepared to render assistance to some extent.

A factor contributing to the success of an insurance co-operative society which cannot be overstressed, is the link which has to be created between the co-operative insurance society and other sectors of the co-operative movement. Without development of a close collaboration with the co-operative movement, the insurance society will have great difficulties in developing its strength and finding its place and profile in the competition with private insurance organizations. This has been the experience of co-operative insurance managers both in Europe and in South East Asia.

There are many ways to establish this close link with the co-operative movement. The officers of the co-operative insurance society may make it a rule to attend meetings of other co-operatives. The directors of the co-operative insurance society may be selected from among leading co-operators in the country. Although the insurance society should do business also outside the co-operative field in order to expand and reach the optimum size, its main efforts ought to be directed towards coverage of insurance needs within the co-operative movement. Through its investment policy, the co-operative insurance society might also assist in the development of the co-operative movement.

In its activities, the insurance co-operative society should try to cater to the needs of other groups in the society, such as the Youth Movement or the Trade Union Movement. In Sweden, very close links have been established between the co-operative insurance society and the Trade Unions. Thus 1/3 of the directors of Folksam, the Swedish Co-operative Insurance Society are elected by the Trade Union Federation.

In some of the South East Asian Countries, part of the insurance business has been nationalised. In India, life insurance is operated by the Government. In Pakistan, there is a provision that the insurance organizations should re-insure 30% of their business with a governmental institution.

Government assistance to some extent is certainly helpful in the insurance business. The Government might provide various facilities such as research, health control, statistics etc. In the cases of new societies, it is essential that Government prepares a suitable legal frame. In some cases, direct financial assistance would facilitate the creation of insurance co-operative societies. Such financial assistance should preferably be given by Government as a loan rather than as a contribution to share capital, in order to secure independence and maintain the co-operative character of the insurance society.

In insurance fields which have been traditionally considered as non-commercial, such as crop and fishermen insurance, or health insurance, government might assist even more. The government could for example, give additional financial assistance, cover unusually heavy losses, or help the policy holders by paying part of the premium. In this way, government would promote the establishment of insurance forms which are not economical in the business sense, but desirable from the social point of view.

OPEN MEMBERSHIP AND SURPLUS DISTRIBUTION

An essential feature of any cooperative society is open membership. Naturally, membership can be limited according to the geographical area of action of the society or the types of business in which it is involved. The meaning of open membership mainly refers to the fact that no political nor religious bars should prevent prospective members to join the society. Anybody should thus be able to become a member in the society, to participate in its activities and to guide its development through the democratic set-up.

There is a distinct difference between a joint stock company which is an association of capital owners for the sake of profit and a cooperative society which is an association of people who need a service of a certain kind. The cooperative society has a non-profit motive.

It is natural that the policy holders, who utilize the services of the insurance cooperative society, should also be the members, and have an influencial voice in the activities of the society. To be able to start business, the insurance cooperative society has to acquire capital. This capital can be contributed either by policy holders or by others, who are interested in the activities of an insurance cooperative society.

It is natural that the subscribers of share capital or guarantee fund should get some reward for the money which they have supplied. An interest must be paid to the capital owners, but to prevent the profit motive from entering the organisation, this interest ought to be limited and not exceed to any high extent long term bank savings interest. In an established insurance cooperative society, relatively small share of the yearly surplus should be distributed as interest on capital. The surplus has been created as a result of excess payments by policy holders and should in accordance with cooperative principles be re-distributed to the customers as patronage dividend.

PARLIAMENTARY STRUCTURE

The rules regarding membership and member participation vary in the different countries of South East Asia according to local conditions. In some, the capital owners have a substantial influence, in others, the original paid-up guarantee capital has been paid back and the influence rests with policy holders. In the Pakistan Insurance Co-operative Society, share-holders participate in the general meeting and elect the directors, but by a legal provision, policy holders are entitled to elect some additional directors to the board. In some cases, certain members have more than one vote. This is the case in Malaya where member societies have up to five votes while individual members voting power is limited to one. Usually, the co-operative principle one member one vote is followed, irrespective of financial considerations.

