



## Insurance Online

by

Mr. Phumdanai Damrongsiri

A Final Report of the Six-Credit Course  
IC 6998 E-Commerce Practicum

Submitted in Partial Fulfillment  
of the Requirements for the Degree of  
Master of Science  
in Internet and E-Commerce Technology  
Assumption University

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The Graduate School of Assumption University has approved this final report of the six-credit course, IC 6998 E-Commerce Practicum, submitted in partial fulfillment of the requirements for the degree of Master of Science in Internet and E-Commerce Technology.

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## ABSTRACT

This project is concerned with the development and implement of an Internet and E-Commerce site, [www.I-Cover.com](http://www.I-Cover.com), is an online insurance, which provide information in insurance and insurance policy online for customers.

Internet and E-Commerce becomes more popular and growth in size and more people are using the Internet and replace for the traditional business. The purpose of this site helps users to find information about the type of insurance, type of coverage, insurance policy form, which appropriate with their need and want.

I-Cover.com is the new company that provides an insurance service on Internet. The customers can access for more insurance information in this web site. I-Cover.com provides three main types of insurance services, which are fire insurance, auto insurance and marine insurance. I-Cover.com serves auto insurance online in the first phrase, which calculate an insurance premium for customers.

The Internet technology allows I-Cover.com to have more opportunity to grow in size and provide more services for customers. Furthermore, Internet can help to reduce cost for company, wider and up to date in insurance information, and provide faster service than traditional way.

This report start with the marketing analysis, then it moves to the proposed web site and how it is much better from competition. This report also shows the web plan, web concept and design and the result from this implementation of this web site.

This project is good for anyone who would like to be a business online, especially for insurance online. It show and guide for marketing plan, how to make an attractive web site, how to make a benefit from the web

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## **I. INTRODUCTION**

### **1.1 Introduction to Insurance Online**

Internet is being used more and more by organizations and consumers. Internet was developed and improved by one company in the U.S. for business transaction. Internet created more advantages for business organizations to take more competitive advantages than other organizations. It provided to serve new customer convenience and faster than traditional service for existing customers. Furthermore, customer can interact with business organizations in real time and can request, ask question, make an order or anything else every time with business organizations. So, Internet is more important and necessary for the new business model. Most companies try to adapt and improve their information technology, computer database to reduce their cost and provide more effectiveness in serving customers.

Insurance business applies Internet to a new business model. Most insurance companies try to adopt and make use of Internet to be a competitive advantage to promote their product and service and to support and provide more service for customers. Internet can help a business company to reduce their operating cost, provide service 24 hours/day, and keep secure database for customers and fast update any information on Internet.

Our web site, [www.i-cover.com](http://www.i-cover.com), is a new insurance business online that provides general information about insurance, type of insurance, inclusion and exclusion in each type of insurance policy and etc. We offer three main types of insurance coverage in the first phase; that is fire insurance, motor insurance and marine insurance. The general information and general concept will be shown in the following page.

## 1.2 Objectives of the Project

“To develop a comprehensive insurance web site, which provides valuable insurance information, type of insurance policy, and 24 hours services. In addition, other objectives are as follows:

- (1) To re-establish I-Cover.com as the market leader in quality and value-priced insurance products in Thailand
- (2) Establish good working relationships with our present insurance markets by meeting with their decision makers and plotting a mutual plan for success. Get commitments for support and products that we can market in our trading area.
- (3) Provide sales incentives to staff to meet sales goals of 10%.

## 1.3 Scope of the Project

The scope of this project is to create content within the web site, which provides, all information about insurance coverage, type of insurance policy and other insurance services.



## II. WHY E-COMMERCE?

E-Commerce is another strategy for insurance business. An Insurance Company can get more advantages from E-Commerce to expand their market share, to provide services 24 hours/day, and keep dynamic users database on web site.

E-Commerce, web site can open a new sales channel and can also enhance existing sales channels for insurance companies. In addition, the web site helps keeping data consistent. All users information will keep in the insurance company's database with Internet security technology, which protects privacy from third parties.

A successful e-commerce web site is a multi-faceted entity that provides easy access selling knowledge such as all information that the company provided, product explanation, and special promotions in and from customers and access from anywhere at anytime.

Insurance business can get more advantages from E-Commerce to improve their business plan such as expand market share, new marketing channel, to provide 24-hours/day service and provide a solution in a real time for customers.

### III. GETTING STARTED

Most individuals and families have a desire for financial security and protection against those events that threaten their financial security. Financial security can be threatened or lost from numerous causes. Some families will be deprived of financial support because the family head is tragically killed in an auto accident. Others will experience the loss and destruction of their home and personal property because of fires, floods, hurricanes, earthquakes, or other disasters. Finally, others will be financially ruined because they are sued and cannot pay a liability judgement against them.

It is apparent that certain risks are present that can result in great financial insecurity for individuals and their families. Insurance can be purchased to provide protection against such risks. We offer three types of insurance policies to protect their property and indemnify or financial support in case such risk occurred which are:

#### 3.1 Fire Insurance

Fire insurance is a type of insurance which the insurer will indemnify the insured for the physical loss or damage by fire or any other covered perils to the insured properties.

The fire insurance policy that is currently sold in Thailand is a standard form in which every insurer in the country must use the same wording and the same rating system.

The coverage of fire insurance has been written on the named peril basis.

The standard fire insurance indemnifies insurance contract in which the insurer will indemnify the insured for the actual loss sustained only.

### 3.2 Marine Insurance

In the modern world, the people in every country have to exchange goods through the international trade. However, these international trade, especially the shipments of goods from one country to another, are exposed to potential losses from several unexpected perils.

Any experienced exporter knows that marine cargo insurance is an essential tool of international trade. Every shipment runs the risk from several perils such as fire, storm, collision, theft, leakage, explosion, and spoilage. Cargo insurance is the trader's shield against the losses such perils may bring.

Therefore, it is quite common that the exporter and especially the new comer to export trade often look upon cargo insurance as a complex subject.

Arranging for the proper cargo insurance is not a do it yourself project. Few exporters could invest the time necessary to learn all its aspects even if they wanted to. But they can and should gain enough of a grasp of the basic elements to be able to understand a contract and to know how to get the kind of protection they want.

### 3.3 Motor Insurance\*

Motor or auto insurance provides coverage to protect a loss that incurs to a car from both direct and indirect ways. Motor insurance in Thailand can be classified as Voluntary Motor Insurance (VMI) and Compulsory Motor Insurance (CMI), which will be explained more in detail later.



## IV. GENERAL CONCEPT

### 4.1 What Is Risk?

In the meaning of insurance, “risk” is defined as uncertainty concerning the occurrence of a loss. For example, the risk of lung cancer for smokers is present since uncertainty is present. The risk of being killed in an auto accident is present because uncertainty is present. And the risk of flunking a college course is present because there is uncertainty of the grade that will be given.

Finally, when risk is defined as uncertainty, some authors make a careful distinction between objective risk and subjective risk.

Objective Risk is defined as the relative variation of actual loss from expected loss. For example, assume that a fire insurer has 10,000 houses insured over a long period and, on average, 1 percent, or 100 houses burn each year. However, it would be rare for exactly 100 houses to burn each year. In some years, as few as 90 houses may burn, while in other years, as many as 110 houses may burn. This relative variation of actual loss from expected loss is known as objective risk. Objective risk declines as the number of exposures increases.

Subjective Risk is defined, as uncertainty based on a person’s mental or state of mind. For example, an individual is drinking heavily in a bar and attempts to drive home. The driver may be uncertain whether he or she will arrive home safely without being arrested by the police for drunken driving. This mental uncertainty is called subjective risks.

The impact of subjective risk varies depending on the individual. Two persons in the same situation may have a different perception of risk, and their conduct may be altered accordingly. High subjective risk often results in conservative and prudent

conduct, while low subjective risk may result in less conservative conduct. For example, a driver may have been previously arrested for drunk driving and is aware that he or she has consumed too much alcohol. The driver may then compensate for the mental uncertainty by getting someone else to drive him or her home. Another driver in the same situation may perceive the risk being arrested as slight. The second driver may drive in a more careless and reckless manner; a low subject risk results in fewer conservatives driving behavior.

The next topic that relates to the concept of risk is a chance of loss. Chance of loss is defined as the probability that an event will occur. Like risk, “probability” has both objective and subject aspects.

Objective probability refers to the long run relative frequency of an event based on the assumptions of an infinite number of observations and of no change in the underlying conditions

Subjective probability is the individual’s personal estimate of the chance of loss. Subjective probability need not coincide with objective probability. A wide variety of factors has been found to influence subjective probability including a person’ age, sex, intelligence, education and the use of alcohol.

#### **4.2 Peril and Hazard**

Peril is defined as the cause of loss. For example, if your house burns because of a fire, the peril is a fire. If your car is damaged in a collision with another car, collision is a peril or cause of loss. Some common perils that cause property damage or loss include fire, lightning, windstorm, hail, tornadoes, earthquake, theft and burglary.

Hazard is a condition that creates or increases the chance of loss. There are three major hazards:

- (1) Physical hazard

- (2) Moral hazard
- (3) Morale hazard

Physical hazard is a physical condition that increases the chance of loss. Examples of physical hazards are icy roads that increase the chance of an auto accident, defective wiring in a building that increases the chance of fire, and a defective lock on a door that increases the chance of theft.

Moral hazard is dishonesty or character defects in an individual that increase the frequency or severity of loss. Examples of moral hazard are faking an accident to collect insurance money, submitting a fraudulent claim, inflating the size of a claim, and intentionally burning unsold merchandise that is insured. Moral hazard is present in all forms of insurance, and it is difficult to control. Insurer attempts to control moral hazard by careful underwriting of applications for insurance and by various policy provisions such as deductibles, waiting periods, exclusions, and riders.

Morale hazard is carelessness or indifference to a loss because of the existence of insurance. Some insured may be careless or indifference to a loss because they have insurance. For example, leaving car keys in the ignition of an unlocked car and thus increasing the chance of theft, leaving a door unlocked that allows a burglar to enter, and changing lanes suddenly on a congested interstate highway without signaling. Careless acts like these increase the chance of loss.

### **4.3 Type of Risk**

Risk can be classified into several distinct categories. The major categories of risk are:

- (1) Pure and speculative risks
- (2) Fundamental and particular risks



## **Pure and Speculative Risks**

Pure risk is defined as a situation in which there are only the possibilities of loss or no loss. The only possible outcomes are loss or no loss. Examples of pure risks include premature death, damage to property from fire, flood, earthquake or lightning.

Speculative risk is defined as a situation in which either profits or loss is possible. It is important to distinguish between pure and speculative risks for three reasons. First, private insurers generally insure only pure risks. With some exceptions, speculative risks are not considered insurable and other techniques for coping with risks must be used.

Second, the law of large numbers can be applied more easily to pure risks than to speculative risks. The law of large numbers is important since it enables insurers to predict loss in advance. In contrast, it is generally more difficult to apply the law of large numbers to speculative risks in order to predict future loss experience.

Finally, society may benefit from a speculative risk even though a loss occurs, but it is harmed if a pure risk is present and a loss occurs. For example, a firm may develop a new technological process for producing computers more cheaply and, as a result, may force a competitor into bankruptcy. Despite the bankruptcy, society benefits since the computers are produced more efficiently and at a lower cost. However, society will not benefit when most pure risks occur, for example, if a flood occurs or an earthquake devastates an area.

## **Fundamental and Particular Risks**

A fundamental risk is a risk that affects the entire economy or large numbers of persons or group within the economy. Examples are high inflation, cyclical unemployment, and war since large numbers of individuals are affected.

In contrast to a fundamental risk is a risk that affects only individuals and not the entire community. Examples are car thefts, bank robberies, and dwelling fires. Only individuals experiencing such losses are affected, not the entire economy.

#### 4.4 Type of Pure Risk

The major types of pure risk that are associated with great financial and economic insecurity include personal risks, property risks, and liability risks.

##### 4.4.1 Personal Risks

Personal risk are risks that directly affect an individual who is involved with the possibility of a complete loss or reduction of earned income, extra expenses, and the depletion of financial assets. There are four major personal risks:

- (1) Risk of premature death
- (2) Risk of old age
- (3) Risk of poor health
- (4) Risk of unemployment

**Risk of premature death** is defined as the death of a household head with unfulfilled financial obligations. If the surviving family members lack addition sources of income or have insufficient financial assets to replace the lost income, financial hardship can result. Premature can cause financial problems only if the deceased has dependents to support or dies with unsatisfied financial obligation. Thus, the death of a child aged ten is not considered as premature death.

**Risk of old age.** The major risk associated with old age is insufficient income during retirement.

**Risk of Poor Health** includes both catastrophic medical bills and the loss of earned income. The loss of earned income is another major cause of financial insecurity if the disability is severe. In cases of long term disability, there is a substantial loss of

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earned income, medical bills are incurred, employee benefits may be lost or reduced, savings are often depleted, and someone must take care of the disabled person.

Risk of Unemployment is another major threat to financial security. Unemployment can result from a business cycle downswing, from technological and structural changes in the economy, from seasonal factors and from friction in the labor market.

#### 4.4.2 Property Risks

There is two majors' type of property risk: direct loss and indirect loss.

Direct loss is defined as a financial loss that results from the physical damage, destruction, or theft of the property. For example, assume that you own a restaurant and the building is insured by a property insurance policy. If the building is damaged by fire, the physical damage to the property is known as a direct loss.

Indirect or Consequential Loss is a financial loss that is indirectly from the occurrence of a direct physical damage of theft loss. The loss of profits would be a consequential loss.

#### 4.5 Method of Handling Risk

The next topic is concerned with the method of handling risk which includes five majors methods of handling risk:

- (1) Avoidance
- (2) Retention
- (3) Non-insurance transfers
- (4) Loss control
- (5) Insurance

Insurance is the most practical method for handling a major risk. Although commercial insurance has several characteristics, three major characteristics should be

emphasized. First, risk transfer is used since a pure risk is transferred to the insurer. Second, the pooling technique is used to spread the losses of the few over the entire group so that average loss is substituted for actual loss. Finally, the risk may be reduced by application of the law of large numbers by which an insurer can predict future loss experience with some accuracy.

After the above the following will discuss the definition of insurance, the major types of insurance and the social benefits and social costs of insurance in our society.

Insurance is the pooling of fortuitous losses by transfer of such risks to insurers, who agree to indemnify insured for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risk. From the preceding definition of insurance, an insurance plan and arrangement typically has several distinct characteristics which include the following:

- (1) Pooling of losses
- (2) Payment of fortuitous losses
- (3) Risk transfer
- (4) Indemnification

### **Pooling of Losses**

Pooling or the sharing of losses is the heart of insurance. Pooling is the spreading of losses incurred by the few over the entire group so that the average loss is substituted for actual loss. In addition, pooling involves the grouping of a large number of exposure units so that the law of large numbers can operate to provide a substantially accurate prediction of future losses.

The law of large number states that the greater the number of exposures, the more closely will the actual results approach the probable results that are expected from an infinite number of exposures.



### **Payment of Fortuitous Losses**

A fortuitous loss is unforeseen and unexpected and occurs as a result of chance. In other words, the loss must be accidental. For example, a person may slip on an icy sidewalk and break a leg. The loss would be fortuitous.

### **Risk Transfer**

Risk transfer is another essential element of insurance. Risk transfer means that a pure risk is transferred from the insured to the insurer, who typically is in a stronger financial position to pay the loss than the insured.

### **Indemnification**

A final characteristic of insurance is indemnification for losses. Indemnification means that the insured is restored to his or her approximate financial position prior to the occurrence of the loss. Thus, if your home burns in a fire, the homeowners' policy will indemnify you or restore you to your previous position.

#### **4.6 Requirement of an Insurable Risk**

Insurers normally insure only pure risks. However, not all pure risks are insurable. From the viewpoint of insurer, there are ideally six requirements of an insurable risk.

- (1) There must be a large number of exposure units.
- (2) The loss must be accidental and unintentional.
- (3) The loss must be determinable and measurable.
- (4) The loss should not be catastrophic.
- (5) The chance must be calculable.
- (6) The premium must be economically feasible.

### **Large Number of Exposure Units**

The first requirement of an insurable risk is the existence of a large number of exposure units. The purpose of this first requirement is to enable the insurers to predict

loss based on the law of large numbers. Lost data can be compiled over time, and losses for the group as a whole can be predicted with some accuracy. The loss costs can then be spread over all insured in the underwriting class.

### **Accidental and Unintentional Loss**

A second requirement that the loss should be accidental and unintentional, it should be fortuitous and outside the insured's causes a loss. The requirement of an accidental and unintentional loss is necessary for two reasons. First, if intentional loss were paid, moral hazards would be substantially increased, and premium would rise as a result.

Second, the loss should be accidental because the law of large numbers is based on the random occurrence of events. A deliberately caused loss is not a random event since the insured knows when the loss will occur.

### **Determinable and Measurable Loss**

A third requirement is that the loss should be both determinable and measurable. This means the loss must be definite as to cause, time, place, and amount. The basic purpose of this requirement is that the insurer must be able to determine if the loss is covered under the policy, and if it is covered, how much the company will pay.

### **No Catastrophic Loss**

The fourth requirement is that the loss should not be catastrophic. These mean that a large portion of exposure units should not incur losses at the same time.

### **Calculable Chance of Loss**

Another important requirement is that the chance of loss must be calculated. The insurer must be able to calculate both the average frequency and the average severity of future losses with some accuracy. This requirement is necessary so that a proper

premium can be charged that is sufficient to pay all claims and expenses and yield a profit during the policy period.

### **Economically Feasible Premium**

A final requirement is that the premium must be economically feasible. The insured must be able to afford to pay the premium. In addition, for the insurance to be an attractive purchase, the premiums paid must be substantially less than the face value or amount of the policy.

## **4.7 Types of Insurance**

The following will classify the type of insurance. Insurance can be divided into private and government insurance. Private insurance, can be classified into life and health insurance on the one hand, and property and liability insurance on the other. Government insurance can be classified into social insurance programs and all other government insurance plan. Thus, the major types of insurance both private and public can be classified as follows:

### **(1) Private insurance**

Life and health insurance

Property and liability (casualty) insurance

### **(2) Government insurance**

Social insurance

Other government insurance

Our report will present and discuss only property and liability (casualty) insurance. Property and casualty insurance can be classified by several major lines or specialized types of insurance:

- (1) Fire insurance covers the loss or damage to real estate and personal property because of fire, lightning, or removal from the premises. Other perils can be

added such as windstorm, hail, tornadoes, and vandalism. Indirect loss can also be covered including the loss of profits and rents and the extra expenses incurred as a result of a loss from the interruption of business.

- (2) Marine insurance is often called transportation insurance because it covers goods in transit against risk, most pure risks connected with transportation.

Marine insurance is divided into ocean marine and inland marine insurance.

Ocean marine insurance provided protection for all types of ocean going vessels and their cargoes.

Inland marine insurance provides coverage for goods being shipped on land.

This includes imports, exports, domestic shipments, and the means of transport (for example, bridges, tunnels, and pipelines). In addition, inland marine insurance also covers personal property such as fine art, jewelry, and furs.

- (3) Casualty insurance is a broad field of insurance and covers whatever is not covered by fire, marine, and life insurers.

- (a) Automobile insurance
- (b) General liability insurance
- (c) Burglary and theft insurance
- (d) Workers compensation insurance
- (e) Glass insurance
- (f) Boiler and machine insurance
- (g) Nuclear insurance
- (h) Crop hail insurance
- (i) Health insurance
- (j) Title insurance



- (k) Credit insurance
- (l) Multiple line insurance, and
- (m) Fidelity and surety bonds.

#### **4.8 Benefits of Insurance to Society**

The major social and economic benefits of insurance include the following:

- (1) Indemnification for loss
- (2) Less worry and fear
- (3) Source of investment funds
- (4) Loss prevention
- (5) Enhancement of credit

##### **Indemnification for Loss**

Indemnification permits individuals and families to be restored to their former financial position after a loss occurs. They can maintain their economic security. Indemnification to business firms permits firms to remain in business and employees to keep their jobs. Suppliers continue to receive orders, and customers can still receive the goods and services they desire. The community also benefits because its tax base is not eroded. The indemnification function contributes greatly to family and business stability and therefore is one of the most important social and economic benefits of insurance.

