

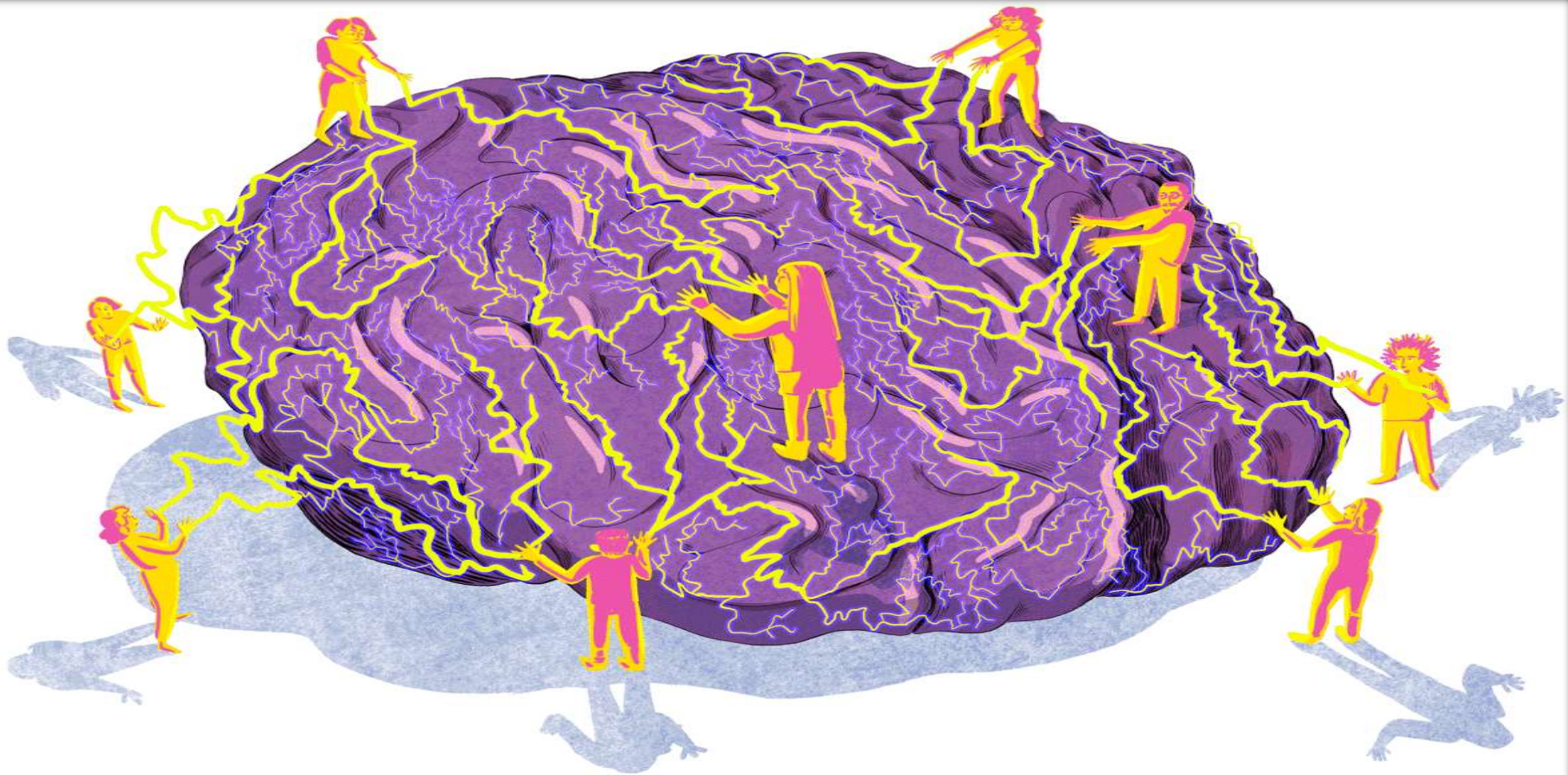
INTRODUCTION TO GENERAL INSURANCE



**NATIONAL INSURANCE COMPANY LIMITED
ON 25-10-2023**

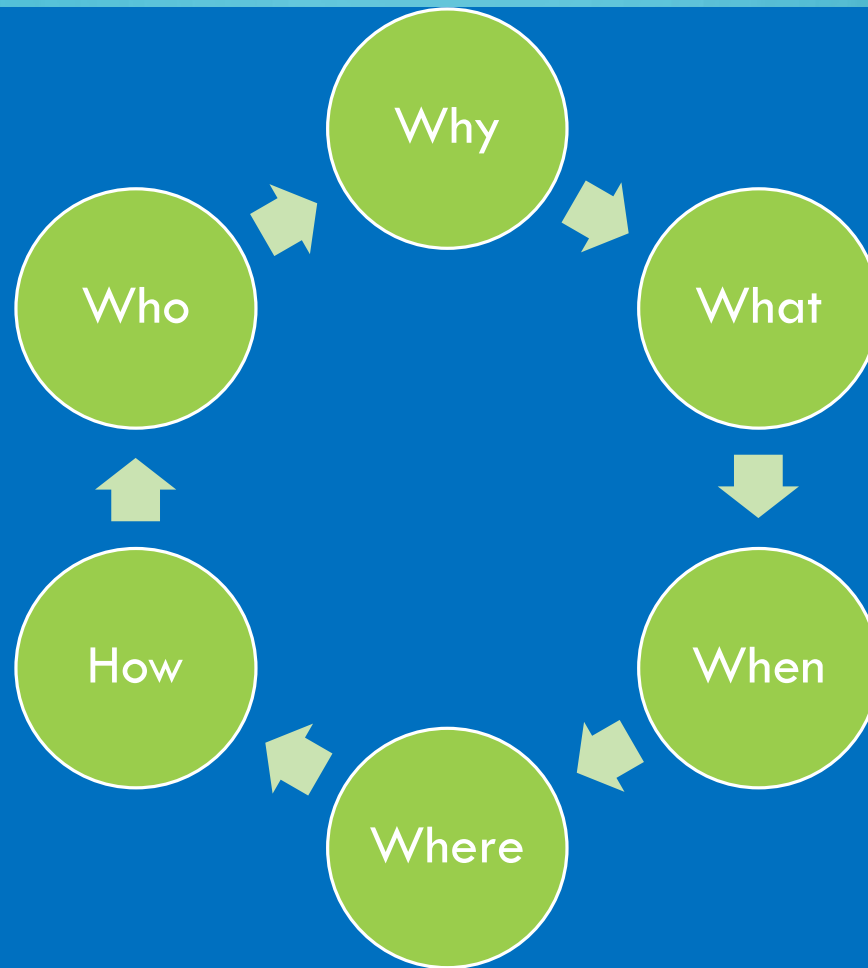
BY: ATHER RAHAT SIDDIQUI

HOOKED MINDSET PERCEPTION



STORY OF SIX GOOD FRIENDS

I have six good friends . They always taught me whatever I asked. Their names are !



TRAINEE EXPECTATIONS

Learning

New Skills

Knowledge
Enhancement

Professional
Development

Practical and Real
time Examples

Motivation

Two Way
Communication

Professional Growth

Success

WHY IT IS REQUIRED?



LEVELS OF INTERES

Prisoners	Vacationers
Socializers	Learners

WHAT IS INSURANCE?

Insurance is **one of the risk** transfer mechanism

❑ What is Risk? Uncertainty – Possibility of adverse result , doubt

❑ Categories of risk –

- Financial or Non Financial
- Pure or Speculative
- Fundamental or particular

Relates more to the Cause and effect of risk

Fundamental - Large groups of people like natural disaster

Particular - motor accidents to individual



WHAT IS INSURANCE?



- ☐ Insurable risk – Financial , Pure risk , Fortuitous , Insurable interest
- ☐ Uninsurable risk – Non Financial , speculative , not fortuitous , no insurable interest.

Insurance is **one of the risk** transfer mechanism where losses of few shared by the many HOW? (Law of large numbers)

Pooling of Risk

A fair and Equitable contribution is required according to the risk into the pool depends on size and degree of risk (possibility of a loss occurring)

Who will assess the level of risk ?
Underwriter HOW ? – applying **law of large number**.



TOSSING UP A COIN ??

- ☐ Probability – Tossing up the coin
- ☐ Frequency and Severity
- ☐ Hazard

Tossing of a coin Probability: No of
heads vs tails 50/50

Frequency Vs Severity



FREQUENCY, SEVERITY AND PROBABILITY



Frequency refers to the number of claims an insurer anticipates will occur over a given period of time.

Severity refers to the costs of a claim

Probability” is the likelihood that the risk could arise.

PERIL VS HAZARD



A peril is a potential event or factor that can cause a loss, such as the possibility of a fire that could engulf a house.(Cause of loss)

A hazard is a factor or activity that may cause or exacerbate a loss, such as a can of gasoline left outside the house door or a failure to regularly have the brakes of a car checked.