In large societies with many members, direct democracy will become less effective. All members will not be able to attend the general meeting and thus will not be able to participate actively in the development of the society. In such cases, indirect democracy can prove to be an effective solution to maintain member influences. Through the subsidiary bodies members will elect delegates who will represent them in the general board meeting.

Folksam Insurance Co-operative Society of Sweden gives an interesting example of indirect democracy. A large part of the Swedish population is affiliated to the consumer co-operative movement and to the Trade Union Movement. The Folksam Board of Directors is elected by the general assemblies of the Consummer Co-operative Movement and the Trade Union Movement. Thus all the members in these two nation-wide organizations will indirectly participate in the board of Folksam. It is clearly stated that the directors of Folksam should primarily consider themselves as representatives of policy holders and not as representatives of the Trade Union or Consumer Co-operative Movement respectively.

It is essential to point out that while the board policy matters should be dealt with by the board of directors, all practical business decisions should be the responsibility of the paid management. This is a pre-requisite for fast decisions and for the efficient running of insurance co-operative societies.

GROUP INSURANCE.

Folksam, the Swedish Co-operative Insurance Society has operated group insurance schemes in many fields since a comparatively long time. The most important types of group insurance provided by Folksam are (1) group accident insurance (2) group life insurance and (3) group oroperty insurance.

There are several advantages in doing group insurance business. One of them is that selling is much facilitated as each insurance policy runs at a much higher value. In Sweden, most of the group insurance have been arranged in collaboration with the consumer cooperative movement and the Trade Union Movement, whereby members of the consumer Cooperative Society or members of the local Trade Union have been covered under one single policy. Similarly, the properties of the Trade Unions or cooperatives have been insured under one single policy. Also the administrative costs are substantially lower in a group insurance scheme.

It is natural to assume that group insurance, particularly in the life field, would compete to a certain extent with individual insurance. Experiences from Sweden indicate that no severe effects of this competition can be observed. It is however not certain that the experiences from a highly industrialised country like Sweden can be directly applied on the South East Asian region.

Group insurance will probably prove to be a good solution in many instances for the poorer stratus of society in South East Asia. These population groups would lack the initiative and finances to afford individual life insurance.

Group insurance in the life field is already in existence in Malaya. Group insurance schemes in the non-life field have also been introduced in India and Pakistan.

CROP INSURANCE

In crop insurance, the hazards can be divided into two types, economic and natural. The economic arise of price fluctuations in the market, and result in lower income for the farmer. In some countries, the Government has tried to fix the prices to avoid the problems in connection with price fluctuation on agricultural produce. No insurance has been tried in South East Asia to cover the loss of the farmers due to price fluctuation.

The natural hazards result in a lower yield for the farmers. There are a number of causes for such low yields. Among the most severe ones, the following can be mentioned :-

> Floods, droughts, cyclones, locusts and other insects, high tides in certain areas and volcanic eruptions.

In Japan, which is the most experienced country in crop insurance in South East Asia, losses due to natural hazards are never fully covered. The farmers will be benefited by the insurance only in cases where their yields are less than 70% of normal.. Government decides on what should be considered normal yield.

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In India, the Union Cooperative Insurance has since a couple of years, started a crop insurance scheme. Rates are at about 3.5%. In the Philippines, Pakistan and Malaya, there are no crop insurance schemes in existence.

When crop insurance is started, it is advantageous that all major crops grown in the area be included in the insurance scheme. In this way, the insurance organisation will get a seasonal spread, and as a result, risks will be spread in time. Also, if all major crops are included, there will be no inducement for the farmers to concentrate on growing crops which can be covered by insurance.

It is felt that legal compulsion for crop insurance should be avoided. To promote the idea of crop insurance, an indirect compulsion might be used.

