



All businesses and individuals are exposed to risks such as natural and man-made risks, liabilities, disasters and calamities. In this context, insurance is a wise investment to limit your liabilities in the event of an unpleasant occurrence to your assets, properties, business or to your clients who have invested their belongings with you and to whom you are liable for. Without insurance a business will not survive financially and insurance is the heart of any business today.

Insurance today is not just covering one's life or health. It covers anything and everything under the sun, and is even tailor made to fit into different needs and specific requirements of offices, hotels, industries, shops, agriculture etc, and their operations.

### **Types of Coverage**

**General Insurance broadly falls under five categories:**

**Individual Policies-** The products comes under individual insurance policies are Motor Insurance, Home Insurance, Health Insurance, Travel Care Policies, Personal Accident Insurances and Loan Shields.

To an unprepared small business owner, an illness or accident resulting in disability can be devastating to his life and business.

Individual policies like Health Insurance, Personal Accident Insurance can replace your income to a certain level in the event of an accident or illness. From the different plans of these policies you can choose your coverage after reviewing your assets, expenses and liabilities. The

premium you need to pay is in accordance with the coverage you opt.

The Loan Covers or Loan Shield which is offered by different companies is often clubbed with loans and it takes care of that particular loans in case of the demise, permanent disability or loss of job of the insured.

**Commercial Policies-** Standard Fire and Allied Perils Insurance, Burglary Insurance, House Holder's policy, Shop Owner's Policy, Office Package Policy, Marine Cargo and Marine Hull, Commercial Package Policies, Money Insurance, Group Medclaim polices falls under Commercial Insurance Plans.

Commercial insurance plans provide coverage for damages caused by events such as fire, storms, burglary etc in shops, offices and industrial establishments. A Commercial Package Policy combines property and liability insurances. A business owner's assets may also include the property of his customers in his premises. For instance, if a fire damages a customer's car in your workshop, you are liable to your customer also. Your package policy would cover that also along with your assets.

Goods in transit, money in premises and transit can be insured through marine / cargo policies and money insurance policies.

**Engineering Policies**— Engineering policies mainly covers manufacturing and industrial units. Machinery break downs, wear and tear, third party liabilities caused etc are covered under engineering policies like - Contractor's Plants and Machinery Insurance , Machinery Break Down Policy.

**Agricultural Insurance** – Agriculture Insurance is a recently developed product by banks and insurance companies addressing the concerns of farmers and rural enterprises. The scope for these products today have even made insurance companies to handle rural insurance products or SME products as a specialized category, separately promoted.

Cattle / Livestock Insurance, Elephant Insurance, Dog Insurance, Brackish Water Prawn

## SME Insurance

Written by Nisary Mahesh  
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Insurance, Silkworm ( Sericulture ) Insurance, Horticulture / Plantation Insurance, Kisan Agriculture Pump set Insurance, Weather Insurance etc, are some attractive products under agriculture insurance.

**Liability Policies-** Owning and operating a small business holds a lot of responsibilities and accountabilities.

Over 78% of SME businesses are structured as partnership or sole proprietorship firms. This form of ownership can put your business and personal liabilities at risk at times. Commercial Liability Insurance protects your business in the event of a lawsuit for personal injury or property damages.

A General Commercial Liability Insurance covers your business from third party injury claims, property damages, and advertising claims. Small manufacturing units as well as products can be protected in the event of a person becoming injured as a result of using the product by a Product Liability Insurance Cover.

A Professional Liability Insurance will be useful for business owners providing services which protect them from professional errors and omissions.. This coverage protects your business against business errors, negligence and omissions.

The need of insuring the workers in manufacturing / industrial units is high, as the business owner is also liable for the injury / accident caused to them while at work. The amount of coverage and the level of risk depends on the nature of each business. A Workmen's Compensation policy helps you in to overcome this.

Tailor made package policies available today combine categories which comes under one roof.

For example, an Office Package Policy may combine the coverage for fire, burglary, infidelity, money and personal accident. Similarly a Commercial Care Policy covers fire, burglary, money and public liability. So if you own an office you can choose the first one, or if you own a

commercial building or a petrol pump, you can choose the second one.