##### **Less Worry and Fear**

A second benefit of insurance is that worry and fear are reduced. This is true both before and after a loss. For example, if family heads have adequate amounts of life insurance, they are less likely to worry about the financial security of their dependents in the event of premature death. Persons insured for long term disability do not have to worry about the replacement of their earning if a serious illness or accident occurs.

Worry and fear are also reduced after a loss occurs, since the insured know that they have insurance that will pay for the loss.

### **Source of Investment Funds**

The insurance industry is an important source of funds for capital investment and accumulation. Premiums are collected in advance of the loss, and funds not needed to pay immediate losses and expenses can be loaned to business firms.

### **Loss Prevention**

Insurance companies are actively involved in numerous loss prevention programs and also employ a wide variety of loss prevention personnel. Some important loss prevention activities that property and casualty insurers strongly support include the following:

Highway safety and reduction of automobile deaths.

- (1) Fire prevention
- (2) Reduction of work related disabilities
- (3) Prevention of automobile death
- (4) Prevention and detection of arson losses
- (5) Prevention of defective products that could injure the user
- (6) Prevention of boiler explosions
- (7) Educational programs on loss prevention

The loss prevention activities reduce both the direct and indirect or consequence losses. Society benefits since both types of losses are reduced.

### **Enhance of Credit**

A final benefit is that insurance enhances a person's credit. Insurance makes a borrower a better credit risk because it guarantees the value of the borrower's collateral, or gives greater assurance that the loan will be repaid.

Risk management is the major part of insurance company which shows how to manage risk, which incurred to their insured. Risk management is defined as a systematic process for the identification and evaluation of pure loss exposure faced by an organization or individual and for the selection and implementation of the most appropriate techniques for treating such exposures.

Risk management has several important objectives that can be classified into two categories: pre-loss objectives and post-loss objectives.

Pre-loss Objectives a firm or organization has several risk management objectives prior to the occurrence of a loss. The most important include economy, the reduction of anxiety, and meeting externally imposed obligation.

Post-loss Objective the first and most important post-loss objective is survival of the firm. The second post-loss objective is to continue operating. Stability of earning is the third post-loss objective. The fourth is continued growth of the firm and finally, the goal of social responsibility is to minimize the impact that a loss has on other persons and on society.

#### **4.9 Risk Management Process**

For the risk management process, there are four steps in the risk management process:

- (1) Identifying potential losses
- (2) Evaluating potential losses
- (3) Selecting the appropriate techniques or combination of techniques for treating loss exposure
- (4) Implementing the program

### **Identifying Potential Losses**

This involves a painstaking identification of all potential losses. The risk manager must identify several types of potential losses including the following:

- (1) Property losses
- (2) Business income losses
- (3) Liability losses
- (4) Death or disability of key people
- (5) Job related injuries or disease
- (6) Fraud, criminal acts, and employee dishonesty
- (7) Employee benefits loss exposures
- (8) International loss exposures (plants, property, and personnel in foreign countries)

### **Evaluating Potential Losses**

After the potential losses are identified, the next step is to evaluate and measure the impact of losses on the firm. This involves an estimation of the potential frequency and severity of loss.

Loss frequency refers to the probable number of losses that may occur during some given time period.

Loss severity refers to the probable size of the losses that may occur.

### **Selecting the Appropriate Techniques or Combination of Techniques for Treating**

#### **Loss Exposure**

After the frequency and severity of losses are estimated, the risk manager must then select the most appropriate technique or combination of techniques for treating each loss exposure. The major techniques for treating loss exposure are the following:

- (1) Avoidance



- (2) Retention
- (3) Non-insurance transfers
- (4) Loss control
- (5) Insurance

### **Avoidance**

Avoidance means that a certain loss exposure is never acquired or an existing loss exposure is abandoned. For example, a firm can avoid a flood loss by not building a plant in a flood plain. The major advantage of avoidance is that the chance of loss is reduced to zero if the loss exposure is not acquired. However, there are two disadvantages. First, it may not be possible to avoid all losses. Second, it may not be practical or feasible to avoid the exposure.

### **Retention**

Retention is another technique for handling losses. Retention means that the firm retains part or all of the losses that result from a given exposure.

Retention can be effectively used in a risk management program when certain conditions exist. First, no other method of treatment is available. Second, the worst possible loss is not serious. Finally, losses are highly predictable.

The retention technique has both advantages and disadvantages in a risk management program. The major advantages are as follows:

- (1) Save money
- (2) Lower expenses
- (3) Encourage loss prevention
- (4) Increase cash flow

The retention technique, in turn, has several disadvantages:

- (1) Possible higher losses

- (2) Possible higher expenses
- (3) Possible higher taxes

### **Non-insurance Transfer**

Non-insurance transfers refer to methods other than insurance by which pure risk and its potential financial consequences can be transferred to another party. For example, a company's contract with a construction firm to build a new plant can specify that the construction firm is responsible for any damage to the plant while it is being built.

In a risk management program, non-insurance transfer have several advantages:

- (1) Premium for bonds required by each state or costs of a letter of credit to quality as a self-insurer.
- (2) The risk manager can transfer some potential losses that are not commercially insurable.
- (3) Non-insurance transfers often cost less than insurance.
- (4) The potential loss may be shifted to someone who is in a better position to exercise loss control.

However, non-insurance transfers have several disadvantages. They are summarized as follows:

- (1) The transfer of potential loss may fail because the contract language is ambiguous.
- (2) If the party to whom the potential loss is transferred is unable to pay the loss, the firm is still responsible for the claim.
- (3) Non-insurance transfers may not always reduce insurance costs, since an insurer may not give credit for the transfer.

## **Loss Control**

Loss control is another method for handling loss in a risk management program. Loss control activities are designed to reduce both the frequency and severity of losses. Unlike the avoidance technique, loss control deals with an exposure that the firm does not wish to abandon. The purpose of loss control activities is to change the characteristics of the exposure so that it is more acceptable to the firm; the firm wishes to keep the exposure but wants to reduce the frequency and severity of losses.

## **Insurance**

Commercial insurance can also be used in a risk management program. If the risk manager decides to use insurance to treat certain loss exposure, five key areas must be emphasized. They are as follows:

- (1) Selection of insurance coverage
- (2) Selection of an insurer
- (3) Negotiation of terms
- (4) Dissemination of information concerning insurance coverage
- (5) Periodic review of the insurance program

First, the risk management must select the insurance coverage needed. One useful approach is to classify the need for insurance into three categories: (1) essential, (2) desirable, and (3) available. Essential insurance includes those coverage required by law or by contract, such as worker compensation insurance. Desirable insurance is protection against losses that may cause the firm financial difficulty, but not bankruptcy. Available insurance is coverage for slight losses that would merely inconvenience the firm.

Second, the risk manager must select an insurer or several insurers. These include the financial strength of the insurer, risk management services provided by the insurer, and the cost and terms of protection.

Third, after the insurer or insurers are selected, the terms of the insurance contract must be negotiated. If printed policies, endorsements, and forms are used, the risk manager and insurer must agree on the documents that will form the basis of the contract.

Fourth, information concerning insurance coverage must be disseminated to others in the firm. The firm's employees and managers must be informed about the insurance coverage, the various records that must be kept, the risk management services that the insurer will provide, and the changes in hazards that could result in a suspension of insurance. And, of course, those persons responsible for reporting a loss must be informed. The firm must comply with policy provisions concerning how notice of a claim is to be given and how the necessary proofs of loss are to be presented.

Finally, the insurance program must be periodically reviewed. The entire process of obtaining insurance must be evaluated periodically. This involves an analysis of agent and broker relationships, coverage needed, cost of insurance, quality of loss control services provided whether claims are paid promptly, and numerous other factors.

**Advantages of insurance:** the use of commercial insurance in a risk management program has certain advantages:

- (1) The firm will be indemnified after a loss occurs. The firm can continue to operate and there may be little or no fluctuation in earning.
- (2) Uncertainty is reduced that permits the firm to lengthen its planning horizon.



- (3) Insurer can provide valuable risk management services such as loss control services, exposure analysis to identify loss exposures and claims adjusting.
- (4) Insurance premiums are income tax deductible as a business expense.

The use of insurance also entails certain disadvantages and costs:

- (1) The payment of the insurance premium is a major cost, since the premium consists of a component to pay losses, an amount for expenses, and an allowance for profit and contingencies. There is also an opportunity cost. Under the retention technique, the premium could be invested or used in the business until needed to pay claims. If insurance is used, premium must be paid in advance.
- (2) Considerable time and effort must be spent in negotiating the insurance coverage. An insurer or insurers must be selected, policy terms and premiums must be negotiated, the firm must cooperate with the loss control activities of the insurer, and proof of loss must be fielded with the insurer following a loss.
- (3) The risk manager may have less incentive to follow a loss control program, since the insurer will pay the claim if a loss occurs. Such a lax attitude toward loss control could increase the number of noninsured losses as well.

Next I will explain each type of insurance coverage in property and casualty insurance which emphasize on automobile insurance, fire insurance, and marine and inland insurance.

## V. AUTOMOBILE INSURANCE (IN THAILAND)

There are two main types of Motor Insurance Policy in Thailand:

- (1) Voluntary Motor Insurance (VMI): this is the type of insurance which the vehicle owner decides to effect the cover by himself;
- (2) Compulsory Motor Insurance (CMI): this is the type of insurance which the government forces every owner to effect the cover according to the Road traffic Accident Victim Protection Act B.E. 2535 (A.D. 1992).

### **Compulsory Motor Insurance**

The Road Traffic Accident Victim Protection Act B.E. 2535 came into effect on April 5, 1993 and enforces every vehicle to effect the Compulsory Motor Insurance cover.

The main characteristics of the Compulsory Motor Insurance are as follows:

- (1) Every vehicles owner which has been registered with the Land Transportation Department is required to effect this cover, for example, sedan, taxi, motorcycle, bus, truck, and etc. with certain exception such as:
  - (a) The vehicles of the Royal Family;
  - (b) The vehicles of the government and the military.
- (2) It provides the cover in respect of bodily injury only and not for property damage;
- (3) The limit of liability is on the “First Aid” limit with the intention to assist the injured person(s) and/or the family of the deceased without requiring any proof of negligence on the insured;

- (4) The basis of liability is on the “No Fault” basis for the cover within the “First Aid” limit. This basis of liability will facilitate the processing of claim.

### **5.3 Persons to Be Covered under Compulsory Motor Insurance**

The persons who will be covered under the Compulsory Motor Insurance can be classified into three main categories:

- (1) The person in the insured vehicle which include the driver, the passenger who are in that vehicle and anybody who are getting on or getting of from that vehicle;
- (2) The pedestrians who were injured or killed by the insured vehicle;
- (3) The persons in another vehicle which involved in the accident with the insured vehicle this will apply only if another vehicles does not have the Compulsory Motor Insurance cover, for example, if a person who rides on the bicycle was injured by the insured vehicle.

### **5.4 First Aid Limit and No Fault Basis**

One of the intentions of the Road Traffic Accident Victim Protection Act is to provide the assistance to anybody who were injured or killed in an automobile accident as fast as possible. This will save the lives of the injured persons and reduce the finance hardship of the family of the deceased.

Therefore, the Compulsory Motor Insurance has been written on the “No Fault” basis without requiring any proof of negligence on the part of the insured. If there is an automobile accident, the Compulsory Motor Insurance will indemnify the injured person(s) and the family of the deceased immediately for the following expenses:

- (1) Medical expenses for the actual amount of medical expenses which the injured person has paid up to Bht 10,000 per person; and

- (2) Funeral expenses for Bht 10,000 per person.

If there is a person who was seriously injured in an automobile accident, had been admitted to the hospital for medical treatment and passed away later, the Compulsory Motor Insurance has to be responsible up to Bht 20,000 per person.

#### Voluntary Motor Insurance

Voluntary Motor Insurance is a type of insurance that the insured decides to effect the cover by himself. It will provide the cover against the financial loss of the insured which may arise from:

- (1) Loss or damage to the insured automobile by some unforeseen and unexpected causes of loss; and/or
- (2) legal liability in respect of property damage, bodily injury of others by the accident of the insured.

The Voluntary Motor Insurance in Thailand is a standard form, which every insurer must use as supervised by the Department of Insurance, Ministry of Commerce.

#### **5.5 Availability Covers under Voluntary Motor Insurance**

In general, there are three basic types of cover available to the insured as follows:

- (1) Comprehensive
- (2) Third Party Liability + Own Physical Damage (excluding collision and overturning);
- (3) Third Party Liability Only.

#### Third Party Liability Only

This section provide a protection as follows:

- (1) Third party property damage
- (2) Third party bodily injury (for the persons outside the insured automobile)
- (3) Passengers' liability (for the persons inside the insured automobile).



This provides the most limited cover with the least expensive premium that provides the protection for the third party person(s) only.

**Third Party Liability + Own Physical Damage (excluding collision and overturning)**

This is the second type for motor insurance that provides more coverage than the previous which covers:

- (1) Third party liability provides the same as in the Third Party Liability only
- (2) Own physical damage in respect of loss or damage to the insured by
  - (a) Theft of the entire vehicle
  - (b) Other causes of loss to the insured automobile by riot, strike, fire, flood, malicious damage, etc but excluding loss or damage by collision, overturning and any other causes of loss which are specifically excluded in the policy.

**Comprehensive**

For the comprehensive, provide the coverage as:

- (1) Third Party liability as in Third Party Liability only
- (2) Own physical damage to the insured automobile by any causes of loss such as collision, overturning, fire, flood, theft of the entire vehicle, malicious damage, vandalism, etc, which are not specifically excluded in the policy.

The comprehensive type provides the broadest coverage to the insured for both legal liability and own physical damage to the insured. However, the premium for this type is the most expensive one.

## 5.6 Coverage in the Own Physical Damage Section

Under the comprehensive type, the Voluntary Motor Insurance will provide the cover to the insured automobile from any cause of loss or damage, which is not specifically excluded in the policy.

The own physical damage section covers the following loss or damage to the insured automobile are as follows:

- (1) Collision
- (2) Overturning
- (3) Theft of the entire vehicle, entire by outside persons or by the insured's employee(s)
- (4) Riot, strike, terrorism, malicious acts, vandalism
- (5) Fire
- (6) Natural perils such as flood, windstorm, earthquake, etc,
- (7) Any other causes of loss which are not specifically excluded in the policy.

However, under the third party liability + own physical damage (excluding collision and overturning), it will provide coverage's to the insured automobile similar to those of the comprehensive type. The only difference is that in this type of cover it does not cover loss or damage to the insured automobile in respect of collision or overturning.

However, there are some loss or damage to the insured automobile which are not covered in the policy, for example:

- (1) depreciation or wear and tear of this insured automobile;
- (2) breakage of the mechanical parts, mechanical or electrical breakdown not arising from an accident;

- (3) loss of use of the insured automobile such as while it was being repaired after an accident, the insured cannot claim for indirect loss such as extra expenses incurred in travelling, loss of income, loss of customers.
- (4) Loss or damage to lettering, signs or ornamentation i.e. ray protection film, spoiler, etc., which are additional to the original state of the insured automobile.
- (5) Theft of parts or accessories, i.e. loss of the radio or the air conditioning system which has been installed in the insured automobile.

With respect to loss of parts or accessories by theft, there is some difference in practice among the insurers, in Thailand, that is most of the insurers do not provide coverage for theft of parts or accessories due to difficulty in the proof after loss and potential moral hazard from the insured. However, some insurers are willing to provide this cover to the insured, but they must specifically list the details of the parts or accessories, i.e. the brand, model, serial number along with the specific insured value for such items in the policy.

### **5.7 Coverage in the Legal Liability Section**

Legal liability section of the Voluntary Motor Insurance can be classified as follows:

- (1) Third Party Property Damage (TPPD) provides cover for property damage of others, caused by accident of the insured, i.e. you accidentally drove your insured automobile very fast and smashed other automobiles, or hit some shops, houses on the side of the street or the electric poles on the foot path.

Some important exclusion of the third party property damage is that it does not cover damage to property which is under the ownership, care, or possession of the insured or any person who lives in the same house with the insured, i.e. while you were

going to park your car in your house, you negligently smashed into the back of the car owned by your father living in the same house as yours.

- (2) Third Party bodily injury (TPI) provides cover for bodily injury or death of any third party person caused by accident of the insured, i.e. you accidentally drove your insured automobile very fast and hit some pedestrians who were walking across the street.

One important exclusion of the third party bodily injury is that it does not provide coverage for bodily injury or death to the insured or any person who lives in the same house with the insured.

- (3) Passengers' Liability provides cover for bodily injury or death of any person travelling in, or while entering, or while alighting from the insured automobiles caused by accident of the insured, i.e. your friends were injured by your accident in driving while they were travelling with you in your automobile.

One important point regarding the passengers' liability coverage is that it does not cover the bodily injury or the death of the passengers in your insured automobile if such bodily injury does not arise from your negligence, i.e. you drove your insured automobile carefully, but a ten-wheeled truck smashed your automobile and resulted in bodily injury or death to your friends who were travelling with you.

The important exclusion of the passengers' liability is that it does not provide coverage for bodily injury or death to the insured or any person who lives in the same house with the insured.



### **5.8 General Exclusions of the Voluntary Motor Insurance**

Some of the most important exclusions which apply to both own physical damage of the insured automobile and third party liability of the Voluntary Motor Insurance are as follows:

- (1) War, revolution, military or usurped power if your insured automobile on the comprehensive type, was badly damaged by the bomb of the soldier in the war;
- (2) If you drive your insured automobile outside the territory of Thailand, i.e. the policy does not cover any loss or damage if you drive your insured automobile to other countries. However, you may request your insurer to extend temporary coverage with additional premium payment;
- (3) You use your insured automobile for illegal purposes, i.e. to rob the bank and while you tried to escape, your insured automobile was fired by the police and overturned;
- (4) You use your insured automobile for racing or speed testing in the way of sports that the insurer will not pay for any loss in this case. The reason is that it will increase the morale hazard of the insured of the insurer covers this action.
- (5) You are under the influence of intoxicating liquor or drug to the extent of being unable to control your insured automobile by yourself.

### **5.9 Extended Cover of the Voluntary Motor Insurance**

Some of the extended cover which are available under the Voluntary Motor Insurance are as follows:

- (1) Personal accident will cover the driver and/or the passengers in the insured automobile who may sustain some accidents and result in death or dismemberment. The cover will apply only while the driver and/or the passengers are travelling in, getting on or getting off the insured automobile without any proof of the negligence of the insured.
- (2) Medical expenses will cover the driver and/or the passengers in the insured automobile who may sustain some accidents and resulted in bodily injury which need some medical treatment. The cover will apply only while the driver and /or the passengers are travelling in, getting on or getting off the insured automobile without any proof of the negligence of the insured.
- (3) Airfreight cost will apply in case that the insured automobile was damaged by some accidents and the spare part(s) must be ordered from overseas by airfreight. The insurer will pay for the additional cost of transportation by airfreight.
- (4) Lettering and sign will apply for loss or damage to the lettering sign and ornamentation which have been modified from the original state of the insured automobile, i.e. the sticker, tinted film, spoiler, etc., which the insured puts on his/her insured automobile later.
- (5) Bail bond will apply in case that the insured is arrested by the policemen in an automobile accident. With this extended coverage, the insurer will bail the insured out of the custody while he/she is under investigation.
- (6) Extended territory will apply in case that the insured must drive the insured automobile outside the territory of Thailand i.e. drove to Malaysia. The extension is usually granted on a temporary period such as 7 days.

### 5.10 Policy Conditions

Some of the most important policy conditions of the automobile insurance in Thailand are classified as follows:

#### (1) Insured

The automobile insurance provides coverage to the person whose name appears as the insured on the policy and/or any person whom the insured authorizes to drive the insured automobile, i.e. the insured may authorized his wife, his son or his friend to drive his insured automobile for some time. In that case, the insurer will provide coverage if that person caused any covered automobile accident.

For the new insurance law, the insured should specify the second insured that he/she allowed to use the insured automobile that if the insured specify, he/she will get lower premium rate that does not specify the second user.