Insurance cooperative societies might frame a rule by which only those farmers who have insured their crops, will be eligible to receive loans from the cooperative banks.

To start crop insurance schemes, finances and other facilities are needed. Governments could assist the insurance cooperative societies in the implementation of crop insurance by giving assistance in the form of statistics and research. When abnormal losses occur, the Government might also help in the coverage of these. Where the farming population lives in misery, the Government can also consider to help in the payments of premiums.

CATTLE INSURANCE

There seems to be less interest in the region in cattle insurance than in crop insurance. The Union Cooperative Insurance Society in India is active in this field and insures mainly bullocks and horses. The insured value seldom exceeds 60 - 70%. One of the problems in the field of cattle insurance is the identification of the individual animals. In the scheme carried out by the Union Cooperative Insurance, veterinary certificates are required for each animal. All animals belonging to one single owner must be insured in the Union Cooperative Insurance Scheme.

Also in cattle insurance, Government assistance might be given on similar lines as in crop insurance. In addition, the Government might provide veterinary facilities and perform research on the illnesses of animals.

64

INSURANCE FOR FISHERMEN

All along the coasts of South East Asia, there are great numbers of fishermen's communities. The fishermen usually belong to the economically poorer classes of the society. In many cases, they are exploited by middlemen and have a very low standard of living. In recent times, cooperative organisations have started to emerge among the fishermen, to cater to their economic needs. Thus cooperative fish marketing societies have been organised.* Clusters of villages with fishing population have united their efforts to create fish processing or ice producing factories on cooperative lines.

Cooperative insurance for fishermen should wherever possible, work through existing fishermen's cooperative organisations. This will make it easier for cooperative insurance to gain a foothold among the fishing population which is not highly educated and often even illiterate.

Insurance for fishermen can include several aspects such as life, boats, gear, catch and the cooperative processing and ice producing plants. The average value of mechanized boats seemes to be around 6,000 Indian Rs. in the South East Asian region. In Sweden, where cooperative insurance for fishermen has existed for a considerable time, the business is usually done by local societies of a limited size. As a rule, they do not insure the full value and the rates for the boats vary between 0.5% - 5%. Naturally, the small Swedish fishery insurance units have developed wide re-insurance links. The Union Cooperative Insurance of India carries on business in the field of fishermen's insurance. The rates for boats vary between 0.75% and 2.5%. In the beginning stages, only total losses were insured, while now, also partial losses can be insured.

In the insurance of boats and gear, it is necessary to re-insure to a high extent. Risks are very uneven, and heavy losses may occasionally occur, due to weather conditions and other hazards. In India on one occasion, 250 boats were lost during 48 hours. This stresses the advantages of large scale operations both financially and geographically, so that the risks can be better spread. It seems as if a nation-wide insurance organisation would be preferable in the South East Asian context. Alternatively, local societies might build up a strong federal organisation to which they would be affiliated and which would help them to even out the risks. In the field of fishermen's insurance, Government

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* Mechanized boats are not within economic reach of individual fishermen. Such boats have started to appear in the various countries, and are usually owned by small groups of fishermen, on cooperative basis.

assistance would be desirable in similar forms as in crop insurance. In addition, the Government might also control the sea-worthiness of boats, and in this way save lives and diminish financial risks for the cooperative insurance organisations.

ECONOMIC SIZE

Among the existing insurance organisations in the world, we will find giants with business spread all over the world, with profitable results, but also very small organisations operating in a geographically limited area, but giving good and economic service to their customers.

The small cattle insurance organisations in Scandinavia show the advantages of small size. In an insurance cooperative society with few members, there will be a mutual knowledge between the members and thus they can inter-check each other. The results will be a lower claims ratio and also lower premiums. The small society usually does not have any full time employees. One of the members administrates the society on a part-time basis. Thus administrative costs can be kept very low. As a result, the operations will be economically competitive.

