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Reviews on General Insurance Industry

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Abstract:
As the industrial revolution comes with cut throat competition, the chance of uncertainty also increases day by day. When competition increases, the benefits given by the company for its customers also increase. The growth of business and the uncertainty involved in it has led to the necessity of general insurance industry. General insurance plays a significant role for not only an individual or for a family but for the entire nation. The Review of present literatures will help to understand the general insurance sectors need and scope.

Paul Zadar and Adrain Lund (1986) In this paper the investigation was prompted by an earlier claim that no fault laws resulted in increased fatal crashes in the 16 states that adopted them. The statistical argument relied on the use of regression analysis to test the effect of no fault laws on the rate of crashes during the year 1967-1975. These analyses are based on data from 50 states and the District of Columbia. The present examination of the theoretical consideration and statistical analyses leads to the conclusion that no valid evidence exists to support the claim that no fault insurance laws restricting general liability have increased fatal crashes in the United States.

Roger Feldman (1987) This paper uses a model of health insurance choice to show that market failure occurs when medical insurance premiums are not related to the insurer's expected medical care payments on behalf of individual consumers. It also analyzes whether the current performance of the private health insurance market is the best that can be expected or whether it is reasonable to expect that risk related policies eventually may evolve to solve the problem of overuse of insurance medical care service in United States. It has found out that the lack of risk rating in group health insurance plans as the primary reason for medical care market failure in the United States.

Goran Skogh (1989) In this article the author presents a theory of insurance that is complementary to the pooling-of risk theory. While purchasing insurance certain contingencies are transferred to an insurer specializing in pricing and low probability risks, the advantage of doing this is due to the firm's specialization in writing contracts for low probability risks and its credibility. Credibility depends on the firm's experience, its funds and its expected future in the market. The combined need of credibility and special skills in pricing risks and in claim adjustments gives the insurer a comparative advantage relative to risk managers that supply separate risk management services

Stephen p d'archy and James R Garven (1990) In this article the researchers have evaluated the major property liability insurance pricing models over the 60 year period from 1926 through 1985 and the result of the various models are compared in terms of the ability to predict actual underwriting profit margin. It provides an equal focus on the underwriting and investment sides of the insurance transaction by testing pricing models that have been derived from both the insurance and financial economic areas over a consistent period. Insurance pricing model tested include the target underwriting profit margin, target total rate of return, CAPM, discounted cash flow model and option pricing model. The result of the test indicates that higher rankings usually tend to go to the total rate of return and option pricing models

J David Cummins and Sharon Tennyson (1992) In this paper the researchers are trying to find a remedy for the increase of Automobile Insurance Price. Compensation region falls into two categories, tort and no fault. The researchers have found out that the Price of auto insurance focuses on the behaviour of insurance companies. These companies are blamed for inflation of late 1980's.Some companies will try to compensate their loss by adjusting it in the premium; these companies will lose their market share. State insurance department should make sure that insurance markets are competitive. Reducing excessive claim costs and ensuring competition in the insurance marketplace offer the best hope for controlling automobile insurance prices.

Murrey Jr. Joe H. Fenstermaker, J. Van (1992) This paper examines the industry's development during the first 100 years and analyzes the performance of a group of Boston fire and marine stock insurance companies from 1795 to 1898. This paper also examines the first growth of marine insurance, the development of fire insurance and the performance of the "Boston stock fire" and marine companies. It is found out that the early companies failed to diversify their risk over a sufficiently large geographic area, neglected to set up adequate reserves for their liabilities and paid out most of their profit as dividends. Boston insurance also paid excellent dividends but neglected reserve accounts. The Boston fire of 1872 destroyed most Boston companies, and they never fully returned to their original profitability.