#### (2) Private Passenger Vehicle

In case you insure your insured automobile on the comprehensive type, with the registration as a private passenger vehicle, and the policy was expressly written "Private use and not for hire or to let on hire". If you use your insured automobile for hire or to let on hire in order to earn extra money, in case of accident, it would result as follows:

- (a) with respect to the own physical damage of your insured automobile, the policy does not provide any coverage since you did not comply with the rule or the warranty of the policy;
- (b) With respect to the third party liability, the policy will provide coverage for third party property damage, third party bodily injury

and/or passengers' liability, under the condition that you have to pay the first Bht 2,000 of loss by yourself.

**(3) No claim discount**

If you insure your automobile and you do not have any claim at all during the period of insurance, the insurer will give reduction of premium for good experience, or No Claim Discount to you. This discount will range from 20-40% of the premium on the previous year. The percentage of the discount will depend on the number of years, which you do not have any claim at all.

**(4) Poor Experience**

If you have a lot of claims, both in terms of frequency and severity, on your automobiles insurance, during the period of insurance, the insurer may:

- (a) cancel your policy during the period of insurance and refund you some premium; or
- (b) not renew your policy at the end of the period of insurance; or
- (c) Increase your premium for the next year, if the insurer is willing to renew your policy.

**(5) Fleet Discount**

If you insure several automobiles, i.e. 3 or more automobiles, which you own in the same fleet, with the same insurer, you will receive the fleet discount. The percentage of the discount will range from 30-40% of the premium and will depend on the number of automobiles insured under the same fleet.



## **(6) Non-Transferable**

The insured cannot transfer your automobile insurance to someone whom you sell your automobile to. This is so because automobile insurance is a personal contract between the insured and the insurer. It is possible that the buyer of your automobile may be a poor driver that the insurer is not willing to insure him/her.

## **(7) Deductible**

The insured may have to bear some deductibles which will depend on each case, for example:

- (a) If you insured on the comprehensive type, and your policy specified in the item No. 7 of the schedule for certain amount of deductible, then you will be responsible for that amount, i.e. the first Bht 2,000 of each and every loss;
- (b) If you insured your automobile on the comprehensive type and your insured automobile was smashed but you cannot report the name or the license plate number of the other party who smashed your automobile to the insurer, then, you will be required to pay the first Bht 2,000 of loss in respect of physical damage to the insured automobile by yourself.

### **5.11 Guideline in Case of Automobile Accident**

In case of automobile accident, an insured or the driver of the automobile should do as the follows:

- (1) Notify the claims person of your insurer by telephone immediately. In case the accident occurs during non-office hours, you should call the surveyor appointed by your insurer.

- (2) Report the accident to the police and ask them to record the case in the police daily note;
- (3) Not offer or agree to pay or agree to accept any compensation to or from any person, without the consent of your insurer.

### **5.12 Methods of Claims Settlement**

According to the policy condition, when there is an automobile accident, either own physical damage or third party liability, the insurer may:

- (1) Pay in cash to the insured for the cost of damage to the insured automobile, or to the third party whose properties may be damaged by the insured or to the third party who may be injured or killed by the negligent driving of the insured.
- (2) Repair the damaged parts of the insured automobile or the properties of the third party.
- (3) Replace the damaged parts of the insured automobile or the properties of the third party with the like kind and quality items.

Most of the practice in Thailand will be paying in cash to the insured or the third party. However, there are some insurers who always try to repair the damaged automobile by using their own garages.

### **5.13 Factors Affecting the Insurance Premium**

Some major factor which will affect the insurance premium for your automobile insurance are as follows:

#### **(1) Type of automobile to be insured**

- (a) **Sedan and Motorcycle.** The insurance premium for the one with higher engine capacity (cc.) will be more expensive than the one with less engine capacity.

**For example,** the insurer classifies the engine capacity of the sedan as follows:

- (1) Not over 1,000 cc.
- (2) 1,001 – 1,500 cc.
- (3) 1,501 – 2,000 cc.
- (4) 2,001 – 3,000 cc.
- (5) Over 3,000 cc.

The rate for the 1,800 cc. will be higher than that of the 1,300 cc.

- (b) **Bus,** the insurance premium for the one with more seating capacity will be more expensive than the one with less seating capacity

**For example,** the insurer classifies the seating capacity of the bus as follows:

- (1) not over 10 seats
- (2) 11 – 20 seats
- (3) 21 – 30 seats
- (4) 31 – 40 seats
- (5) over 40 seats

- (c) **Truck** the insurance premium for the one with more gross weight after loading any goods will be more expensive than the one with less gross weight after loading.

**For example,** the insurer classifies the gross weight of the private truck as follows:

- (1) Not over 2,000 kg.
- (2) 2,001 – 4,000 kg.
- (3) 4,001 – 6000 kg.

- (4) 6,001 – 8,000 kg.
- (5) 8,001 – 10,000 kg.
- (6) 10,001 – 12,000 kg.
- (7) 12,001 – 14,000 kg.
- (8) 14,001 – 16,000 kg.
- (9) Over 16,001 kg.

#### **Type of coverage**

- (a) Comprehensive type will be the most expensive one.
- (b) Third party + own physical damage (excluding collision and overturning) will be the moderate one.
- (c) Third party liability only will be the least expensive one since it provides the most limited coverage.

#### **Sum insured**

The one with higher sum insured or limit of liability will be more expensive than the one with lower insured or limit of liability.

#### **Claims experience**

If you have a lot of claims during the period of insurance, the insurer may increase your insurance premium for the next year.

#### **Period of insurance**

You will pay fewer premiums if you insure your automobile for less than 12 months.

### **5.14 Major Points to Be Considered before Purchasing Automobile Insurance**

Some of the major points which one should consider before purchasing automobile insurance from any insurer are as follows:



(1) Do you have insurable interest in the automobile? For example, as the owner of the automobile, you will suffer some financial loss if your automobile was stolen by someone or damaged by some accident. Other situations such as the hire purchase company, which lent some money to the purchaser of the automobile, also has insurable interest in that automobile to the extent of the balance of the loan.

(2) Your automobile is a brand new or a used one?

If it is a brand new automobile or in a very good condition, you should consider to insure it on the comprehensive type, since the potential severity for the financial loss in case of own physical damage, i.e. collision, overturning, or theft of the entire vehicle is very high.

If it is a used one or in a very good condition, you may consider to insure in the third party liability only, since the potential severity for the financial loss in case of own physical damage is low.

(1) Your driving experiences how long have you are driving? Most of the new drivers will incur a lot of automobile accidents during the first year of their driving.

(2) Your financial condition. How much do you plan to pay for the insurance premium per year?

(3) Type of coverage is it a comprehensive type, which is the most expensive one, or a third party liability only which is the least expensive one? You should consider the type of coverage in comparison with the condition of your automobile.

(4) Coverage limit. With respect to the coverage limit, we will divide our consideration into two points:

Sum insured for own physical damage of the insured automobile. Since the automobile is insured on the first loss basis, in which the insurer will not apply the average in case that you insure your automobile less than its full market value. However, in case of total loss, the insurer will pay up to the sum insured only, this mean that you have to absorb the difference between the full market value and the sum insured by yourself. Most of the insurers in Thailand will not allow you to insure your automobile less than 80% of its full market value.

Third party liability limit. What is the limit per person and per accident, which your insurer will be responsible in case of accident? Some insurers provide a very low limit of liability, this will make you in trouble if you caused some automobile accident, because you have inadequate limit of protection.

For example: some insurers in Thailand provide the following third party liability limits to its insured:

- (1) Third party bodily injury not exceeding Bht 50,000/person and Bht 250,000/accident.
- (2) Third party property damage not exceeding Bht 100,000/accident.

While some insurers provide the following third party liability limits to its insured:

- (1) Third party bodily injury not exceeding Bht 1,000,000/person and Bht 5,000,000/accident (or even unlimited liability).
- (2) Third party property damage not exceeding Bht 5,000,000/accident.

It is better for you to have adequate limit of protection, especially in the third party liability to avoid any problem in case that you negligently smashed someone's Mercedes Benz or hit a rich person.

- (1) Are there any deductibles in your policy? If yes, how much do you have to pay per accident? Some insurers do not have any deductible, but the premium rate will be slightly more expensive.
- (2) Cost of insurance. You should compare the annual premium with the type of coverage and the limit of liability, along with the deductible, if any, available from each insurer. Some insurers offer a low premium policy, but also a low coverage too.
- (3) Services provided by the insurer in case of accident. Some insurers provide prompt service to the insured in case of accident, while some insurers may let you wait for a few hours before they will send someone to investigate your accident.
- (4) Reputation of the insurer which you will select. Some insurers do not comply with the policy condition or the coverage agreements as specified in the policy. If you have any problems about the wording of the policy or the claims settlement practice of that company, you should contact the Legal Division of the Department of Insurance, Ministry of Commerce.
- (5) Financial strength of the insurer which you will select. Some insurers might be in financial difficulties, especially in the big claim, and try to delay the claims settlement as long as 6 months or more after date of the accident or even to pay on the installment basis.

## **VI. FIRE INSURANCE**

### **6.1 Fire in Insurance Sense**

- (1) For the purpose of fire insurance in insurance sense must consist of the following factors:
- (2) There must be actual ignition.
- (3) There must be something on fire, which ought not to be on fire.
- (4) The fire must as far as the insured is concerned, be entirely accidental or unexpected and unforeseen in origin.
- (5) The fire must be the proximate cause of the loss.

### **6.2 Accidental Fire and Non-accident Fire**

Accidental fire is fire which resulted from the insured's negligence or caused by the willful act of a third party without the insured's knowledge.

Non-accident fire is the fire caused by the willful act of the insured or with the insured's knowledge.

### **6.3 Fire Damage**

Once a fire occurs, then any damage proximately caused by it is fire damage. For example;

- (1) damage to the premise in order to get access to the scene of the fire
- (2) damage by smoke from the fire
- (3) damage by water or chemicals used to put out the fire
- (4) damage to property thrown or moved from a burning building in a bona fide effort to save it from destruction by fire
- (5) damage to property blown up to prevent from spreading.



#### **6.4 Covered Perils**

The standard covered perils of fire insurance in Thailand can be classified as follows:

- (1) Fire whether occurred from explosion or not
- (2) Lightning
- (3) Explosion of gas used for illuminating or domestic purposes only.

All of the above damages would be covered by the standard fire insurance as they arose from the covered perils.

Besides this standard fire, there are some causes of loss, which are excluded from the policy, but the insured can request an additional premium payment to extend coverage. We will call these extended perils as “extraneous perils”.

#### **6.5 Reasons of Excluding Certain Perils**

Fire insurance must have some specified exclusion in the policy in order to:

- (1) To protect the insurer from some event which may cause catastrophic loss or damage such as natural perils, social perils, and political perils.
- (2) To avoid potential dispute between the insured and the insurer on the cause of loss similar to fire which is not the meaning of fire in insurance sense.

#### **6.6 Exclusions of Fire Insurance**

Fire insurance does not cover any loss or damage occasioned by or through or in consequence of directly or indirectly of the following occurrences namely as follows:

- (1) Earthquake
- (2) Windstorm such as typhoon, hurricane, tornado.
- (3) War
- (4) Riot, strike, political and social perils.

- (5) Explosion of all kinds (whether explosion occurred from fire or not) except those specifically covered in the coverage agreement.
- (6) Bush fire, clearing of lands by fire.
- (7) The burning of property by order of public authority, or to burn house or other properties in order to prevent the spread of some epidemic.
- (8) Theft during or after the occurrence of a fire.
- (9) Own fermentation, natural heating and spontaneous combustion of insured property or by its undergoing any heating or drying process.
- (10) Nuclear weapon
- (11) Ionizing radiation
- (12) Aircraft and aerial devices and/or dropped therefrom.

#### **6.7 Extraneous Perils**

The following are some of the excluded losses, which the insured may request the insurer to extend the coverage by additional premium payment.

Extraneous perils may be grouped under four broad groups:

- (1) Perils of a chemicals type such as:
  - (a) Explosion
  - (b) Spontaneous combustion, heating or fermentation
- (2) Social perils and/or political perils
  - (a) Riot, civil commotion, strikers, locked out workers or persons taking part in labor disturbances.
  - (b) Malicious damage, vandalism
- (3) Perils of nature
  - (a) Windstorm
  - (b) Flood

- (c) Hail
- (d) Earthquake
- (e) Subterranean fire
- (c) Bush fire
- (4) Miscellaneous Perils
  - (a) Impact by aircraft or articles from the aircraft
  - (b) Impact by vehicle or animals
  - (c) Electronic short circuit
  - (d) Water damage such as bursting or overflowing of water tanks, apparatus or pipes
  - (e) Smoke damage
  - (f) Loss of rent

#### **Excluded Perils**

Fire insurance does not cover certain types of properties. The underlying reasons are as follows:

- (1) There may be some problems of the valuation of properties after loss or damage occurred.
- (2) The insurer can be ascertained that the sum insured of some properties have been properly set, and to have proper coverage condition.
- (3) Some types of properties such as explosives are very hazardous to be insured.

In order to insure these properties, the insurer must have some special conditions before insuring them.

Some of the properties, which cannot be covered by the fire insurance in the normal circumstance, are as follows:

- (1) Goods hire in trust or on commission
- (2) Bullion or precious stones
- (3) Any antique or work of art for an amount exceeding Bht 2,000 per piece
- (4) Manuscripts and models
- (5) Securities, stamps, coins, bank note and check
- (6) Explosives
- (7) Electrical machines, apparatus or any portion of the electrical installation insured under this policy of which loss or damage arising from or occasioned by overrunning, excessive pressure, short circuiting or whatever cause to the particular electrical machines apparatus or any portion of the electrical installation so affected only.
- (8) Property damaged, collapsed or dented by pressure or vibration of explosion.

#### **6.8 Factors Affecting Fire insurance Rate**

The following factors will directly affect fire insurance rate for a building, house and/or its contents:

- (1) Type of construction whether the house was built with all concrete, all wood or the combination of concrete and wood. This will directly relate to the degree of potential damage by fire.
- (2) Occupation: if you use your building to stock some hazardous goods, the insurer will charge higher rate than the one, which is used for residential purpose only.
- (3) Location which can be viewed as two dimensions as follows:
  - (a) Horizontal Axis: which it is located in a congested area such as Sam peng. The one, which is located in a very hazardous or congested area,



will have to pay higher insurance rate than the one, which is located in a remote area.

(b) Vertical Axis: if you are living in a high rise building such as condominium which has more than 7 storeys, the fire insurance rate will be the same for the first seven storeys. From the eighth storey onward the rate will be more expensive for each higher storey.

(4) Fire extinguishing system: if your building installed some fire extinguishers, hose reels, or automatic sprinkler system, you will receive some discount in your insurance rate.

#### **6.9 Methods of Claims Settlement in Fire Insurance**

The insurer has the right according to the fire insurance contract to make a claim settlement to:

- (1) Repair the damaged properties to the same condition before the loss occurred.
- (2) Replace the damaged properties with the like kind condition and quality as they before the loss occurred.
- (3) Pay in cash for the actual loss sustained up to the sum insured which is usually done in Thailand.

#### **6.10 Guidelines to Be Considered before Purchasing Fire Insurance**

Before going to purchase fire insurance from any insurer, he/she should consider the following factors:

- (1) One of the most important policy conditions in fire insurance is that the insured must insure each of the properties such as building, furniture, machinery, etc. for its full actual cash value.

If the insured does not insure for its full actual cash value, the insurer will apply the average condition at the time of the claims payment and the insured will not receive the full amount of loss

- (2) If the insured is a business firm and is insuring his/her office building industrial plant and/or machinery, he/she should consider to insure these properties on the replacement cost basis in which the insurer will pay the new replacement cost of the damage properties without taking into consideration the depreciation.

However, if the insured is insuring on the replacement cost basis, he/she must adjust the sum insured to be adequate for the replacement cost every year.

Standard fire insurance in Thailand covers only damage to the insured properties by fire, lightning, and/or explosion of gas used for domestic purpose i.e. explosion of LPG which is used for cooking in your house. However, there are some other perils, which may cause damage to your properties such as damage by windstorm, flood, earthquake, aircraft impact, vehicle impact and electrical short circuit.

Therefore, you should consider adding some necessary extended perils into your fire insurance. These extended perils will usually cost very little when compared with fire insurance rate.

- (1) Consider the insurance rate
- (2) Reputation of the insurer

## **VII. MARINE CARGO INSURANCE**

### **7.1 Terms of Sale and Insurance Arrangement**

First, we should know the basic arrangement for the marine cargo insurance. There are three basic types of sales contracts which are most commonly used in international trade which are:

- (1) F.O.B.: Free on Board term of sales;
- (2) C.I.F.: Cost, Insurance and Freight term of sales;
- (3) C & F: Cost and Freight term of sales.

#### **F.O.B.**

Under the F.O.B. term of sales, the exporter will not include the cost of marine insurance premium in his quotation to the buyer as the buyer is expected to effect the Marine Insurance cover by himself. However, the exporter may be required to effect inland transit insurance cover whilst the goods are in transit from his premises/warehouses to the port of loading. Thus, once the goods are loaded on board the vessel at the port of loading, the exporter will not be responsible for any loss or damage occurred thereafter.

The responsibilities attaching to the seller and the buyer under F.O.B. terms of sales are as follows:

- (1) The seller must supply the goods and pack them for the transit. Then, deliver the goods on board the vessel, bear all cost of risks of the goods until such time as they are on board the ship at the port of shipment. Provide the usual documents as proof of delivery of goods on board the vessel and notify the buyer without delay that the goods have been delivered on board the vessel.

- (2) The buyer must bear all costs and risks of the goods from the time they are on board the ship at the port of shipment and pay the price as provided in the contract.

It is important that the seller must notify the buyer without delay that the goods have been shipped. This is to allow the buyer to arrange an insurance to cover the goods from the time they become the buyer's risk. This insurance arranged by the buyer would only commence when the goods are loaded on board the ship. It would not cover from the time they left the seller's warehouse.

#### **C.I.F.**

Under the C.I.F. term of sale, the exporter will quote to the buyer the cost of the goods plus Marine Insurance covers for the whole duration of the journey of the goods.

He will then assign the marine insurance policy to the buyer so as to protect the buyer for the remainder of the transit.

The responsibilities attaching the seller and the buyer under C.I.F. term of sale are as follows:

- (1) The seller must supply the goods and pack them for the transit. Make an arrange at his own expense the shipment of the goods to the name port of destination and pay the freight charges which bear all risks of the goods until they are on board the ship at the port of shipment. The seller must provide at his own expense a policy of marine insurance in terms usual in the trade and present the usual documents such as invoice, clean bill of lading and marine insurance policy for acceptance by the buyer.
- (2) The buyer must accept the document if they are in conformity with the contract of sale and pay the price as provided in the contract. The buyer



must receive the goods at the final point of destination and pay all costs of discharge and delivery.

The final point of destination under C.I.F term of sale can be either Port of destination and/or buyer's premise/ warehouse.

The seller will be responsible for the goods only until they are on board the ship. The policy of marine insurance, which the seller must provide, will protect the seller during the period the goods are at his risk and it will be assigned so as to protect the buyer for the remainder of the transit. This policy will cover the goods from the time they leave the seller's warehouse until they are received by the buyer.

### **C & F**

C & F term of sale is identical with a C.I.F. term of sale except the responsibility for insurance is upon the buyer and not the seller. The goods are still at the risks of the seller until they are on board the ship and he may choose to insure the goods for that period or not choose. The buyer will arrange insurance as soon as he receives notification of the shipment in similar manner as under a F.O.B. term of sales.

## **7.2 Type of Documents**

A typical set of documents for marine cargo insurance would include as follows:

- (1) A commercial invoice: is the basic document which set all the information of the sales contract such as the name of the seller and the buyer, the goods sold, the price agreed, the term of sales, the shipping marks and any other information which may be necessary. This could include the charge for freight and insurance if the sale is on a C & F or C.I.F. basis.
- (2) An order bill of lading is an evidence that a contract exists between a ship owner and someone shipping the goods and it is also a receipt showing that the goods in question have been accepted by the carrier. This bill of lading

is a document of title to the goods and it must be surrendered by the consignee at destination in exchange for the goods.