But on the other hand, there are a number of important advantages accruing from large size. It is necessary to have a substantial business to be able to insure large and expensive objects like air crafts, ships and factories. Large size adds to the competitive strength in the market. This is a pre-requisite for initiative and action. One of the objects of insurance cooperative societies is to introduce new insurance forms for the benefit of the community. The competitive strength makes it possible for the large insurance cooperative society to introduce such novelties, perhaps against the wishes of its competitors.

A modern trend in insurance is mechanisation of a number of processes. Only a large insurance organisation can afford the time-saving but expensive electronic equipment which accelerates the routines and the operations cheaper. A small insurance enterprise will usually have to concentrate its business to a certain type of insurance; size is necessary in order to give diversified service to the customers. Also in the internal structure, there is a certain advantage of large size. The large organisations will be able to offer promotional facilities to their employees and also will be in a better position to attract new employees.

In the South East Asian region, legal regulations usually force the new insurance organisations to start with a considerable capital. Therefore it is usually not possible to create small insurance organisation in the region. In India for example, the initial capital of an insurance organisation must be 400,000 Rs., a large part of which has to be deposited in Government securities. The trend on the whole in South East Asia seems to be towards larger and larger insurance organisations. This is achieved both by expansion of business and by

68

amalgamation between different organisations.

RECRUITMENT, ORGANISATION & EDUCATION

There is a general feeling in the countries of South East Asia of a lack of personnel with knowledge in the insurance field. Many of the insurance organisations in South East Asia have to recruit part of their staff from outside the region or else send their young executives for further training in Europe or the U.S.A. Recruitment to the cooperative insurance organisations seems to be an important problem.

When employing personnel in a cooperative insurance organisation, it is not sufficient to have persons with a technical skill. It is also necessary that the employees are devoted cooperators so that they will be able to attend to the development of contracts with other cooperative sectors. In their recruitment policy, cooperative insurance organisations usually have to choose between cooperators who have to be developed into insurance men, or insurance technicians who have to be taught to understand cooperation. This is not always an easy task.

The internal organisation of an insurance cooperative society will primarily depend on its size. Usually, at the early stages, when the society is relatively limited in size, line organisation is adapted. With time and growth, other types of organisational structure have to be evolved. It is essential to build into the organisation a system of promotion, whereby the most efficient staff will get an opportunity for more responsibility and better payment.

In the work, the young personnel should have a chance of inwork training whereby their abilities in various fields will be developed. The education of employees should consist not only of insurance knowledge, but also of cooperation and other social subjects. Many organisations have developed a system of internal education consisting of courses seminar, case studies and correspondence courses. An efficient measure to develop leaders in the society is rotation of the managerial staff. By this the executives will thoroughly learn the different aspects of their organisation. It is also essential to give an opportunity to the higher executives to study other insurance organisations, both in the home country and abroad.

In the recruitment of agents a careful selection has to be made. The agents should be trained carefully so as to be able to face various situations in their field work. Sufficient reward should be given to the agents for efficient selling. Incentives in the form of salary increases have often proved better than high commission rates.

One of the problems to be solved is the competition which is likely to arise between full and part time agents. This may be avoided by dividing geographical areas between the two categories of agents.

It is felt that in the conditions prevailing in South East Asia the same agents should devote themselves both to life and non-life business. Similarly the home - office organisation needs not be split up but ought to form one single unit covering both types of insurances.

Although thorough guidance and supervision of the field force is expensive, it is likely to result in higher sales and better morale among the agents. The supervision can be implemented inter alia by agents' meetings and study-courses, where field problems are discussed.

The cooperative insurance society also has to attend to the problems of member education. Particularly when crop and cattle insurance are to be introduced in an area where literacy is not very high, an intensive education campaign may prove necessary. The cooperative insurance officers may attend meetings of the agricultural cooperative societies and explain the new insurance forms, they may use pamphlets, or try to reach the farmers by contacts through the primary school system.