Michael R Powers (1992) In this article, two fundamental equity principles, the tort equity principle and the rate equity principle, have been used to evaluate and justify optional no fault systems. The optional no fault system, the self determining system implemented in New Jersey and Pennsylvania can always satisfy both of these equity principles simultaneously. Analyses of the self determining optional no fault system also reveals that insurer fund imbalances and disincentives for writing no fault insurance may occur without some sort of mechanism to eliminate these problems. Escrow method used in Pennsylvania and risk management method used in New Jersey will help to eliminate the problems of insurers fund imbalances and improper underwriting incentives, to achieve a equitable system

Sharon Tennyson (1993) This article investigates whether regulatory lag affects the character of unit price in regulated private passenger automobile insurance market. The model is estimated using data from Auto Liability Insurance Market in 35 states over the period 1975 to 1986.The study provides support for the regulatory lag affects market equilibrium in auto insurance. It is found that the dependence of price on its past level is significantly greater in regulated states. Regulatory lag prevents timely adjustments of insurance price. This result is obtained after controlling other factors that might affect the time path of prices, such as the type of compensation system and market structure.

Dan R Anderson (1994) This paper examines the key insurance coverage issues involved in the litigation between PRP policyholders and the insurers. Principle issues involved in litigation between responsible parties and their insurers have been analyzed. Financial impact of the litigation on the insurance industry and the resulting liability for the financing of superfund mandated hazardous waste cleanup costs has been examined. It has been found that superfund-mandated hazardous waste cleanup and associated transaction costs are having and will continue to have a substantial financial impact on the insurance industry. Litigation will continue at the same approximate levels for the foreseeable future. If the current superfund system is altered to reduce transaction costs, these costs would be expected to decrease.

Robert O Bernstein (1994) This report describes the development of a model for estimating changes from various reform efforts in California Personal Lines Automobile Insurance. Travel survey data were combined with data from auto insurers and many government departments, to form a data base that could successfully model changes in automobile insurance. The model was tested on a pay at the pump automobile insurance system. The resulting effort will depend upon factors such as driver's safety records, annual miles driven, years of driving experience, location, type of car, travel patterns, coverages and tort rules. The net result is people who are not price conscious will save the most, but possibly realize it the least since they don't pay much attention to price. Since they pay more for their insurance and thus higher commissions to their agents, they may be getting more personal service than any other pay at pump system. The level of service provided under pay at pump will affect how each individual insured decides if it is better or worse off under pay at pump.

Kim Hazelbaker (1997) Motor vehicle theft has become a major problem for insurance industry and consumers. Much of this loss is initially paid by the insurance industry and then the consumer who will pay a higher premium. In fact it is the society who bears the cost of auto theft through insurance mechanism. The insurance institute for highway safety and its affiliate, the highway loss data institution are dedicated to reducing the economic losses due to owning and operating motor vehicles. IIHS main aim was reducing vehicle crashes where as HLDI main aim was to produce statistically reliable information for use by insurers and the public. And also they have tried to improve vehicle safety and reduce insurance losses. IIHS and HLDI is the strongest advocate of airbag, they convinced people that the airbag could reduce the accident by public awareness campaign conducted by the insurance industry. Apart from accidents, car crashes etc auto theft is a major problem for the insurance industry. Almost half of all insurance dollars is paid for theft .Insurance industry encourages the managers to use Antitheft Devices like Immobilize a vehicle, alarm etc

Sander l Chamberlain, Sharan Tennyson (1998) This article investigates the prevalence of financial synergies as a motive for merger and acquisition activity in the property liability insurance industry. It has projected those types of mergers as being driven by financial synergies, and investigates the prevalence of this merger motive in the property liability insurance. A match paired research design is employed. The investigation in to financial synergies focuses on solvency, liquidity and leverage. Financial synergies are a motive for mergers following negative industry capital shocks, and they have received strong support.

Nobuyoshi Yaman (1999) This article is one of the first attempts to empirically investigate the demand for general insurance of non-financial corporation by using data on Japanese corporation. 504 companies are chosen as the preliminary sample. Regression model is used. The result has shown that insurance demand elasticity in terms of a firm's size is less than unity. Small corporations are likely to purchase relatively more insurance than large corporations. It is also found that firms with a higher probability of bankruptcy demand more insurance, and regulated industry demand more insurance than non-regulated industries.