- (3) A draft or Bill of Exchange is an order instruction someone to pay its amount upon presentation or at some future date in time. A draft is prepared by the seller naming himself or his bank as the payee. It is forwarded by his bank to a branch or correspondent bank in the city of the buyer or port of entry. The draft is accomplished by collection instructions and the Commercial Set. The collecting bank advises the buyers that the shipping documents have arrived and will be released to him upon payment or acceptance of the draft. If the draft is a sight draft, the shipping documents will only be released upon payment at the time of presentation to the buyer. If it is a time draft, the buyer need only sign the face of the draft signifying acceptance and the documents will be released. Payment need not be made until the end of the time period specified.

- (4) A marine cargo insurance

### **7.3 Property Loss Exposures for the Shippers**

We can classify the perils which may cause some potential loss to the shipper as follows:

- (1) Perils of the seas are the major perils that cause damage to property on seas and that are particularly associated with seas for example the atmospheric perils and windstorm.
- (2) Fire and explosion that threat sinking or stranding. These perils are even more serious afloat than ashore.
- (3) Loading and unloading is the third type of property loss exposure.

- (4) Jettison is a type of voluntary action causing loss. When an ocean venture is threatened with disaster it may be wise to sacrifice some of the property involved to save the rest for example throw some cargo overboard to lighten a stranded ship.
- (5) Explosion is possible when some machinery in the ship may explode and cause extensive damage to the cargoes in the ship.
- (6) Riots and other civil disturbances may be some violence in both labor and political disturbances. The intensity of this peril varies greatly from time to time and from place to place.
- (7) Dishonesty is a more important form that may causes loss as follows:
  - (a) Barratry includes fraudulent, dishonesty or illegal acts on the part of the master of the ship or crew which result in injury to the ship or the cargo;
  - (b) Loss from theft by outsiders is the major exposure to theft by force or violence in ports and during land transportation rather than while afloat.
- (8) Seizure by Government Authority. This may mean confiscation of cargo, confiscation of a ship, heavy fines, or simply significant costs form delay. Government seizure may be due to established law or by arbitrary exercise of power.
- (9) War damage is considered to be that resulting from acts of war between nations. These include the capture, seizure, or detainment of a ship by a nation that is at war.

#### **7.4 Types of Marine Insurance Policies**

There are 3 main types of marine insurance policies which are as follows:

- (1) Single policy is for companies importing and/or exporting infrequently on a “one off” basis such as a policy is normally written on a specified voyage from one port/place to another.
- (2) Annual policy is for companies who have regular local sending, this type of policy is basically an open policy but issued for a period of time usually 12 months.
- (3) Open cover is for companies importing and exporting on a regular basis with a wide range of goods and destination which is normally arranged for a 12 months period but it may be a permanent or indefinite period policy which means that they can only be terminated in accordance to the cancellation clause stipulated in the Institute Standard Conditions for Cargo Contract (30 days for Marine risks, 7 days for War, SRCC risks).

A marine open cover is not a policy of insurance but an agreement between the Assured and the Insurer under which the Assured is duty bound to declare and the Insurer agrees to accept all shipments falling within the scope of the Open cover during the stipulated period.

The advantages of a Marine Open Cover to the Assured are as follows:

- (1) The assured is afforded automatic insurance protection from the moment goods at his risk commence their transit from one place to another. This protection is provided even though a loss or damage has occurred before the declaration is made;
- (2) Insurance protection is provided in the event that someone has omitted to declare the shipment. This cover is dependent on the Assured, rectifying such omission as soon as it occurs to his knowledge that the omission to declare has occurred;



- (3) Pre-determined terms and conditions are agreed in advance and this will assist the Assured in his budget for insurance cost.

The advantages of a Marine Open Cover to the Insurer are as follows:

- (1) An Open Cover issued to a client immediately binds the Assured to the Insurer for all shipments falling within the terms of the Open Cover or indefinitely until cancellation. This assures a regular flow of business to the Insurer;
- (2) There is the advantage of economic operation. Little administrative works are involved as arrangement can be made for the Assured to issue the certificates of insurance.

## **7.5 Standard Coverage of Marine Cargo Insurance**

There are three types of standard coverage available in the marine cargo insurance which are as follows:

- (1) Institute Cargo clause (A) (ICC A)
- (2) Institute Cargo Clause (B) (ICC B)
- (3) Institute Cargo Clause (C) (ICC C)

### **7.5.1 Institute Cargo Clause (A) (ICC A)**

Covers all risks of loss or damage to the subject matter insured which except in some causes of loss or damage which will be explained in the exclusions section. This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice incurred to avoid or in connection with the avoidance of loss from any cause except in the exclusion part. This insurance is extended to indemnify the Assured against such proportion of liability under the contract of affreightment "Both to Blame Collision" Clause as is in respect of a loss recoverable hereunder. In the event of any claim by ship-owners under the said

Clause the Assured agree to notify the underwriters who shall have the right at their own cost and expense to defend the Assured against such claim.

### **Exclusions**

The following includes the general exclusions in the ICC (A) section which are as follows:

- (a) In no case shall this insurance cover
- (b) loss, damage or expense attributable to willful misconduct of the Assured;
- (c) ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject matter insured;
- (d) loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject matter insured;
- (e) loss, damage or expense caused by inherent vice or nature of the subject matter insured;
- (f) loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against;
- (g) loss, damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of the vessel;
- (h) loss, damage or expense arising from the use of any weapon of war employing automatic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (i) Loss damages or expenses arising from unseaworthiness of vessel or craft. Unfitness of vessel craft conveyance container or lift-van for the safe carriage of the subject matter insured
- (j) In no case shall this insurance cover loss damage or expense caused by

- war, civil war, revolution, rebellion, insurrection, or civil strife arising from or any hostile act by or against a belligerent power;
- (k) capture seizure arrest restraint or detainment and the consequences or any attempt thereat;
  - (l) derelict mines, torpedoes bombs or other derelict weapons of war.
  - (m) In no case shall this insurance cover loss, damage or expense caused by strikers, locked out workmen, or persons taking part in labor disturbances, riots or civil commotion resulting from strikes, lock out, labor disturbances, riots or civil commotion caused by any terrorist or any person acting from a political motive

#### 7.5.2 Institute Cargo Clause (B) ICC (B)

provides insurance coverage which will be listed as follows:

- (1) loss or damage to the subject matter insured reasonably attributable to: fire or explosion
  - (a) vessel or craft being stranded grounded sunk or capsized
  - (b) overturning or derailment of land conveyance
  - (c) collision or contact of vessel, craft or conveyance with any external object other than water
  - (d) discharge of cargo at a port of distress
  - (e) earthquake, volcanic eruption or lightning
- (2) loss of or damage to the subject matter insured caused by:
  - (a) general average sacrifice
  - (b) jettison or washing overboard entry of sea or river water into vessel craft hold conveyance container lift-van or place of storage

- (c) total loss of any package lost overboard or dropped whilst loading on to, or unloading from vessel or craft

This insurance cover general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice incurred to avoid or in connection with the avoidance of loss from any cause except those excluded in the exclusion section

This insurance is extended to indemnify the Assured against such proportion of liability under the contract of affreightment "Both to Blame Collision" Clause as is in respect of a loss recoverable hereunder. In the event of any claim by shipowners under the said Clause the Assured agree to notify the Underwriters who shall have the right at their own cost and expense to defend the Assured against such claim.

### **Exclusions**

The following includes the general exclusions in the ICC (B) section which are as follows:

- (1) In no case shall this insurance cover
  - (a) loss, damage or expense attributable to willful misconduct of the Assured
  - (b) ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject matter insured;
  - (c) loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject matter insured;
  - (d) loss, damage or expense caused by inherent vice or nature of the subject matter insured;
  - (e) loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against;



- (f) loss, damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of the vessel;
  - (g) loss, damage or expense arising from the use of any weapon of war employing automatic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
  - (h) Loss, damage or expense arising from unseaworthiness of vessel or craft. Unfitness of vessel craft conveyance container or lift-van for the safe carriage of the subject matter insured
- (2) In no case shall this insurance cover loss damage or expense caused by:
- (a) war, civil war, revolution, rebellion, insurrection, or civil strife arising from or any hostile act by or against a belligerent power;
  - (b) capture seizure arrest restraint or detainment and the consequences or any attempt thereat;
  - (c) derelict mines, torpedoes bombs or other derelict weapons of war.
- (3) In no case shall this insurance cover loss, damage or expense
- (4) caused by strikers, locked out workmen, or persons taking part in labor disturbances, riots or civil commotion
- (5) resulting from strikes, lock out, labor disturbances, riots or civil commotion
- (6) caused by any terrorist or any person acting from a political motive.

#### 7.5.3 Institute Cargo Clause (C) ICC (C)

provides insurance coverage which will listed as follows:

Loss or damage to the subject matter insured reasonably attributable to:

- (a) fire or explosion
- (b) vessel or craft being stranded grounded sunk or capsized
- (c) overturning or derailment of land conveyance

- (d) collision or contact of vessel, craft or conveyance with any external object other than water
  - (e) discharge of cargo at a port of distress
  - (f) earthquake, volcanic eruption or lightning
- (1) loss of or damage to the subject matter insured caused by:
    - (a) general average sacrifice, jettison
  - (2) This insurance cover general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice incurred to avoid or in connection with the avoidance of loss from any cause except those excluded in the exclusion section
  - (3) This insurance is extended to indemnify the Assured against such proportion of liability under the contract of affreightment "Both to Blame Collision" Clause as is in respect of a loss recoverable hereunder. In the event of any claim by ship-owners under the said Clause the Assured agree to notify the Underwriters who shall have the right at their own cost and expense to defend the Assured against such claim.

## **Exclusions**

The following includes the general exclusions in the ICC (C) section which are as follows:

In no case shall this insurance cover

- (a) loss, damage or expense attributable to wilful misconduct of the Assured
- (b) ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the subject matter insured;

- (c) loss damage or expense caused by insufficiency or unsuitability of packing or preparation of the subject matter insured;
- (d) loss, damage or expense caused by inherent vice or nature of the subject matter insured;
- (e) loss damage or expense proximately caused by delay, even though the delay be caused by a risk insured against;
- (f) loss, damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of the vessel;
- (g) deliberate damage to or deliberate destruction of the subject matter insured or any part thereof by the wrongful act of any person or persons
- (h) loss, damage or expense arising from the use of any weapon of war employing automatic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- (4) Loss, damage or expense arising from unseaworthiness of vessel or craft. Unfitness of vessel craft conveyance container or lift-van for the safe carriage of the subject matter insured.
- (5) In no case shall this insurance cover loss damage or expense caused by:
  - (a) war, civil war, revolution, rebellion, insurrection, or civil strife arising from or any hostile act by or against a belligerent power;
  - (b) capture seizure arrest restraint or detainment and the consequences or any attempt thereat;
  - (c) derelict mines, torpedo bombs or other derelict weapons of war.
- (6) In no case shall this insurance cover loss, damage or expense
  - (a) caused by strikers, locked out workmen, or persons taking part in labor disturbances, riots or civil commotion;

- (b) resulting from strikes, lock out, labor disturbances, riots or civil commotion;
- (c) caused by any terrorist or any person acting from a political motive.





## VIII. THE PROPOSED OF WEB SITE

### 8.1 SPELT Analysis

Social:

- (1) Nowadays, Internet is becoming a more important part in new business, most companies try to adapt and improve their traditional business to online business to take advantage of other competitors. In addition, most companies try to take this situation to take advantages from other competitors by providing service 24 hours a day and provide convenience for users as much as possible.
- (2) Most users and customers need more information of insurance in deciding to purchase insurance coverage. This web site provides more valuable information that is necessary for every kind of users who want to apply for an insurance policy.
- (3) Most Internet users use untruth and are unreliable in Internet transactions, but we will provide more security to protect our customer's database from third party.

Political:

- (1) The government seems to support the Information Technology business, so the online business will be more popular in the nearest future.
- (2) The government launches the Internet law to protect both enterprise and customer in this business transaction.

Economics:

- (1) Internet has become a more important way in making a business online as in information superhighway and has become an effective solution during the

economic slowdown. During the economic slowdown, the organization can reduce their associated cost while achieving their business plan and goal and can keep and expand market share during this situation.

- (2) During the economic slowdown, IT will help to reduce monetary cost for business organization and can save more profit for an organization.

Legal:

- (1) Although E-Commerce Laws have not been enacted until now, we can base our online transaction on the foundation of laws in terms of offer and acceptance. However the laws will be enacted soon to govern both domestic and international online business to protect both companies and users on the Internet.

Technology:

- (1) In Thailand, Internet based technology is now improving. Many organizations such as ISP, network companies, and related field improved their service to better provide higher speed and stability to their customer. ISDN is also introduced which allow for high-speed access and multimedia content that can support more graphic web site.
- (2) Security is now improving to protect both business companies and users who access the Internet world. The security such as RSA, SSL, DES, and SET has already supported to protect an online payment.
- (3) Most programs emerged to support and make online business user friendly for the user. The user can do their business transaction online in an easy and convenient way through the better Internet Technology.

## 8.2 Competitive Analysis

### SWOT Analysis

#### Strengths:

- (1) Name of this web site, I-Cover.com, is easy to pronounce and recognize so that the customer or visitors can easily remember it, which helps to support them to visit this web site.
- (2) Type of policy: we provide an appropriate insurance policy, which is appropriate for each customer and more valuable than other competitors in this business.
- (3) Comprehensive information: we provide a variety of insurance policies and information, which help our customer in making a decision before applying for a policy.
- (4) Precise and Updated information: the information is always up dated on the web site and a customer will get reliable information in this site.
- (5) Clear vision of the market: we know the customer and know the need of each customer in each type of insurance coverage.
- (6) Thai Language: we offer our customer in the Thai language so that the customer can understand the content and how to apply the policy in this web site.
- (7) Expertise: we emphasize only on three types of insurance policy, which are fire insurance, auto insurance and marine insurance that provide more specialization than other competitors.
- (8) Cooperative Strategy: we use our cooperative strategy by joining other parties in advertising to gain a competitive advantage.

- (9) Knowledge and staff: we have a routine rotation to encourage knowledge of our staff.
- (10) Attractive web site: we generate an attractive web site to make customer's loyalty.
- (11) Wide Customer Database: we have established a user database to keep their personal information and type of insurance policy they apply and also keep all insurance premiums and any claims each year.

Weaknesses:

- (1) New web site: Customers may not know our web site at the beginning when compared to other existing insurance companies.
- (2) Market share: due to this being a new web site, market share is low when compared with a conventional market and other competitors.
- (3) Conflict with traditional channel: since we have both off line and online channel, this may cause to affect each side of market share in the future.

Opportunities:

- (1) Convenience: more convenience to expand our market share to the cyber space channel and provide more convenience for a customer to apply an insurance coverage over the Internet.
- (2) Lower cost of media: The advertisement on our web site is cheaper than other conventional and other traditional media.
- (3) Increase market share: provide other channels to increase market by using Internet to support our tradition business channel.
- (4) Enhance services: can provide service 24 hours a day, 7 days a week which help to increase market share.



- (5) Update information: easy in update all information and update all customers' database in each type of insurance coverage we provided.

Threats:

- (1) High competitors: most insurance companies in Thailand have their own web site to support their traditional business.
- (2) Infrastructure: Thailand does not have adequate advanced telecommunications infrastructures to support an Internet business.
- (3) Less loyalty: most Thai people are unreliable in this business transaction (online-business) and unsure in a security to protect them.
- (4) Lack of Laws: Although some laws are enacted, many of them are still in the parliament. Therefore, laws are not completely enacted to govern the online business and when dispute occur, the question of law, which now is absent, may be asked to solve the problem. This is the most important threat at present.
- (5) Customer's perception: Many users including the organization and private customer may not trust the security in the Internet payment security. In addition, we do not have a strong security to ensure 100% security.

Table 8.1. Competitive Comparison Insurance Web Site.

Direct Competitor	Geographic Coverage	Products/Service	Started	Strengths	Weaknesses
www.royalsonline.com	International	Insurance service	2000	<ul style="list-style-type: none"> <li>- Brand equity</li> <li>- world wide web country</li> <li>- Portal agreements</li> <li>- Primary e-commerce provider</li> </ul>	<ul style="list-style-type: none"> <li>- didn't provide order online</li> <li>- Less insurance information</li> </ul>
www.allianacecp.com	Thailand	Insurance service	June 1995	<ul style="list-style-type: none"> <li>- more expert in insurance field</li> <li>- Provide a wide variety of insurance service</li> <li>- have a long vision in insurance field</li> </ul>	<ul style="list-style-type: none"> <li>- Normal in insurance web design</li> <li>- no attractive web page</li> </ul>
www.silkspan.com	Thailand	General in insurance	2000	<ul style="list-style-type: none"> <li>- attractive web page</li> <li>- more information and services</li> <li>- expert in insurance field</li> </ul>	<ul style="list-style-type: none"> <li>- fewer insurance information</li> <li>- no F.A.Q. to answer a customers</li> </ul>
www.deves.co.th	Thailand	Insurance	1990	<ul style="list-style-type: none"> <li>- Provide more insurance information</li> <li>- Provide a wide variety of insurance contract</li> <li>- attractive web site</li> </ul>	- N/A
www.bui.co.th	Thailand	Insurance service	2501	<ul style="list-style-type: none"> <li>- Provide more insurance information</li> <li>- More information and service</li> </ul>	- Not complete web site



Figure 8.1. Web Image of [www.allianzcp.com](http://www.allianzcp.com).

AllianzCP is a new name of Ayudhaya CMG, which merged with three companies as CP Group, Ayudhya Bank and Allianz Company. This site provides general information and start with company background. Furthermore, this site also introduces their organization, all managers who are concerned in this company. All users can find more information about insurance in this site especially in life insurance.



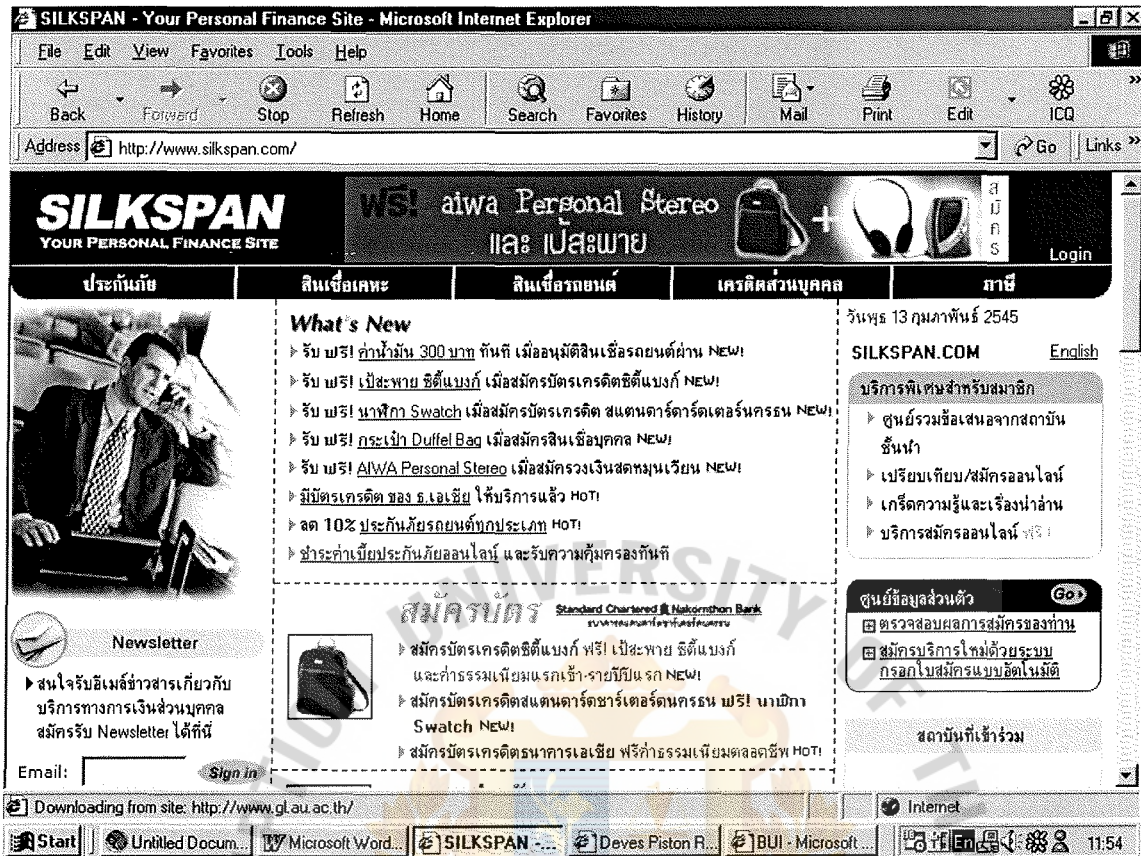


Figure 8.2. Web Image of [www.silkspan.com](http://www.silkspan.com).