CAPITAL AND INVESTMENT

To start its activities, an insurance organisation needs capital. This can be supplied in the form of share capital in the case of limited stock companies or as a guarantee fund in the case of mutual companies. It is a common practice that the guarantee fund is paid back to the original founders once the business has been established and reserves created.

With increasing business it is necessary for the insurance organisation to create reserves of different kinds to be able to face financial stocks which may appear in the course of the business. Reserves can be divided in two main categories: (1) Those belonging to the capital owners of the organisation, e.g. legal reserve, catastrophe reserve equalization fund etc. These reserves have been built up from surpluses of the operations of the insurance organisation. (2) Those belonging to the clients of the insurance organisation, e.g. funds created for unsettled claims, or funds consisting of premium income for future periods. Also such reserves can contribute substantially to the capital needs of an insurance organisation.

In a cooperative society the policyholders are as a rule also the owners of the organisation. Therefore the distinction between the two types of reserves may not be very clear in a cooperative insurance society.

Any insurance organisation, while investing its funds must take several aspects into consideration: (1) security, real and nominal (2) liquidity. To satisfy these requirements, the insurance organisation has to spread its investments into various fields. The most usual types of investment of insurance organisations are:- real estate, mortgage, shares and government securities.

68

An insurance cooperative organisation must, besides the above considerations also take into account the social aspect: to what extent will its investment favour further development of the cooperative movement. Naturally, the insurance cooperative society must primarily bear in mind the interests of the policy holders, but wherever investment can be made on equally advantageous terms in both the cooperative and private field, the cooperative sector should be chosen.

The Malayan Cooperative Insurance Society works in very close collaboration with a number of cooperative societies of different types. Most of the investment of the M.C.I.S. is made in these societies. In addition, policy holders can in certain cases obtain loans on favourable terms for house building. Also in India and Pakistan a large portion of the investment is made within the cooperative field.

RE - INSURANCE

The insurance company may sometimes find itself in a situation where claims are so large that it might be difficult to cover them out of its own funds. This is particularly the case for a small insurance organisation. To avoid the risks of bankrupcy, insurance organisations all over the world have developed a re-insurance system between themselves whereby all large risks are distributed between a number of insurance companies in different countries.

There are several re-insurance forms suitable for different kinds of risks :-

1) Surplus re-insurance, meaning that individual large insurance policies are re-insured to a certain percentage, with other companies. When a claim is made on the re-insurance policy, there insured part has to be covered by the re-insurer.

2) Stop loss re-insurance is a suitable form where there are many policies of limited amount, which are related to each other. A typical example is crop insurance in a geographically limited area. Due to weather conditions all the policy holders in the area may simultaneously make claims on the insurance company. Stop loss insurance means that the insurance company which has signed the policies will only cover claims up to a certain total amount, while claims above this amount will be covered by the re-insurer.

3) Excess of loss re-insurance is suitable in cases where there are many similar policies, and claims are usually small, but can reach very high levels. An example is motor vehicle 3rd party insurance. In this case, excess of loss re-insurance protects the insurance company in cases where the claim for a single policy exceeds a certain amount.

Re-insurance is a business done on world scale. There is a world wide tendancy to re-insure bad policies to a higher extent than good. Lack of knowledge about local condition may make it difficult for an insurance organisation to accept or reject a certain suggestion for re-insurance. In many countries there are brokers of re-insurance, who arrange the deal between buyer and seller of re-insurance.

The I.C.A. Re-insurance Bureau is neither a company nor a broker, but serves as an adviser in order to build up a sound cooperative re-insurance all over the world. The Bureau tries to arrange re-insurance within the cooperative insurance family, and in a few cases outside the cooperative circle. The premium exchange of the Bureau at present amounts to about £ 3,000,000/-.

PREMIUM RATE DETERMINATION

On calculating the premium, the insurance organisation must include in the amount both administrative costs and the costs in connection with payment of claims. To be able to determine the proper premium amount, the risks have to be measurable. In the determination of premium rates, statistics of previous experiences are very important. It is essential for an insurance organisation to keep a record of earlier developments.