George R Walker (2000) This paper focuses on the characteristics of earthquakes insurance that have limited its utilization as an effective disaster management tool and its interrelationship with earthquake engineering. The paper looks at the characteristic features of earthquakes insurance, how it has developed to the present day, how it is likely to develop in future and the role that earthquake engineering is likely to play in this development. The output information is used to provide insurance and re-insurance companies with probabilistic information on their total exposure or exposure to specific event, for use in designing financial risk protection programs, including traditional re-insurance programs. It can also help to find premiums for individual properties. The new tool in combination with modern electronic communication helps to estimate the total loss by summing up the individual losses. Modern developments in earthquake loss simulation are enabling the design of innovative risk financing programs which do not have the restrictions of traditional insurance.

George Dionnie, Christian Gourerour, Charles Vanasse (2001) In this paper the researchers analyze an empirical test of the theory to verify each risk class, whether lower deductibles are chosen by insureds with higher accident probabilities and also to test whether contracts with higher deductibles are associated with lower prices of coverage. The researchers have taken the number of claims and expected number of accidents and have found out that high risk individuals will choose small deductibles within risk classes, when there is asymmetrical information and also that there is no residual adverse selection on risk types in the automobile insurance portfolio.

Sharon Tennyson and Pau Salsa (2002) Research insurer management of opportunism claiming has developed in two parallel literatures. One is a theoretical literature on insurance contracting that yields predict about the nature of optimal auditing strategies for the difference of fraud; the other is a literature based upon statistical analysis of claims that yields empirical strategies for the detection of fraudulent claims. This article links the two literatures by providing an empirical assessment of insurer's auditing practices in relation to the theoretical practices. The findings reveal that between one fifth and one-third of claims will be audited increasing with the value of the claim amount. The probability of audit also varies with the potential for opportunities in claiming. The result of analyses investigative audits show that auditing patterns are consistent with the use of audit for both fraud detection and fraud deterrence.

Renbao Chen, Kie Ann Wong (2004) This article focuses on the solvency of general and life insurance companies in Asia using firm data and macro data separately. It has found out that the factors which significantly affect general insurer's financial health in Asian economies are firm size, investment, performance, liquidity ratio, surplus growth, combined ratio and operating margin. Second important factors are change in product mix, change in asset size and investment performance. The financial health of insurance companies in Singapore seems to be significantly weakened by the Asian financial crisis.

Patricia Born ,W.Kip.Viscui (2004) This article examines the insurance market effects of the 1980s tort liability reforms on general liability insurance. The result indicates that these reforms measure on insurance firms, over the 1985 through 1991 period, were generally successful in achieving their vowed objective of reducing loss level by 17% in the short run and by 27% in the long run. Purchasers on insurance benefited from this dampening of losses as well, as the lower loss levels in turn resulted in lower premiums, which declined by 7% following the adoption of liability reforms. The net effect was to enhance insurer profitability and loss ratios declined by 11% in the short run and by 25% in the long run, following the adoption of reforms. Liability reform is a major contributor to enhance the profitability of insurance markets.

Todd Litman (2005) This paper explores the feasibility of implementing Pay As You Drive also called distance based and per mile vehicle insurance pricing. PAYD converts insurance into a variable cost within existing rate categories thus lowering mileage motorists overpay and higher motorists underpay their insurance claim costs. Pay As You Drive insurance is based on the principle that prices should reflect costs and consumer who reduce the costs they impour, should receive proportionate savings. All available data indicates that mileage reductions usually do reduce crashes and claims and normally provide a proportionally greater reduction in total crash costs and claims, by reducing a vehicle's risk of causing a crash and its exposure to risk caused by other motorists. PAYD gives consumer a new way to save money by returning to individual motorists the insurance claims cost savings that result when they drive less. PAYD can provide substantial benefits to lower income motorists. The analysis indicates that PAYD pricing is technically and economically feasible and can provide significant benefits to motorists and society.