The Silkspan Company is not an insurance company, but it is a general business that provides information in the insurance field. Silkspan Company provides more information in auto insurance and can apply insurance policy and code insurance premium form this web site. Silkspan.com is using a friendly web site by using a wide variety of colors to attract the visitors. In addition, this site also provides related topic with insurance, which is shown in the web site. This site also provides information in finance field too.



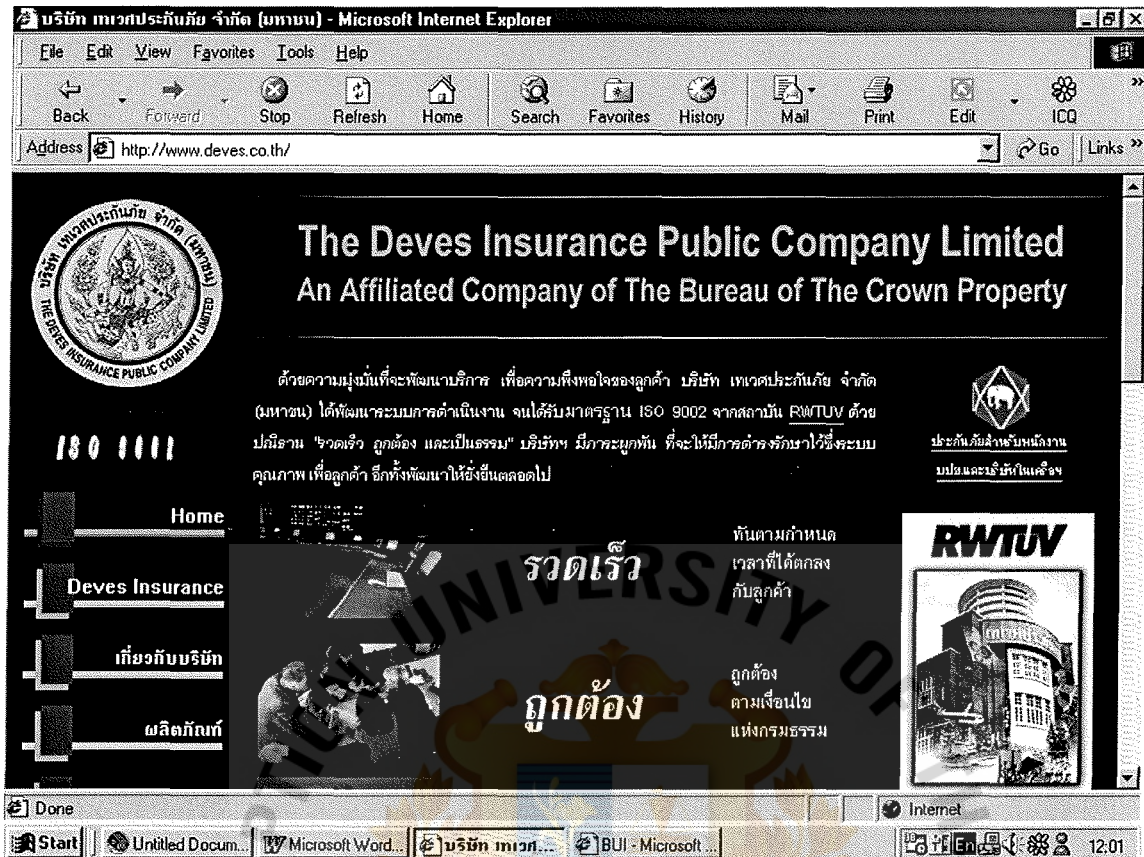


Figure 8.3. Web Image of [www.deves.co.th](http://www.deves.co.th).

Deves.com is another insurance company that generates web site to support their customer. This company emphasized on property and casualty insurance. This site provides more information in insurance field. Deves.com provide more links about insurance field which a user can click to search for more information in other web sites. The weakness of this site is it can't apply insurance policy online, just provide information and other services in insurance field.

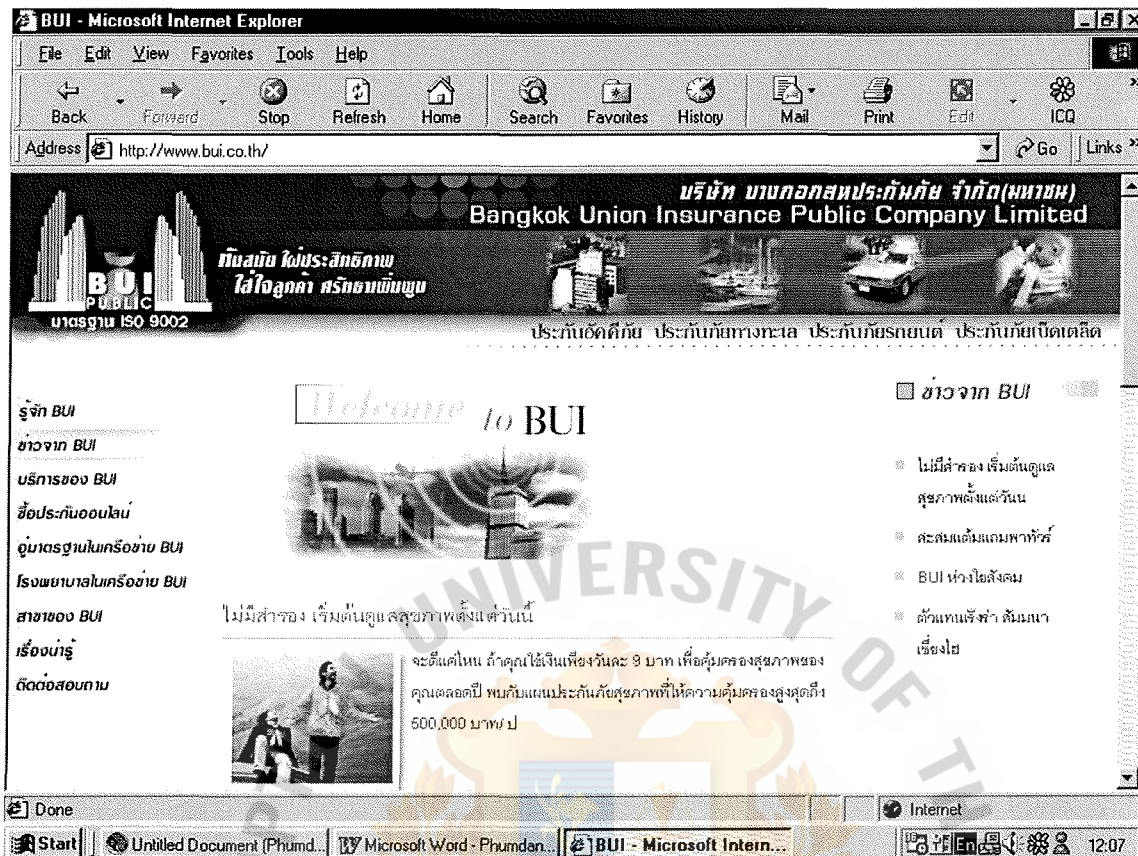


Figure 8.4. Web Image of [www.bui.co.th](http://www.bui.co.th).

This insurance web site provides four types of insurance business, which are fire, marine, auto and miscellaneous insurance. This site explains in detail each type of insurance coverage and provides news that is necessary for their users. A user can explore and find information in insurance in this site. But this site is not complete yet, a user can't apply for an insurance policy from this web site which is the weakness of this site. It's promoting their business using mark to travel to other province and/or get another insurance coverage.

## **IX. MARKETING OVERVIEW**

### **9.1 Target Market**

We segment our market in both business and private customer as detailed below:

Demographics: private customer and business customer:

Thai population and business in Thailand

Geographic: emphasize on Bangkok and its metropolitan area in the first few years

I-Cover.com, the newest web site that provides insurance information on the web and offer insurance policy online by accessing this web site. This site provides real time visibility into select a type of insurance coverage and has a table to compare insurance premium with other insurance companies.

We emphasized on both private and business customers which provide different premium costs. For the private customers, we require more personal information in analyzing insurance policy. On the other hand, for business customers, we require more information in business type, location, security and etc for an important factor in underwriting an insurance policy.

### **9.2 Need, Want and Demand**

Need:

- (1) To purchase an insurance policy to protect their property.
- (2) To be able to search for more information about type of insurance, type of protection and exclusion in each type of insurance policy.
- (3) To be able to apply insurance online by accessing this web site.

Want:

- (1) Reliable insurance policy and reliable in insurance service.



- (2) More secure in premium payment and convenience make to an insurance premium payment.
- (3) Easy to make a claim by accessing this web site.

Demand:

- (1) Insurance policy has appropriate for each user.
- (2) Insurance policy has reasonable premium charge.
- (3) Insurance coverage covers more scope than other competitors.

**Vision:** To enhance the competitive edge of the Insurance business in the new Internet Economy by using the information superhighway on the electronic marketplace.

**Mission:** To be the leading Insurance Business information provider and online insurance policy that can apply by using Internet.

### 9.3 Total Customer Value for I-Cover.com

#### Customer Value

- (1) Product / Service Value: This web site offers highly valuable information and up to date detailed information of insurance. It offers a variety of insurance policies and more coverage that is specified in policy online. This web site offers users to apply for an insurance policy that can select an appropriate insurance coverage in each case such as fire insurance policy, marine insurance policy and motor insurance policy. This web site will calculate insurance premiums for users and can make insurance payment in this site. The web site makes a banner for the insurance based on their specifications and requirements. Finally, this web site will provide all premium comparisons with other insurance companies and provide a cost of a second hand car in this web site.



- (2) Image Value: This web site creates a comprehensive information and detail in insurance online and creates a web site that is easy to use for a user. Apart from this, we will provide a consultant for new users who want to apply for an insurance policy online and guide in selecting each type of insurance policy. So it will create an image of the best place to find insurance information and apply insurance online in this web site.
- (3) Personnel Value: In the part of personnel value, this web site is created and designed by a professional web master who has more experience in creating attractive web sites. Apart from it, we will have a F.A.Q. department, which will answer any queries 24 hours about insurance problem, any claim that is made online. Our staff will also be trained and skilled to answer any questions and have a professional in any department to enhance our employee in each department and have a rotation to improve their knowledge.
- (4) Service Value: We provide user-friendly functions, which the organizational staff can easily apply. Customers can select the type of insurance policy they want and the system will automatically calculate their premium and keep in the customer database. Customers can access and request for insurance policy 24 hours a day, and can make a claim payment 24 hours a day too. We also provide more information and consultation before selecting each type of insurance policy (free of charge). In addition, customers can view their database in both premium payments in the current time and previous time and also check their claim in any time. We also provide an offline premium payment for customers who untruth an Internet security which can make payment via their bank account. Finally,

organizations can view their database to warn them in case of many claims in each month/year.

#### **9.4 Way to Reduce Customer Cost**

- (1) Monetary Cost: By visiting this web site, it will help the customer to reduce cost in applying for an insurance policy by using Internet. In addition, this site also offers discount for users who apply insurance online that helps to reduce monetary cost for user. Special promotion campaign will be set up to reduce the monetary cost for user.
- (2) Time Cost: This web site provides valuable information and provides a complete insurance policy for users that save time for users who wish not to spend travelling time to seek information. A user can access Internet to seek information in their home, office or anywhere at anytime by using Internet, in which there is no need to go to the insurance companies. Apart from this offer, it helps users to up date their database in both premium payment and their claim each month or year.
- (3) Energy Cost: This web site also helps to reduce energy cost due to not needing to go outside to seek good insurance companies. A user can find their information in their home, office or anywhere.
- (4) Psychic Cost: There is no psychic cost involved here since the site just provides information of insurance and apply insurance policy that does not requires adult consent or anything that a person would feel shy if they got caught seeing.

#### **9.5 Positioning**

Since I-Cover is representing a business online, customers can apply for insurance policy in both online and off line channels. A user can apply for insurance policy

anywhere and anytime by using Internet. Users can search for more information and select the best policies that is appropriate for each type of their product to protect their property.

#### **9.6 Competitive Advantages**

- (1) We obtain the best insurance premium and insurance coverage for our customer.
- (2) We provide service and any claim payment 24 hours/day 7 days/week.
- (3) Provide a valuable consultant by our professional staff in any question about insurance and other related question.
- (4) Insurance policy: provide a variety of insurance policies and more coverage than competitors.
- (5) Delivery insurance policy within 2-3 days after applying for a contract with us.

## **X. MARKETING STRATEGIES**

Our Marketing strategies consist of the following 4Ps.

### **10.1 Product:**

For our product, this web site provides more valuable information of insurance coverage, type of insurance policy and search engine for useful information that they need and want from this web site. Our products include the list of insurance coverage, type of insurance policy that list the insurance coverage and insurance exclusion that is useful for a user who wants to apply for an insurance policy. We will provide underwriting online and have delivery policy to their home. For the private user, we provide a type of insurance policy that is appropriate for such need and want and provide an appropriate insurance premium for each insurance coverage. A user can select our insurance policy by accessing our web site. For the commercial or companies, we also have a type of insurance for this group which extend insurance coverage to protect their property with an appropriate insurance premium.

### **Business Model**

For the business model of [www.I-Cover.com](http://www.I-Cover.com) is involved with both B2B and B2C. In B2B, there is a plan to do business with general factories that want to apply fire insurance to protect their property in their factory. In B2C, all users can apply our insurance policy by accessing this web site. In addition, we also use a tradition channel to serve our user in applying an insurance policy.

Features Available in this web site:

- (1) About us: provide basic information of I-Cover.com such as our history, general information, and staff. At the beginning, all data may not be



complete, however we will complete all the necessary information as soon as possible.

- (2) Register: A customer is allowed to register as our member and will get any information, promotion and other activities that will be sent to them. Registration will be done once, then our system will send password to them for their subsequent use.
- (3) Home: show the main page of this web site, which any user can view, an introduction about this site and will see all format of this business model. It will be as a welcome message to the audience as well.
- (4) FAQ: will provide valuable information that is necessary for our user and give more valuable advice for customers such as how to select an appropriate insurance policy. We will provide both real time discussion or give an advice via e-mail.
- (5) Insurance policy: this section will provide all information of insurance policy that classifies all inclusion and exclusion that is specified in each type of insurance policy. In addition, we also provide an insurance premium in each type of insurance coverage.
- (6) Policy online: we will provide a policy application online, which a user can request by filling their information that we prepared for them. All users' database will be kept in our company's database.
- (7) Search engine: customer can use this engine to find for more information of insurance and can search for other insurance companies who provide a related service for comparison.
- (8) The Search Directory: For the quickest way to find insurance policy and customer database, the Search Directory is the best option. The visitors only

type a type of insurance, their name, or their history and the search result will list all their database according their register.

- (9) Comment: This service is opened to every visitor who would like to share his or her comment or idea to this web site.
- (10) What's new?: Providing the customers with the information on insurance, any promotion about insurance policy.
- (11) Contact us: This link provides details about our business and information about who we are. The visitor can give his/her feedback and comments to us by e-mail.

## **10.2 Price**

### **Pricing Objectives**

- (1) To be able to survive in the online business for the first few years.
- (2) To have a profit margin in the next 2-3 years.
- (3) To be the market leader in insurance provider.

We will use price adjustment strategies such as buy one insurance will get another insurance coverage for free. We will include a promotion price in the special offer section. Our pricing strategies will be varied according to the type of property and the range of user's age that request for insurance policy.

### **Cost Benefit Analysis**

#### **Cost of the Web System**

The cost of this web site in the first year include as the following:

Table 10.1. Cost of I-Cover.com.

Cost Items	Quantity	Annual Cost	Total
<b><u>Fixed Cost</u></b>			
Server Cost	2	22,000	22,000
Personal Computer Cost	5	233,000	230,000
Software Cost		3,500	3,500
Network Cost		1,400	1,400
Laser Printer	3	45,000	45,000
Ink Jet Printer	2	26,000	26,000
Scanner	2	17,000	17,000
UPS	1	10,000	10,000
Advertising Cost		200,000	200,000
Maintenance Cost		100,000	100,000
Total Fixed Cost			654,000
<b><u>Operating Cost</u></b>			
Salary Cost:			
Managing Director		45,000	45,000
Web Programmer	2	80,000	80,000
Web Developer	3	90,000	90,000
Marketing & Sales	5	60,000	60,000
<b><u>Office Supplies &amp; Miscellaneous</u></b>			
Stationary		10,000	10,000
Paper		5,000	5,000
Miscellaneous		5,000	5,000
Total OS & Miscellaneous Cost			295,000
<b><u>Utilities Cost</u></b>			
Water		2,800	2,800
Electricity		11,500	11,500
Telephone		22,000	22,000
Total Utilities Cost			36,300
Total Cost			986,000

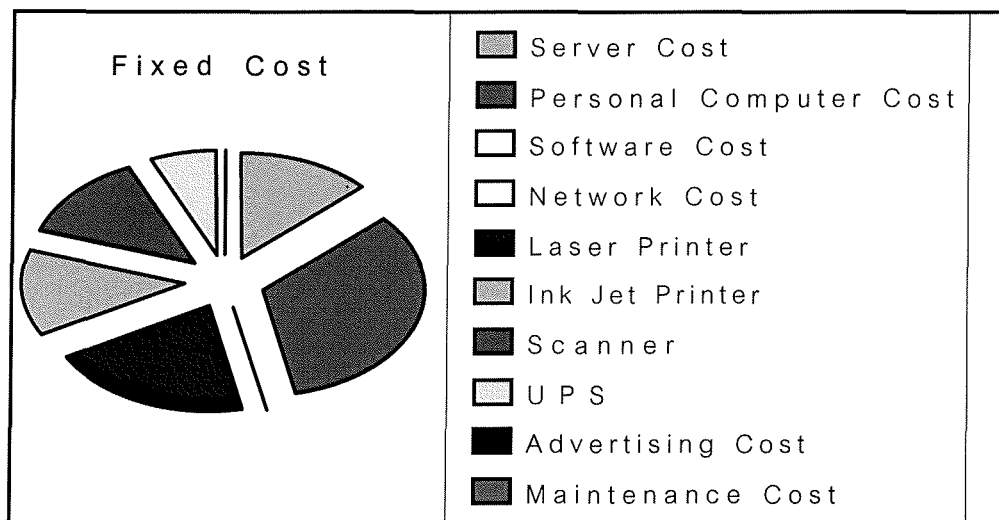


Figure 10.1. Fixed Cost of I-Cover.com.

This figure will list the proportion of all fixed cost in [www.i-cover.com](http://www.i-cover.com), which include server, PCs, software, laser printer, ink jet printer, scanner, Ups, Ads and maintenance cost.