Usually it is possible to sub-divide policy holders into groups according to varying risks in connection with the determination of rates. Thus, for example, in life insurance, policyholders are divided into age groups. The younger policy holders would thus have to pay lower premium as the probability of their death is lower than in the older age group.

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre for South-East Asia
Post Box Number 639, 6 Canning Road,
New Delhi-1. India

~~17~~
70

National Seminar on
COOPERATIVE INSURANCE IN INDIA : PROBLEMS & PROSPECTS
Venue: India International Centre, 40 Lodi Estate, New Delhi-3

Participants

1. Indian Delegation

1. Dr P. Natesan, President
   Cooperative Fire and General Insurance Society Limited
   Post Box Number 1249
   32/33 Linghi Chetty Street, Madras-1.

2. Mr Madhavarao Anvari, Managing Director
   Cooperative General Insurance Society Limited
   3-5-1096 Narayanguda, Post Box Number 212
   Hyderabad-29. Andhra Pradesh

3. Mr A.S. R. Murthy, Chief Manager
   Cooperative General Insurance Society Limited
   3-5-1096 Narayanguda, Post Box Number 212
   Hyderabad-29. Andhra Pradesh

4. Mr J.V. Desai, Manager
   Union Cooperative Insurance Society Limited
   Union Cooperative Insurance Building,
   23 Sir Phirozeshah Mehta Road, Fort, Post Box No. 1027
   Bombay-1.

5. Dr D.D. Shah, Director
   Union Cooperative Insurance Society Limited
   23 Sir Phirozeshah Mehta Road, Post Box Number 1027
   Fort, Bombay-1

6. Dr W.C. Shrishrimal, Manager
   Maharashtra State Cooperative Bank Limited,
   representing
   Maharashtra State Cooperative General Insurance Society Ltd
   9 Bakehouse Lane, Fort, Bombay-1.

2. National Cooperative Union of India

7. Mr P.R. Parachure, Joint Director
   National Cooperative Union of India
   72 Jorbagh, New Delhi-3.

W/ M/

3. ICA Reinsurance Bureau

8. Mr Reymond Lemaire, Chairman, ICA Reinsurance Bureau
(Societe Cooperative d' Assurances "La Prevoyance Sociale"
P.S. Building, 151 rue Royale, Brussels, Belgium)

9. Mr Don Johnson, Member, ICA Reinsurance Bureau
(Vice President, International Programmes,
Nationwide Mutual Insurance Company, 246 North High Street
Columbus 16. Ohio. USA)

10. Mr Knut Lindberg, Member, ICA Reinsurance Bureau
(General Manager, FOLKSAM International, Stockholm 20.Sweden)

11. Mr H.H. Knighton, Secretary
ICA Reinsurance Bureau
Miller Street, Manchester-4. UK

4. Government of India (Ministry of Food Agriculture Community Development and Cooperation)

12. Mr K.S. Chandrasekharan, Commissioner, Cooperation
Ministry of Food Agriculture Community Development & Cooperation
Krishi Bhavan, New Delhi-1

13. Mr Hira Prasad, Under Secretary, Cooperation
Ministry of Food Agriculture Community Development & Cooperation
Krishi Bhavan, New Delhi-1

14. Mr R. Vengu, Under Secretary, Cooperation
Ministry of Food Agriculture Community Development & Cooperation
Krishi Bhavan, New Delhi-1

5. International Cooperative Alliance

15. Dr S.K. Saxena, Regional Officer
International Cooperative Alliance
Regional Office & Education Centre for South-East Asia
6 Canning Road, New Delhi-1

16. Mr Hans Dahlberg, Joint Director
International Cooperative Alliance
Regional Office & Education Centre for South-East Asia
6 Canning Road, New Delhi-1

INTERNATIONAL CO-OPERATIVE ALLIANCE
REGIONAL OFFICE AND EDUCATION CENTRE FOR SOUTH-EAST ASIA

Head Office: 11 Upper Grosvenor Street, London W.1.
Cable : Interallia. Telephone : Grosvenor 5991-3

Post Box No. 639, 6 Canning Road, New Delhi-1
Cable : Interallia. Telephone : 42391-3

Your Ref.