Konstantin Rogozin (2006) This paper studies the compulsory motor third party insurance on Russian market, how it changed the Russian Motor Insurance Market and how the customer feels
about this compulsory third party insurance. The researcher has concluded the paper with the opinion that quality is very important. This will help insurance companies to gain a competitive advantage. The second important factor 'understands the customer need' and 'offer the service' accordingly. Insurance companies which aim to gain a competitive advantage through service differentiation should have strong marketing abilities, creative vision, fresh ideas, reliable brand and reputation

Kanika Kapur, Pinar Karaca Mandic , Brent Fulton (2006) In this article the researchers have explored whether state small group reforms had intended effects, by studying the extent of size distortions among small firms, as a result of small group health insurance regulation. The primary focus on examining the size of small firms that offer health insurance, and behaviour of the small firm that do not offer health insurance, to determine if data show any evidence that insured small firms close to the regulatory threshold drop insurance. Repeated cross section samples from 1993 to 1998 were used. It has been found that the states that have implemented the regulatory reforms are more likely to be just above the threshold than just below the threshold. It is concluded that the small employers near the threshold that offered the state health insurance reforms to be onerous increased their size in order to avoid the regulated market.

Knut K Anut (2007) The article analyzes the possibility of reaching an equilibrium in a market of marine mutual insurance syndicates, called protection and indemnity clubs for short, displaying economies of scale. A given two scale effects observed in the marine mutual insurance industry investigates if this is consistent with a partial equilibrium model. In particular, the result shows an equilibrium in a market of such mutual marine insurers, in which smaller clubs having operating costs above average may grow larger relative to other clubs in order to become more cost effective, and where among the medium to larger cost efficient clubs there may be some that want to downsize their underwriting relative to other clubs. According to the observation, most clubs have, during the last decade, expanded significantly in size measured by the gross tonnage of entered ships, some clubs have merged but very few seem to have decreased their underwriting activity. Combining these observations with the model, the analysis points to the following possible future scenario, the small clubs and the medium to large clubs will tend to converge in size.

David M Zinner (2007) This paper investigates the various options that are available to self employed workers, including non group individual plan that have been the focus of policy reforms during the past decade. It is found that the uninsured self employed workers consume significantly less health care than those covered by insurance. The result also indicates that individual enrollees spend and consume less then group enrollees. The difference between individual and group enrollees exist because those inclined to enroll in individual plans tend to have lower health care demand.

Richard J Cebula Anthony E Bopp (2008) This paper studies the factors that affect the percentage of a state's population without health insurance in US. It has found out that increase in the percentage of persons in the state in poverty relate positively to the number without health insurance. The state level study finds percentage of persons without health insurance is an increasing function of family size, the percent of firms with 20 or fewer employees, health care costs, the percentage of the population classified as smokers and the incidence of AIDS. An analysis indicates that the rate of those without health insurance will consequently increase.

Y.H Lin (2008) The study applied quantitative historical data and gray relation analysis to identify the primary factors influencing ratemaking to aviation insurance premium. Empirical study of six airlines in Taiwan was conducted to determine these factors and to analyze the management strategies used to deal with them. Results show that the important factors affecting aviation insurance rates were the number of fatalities and the claims in the previous year, and the degree of an airlines loss experience and the overall performance. Knowledge of this factors combined with effective risk management strategies, may result in lower premiums and operating costs for airline companies.

Jagendra Kumar (2008) Third party insurance is essential for all the commercial vehicles. But third party insurance is a loss for insurance companies. Indian Motor Third Party Insurance Pool has been set up by all general insurers in India to collectively service commercial vehicle third party insurance business. This pool is to make third party insurance available to all commercial vehicle owners at reasonable rates and terms. Third party premiums charged in cars and two wheelers are not in the pool and these are handed by the general insurance companies themselves. All third party risk is transformed to the Indian Motor Insurance Pool. According to market share of the company, they should participate in the pooling arrangement. This mechanism is started when almost all non life insurer have began avoiding third party risk cover. The insurer treats this as a bleeding portfolio. A pool is created to ensure that anyone seeking cover would be given one, and the premium would go into a common pool management by GIC. But most of the private companies are not happy with this pooling arrangement. High retention ratios are the major reason for discontent among the private sector companies.

Thosten Meaning (2009) In this paper the researcher has proposed a bottom up approach to compare individual driving behaviour under various types of insurance pricing. The researcher has pointed out the benefits and disadvantages of "pay as you drive" where premiums are quoted per mile. In the researcher's opinion pay as you drive can reduce the premium rate according to the usage of vehicle. Pay as you drive can also reduce the accidents rate, because in pay as you drive, they will monitor the driving habit of the driver. But the main disadvantage is when the premium is fixed according to the usage of vehicle, those who drive less frequently prefers this method, others will go for the fixed cost method. So this will make the insurance industry less profitable.