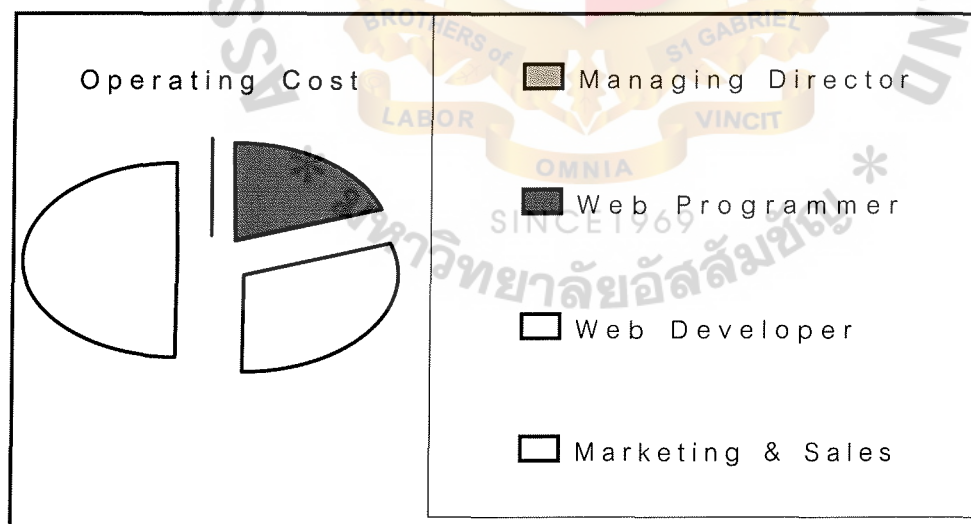


Figure 10.2. Operating Cost and Office Supply Cost of I-Cover.com.



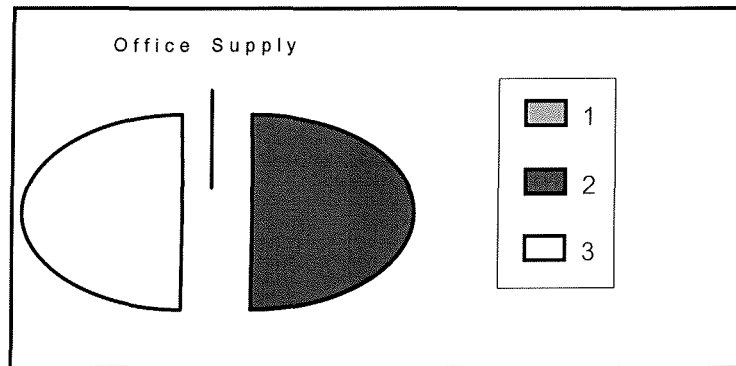


Figure 10.3. Operating Cost and Office Supply Cost of I-Cover.com.

This figure will show the proportion of both operating cost and office supply cost of [www.i-cover.com](http://www.i-cover.com).

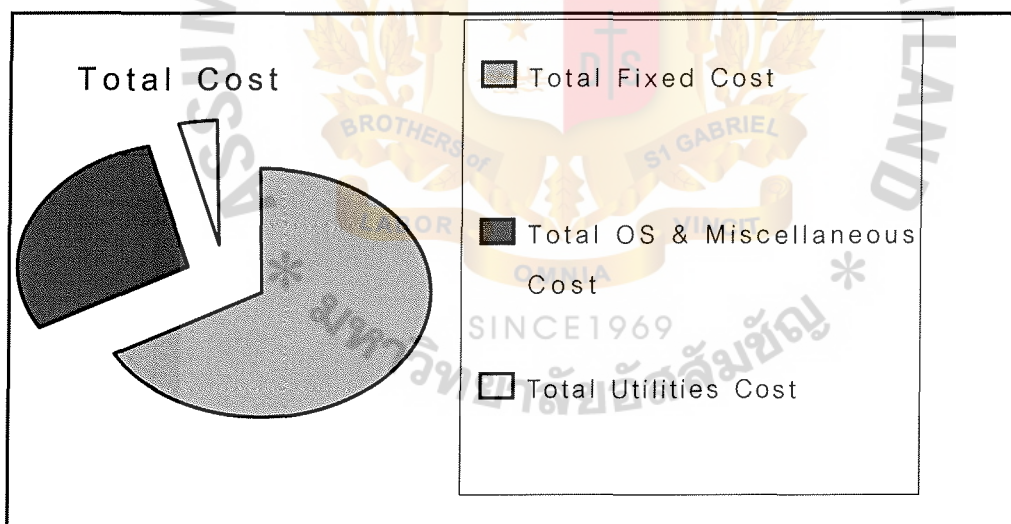


Figure 10.4. Total Cost of I-Cover.com.

The figure above will show all cost of [www.i-cover.com](http://www.i-cover.com) that will divided in three main section which are total fixed cost, total operating and miscellaneous cost and total utilities cost.

Source of Income:

Income will be generated from issuing an insurance policy and from banner and advertisement in our web site. We expect 120 accounts per month, By this expectation we will have ROI within 1 year as shown below:

$$\text{Total Investment} = \text{Fixed Cost} + \text{OS \& Miscellaneous Cost} + \text{Utilities Cost}$$

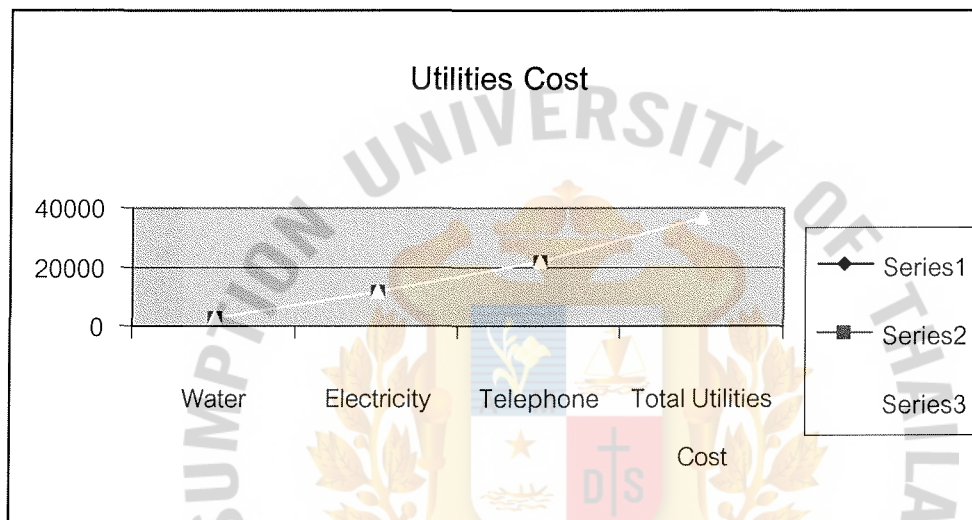


Figure 10.5. Utilities Cost.

$$= 654,900 + 295,000 + 36,300$$

$$= 986,200$$

Expected Return on Investment within 1 year or 12 months so we need to generate income approximately 83,000. Baht (986,200/83000).

The source of income will be shown in the list below:

Table 10.2. Source of Income of I-Cover.com.

<b>Benefit</b>	
First year	Baht.-
fire insurance policy (for individual customer) 120 X 2,300	276,000
fire insurance policy (for business customer) 120 X 7,500	900,000
Motor insurance 120 X 2,350	282,000
Big Banner	150,000
Small Banner	75,000
<b>Total income</b>	<b>1,683,000</b>

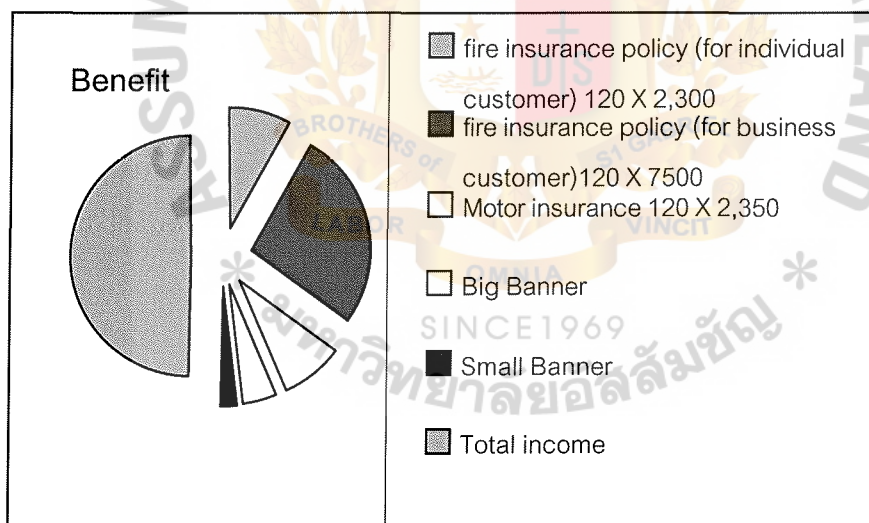


Figure 10.6. Source of Income of I-Cover.com.

The figure above will show the proportion of source of income that this web site will generate from insurance product, banner and other services.

### 10.3 Place: Distribution Channel

For an online channel, we use domain name as <http://www.i-cover.com> as our distribution channel to provide an online insurance information and apply insurance policy for our customers. We create our electronic storefront and let customer gain access into our web site and directly use our service available in this web site. A Customer can search for more insurance information, register to gain a user ID and password, log in their account, select the type of insurance policy they want, get insurance policy and pay all insurance premium and make any claim by accessing this web site.

### 10.4 Promotion

We will use both offline and online promotion strategies to promote our products and services to stimulate the demand for [www.i-cover.com](http://www.i-cover.com). For the first phrase, we need to create the product awareness among the users, especially the old customers, to let them know the presence or existence of [www.i-cover.com](http://www.i-cover.com).

#### Advertising

(a) Objectives:

- (1) To create company and product awareness that presence online.
- (2) To promote and introduce our insurance policy line on this web site.
- (3) To convey our promotional campaign or message to our customers and induce them to apply insurance online.
- (4) To be able to achieve our advertising objectives, we use the following strategies:



(b) Offline Strategies:

- (1) Advertise by using traditional channel or media such as magazine, business magazine, insurance magazine, newspaper, television and radio.
- (2) Leaflet to give away to customers at the office's information center to anyone who contacts us.

(c) Online Strategies:

- (1) We use an automated e-mail to inform existence user and new user to promote our web site. E-mail will be sent to customers according to our customer databases and list obtained from other sources.
- (2) We will use banner exchange with other sites to promote our web site. To post our URL in the top 50 web site as well. We use the multimedia-based advertising since it can capture more customers' attention.
- (3) We will post our URL name with other insurance company web sites to promote our web site as well.

(d) Effectiveness Measurement

We will measure the effectiveness of our advertising program from the following effects:

- (1) To evaluate our advertising by measure sales effect and know how of users about our web site.
- (2) Evaluate by using the number of visitors, amount of hits to evaluate the awareness of customers towards the <http://www.i-cover.com>.

## Sales Promotion

We will analyze by using monthly and yearly claim record of users to plan for sales promotion. The objective of this analysis is for:

- (1) Reducing frequency and severity of claim of users.
- (2) Offering special promotion for customers who have a good claim experience.

## Sales Promotion Strategies

- (1) We will offer a premium discount for customers who have a good claim experience each year.
- (2) We will offer an extra coverage policy for new customer who register with our web site such as; apply for motor insurance policy will get fire insurance policy for free for 1 year.
- (3) We will provide a special extension of coverage for customers who have a good claim experience in each period that is specified in the insurance policy.
- (4) We will offer other rewards for a good claim experience, a reward we will give can be a point or tangible product to reward them.

## Keys to Success

We believe the keys to success in insurance business are as follows:

- (1) Knowledgeable, friendly staff that can empathize with our consumers needs and circumstances, especially in handling a loss.
- (2) Policies that meet or exceed the expectations of our customers, and that are affordable, available, and understandable.
- (3) Policies and endorsements delivered on time with minimal errors.

- (4) A commitment to an annual insurance review for all of our customers. A phone call and Internet is more than any direct mass marketer offers. We believe personal contact and service is the cornerstone of our success.



## **XI. WEB DEVELOPMENT AND DESIGN**

In this part, we will continue with our web development and design. We divide the details into following sections:

### **11.1 Web Concept**

#### **11.1.1 Objectives of the Site**

- (1) To assist customers to obtain an insurance policy in a convenience way by the use of [www.i-cover.com](http://www.i-cover.com).
- (2) To provide information in each type of insurance coverage

#### **11.1.2 Growths of [www.i-cover.com](http://www.i-cover.com)**

##### **(a) Short-term growth**

- (1) To introduce [www.i-cover.com](http://www.i-cover.com) to the public's mind as well as the product offered by the company
- (2) To use the site as an other channel to increase sales
- (3) To use the site as a communication tools with customers
- (4) To provide basic information of insurance coverage and insurance policy
- (5) To create the customer database for the corporation

##### **(b) Long-term growth**

- (1) To be the leader in insurance business web site
- (2) Be able to make [www.i-cover.com](http://www.i-cover.com) into the evoke set of customers when they think of insurance policy
- (3) Customers are able to have an interactive communication with [www.i-cover.com](http://www.i-cover.com)



## 11.2 Who Is the Site's Audience

We have mainly emphasized on private customers and business customers who want to apply an insurance policy. We mainly emphasize in Thailand, especially in Bangkok and Metropolitan area in the first phrase.

## 11.3 Create the Scenarios

The following is the scenarios for the customers to expertise our site.

- (1) Firstly, the customers can enter our site by typing [www.i-cover.com](http://www.i-cover.com)
- (2) In our home page, it is contain many topics about insurance such as type of insurance, insurance's vocabulary, about us, policy online which a customer can navigate from this web site
- (3) The customers can read all insurance information by select the type of insurance in this site
- (4) Customers can apply an insurance policy by fill their information in the form that prepared by corporation. The customer data will be kept in the company's database and policy will be deliver to the customers
- (5) There will also be several functions which will help the customers to feel more convenience doing online with us

## 11.4 Site Contents

The site contents of [www.i-cover.com](http://www.i-cover.com) can be categorized into the following menu:

- (a) Home Page: this page will cover all content about [www.i-cover.com](http://www.i-cover.com), the following contents will be provided are as follows:
  - (1) Main menu will be at the left part of the page for the audience to navigate the site more easily. The customers can move the mouse over

each menu and view its related sub-menu, which will be linked to its page accordingly.

- (2) Logo of [www.i-cover.com](http://www.i-cover.com) will be placed at the right top of the page to draw the customer's attention and increase the customer's exposure to the logo, which can increase the customer's awareness towards the site as we aim to achieve our site objective.
- (3) Search engine: provide for customers who want to find for more information in insurance in other related web site
- (4) Contact us: provide for customers who want to leave their comment about our product and service to our company
- (5) Buy insurance online: this section is the main objective that provide for apply an insurance online for the customers The customers can fill and select an insurance policy by follow our form in this web site
- (6) Product: the customers can select a type of insurance product in this section, which contain all detail about insurance coverage, inclusion, and exclusion in each type of insurance.

Table 11.1. Details of the Functions in the Site.

Menu Name	Description	Type	Format
Home Page	To provide all content about our site and suggest how to navigate this site	Text and Image	Dream weaver, Photoshop, Flash
What's new	Provide all new product and services in this web site	Text and Image	Word, Photoshop,
About us	Provide the company's background	Text	Word, Photoshop, Dream Weaver
Insurance	To provide all content in each type of insurance coverage and insurance policy in this web site	Text	Word
Product	To provide all product in this web site	Text	Word
Buy Online	To provide an insurance online for customers	Text and policy form	Word and asp program
Link	To provide an other choice for customers to navigate with other related insurance web site	Text	Word
Contact us	To provide the customers with the form to fill in and submit to us	Text	Programming Language, asp

Table 11.1. Details of the Functions in the Site. (Continued)

<b>Menu Name</b>	<b>Description</b>	<b>Type</b>	<b>Format</b>
FAQ	To help the customer to find answer to their frequency asked question	Text, link	Word

## 11.5 Site Structure

Table 11.2. Site Structure.

<b>Page Name</b>	<b>Description of the page</b>
<b>Home Page</b>	<b>Consist of all the main menu</b>
- What's new	All content about the newly product, service
- About us	Provide all company profile
<b>Insurance</b>	<b>All content in insurance</b>
- Automobile Insurance	All content in automobile insurance
- Fire Insurance	All content in fire insurance
- Marine Insurance	All content in marine insurance
<b>Products and Services</b>	<b>Link to all products and services pages</b>
- Automobile insurance policy	Form of automobile policy form
- Fire Insurance policy	Form of fire policy form
- Marine Insurance policy	Form of marine policy form
<b>Links</b>	<b>All link in this web site</b>
- Safety First link	All link about safety
- Interesting Web site	All interesting web site



Table 11.2. Site Structure. (Continued)

Page name	Description of the page
<b>Contract us</b>	
- E-mail	
<b>FAQ</b>	<b>All topics in FAQ</b>
- Underwriting	All question about underwriting
- POS	All question about POS
- Claims	All question about claims
- Personal Accidents	All question about Personal Accidents

### 11.6 Group and Label Content

In this section, we will show you the grouping of introductory page and home page of this web site sine the rest are having a similar format.

Home Page: We divided it into 2 groups as you can see below:

<p>Group 1: Company logo, picture of this web site and banner, which include all flash and icons</p>
<p>Group 2: Main menus, contents and asp page</p>

Figure 11.1. Group of Home Page.

The Home Page, the majority pages and the rest of the pages of this web site will be divided in to 5 groups as follows:

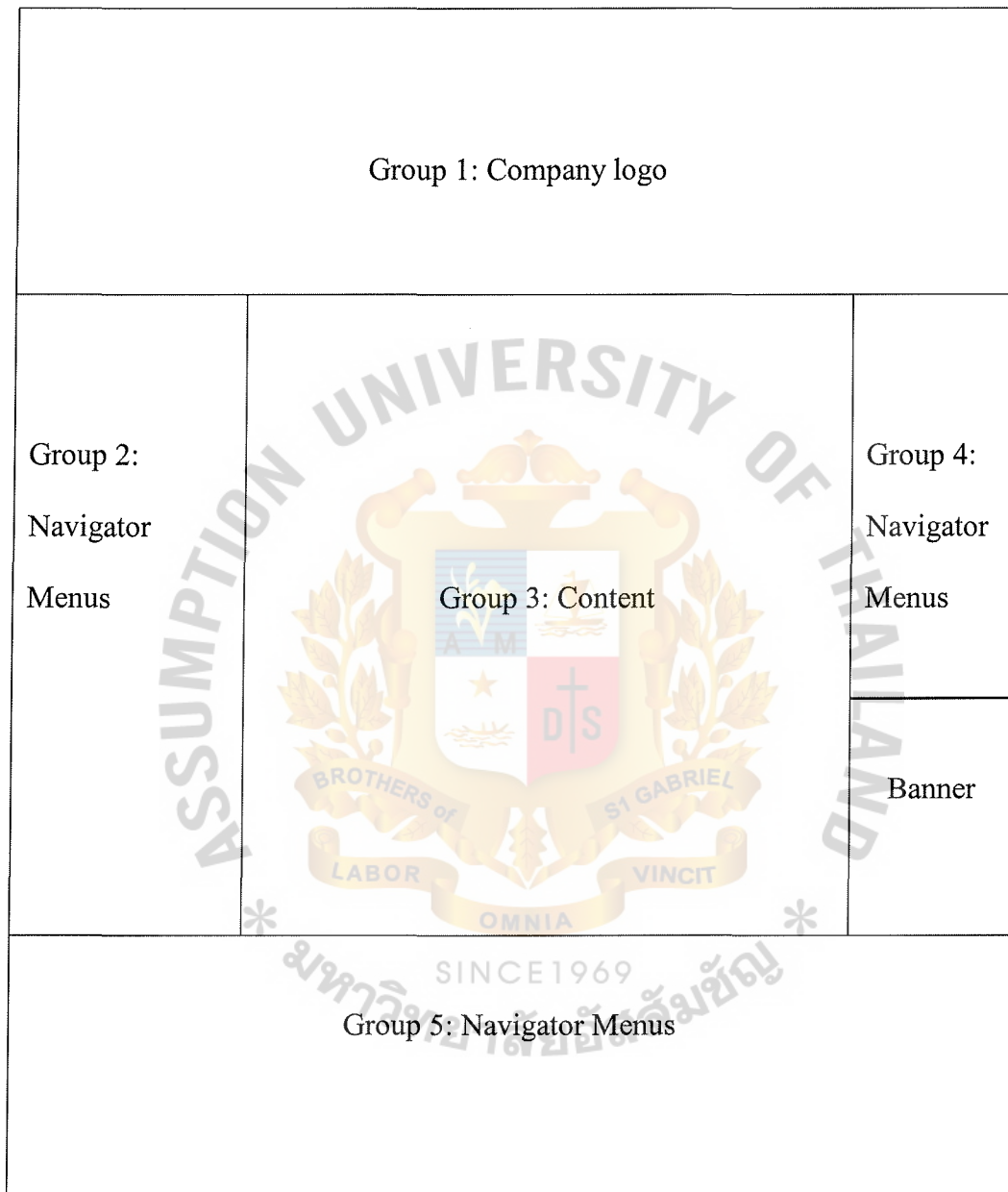


Figure 11.2. Group of the Web Site.