Our Ref.

~~49~~ 72

Dear Sir,

The International Cooperative Alliance, in collaboration with the National Cooperative Union of India, is organising between February 6 and 8, 1967, a national seminar on "Cooperative Insurance in India: Problems and Prospects" in New Delhi. The Seminar will be held at the India International Centre, 40 Lodi Estate, New Delhi-3. In addition to the delegates representing several important cooperative general insurance societies in India, representatives of the Government of India, and the National Cooperative Union of India will also participate in the Seminar. The ICA Reinsurance Bureau, which is touring the South-East Asian Region at present, will also take part in the Seminar.

A copy of the press release prepared in connection with the Seminar is being forwarded to you, with a request to please include the news item in your newspaper at your earliest.

The Seminar opens at 9.30 a.m. at the India International Centre on Monday, February 6, 1967, and we would much like that a representative from your organisation participates in the opening function.

Thanking you,

Yours sincerely,

Hans Dahlberg

Hans Dahlberg
Joint Director.

Encl: Press Release.

INTERNATIONAL CO-OPERATIVE ALLIANCE
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~~60~~ 73

February 4, 1967

PRESS RELEASE for Immediate Publication

A national seminar on "Cooperative Insurance in India - Problems and Prospects" is being organised by the International Cooperative Alliance Regional Office & Education Centre in collaboration with the National Cooperative Union of India from February 6, 1967. The venue of the Seminar is India International Centre, 40 Lodi Estate, New Delhi-3. A copy of the programme of the Seminar is enclosed.

Delegates

THE Seminar will be attended by about twenty delegates representing the Cooperative Insurance Sector in India, Government of India in the Ministry of Food Agriculture Community Development & Cooperation, and the National Cooperative Union of India. In addition, the four members of the ICA Reinsurance Bureau which is at present touring some countries of Asia and Far East will also take part. A list of participants is enclosed.

Purpose of the Seminar

AT present a premium of nearly 15 million Rupees is being underwritten by the Cooperative Insurance Sector in India. The Indian insurance market as well as the insurance market elsewhere is characterised by very hard competition. The Seminar will, in one of the sessions, devote its attention to the relations between the cooperative insurance sector and the Life Insurance Corporation of India. By having a majority of the representatives of the cooperative insurance societies in the Seminar it is hoped that a common understanding and policy with regard to their collaboration and agreement with the Life Insurance Corporation of India will be arrived at. The seminar will also provide an opportunity for the exchange of knowledge and experiences and for bringing about a cross-fertilisation of ideas on some important problems.

In many countries of the world, cooperative insurance has developed very rapidly. In the United States and several European countries, the cooperative insurance societies are represented among the leading insurance enterprises in the respective countries. This successful development is a result of efficient management in respect of forecasting, planning etc. enabling the societies to meet effectively the keen competition from other agencies.

It is hoped that the Seminar will contribute to suggest an action programme for the prospects and future development of cooperative insurance sector in India.

ICA Reinsurance Bureau

THE world cooperative movement has an international organisation called the International Cooperative Alliance. Through its Insurance Committee, and also through its individual member companies, the Alliance can give help to cooperative and trade union movements in starting a cooperative insurance enterprise. The governing organ of the Committee is the Executive Committee

In 1965 the Insurance Committee of the ICA had a membership of 56 societies, representing more than 55 million policyholders in more than 20 countries.

