

A Study of the Insurance Terminology in the age of Globalization

Manish Kalwani

Abstract:

Insurance may be describes a social device to reduce or eliminate risk of life and property. Under the plan of insurance, a large number of people associate themselves by sharing risk, attached to individual. The risk, which can be insured against include fire, the peril of sea, death, incident, & burglary. Any risk contingent upon these may be insured against at a premium commensurate with the risk involved. Insurance is actually a contract between 2 parties whereby one party called insurer undertakes in exchange for a fixed sum called premium to pay the other party happening of a certain event.

What is Insurance:-Insurance can be defined as a contract between two parties, where one promises the other to indemnify or make good any financial loss suffered by the latter (the insured) in consideration for an amount received by way of '**premium**'. In other words, the party agreeing to pay for the losses is the '**insurer**'. The party whose loss makes the 'insurer' pay the claim is the 'insured'.

Social security became a major area of concern in many countries of the world when society was slowly shifting from agro-based economy to an industrial economy. People started moving to cities from villages in order to satisfy their economic needs and to get some security. This change came about in Europe for the first time during the 19th century.

The subject of risk management does not have a long history. It is reported by Ben Hunt that "one of the earliest references to the term "risk management" was in 1956 in the US when it was used in a Harvard Business Review article. In the today world of **Globalization** the Insurance Play an important role in our life and to understand the importance of Insurance we should be first go through some followings terminology of insurance sector.

Key Words: Insurable interest, Cash Value and Gross Premium

Important terms in the era of Insurace Sector:-

-Insurable interest - Any financial interest a person has in the property or person insured. In life insurance, a person's or party's interest - financial or emotional - in the continuing life of the insured.

-Cash value - The amount of money the life insurance policy owner will receive as a refund if the policy owner cancels the coverage and returns the policy to the company. Also called "cash surrender value."

-Gross Premium - the net premium for insurance plus commissions, operating and miscellaneous commissions. For life insurance, this is the premium including dividends.

-Health Plan - written promise of coverage given to an individual, family, or group of covered individuals, where a beneficiary is entitled to receive a defined set of health care benefits in exchange for a defined consideration, such as a premium.

Pooling and risk reduction - Pooling of losses means the spreading of losses incurred by the few over the entire group, so that in the process, average loss is substituted for actual loss.

Payment of accidental and unintentional losses- Insurance deals with covering of losses, which are accidental in nature. The insurer should cover all unexpected and unforeseen losses, which occurs at random.

Transferred risk -The contract of insurance is one where the risk of one party is transferred to the other, who is the insurer who is usually in a stronger position financially and can easily make good the loss of the insured.

Principle of indemnity-Indemnity merely means to make good any financial loss suffered by the insured and to put him or her back in the same financial position as he or she was before the occurrence of the loss.

Economic security-Economic security, which is a vital aspect of our society, can be defined, “ as a state of mind or a sense of well being by which an individual is relatively certain that he or she can satisfy basic needs and wants, both present and future so here we see the some words which are used in the world of **insurance** sector; so it is most important that a person should be familiar first with the above used glossary and understand the important of terminology to purchase or buy an insurance plan in today age of **globalization**.

*Research Scholar (commerce-business Admin.)
Maharshi Dayanand Saraswati University Ajmer*

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Thank u for giving me a chance to present my views through this presentation.