### Tips on Wise Insurance Planning

**Assess your Assets:** To gain a better perspective of the amount of coverage you require, take a look at your assets as well as your industry. Assess the average value of your products in your premises and their possibilities of wear and tear. Review the recent law suits and settlements in your field. Talk to your peers and find their level of coverage.

Using these feedbacks, determine the average coverage you require for your products. Take time to review and decide upon the insurance coverage that fits to your requirements.

**Getting the Right Insurance Broker-** Your business and industry has its unique needs and risks. To get the best available coverage and rates, consult an insurance broker. A good insurance broker compares the products and quotes of different insurance companies and can get you the best in terms of rates as well as products.

**Go For Package Insurance Policies** – Choose package Insurance policies like office package policies, industrial package policies, rather than going for separate coverage like a fire insurance, burglary etc. This will save your premiums and also combine various aspects which otherwise may get omitted. Also, it releases the hassles of renewals.

**Compare coverage:** Consult with an insurance advisor / broker and get the deal for a package policy first. The product features and limits may vary from insurer to insurer. Review the policy details to know what is included and excluded with different insurers. Compare quotations and schemes falling under same category with different institutions before making your decision.

**Read the underwriting guidelines carefully-** It's important to understand the policy terms and conditions completely before finalising. Take time to investigate about your insurance needs with and go through the underwriting guidelines carefully to know about the coverage, extensions, riders, omissions, voluntary / compulsory deductibles.

**Belong to an Association:** Many trade associations and business groups such as the

Chamber of Commerce enjoys the benefit of purchasing insurances at group rates. Explore alternative trade associations with a possible fit with your business for getting better rates.

If your office occupies a rented premise, check your agreement carefully. You may be covered by the owner's policy, or you may be required to have a property insurance. If you are in an area prone to floods, earthquakes or hurricanes, you should seriously consider insurance cover for natural calamities.

Insurance companies today sell products in combinations as package policies, both pre underwritten and underwritten after considering the needs of a customer. Rates are standardized as per IRDA regulations, but OD discounts, loadings, voluntary / compulsory deductibles may vary from product to product and company to company.

### **A Quick Look at Top Insurance Products :**

**National Insurance Company** : National Insurance Company Ltd has introduced a new package insurance scheme recently for the benefit of small and medium enterprises. This new product provides cover against the eventualities of fire, lightning, explosion, riot, strike, malicious damage, storm and tempest. Additional takeaways range from burglary and machinery insurance, public liability, professional liability, health and accident insurance to workers, profit and loss insurance, electronic equipment insurance and third-party property insurance. This wide-cover insurance scheme under one policy is being sold at minimal premium rate as per the insurer.

**Reliance General Insurance** : Reliance General Insurance have pre underwritten commercial policies up to 20 lakhs coverage. Above 20 lakhs are underwritten as per customer needs. The various pre under written package policies are separate for Offices, Shops, Industries, Hotels, combines features like, fire and allied perils, burglary, personal accident insurance to owner/s, money insurance, infidelity etc. The pre underwritten form gives the clients, the easiness to choice from premium charts.

**ICICI Lombard GIC** : ICICI Lombard is keen in investing at rural markets. Their protection provided to the rural class is specified and customized according to their needs. Through multiple channel system they provide agricultural protection, comprehensive family health cover, motor and other covers.

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Their comprehensive commercial product line is aimed at businesses of all kinds and sizes, matching both personal and business needs

**Tata AIG General Insurance** : Tata AIG offers a comprehensive risk solution for SME's through Multiline Package Policies. It is a Pre-underwritten packaged product consisting of Property, Crime, Casualty (including Workmen Compensation), Accident & Health, Marine and Financial Lines. They offer a product for various segments of the small business through their Small Business Solutions (SBS) wing.

Tata AIG has also launched recently, a liability insurance called –“Highlight”, providing comprehensive cover for directors and officers of unlisted small and mid-sized businesses, which is also tailor-made.