Ram Pratap Sinha (2009) In this paper the researcher compares the technical efficiency of four public sector and six private sector general insurance companies for 2003 to 2006 using a non-radical data envelopment analysis. It has been found out that observed public sector insurers exhibited higher mean technical efficiency than the observed private sector counterparts for 2003 to 2005, but then the trend reversed in 2005 to 2006. Reliance and New India Assurance consistently occupied the top slots for all the years under observation.

Mahesh Chand Garg and Deepti (2009) In this paper the researchers have analysed the total factor productivity of 12 general insurers in India through Malmquist Total Productivity Index. The researchers have used the output maximization model. The analysis has been divided into three parts: Case 1 involves net premium as the output and number of agents and operating expenses as the input; Case 2 involves operating income as output and the same input as in case 1; Case 3 involves equity capital employed by the company and the input remaining the same as in case 1.Analyses reveals that the private sector insurers seem to be more productive with a growth of 65.40 percent. And also all the general insurers experienced positive growth.

Robert.E.Hoyt and Ho Khang (2009) In this paper the researcher tries to suggest factors other than simple risk reduction that create corporate incentives to purchase insurance. Practical validity of the analytic arguments regarding corporate demand for insurance is tested. An ordinary least square regression model is used to test the arguments concerning the relation between the amount of insurance purchased by a firm and the firm's various operating characteristics. It has been found out that the firm's size is associated with corporate incentives to purchase insurance and also the firms with relatively more accumulated depreciation purchase more insurance. Firms in a regulated industry buy less insurance.

Simpson Syn and Damaoh OBO (2009) In this paper they examine the evaluation framework being used by the Ghanian regulatory and supervisory body the NIC and compare it with the CARAMELS (Capital adequacy, Actuarial, Reinsurance, Asset quality, Management soundness earnings and profitability) in determining the financial health of non life insurance in Ghana. The main tool used by the department in evaluating insurers in Ghana is trend analysis, ratio analysis and analytical services. The analysis suggests that the framework being used currently by the NIC to assess financial health of non life insurance companies in Ghana is not comprehensive enough to give early warnings to the industry's stakeholders.

Fredj Jawadi, Catherine Burunea, Nadai Sghaier (2009) This paper studies the adjustment dynamics of the non life insurance premium and test the dependence to the financial market in the five countries viz Canada, France, Japan, the United Kingdom and the United States. The threshold co-integration models: the switching transaction error correction model is used. Result shows that switching transaction error correction model performs better than linear error correction model to reproduce the non life insurance premium dynamics. Empirical result shows that the adjustment of the non life insurance premium in France, Japan , and the United states is rather discontinuous, asymmetrical and nonlinear. There is a significant relationship between insurance and financial markets.

Adnan Kasman and Evrim Turgultu (2009) This paper aims to analyze the total factor productivity change over the period 2000-2005 and the impact of foreign ownership on firm performance in Turkish insurance industry. The findings indicate that the merger and acquisition has led insurance firm to operate at a more efficient scale, which reflected in increasing in the average scale efficiency towards the end of 2005. These foreign firms have brought new production and management techniques. The non life insurance firm indicates an average incremental increase of 6.1% in total factor productivity. Technical progress is the main source of this change.

Dobasis Bagchi (2009) The aim of this paper is to find out how adequate and effective are the provisions of unexpected risks as laid down by the accounting practices. The result shows that for the fire coverages the deviation factor is a good proxy measure for the risk of this portfolio. In other two classes of business, viz marine and miscellaneous coverages, the accounting practices are poor measure for reflecting solvency of the companies. The entropy analysis of the non life insurance companies shows that the accounting practices cannot be relied on to reflect true solvency of the firms

Johannas Schoder, Michele Sennhauser and Peter Zweifel (2009) This paper tests a statistical model to identify Australian general insurers experiencing financial distress over the period 1999-2001. The significance of the study stems from the considerable costs borne by stakeholders of financially distressed insurers including reduction in the value of insurer's debt and equity claims, additional supervisory costs of the prudential regulator and disruption to policyholders and insurance markets because of increased uncertainty of the value of the insurer's policy reserves. It is found out that financially distressed insurers are typically small in size, have low profitability and cession ratio. Relative to liquid asset holdings, they have high holdings of reinsurance assets, property, low level of equity and other assets. Finally relative to fire and household insurance premium, they deserve a relatively high proportion of premium revenue from overseas insurance business and a low proportion from motor vehicle and long tail insurance business line.