Example: Suppose a fire begins in your chimney and destroys your home because you have not cleaned the chimney in a few years. In that case, the fire is the peril, and the dirty or defective chimney is the hazard.

FOUNDATION ??



PRINCIPLES OF INSURANCE

INSURANCE

Utmost Good Faith

Insurance Interest

Indemnity

Contribution

Proximate Cause

Subrogation

PRINCIPLES OF INSURANCE



Utmost good faith

An action to disclose accurately and completely, all facts material (material fact) about something that will be insured is requested or not. The meaning is: the insurer must honestly explain everything clearly about the extent of the terms / conditions of the insurer and the insured must also provide a clear and correct for objects or interests of the insured.

Insurable Interest

It is the interest of the insured in the subject matter insured . It follows that a legal relationship, between the person affecting the insurance and the thing being insured, must exist.

Indemnity

One mechanism by which the insurer provides financial compensation to place the insured in a financial position that he had prior to the loss

Contribution

While the insurer the right to invite any other person equally bear, but do not have the same obligations to the insured to participate in providing indemnity.

PRINCIPLES OF INSURANCE



Proximate cause

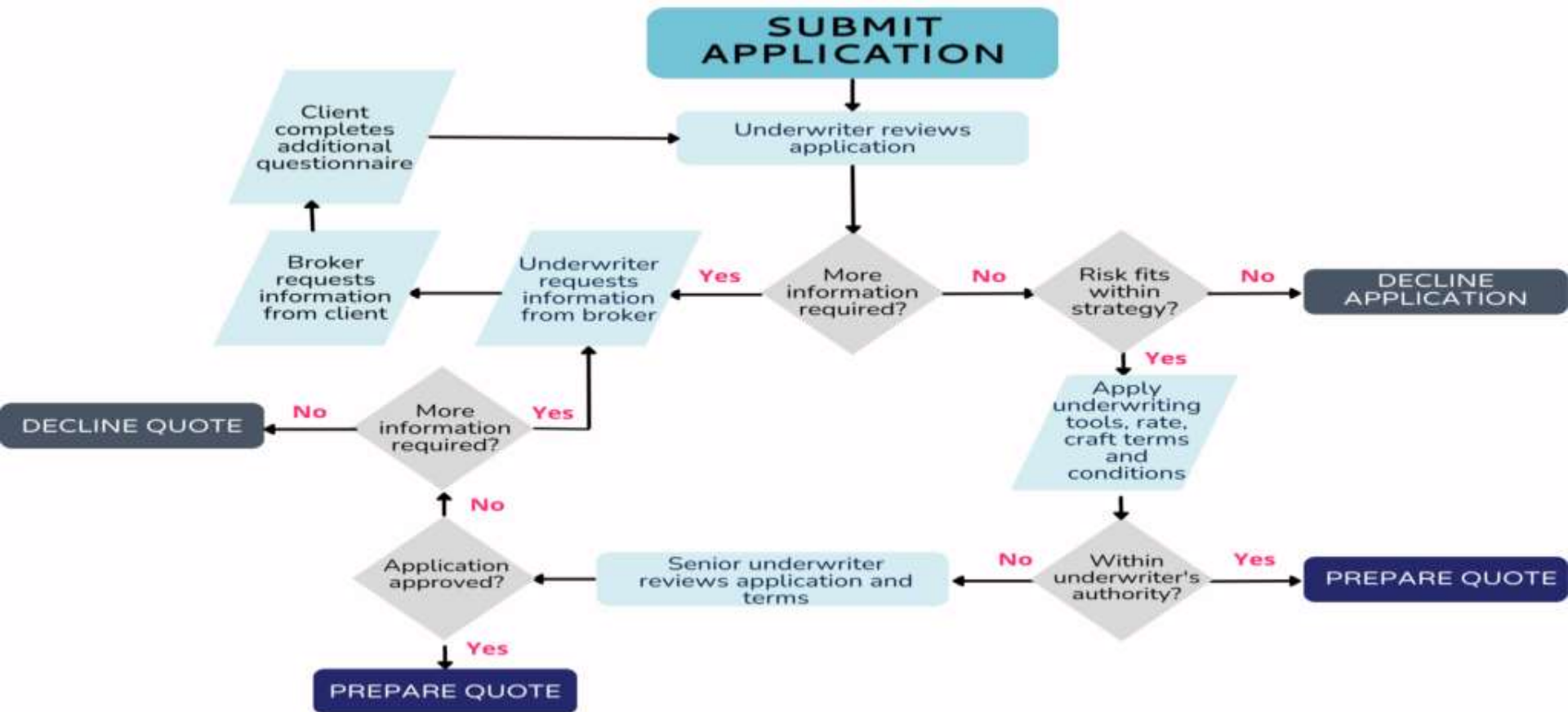
is an active cause, efficient cause that chain of events that lead to a result without the intervention of the start and working actively from a new and independent.