For the Policy online page, we also divided the content into 4 main group including logo, navigator bars, content and the navigator bars at the bottom of the page.

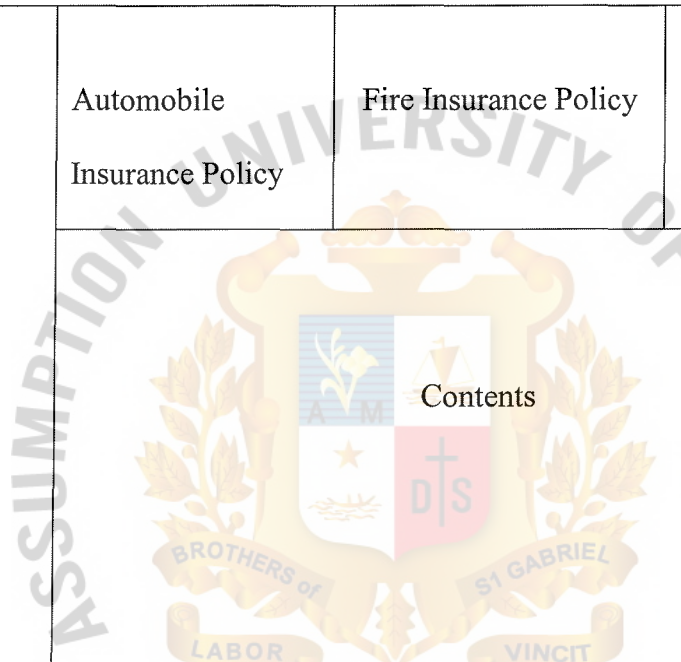
Group 1: Company Logo			
Group 2:  Navigator Bars	Automobile  Insurance Policy	Fire Insurance Policy	Marine  Insurance  Policy
	 Contents		
Group 4: Navigator Bars			

Figure 11.3. Group of Product Page.

## 11.7 Properties

The properties used in the site are mainly used to increase the attractive of this web site. We included using the same properties throughout the site to increase the consistency of the web. The properties in this site include the following elements:

Logo: Logo of [www.i-cover.com](http://www.i-cover.com) is as follow:

CONCEPT

Figure 11.4. Picture of Logo.

- Flash: An interactive flash picture that show a movable picture in the main page
- Background: Blue color at the left and right corner will be used as a background. White color as a background at the middle of the web site that contain information detail in each topic.
- Font Color: There are three main font colors in this site, which are white, orange and black font color.
- Font Type: Cordial UPC is the common font type, which is compatible, and support Thai font.
- Hyperlink Color: We us the standard link color so that it will not confuse an audience because most of the audience has already perceived that hyperlinks should be with the following color.



## **XII. CONCLUSIONS AND RECOMMENDATIONS**

### **12.1 Evaluation**

The web site needs to evaluate this plan to determine the feedback from the strategies. The process of our evaluation will be determined by:

- (1) Pages by total and average per visit
- (2) Visits by total, average per day and average length
- (3) Amount of insurance policy apply with I-Cover.com
- (4) Amount of feedback and comment from the visitors
- (5) Amount of sponsorships
- (6) Amount of insurance premium in each month and year
- (7) Amount of an insurance policy account that open with us
- (8) Amount of an insurance policy in each day

When we determine the web analysis, we avoid the up-front and back end costs of investing, upgrading and scaling a software system. And because we provide service via Internet, its guarantee us to save time and cost associated with keeping our IT staff up-to-date on the constantly evolving field of web analysis. Thus, we receive the full benefit of data management, storage and system support at a function of the cost. Furthermore, we can provide 24 hours service for customer in insurance business which a customer can go online to search for more insurance information, insurance policy for auto insurance that calculate insurance premium and other services in this web site.

### **12.2 Conclusions**

The I-Cover.com is an insurance online business, which provide wide variety insurance information. There are three main types of insurance that are fire insurance,

auto insurance and marine insurance. This report contains all definition, information, type of coverage and exclusion in each type of insurance.

The objective for creating this report and web site is to apply information technology and Internet technology to make the company's objective be possible in insurance business. Information technology and Internet technology help I-cover.com to provide more convenience to keep visitors database in secure manner. Furthermore, a customer can get up-to-date insurance information and apply an insurance policy from this web site.

This web site is emphasized on three main types of insurance, which provide all content in each type of insurance information, which are fire insurance, auto insurance and marine insurance and insurance policy. Furthermore, I-cover also emphasized on issuing an insurance policy online that a customer can order by fill their information and type of insurance coverage in the form that I-cover provide. I-cover offers an auto insurance policy online in the first phrase, which will calculate an insurance premium for customer.

In addition, a good skillful staff, which offering a wide variety of services, a wide variety of products is the strong competitive advantages from other competitors. We also offer a comment and FAQ part to ask question from visitors, which provide a quick response to them.

Hence strong marketing strategies and an economical financial plan in the beginning year will result in high income for the web site in the years to come.

### **12.3 Recommendation for Future Plan**

After the first few years, we have a plan to further introduce other type of an online insurance policy that is fire and marine insurance and provide more suitable insurance coverage for the customers. Furthermore, we will apply WAP technology to

serve our customer that is another way to access **www.i-cover.com** and another way in receive news or other information from this site. A customer can update and check their database, receive news from I-cover.com and send their commend directly to our company by using mobile phone.

Then, we also provide more security to protect customer database and apply SET to secure online electronic payment by using credit card or other electronic payment system. We ensure that all transaction will be the best for every customer and the web site will have new developments to keep our business and our customers always happy.







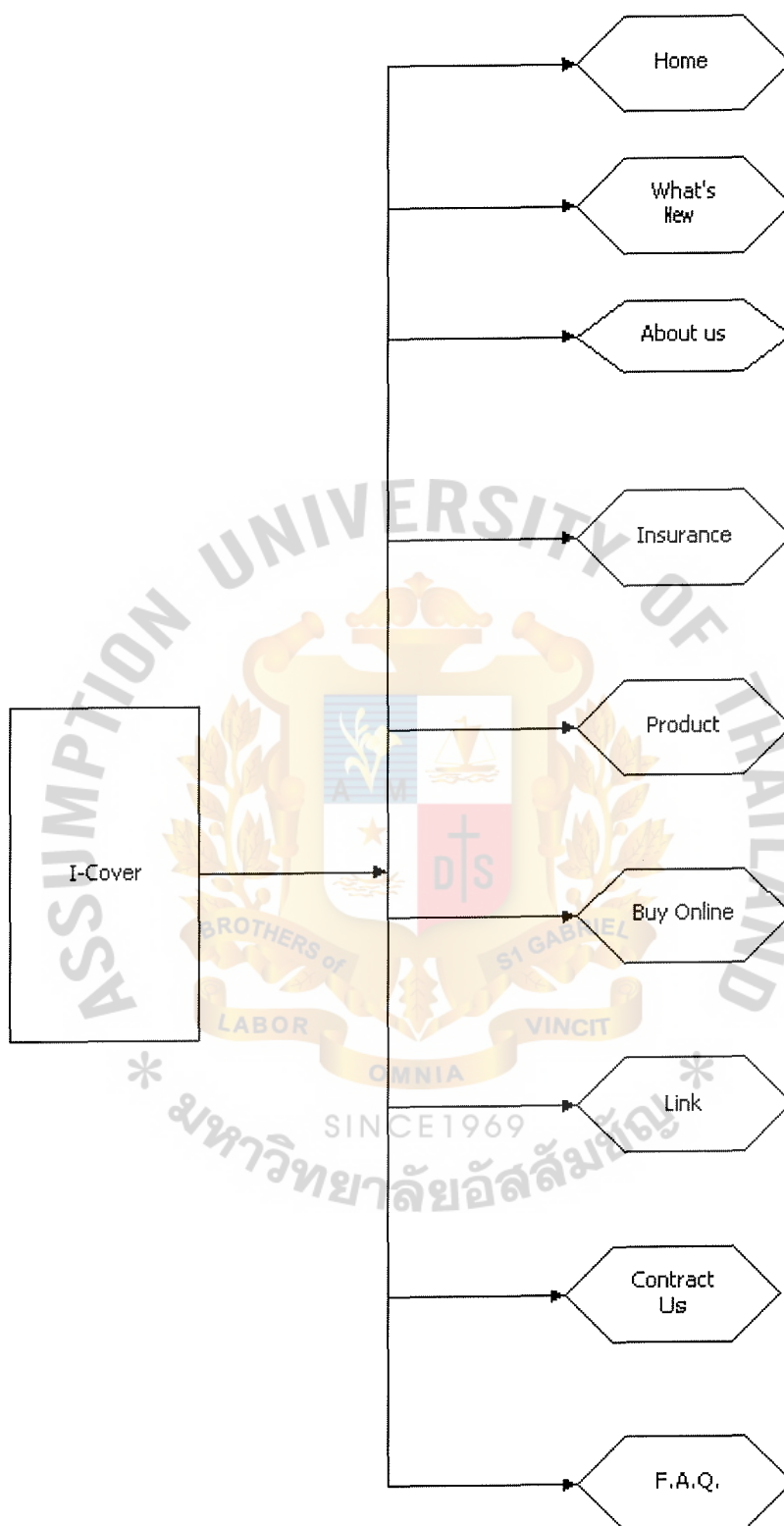


Figure A.1. I-Cover Site Map.

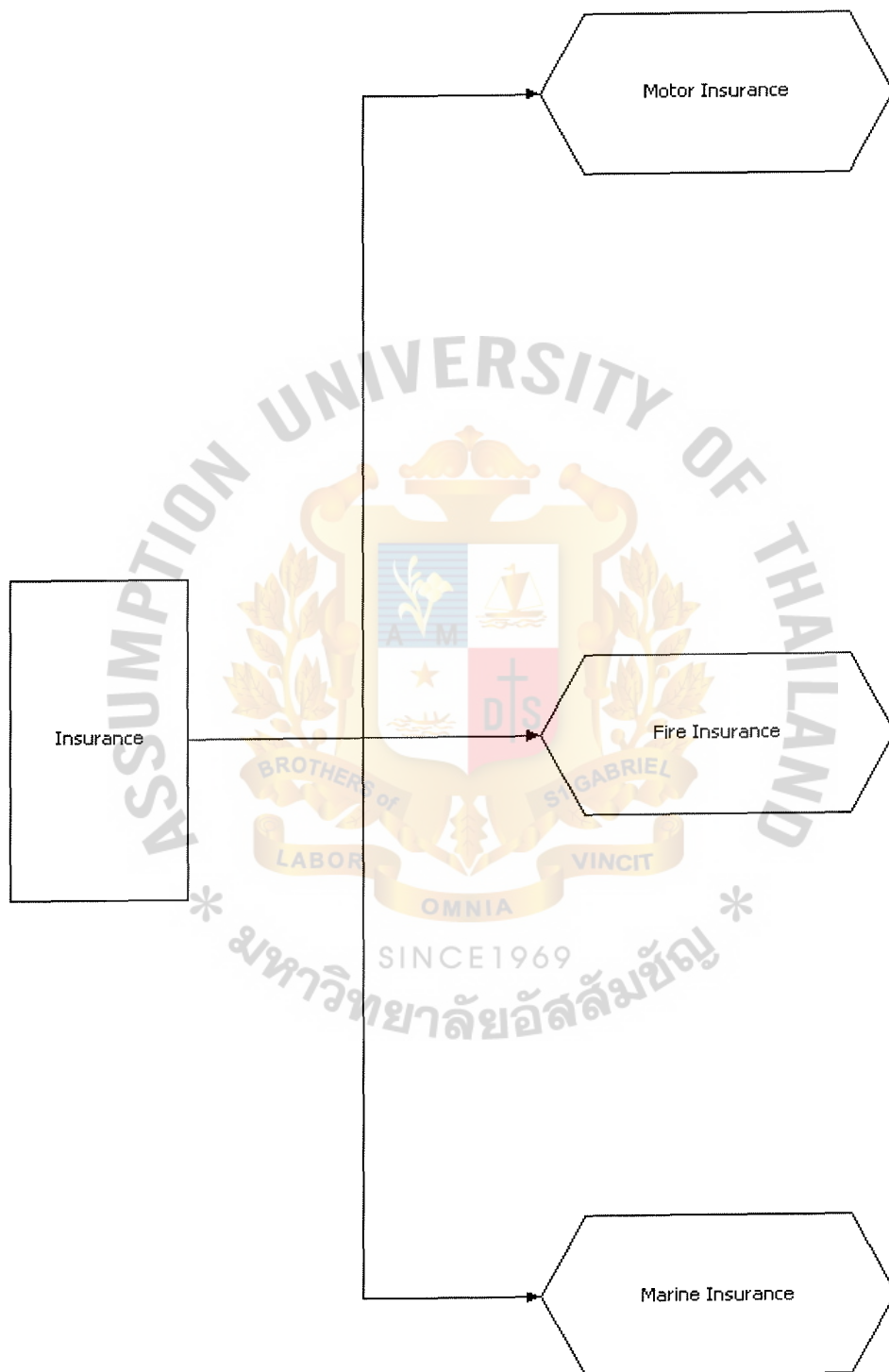


Figure A.2. Insurance Site Map.

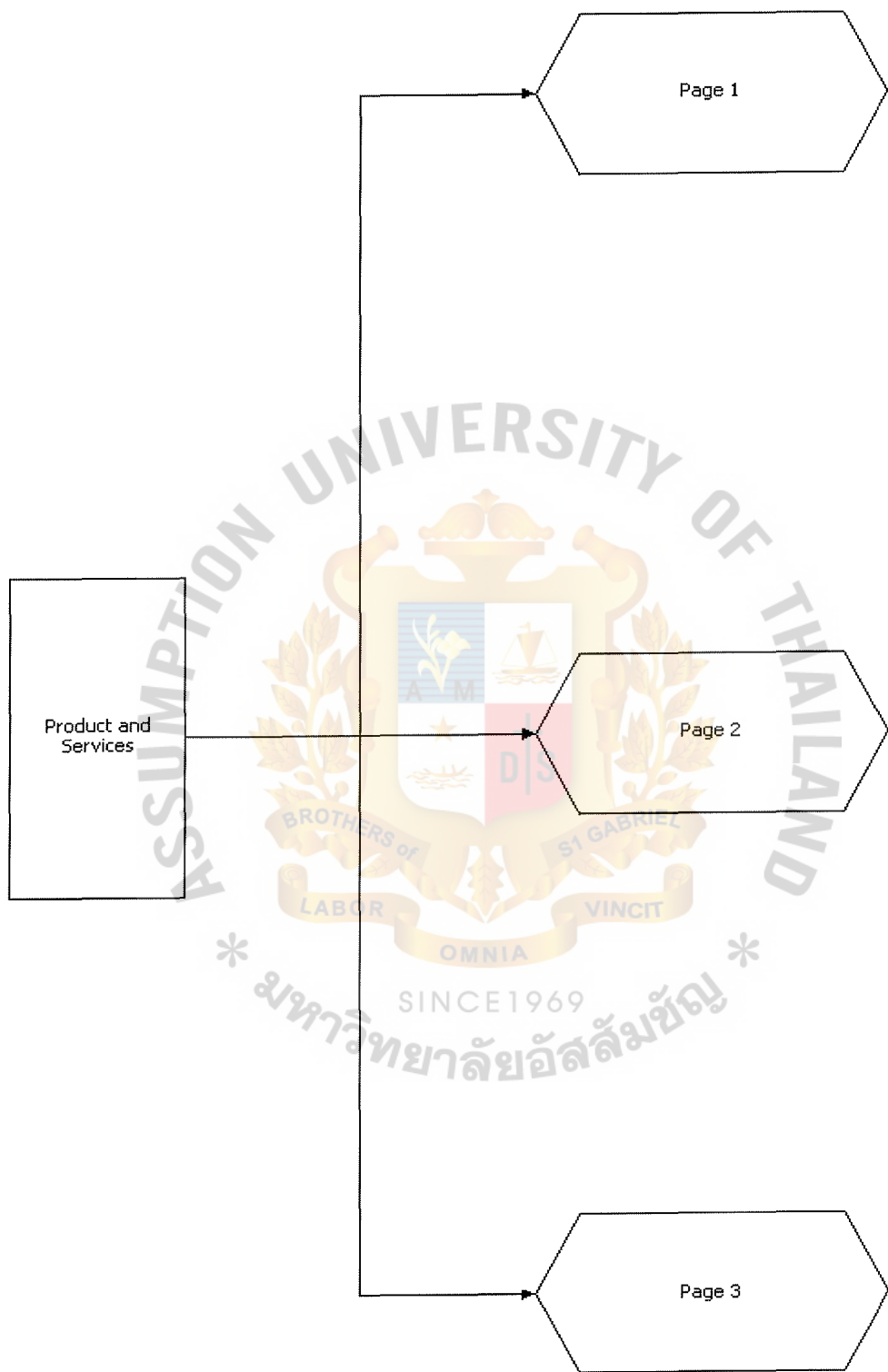


Figure A.3. Products and Services Site Map.

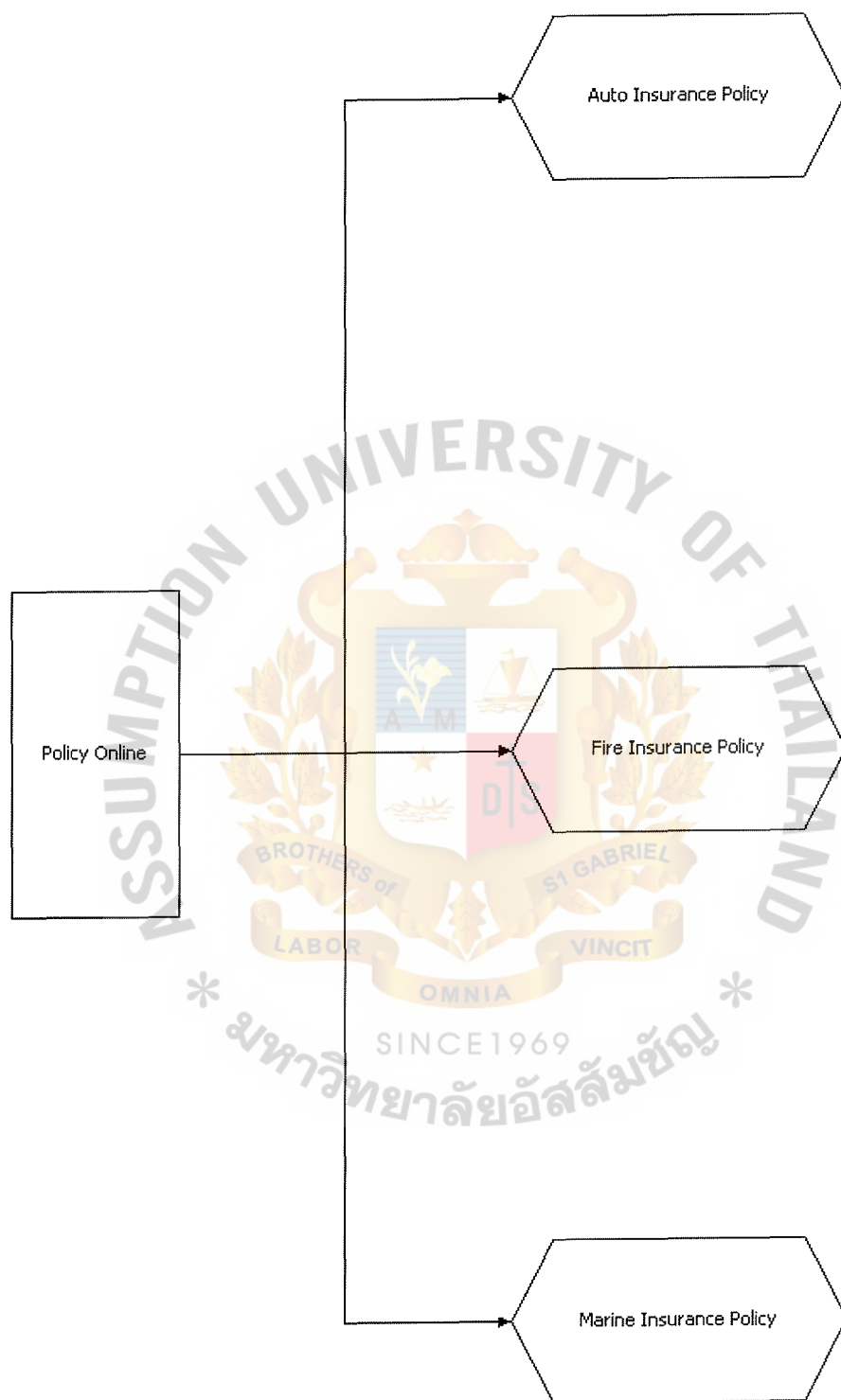


Figure A.4. Policy Online Site Map.