Chu Ting Liu, Jinn Tyan Lin, Li Hua Lai (2010) In this paper the researchers investigate the properties of the co-existence of distribution system under the claim service and price information search costs for the automobile liability insurance market. The researchers have used regression analysis and descriptive statistical analysis. They have collected 762 questionnaires. There will be a cost associated with the search and this will vary according to the customer. Different customers also will have their own perception about various insurance products. After getting the service, their perception will change. The customer will either retain or reject the insurance company. Insurance types, education and region have a positive effect on the independent agent selected.

Choo Yap Yin (2010) This study examines economies of scale in the Japanese non life insurance industry using different proxies such as number of policies, net premium and claims amount for the output variable. The study supports the existence of economies of scale in the Japanese non life insurance industry using different proxies such as number of policies, net premium, and claims amount for the output variable. The Japanese government's move towards deregulating the industry, particularly eliminating the tariff pricing system and reducing entry barriers has resulted in a lower cost structure for the whole industry and an improvement in economies of scale. But being too big is not beneficial to the firm as there is the risk of running the company at decreasing return of scale. A minimum solvency margin of 200% is required to ensure the soundness of Japanese insurers to pay future claims.

Manjit Singh and Rohit Kumar (2010) This study aims at examining the emerging trends of each product portfolio in the public sector and private sector general insurance companies in the post liberalization era to identify the gaps and to make suggestions to general insurance companies to increase spread penetration by improving their product portfolio performance. The study finds that there exists a mixed trend in the growth rate of marine cargo portfolio for both the public sector and the private sector. An upward trend is identified in motor portfolio, workmen compensation and health portfolio. Fire portfolio, personal accident portfolio, aviation portfolio and personal liability portfolio show a negative trend. The study concludes that Indian general insurance product industry lacks balanced product portfolio performance, as the companies emphasize only few portfolios like motor, fire, health etc. The growth of the private sector is higher than the public sector.

Stephanie Owings Edward (2010) Insurance regimes are classified at the state level as being either no-fault, tort or choice. Drivers in choice states are offered the option between preserving their tort rights and limiting their tort right in exchange for lower premiums. Only Kentucky, New Jersey and Pennsylvania operate under a choice regime. This paper reviews the experiences of these three states with choice auto insurance. It also examines the theoretical model of choice auto insurance and contrasts its predicted results with the outcomes experienced by each of the state. It is found that among the three states that are classified as choice states, only Pennsylvania has a high enough percentage of its drivers enrolled in both plans to be considered as a choice state. If a state finds that its drivers are dissatisfied with its current system, a choice plan similar to Pennsylvania could be a successful proposal.

DavidAuerbach, Janet Holtzblatt, Paul Jacobs, Alexander Minicozzi,Pamela Moomau, Chapin White David (2010) This paper provides an analytical framework for evaluating the effects of individual health insurance mandates on coverage. That framework draws from three literature-health economics, tax compliance, and behavioral economics, to identify the factors that affect people's response to health insurance mandates. The health economics literature explains how people value health insurance and how changes in its cost affect coverage. The tax compliance literature indicates that the probability of detection and people's attitudes towards risk effect perceptions of those costs. The health economics perspective provides the starting point that a penalty raises the costs of being uninsured. The tax compliance literature provides that the effective penalty will differ from the statutory penalty. The behavioural economics perspectives further refines that, analysis indicating that the size is affected by the salience of the mandate. But a mandatory would increase coverage.