Subrogation

Right transfer request from the insured to the insurer after a claim is paid.

UNDERWRITING

Underwriting is the process of determining whether to accept a risk and, if so, what amount of insurance the company will write on the acceptable risk and at what rate. - International Risk Management Institute, Inc (IRMI)



CLAIMS



The settlements of claims constitute one of the important functions in an insurance organization. Indeed the payment of claims may be regarded as the primary service of insurance to the insured.

The procedure in respect of claims under various classes of insurance follows a common pattern and may be considered under three broad headings – preliminary, investigation, settlement.

Preliminary

- Notification of claim
- Policy is in force
- Loss or damage is due to covered peril or not.
- Damage items is covered or not.
- Notification has been received without undue delay
- Due premium have been paid.
- Claim form is issued to client

CLAIMS



Investigation

- Appointment of Surveyor
- Visit the site
- Investigate the cause of loss
- Scrutiny of all claim supported documents
- Ascertain the extent of loss
- Advise insured on loss minimization measures.
- Advise insured on protection of Salvage
- Claim Acceptance

Settlement

- Survey report received.
- Thorough review of surveyor report.
- Review all the investigation.
- Review all claim supporting documents in view of claims bill.

ACTIVITY

- Passing Body through A4 size paper

GENERAL INSURANCE MARKET



MOTOR INSURANCE



Theft

Accident

Explosion

Malicious

RSD

Flood

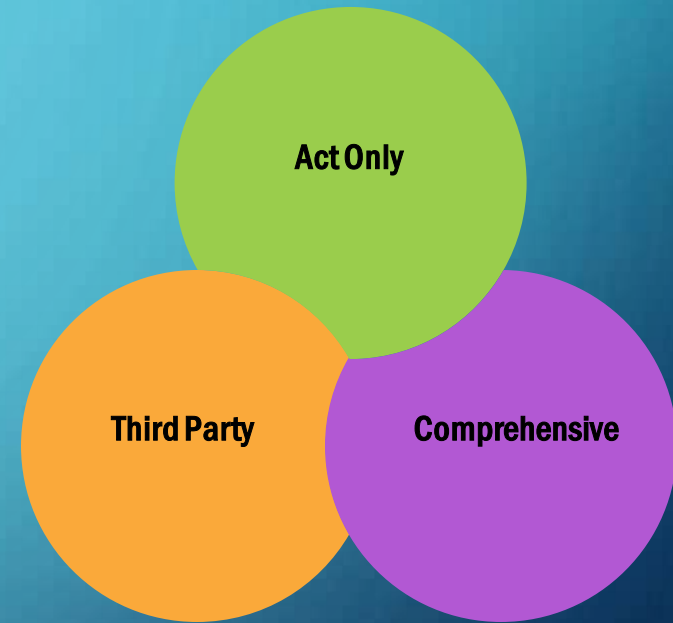
MOTOR INSURANCE

- **Private Vehicles**
- **Commercial Vehicles**
- **MotorCycles**



TYPE OF COVERS

- **Act Only**
- **Third Party**
- **Comprehensive**



ACT ONLY

- This cover is compulsory as per Motor Vehicles Act 1939. The policy which is necessary to meet the requirement of law called “Act only” policy.
- “No motor propelled vehicle of any description can come on road unless it has an insurance cover for Death or Bodily injury to third party (i.e. public).
- A third party can be a Pedestrian, anybody walking on the road or footpath is fully protected against personal injury or death.
- This policy does not cover the property damage belonging to public.



THIRD PARTY COVER

- **Cover as per Motor Vehicles Act 1939 the insured is first party and the insurance company is second party.**
- **This could include:**
 - **Third party bodily injury and/or death.**
 - **Damage to third party property/vehicle.**



COMPREHENSIVE COVER

- Comprehensive policy to cover loss of or damage to the insured motor vehicles caused by the following perils:
- Accidental damage by external means, fire, external explosion, self-ignition, lightning or frost, burglary, housebreaking or theft.
- Damage caused by malicious persons, riot, strike, civil commotion and terrorism, flood, hail, wind, hurricane, cyclone, tornado or typhoon, earthquake, volcanic eruption, or other convulsions of nature.
- Damage caused during transit by air, road, rail, inland waterway, lift or elevator.
- Cover includes indemnity for proposer's legal liability for third party death and/or bodily injury— in terms of Motor Vehicle Act 1939 including liability for third party property damage.



