

CHAPTER-I

PARTICULARS OF THE ORGANISATION, FUNCTIONS & DUTIES

HISTORY

The Oriental Insurance Company Ltd." earlier known as "The Oriental Fire & General Insurance Co. Ltd" was incorporated at Bombay on 12th September, 1947. The Company was a wholly owned subsidiary of The Oriental Government Security Life Assurance Company limited and was formed to carry out General Insurance business. The Company was promoted by Sir Purushothamdas Thakurdas, Chairman of Oriental Government Security Life Assurance Company Ltd., which was transacting life insurance business for nearly 75 years.

The Company's Head Office was located in Bombay. The premium of the Company in the first year of its operation was only INR 99950. On nationalization of Life Insurance business in India, in 1956, the company became a subsidiary of Life Insurance Corporation of India (LIC). Subsequently on nationalization of general insurance business in India in the year 1973, the company became one of the subsidiaries of General Insurance Corporation of India (GIC).

10 Indian and 12 Foreign Insurance companies merged with Oriental Fire & General Insurance Co. Ltd. At the time of Nationalization in 1973, the Company's Gross Direct Premium was Rs. 58 Crores. The Company's Registered and Head Office was shifted from Bombay to New Delhi. The name of the Company was changed in the year 1984 to The Oriental Insurance Company Ltd.

However, after the passage of the **Insurance Amendment Bill (2002)**, **Oriental Insurance Company Limited** was delinked from GIC and in 2003 the shares of the company so far held by GIC have been transferred to Central Government.

LINES OF BUSINESS

The Company underwrites all non-life insurance business in Fire, Marine, Engineering, Health, Motor and other misc classes of business taking care of needs of industrial giants as well as common man. The Company has more than 100 different products for the cross-section of the economy.

PRESENT SET-UP & STATUS

The company has grown over the years and at present operates from 900+ offices in India with 15000+ committed and dedicated employees with international presence in Dubai, Nepal and Kuwait. Its gross premium income has reached the level of Rs. 5570 crores in the year 2010-11.

As of March 31, 2011, Oriental's investment portfolio is of Rs 16543 crore as against Rs 14849 crore on March 31, 2010. Oriental Insurance issued 1,10,34,999 policies in 2010-11 and settled 726,233 claims during the same period. During 2010-11 Oriental Insurance registered a growth of 14.73% on gross basis.

Oriental Insurance had implemented its new software system – the **Integrated Non- Life Insurance Application Software** successfully in all the offices as at 31st March 2009 and achieved 100 % implementation. For its Investment Portfolio, Company procured a SAP based

module which provides integrated approach to management of investments. We have a Reinsurance accounts module based on Unix / Unify platform which has been running successfully for the past two decades. To arm its officers with the skills critical in a free pricing system, Oriental has imparted rigorous training. To ensure that relationships with its customers are built and strengthened Oriental has put in place an efficient grievance mechanism at every level. Expansion of Oriental's reach has been made possible by using more platforms. Towards this end, it has tied up with various scheduled banks like Punjab National Bank and Oriental Bank of Commerce. It is also using the nationwide network of post offices to reach more people.

RESULTS 2010-11

The Company's Gross Direct Premium Income in India during the year 2010-11 (Audited) was Rs.5457.33 crores and the Premium Income outside India was Rs.112.55 crores. The Gross Direct Premium in India & abroad showed a growth of 14.73%. The Net Premium Income (Domestic and Foreign), on the other hand grew by 16.38% from Rs. 3962.52 crores in 2009-10 to Rs. 4611.58 crores in 2010-11. The company's operations in Nepal, Dubai and Kuwait yielded a Gross Direct Premium of Rs. 112.55 crores during the year 2010-11 as against Rs. 117.99 crores during the previous year. The net premium on foreign operations stood at Rs. 106.14 crores and as against this, the Net Incurred Claims during this year in respect of foreign operations were Rs.53.55 crores at 49.91%. The foreign operations have resulted in an overall surplus of Rs.26.25 crores.

The Company has posted a pre-tax profit of Rs. 180.40 crores & post-tax profit of Rs. 54.61 crores for the year 2010-11. The Company had issued 110.35 lacs documents approximately. The claims disposal ratio for non-suit claims settlement ratio was 85.70 %.

RATINGS

The company's financial health is evident in the fact that **CRISIL** has consistently, for many years, given the company a "**AAA**" rating. **ICRA** – an Associate of Moody's Investor Service – has also rated Oriental as **iAAA**, indicating the highest claim-paying ability. This rating also reflects the company's strong liquidity position. For two years in succession, Company has also got **financial strength rating of "B++(Good)"** and **issuer credit rating (ICR) of "bbb+"** since 2006 from **A.M.Best, UK**. The solvency ratio of the company as on March 31, 2011 was 1.34 times.

CORPORATE MISSION

***"TO BE THE MOST RESPECTED & PREFERRED
NON-LIFE INSURER IN THE MARKETS WE
OPERATE"***

CORPORATE OBJECTIVES

TO ENSURE THAT WE –

- ❖ **ACT AS A FINANCIALLY SOUND CORPORATE ENTITY WITH HIGH BUSINESS ETHICS**

- ❖ IMPLEMENT BEST HUMAN RESOURCE DEVELOPMENT PRACTICES TO BUILD A HIGHLY EFFICIENT, DEDICATED AND MOTIVATED WORKFORCE WITH HIGH MORALE AND MORAL VALUES
- ❖ OPTIMALY UTILIZE THE INFORMATION TECHNOLOGY INFRASTRUCTURE
- ❖ PROVIDE EXCELLENCENT CUSTOMER SERVICE
- ❖ RUN THE BUSINESS PROFITABLY THROUGH PRUDENT UNDERWRITING AND EFFICIENT & PROPER CLAIM MANAGEMENT
- ❖ EFFECTIVELY MANAGE OUR REINSURANCE OPERATIONS
- ❖ EFFECTIVELY MANAGE OUR INVESTMENTS FOR OPTIMISING YIELD
- ❖ HAVE EFFECTIVE RISK MANAGEMENT SYSTEMS
- ❖ IMPROVE THE PENETRATION OF NON-LIFE INSURANCE BY PROPER UNDERWRITING, INNOVATION & MARKETING

TO
EVOLVE AS A VIBRANT & DYNAMIC
LEADING NON-LIFE INSURER

PARTICULARS OF ORGANISATION

DATE OF INCORPORATION	12 TH September 1947
MODE OF INCORPORATION	Incorporated as a Public Limited company under the Indian Companies Act, VII of 1913
ADMINISTRATIVE MINISTRY	Ministry of Finance
PRESENT STATUS	A Government company within the meaning of Sec. 617 of the Companies Act, 1956
SHRE CAPITAL: AUTHORISED ISSUED AND SUBSCRIBED	Rs. 200 Crores Rs. 100 Crores
PRESENT SHAREHOLDING	President of India (100%)

FUNCTIONS AND DUTIES

The Oriental Insurance Company Limited carries out its functions and duties in accordance with the objectives defined in its Memorandum & Articles of Association and the guidelines laid in Insurance act 1938, General Insurance (Nationalization) Act 1972 (since amended in 2002) and IRDA Act 1999.