A sub-committee of the Insurance Committee of the Alliance is the ICA Reinsurance Bureau. It is neither a company nor a broker, but serves as an advisor in order to build up a sound cooperative reinsurance all over the world. The Bureau tries to arrange re-insurance within the cooperative insurance family, and in a few cases outside the cooperative circle. The premium exchange of the Bureau amounts to around £ 3,000,000. The function of the Bureau is to help new societies place their reinsurance favourably. A company should not assume all of a large risk, but must share it with other societies. This sharing of risks is called "reinsurance". The secretariat of the Bureau is located in Manchester, United Kingdom.

ICA in South-East Asia

THE Regional Office & Education Centre, New Delhi, is an extension of the ICA Secretariat in London. The Centre has the task of developing the general activities of the Alliance in the Region, acting as a link between the ICA and its affiliated organisations and representing it in its consultative relations with the regional organisations of the UN and other international bodies. As a part of the programme of educational activities, the RO&EC organises regional seminars, experts' conferences and national seminars for the Cooperators of the Region on pertinent aspects of Cooperation. So far, the Centre has organised about 45 seminars and conferences in which more than 1,200 Cooperators from the Region have participanted.

INTERNATIONAL COOPERATIVE ALLIANCE
Regional Office & Education Centre for South-East Asia
Post Box Number 639, 6 Canning Road,
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National Seminar on
COOPERATIVE INSURANCE IN INDIA : PROBLEMS & PROSPECTS
Venue: India International Centre, 40 Lodi Estate, New Delhi-3

P a r t i c i p a n t s

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76

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(Vice President, International Programmes,
Nationwide Mutual Insurance Company, 246 North High Street
Columbus 16. Ohio. USA)

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(General Manager, FOLKSAM International, Stockholm 20.Sweden)

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15. Dr S.K. Saxena, Regional Officer
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INTERNATIONAL COOPERATIVE ALLIANCE
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National Seminar on

COOPERATIVE INSURANCE IN INDIA : PROBLEMS & PROSPECTS

(Venue: India International Centre, 40 Lodi Estate, New Delhi-3)

Programme

MONDAY, February 6, 1967

09.30 - 10.30		Inauguration.
	1.	Survey of Cooperative Insurance in India, with special reference to problems.
10.30 - 11.00		Tea break.
11.00 - 12.00		Cooperative Insurance in Retrospect. Introduced by: Dr P. Natesan, President Cooperative Fire and General Insurance Society Limited, Madras
12.00 - 13.00		Presentation of various insurance societies - Present position.
		Lunch break.
14.00 - 15.30		Presentation of various insurance societies - Present position. (Continued)
15.30 - 16.00		Tea break.
16.00 - 17.00		Economic Size and results of cooperative insurance Sector. Introduced by: Mr Hans Dahlberg, Joint Director International Cooperative Alliance New Delhi
		Discussion.

TUESDAY, February 7

09.30 - 10.30	2.	Cooperative Insurance Sector and the Life Insurance Corporation of India. Introduced by: Mr J.V. Desai, General Manager Union Cooperative Insurance Society Limited, Bombay
10.30 - 11.00		Tea Break.

11.00 - 12.00		Discussion.
		Lunch break.
14.00 - 15.00	3.	Progress and Future: How to Accelerate Cooperative Insurance Business. Introduced by: Mr Madhava Rao Anvari, Mg. Director Cooperative General Insurance Society Limited, Hyderabad
15.00 - 15.30		Tea Break.
15.30 - 16.30		Discussion.

WEDNESDAY, February 8

09.30 - 10.00	4.	Indian Insurance Market and the ICA Reinsurance Bureau. Introduced by: Mr A.S.R. Murthy, Chief Manager Cooperative General Insurance Society Limited, Hyderabad.
10.00 - 10.30		Introduced by: Representative of the ICA Reinsurance Bureau.
10.30 - 11.00		Tea Break.
11.00 - 12.30		Discussion.
		Lunch break.
14.30 - 15.30		Action programme
15.30 - 16.00		Tea break.
16.00 - 17.00		Action programme and conclusion.

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