Hsu, Wen Yang, Petchsakulwong, Pongpitch (2010) This paper examines the relation between corporate governance and efficiency performance of public non life insurance companies in Thailand over the period 2006-2007. Data envelopment method and translated bootstrapped regression is used. The result shows that the characteristics of corporate governance influence the efficiency performance of non life insurers. Board independence, diligence and firm size have a positive impact on the efficiency performance of Thai non life insurance companies. Audit committee size , diligence , divergence between voting rights and cash flow rights, board tenure, board age as well as board ownership have a negative impact on the efficiency performance.

S Sankaramuthu Kumar and K Alamelu (2011) This study aims at developing an index for insurance inclusion for India. In constructing the present insurance index, the researchers have adopted two dimensional approach, accessibility and usage. Insurance inclusion of India is 0.29 which means that the insurance inclusion is achieved only 0.29% in the country. Insurance accessibility index and insurance usage index is used to arrive at this result. The result also reveals that the insurance inclusion in India is poor, and state wise analysis shows that only few states are in the upper medium and high category. Majority of the states are falling under lower medium and low category of insurance inclusion.

Yung Min Shiu (2011) This study analyses the impact of leverage on reinsurance and the reverse causation from reinsurance to capital structure. The researcher has constructed a two equation structural model and employed a two stage least square regression to estimate it. The data for insurer specific variables are computed using UK regulatory returns from the dataset of synthesis non life provided by standard and poor's. The number of firms in this data set is originally 360. The researcher has found that insurers purchasing more reinsurance would have higher leverage and with more reinsurance it would be able to maintain a higher level of debt without significantly increasing its solvency risk.

Cagatay Koc (2011) This article analyzes disease specific moral hazard effects in the demand for physician office visits and explores whether optimal insurance for physician services should be designed to have disease specific cost sharing. The result indicates that there is some variation in the moral hazard effect across disease specific components of general practitioner care, although less noticeably so. It is unlikely that there is any heterogeneity in the moral individuals, thus the effect estimates can be used to measure the potential impact of insurance on each disease specific physician service use. The findings suggest that optimal insurance for physician service should be designed to have differential cost sharing based on disease status.

Stephen T Prente, Roger Feldman, Jean Abraham (2011) This analyses is to stimulate the difference between national and state specific individual insurance markets on take-up of individual health insurance. Analyses mainly focus on the individual market. It has been found that if someone could afford a more generous plan design due to a lower premium, they would get more consumers. The minimum insurance estimate is smaller than the national market minimum estimate suggesting that regional competition might offer greater sensitivity to expected differences in state mandates. There is a smaller percentage decrease in uninsured among lower income individuals than higher income individuals. Significant reduction in the level of uninsured can result if consumers are permitted to purchase insurance across state lines.

Foong, Soon-Yau Idris,Razak (2012) The purpose of this paper is to examine the effect of leverage on the financial performance of general insurance companies in Malaysia and investigate whether the leverage performance relationship is a function of or contingent on the extent of product diversification. The sample consisted of the entire population of authorized general insurance companies operating during the period from 2006 to 2009 in Malaysia. It is found out that leverage is negatively associated with firm performance. There is a significant interaction effect between leverage and product diversity on firm performance. The findings also indicated that leverage could be beneficial or detrimental to the financial performance of general insurance firms' contingent to the extent of product diversity of firms.

Randall Guensler, Adjo Amekudzi, Jennifer Williams, Shannon Mergelaberg, Jennifer Ogle (2012), This paper examines the potential barrier to implementing pay as you drive automobile insurance programs through a survey of state insurance regulators. The survey was designed to determine whether state regulations currently prohibit pay as you drive automobile insurance and identify specific requirements that companies would have to meet to obtain approval for such premium structures. Five states, namely Texas, Arkansas, Oregon, Maine and Georgia have been taken. It is found that it is apparently possible for PAYD programs to be implemented in the majority of states in their current laws. Respondents in some states are under the mistaken impression that a cent per mile rate structure was incapable of incorporating driving history and previous loss claim. Also measuring the miles travelled is the other challenge faced by the insurance companies.

Conclusion

In a country like India where diversity is vast customer tailored products should be introduced. Not many researches have dedicated to understand the type of general insurance products needed by the Indian customers. Most of the researches were done in developed economies but developing economies like India is often neglected. The future researchers can also identify the products which will be useful for the Indian economy and thus prompt the company to produce the products needed by the customer.

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