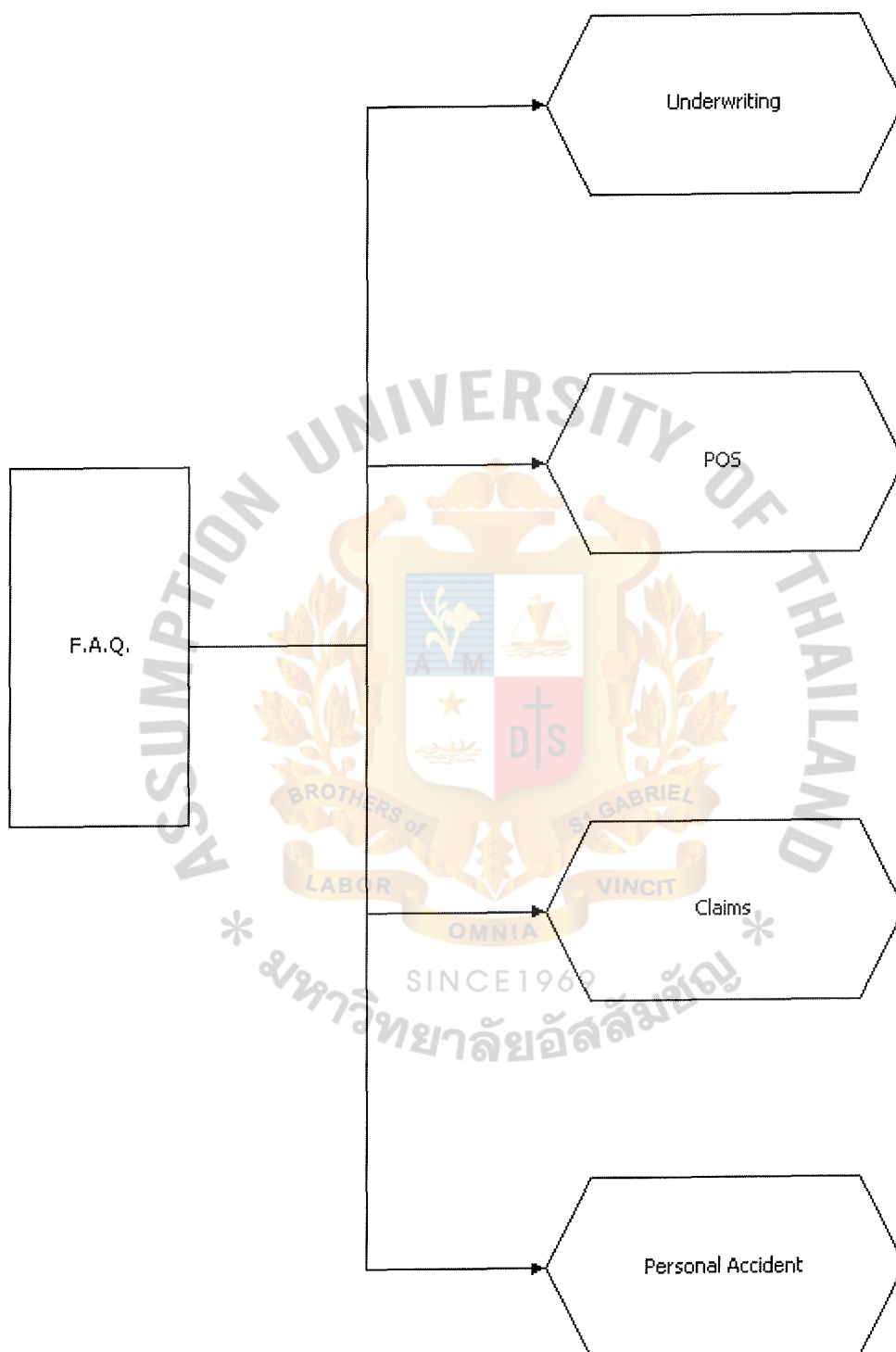
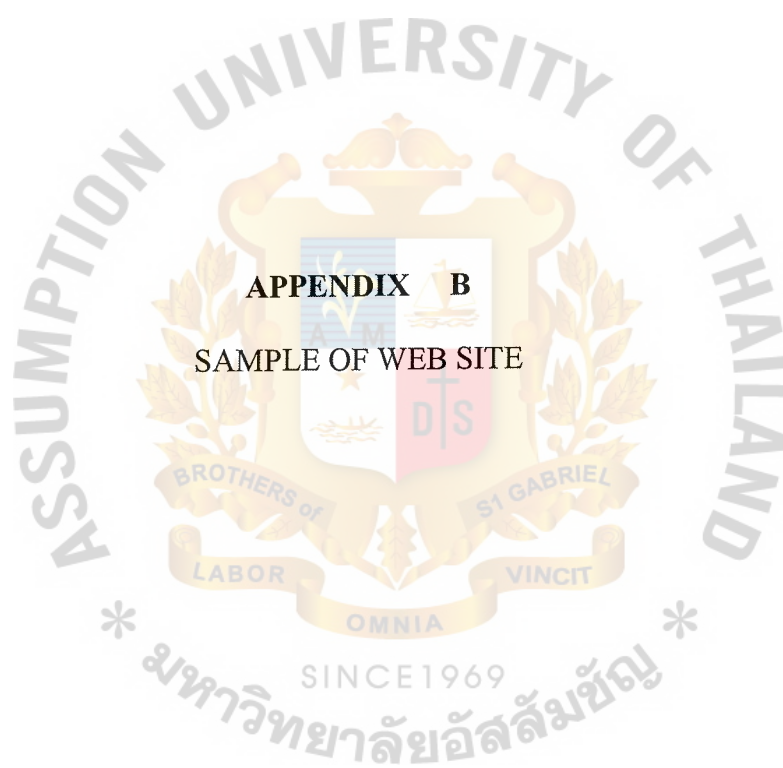


Figure A.5. FAQ Site Map.



**APPENDIX B**  
**SAMPLE OF WEB SITE**



Figure B.1. Index of I-Cover.com.

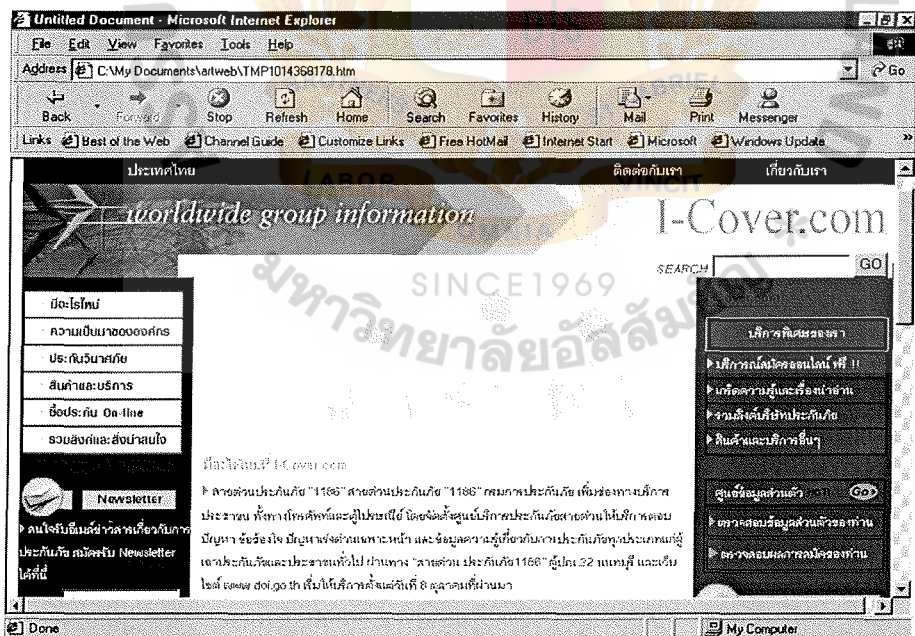


Figure B.2. What's New.



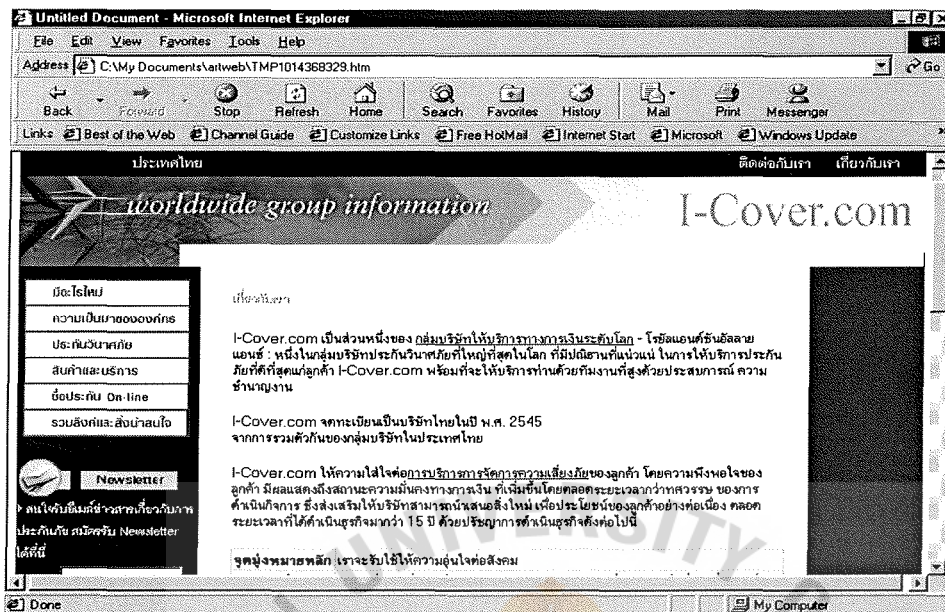


Figure B.3. About us.



Figure B.4. Fire Insurance.



Figure B.5. Motor Insurance.



Figure B.6. Marine Insurance.





Figure B.7. Products and Services.



Figure B.8. Policy Online for Auto Insurance.

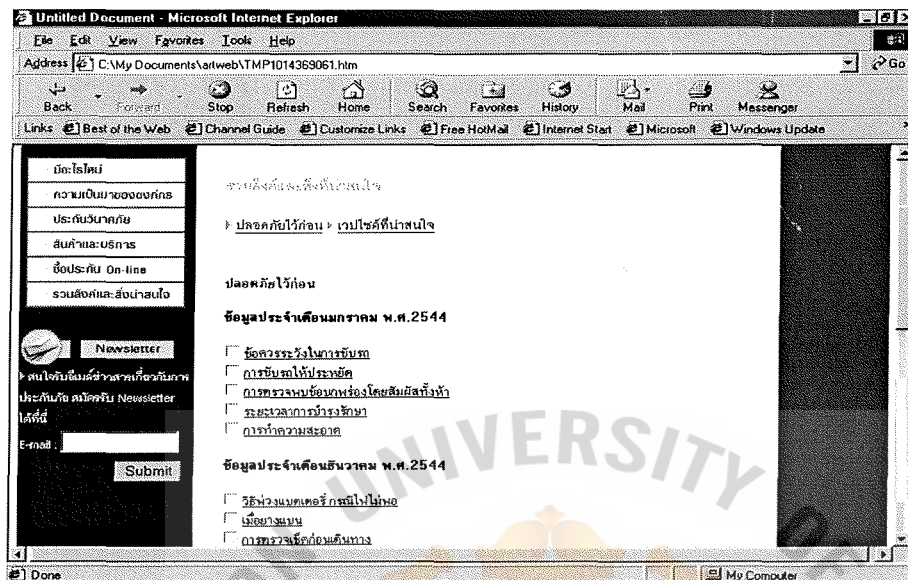


Figure B.9. Links.

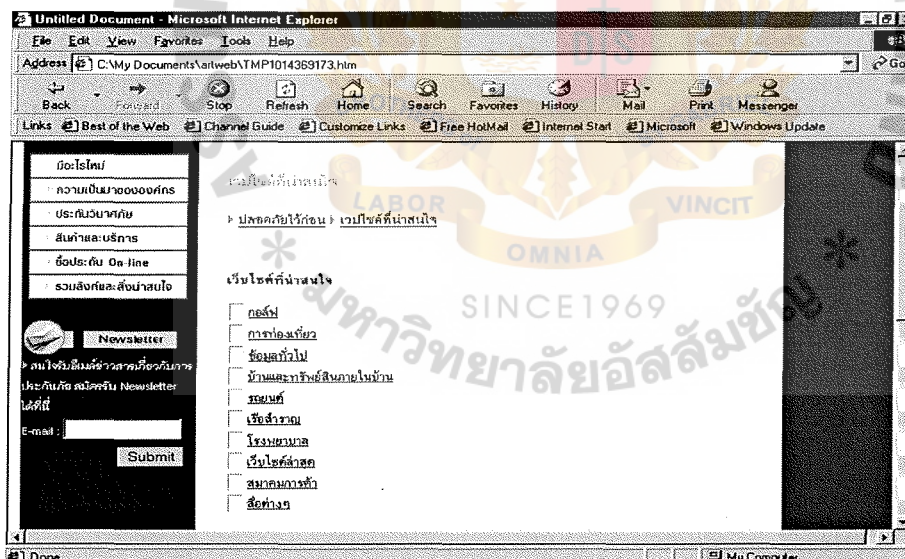


Figure B.10. Links.





Figure B.11. Insurance Vocabulary.



Figure B.12. Introduction of Insurance.



Figure B.13. How to Buy Insurance Online.

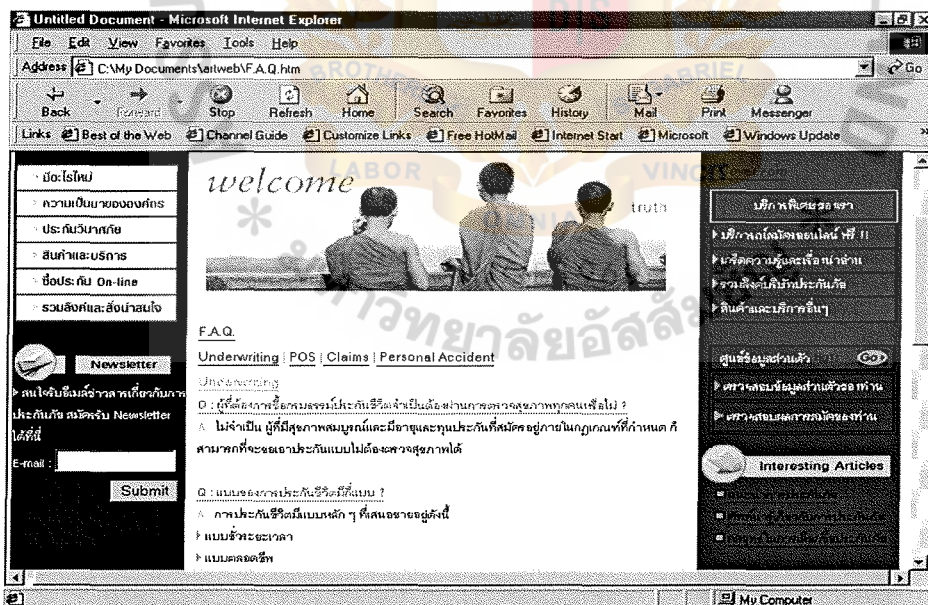


Figure B.14. FAQ Underwriting.





Figure B.15. FAQ POS.

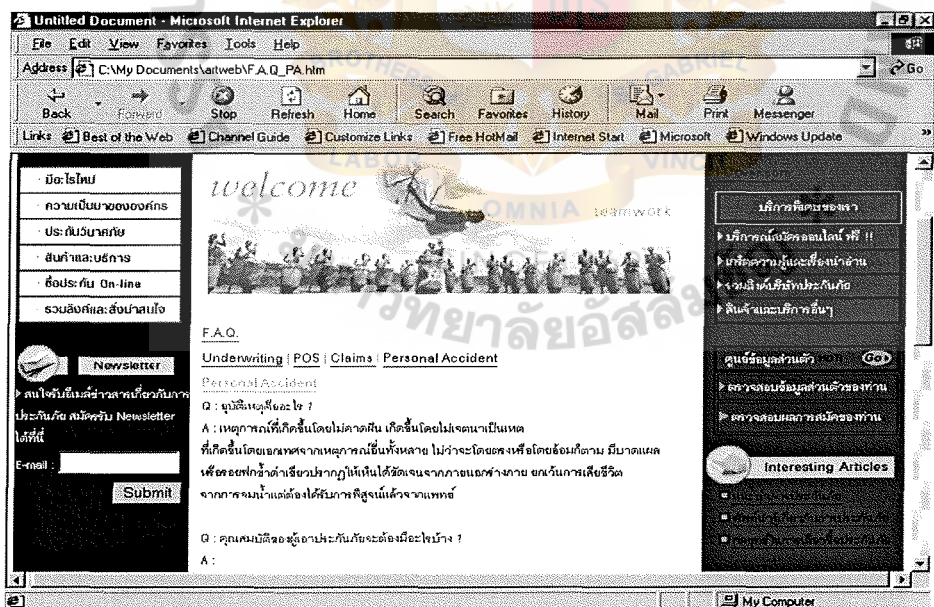


Figure B.16. FAQ Claims.

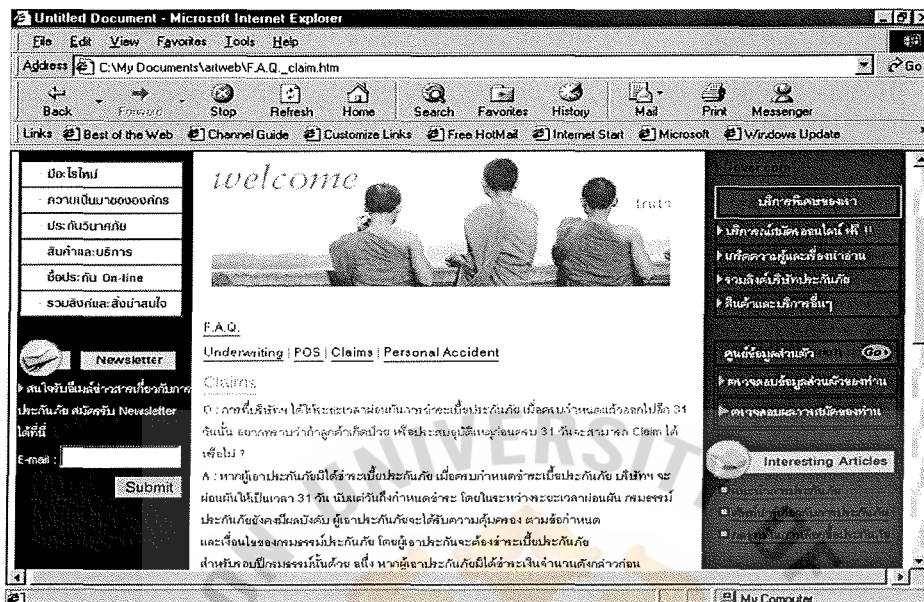


Figure B.17. FAQ Persoanl Accident.

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5. [www.thaigia.com](http://www.thaigia.com).
6. [www.businessplan.com](http://www.businessplan.com).