COMPREHENSIVE COVER – COMMERCIAL CAR

- Comprehensive policy to cover loss of or damage to the insured motor vehicles caused by the following perils:
- Accidental damage by external means, fire, external explosion, self-ignition, lightning or frost, burglary, housebreaking or theft.
- Damage caused by malicious persons, riot, strike, civil commotion and terrorism, flood, hail, wind, hurricane, cyclone, tornado or typhoon, earthquake, volcanic eruption, or other convulsions of nature.
- Damage caused during transit by air, road, rail, inland waterway, lift or elevator.
- Cover includes indemnity for proposer's legal liability for third party death and/or bodily injury– in terms of Motor Vehicle Act 1939 including liability for third party property damage.
- CV-4 clause is applicable on commercial vehicles



UNDERWRITERS CONSIDERATIONS

- **The particulars of the proposer**
 - **Age**
 - **Gender**
 - **Driving History**
 - **Address**
- **Details of the insured motor vehicle**

MARINE INSURANCE

MARINE INSURANCE –CARGO, HULL , LIABILITY , LIFE



MARINE INSURANCE

- **Cargo Insurance**
- **Hull Insurance**
- **Freight Forwarder Liability**



INCOTERMS

INTERNATIONAL CHAMBER OF COMMERCE



INCOTERMS (International Commercial Terms) are a set of trade term definitions developed by the International Chamber of Commerce (ICC) and recognized internationally.

Incoterms are the selling terms that the buyer and seller of goods both agree to during international transactions. These rules are accepted by governments and legal authorities around the world

INCOTERMS

MOST COMMONLY USED



FOB – Free on Board

- The seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered.
- The risk of loss of or damage to the goods passes when the products are on board the vessel. The buyer bears all costs from that moment onwards.

CFR – Cost and Freight

- The seller delivers the goods on board the vessel or procures the goods already so delivered.
- The risk of loss of or damage to the goods passes when the products are on board the vessel.
- The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

INCOTERMS

MOST COMMONLY USED



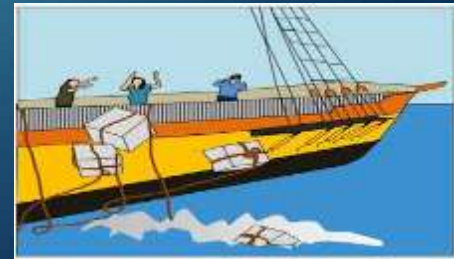
CIF – Cost, Insurance and Freight

- The seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the products are on the ship.
- The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.
- The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage.
- The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.

COVERAGE

All Risks Cover – Exclusions Apply

- Wilful misconduct of the insured.
- Ordinary Leakage
- Unsuitability of Packing
- Inherent Vice
- Delay
- Financial Default
- Unseaworthiness of vessel / conveyance



INSTITUTE CARGO CLAUSES – COMPARISON

Insured YES or NO	ICC (A)	(B)	(C)
Fire + explosion	YES	YES	YES
Stranding, grounding, capsizing or sinking	YES	YES	YES
Overturn, derailment	YES	YES	YES
Collision	YES	YES	YES
Discharge of cargo at port of distress	YES	YES	YES
General average	YES	YES	YES
Jettison	YES	YES	YES
Washing overboard	YES	YES	NO
Act of God (earthquake, flood,...)	YES	YES	NO
Entry of sea, lake or river water	YES	YES	NO
Total loss of package overboard	YES	YES	NO
Total loss whilst loading or unloading	YES	YES	NO
Improper stowage by carrier	YES	NO	NO
Theft, pilferage, non-delivery	YES	NO	NO
Leakage	YES	NO	NO
Malicious damage	YES	NO	NO
Breakage or other physical loss from external cause	YES	NO	NO

UNDERWRITERS CONSIDERATIONS

- **Product**
- **Packaging**
- **Model of Transportation**
- **Coverage: From and To**
- **Port of Loading**
- **Port of Discharge**

FIRE INSURANCE

PROPERTY INSURANCE



FIRE INSURANCE

- Fire insurance is a type of property insurance that provides coverage and financial protection in the event of damage or loss caused by fires
- This type of insurance is typically part of a broader property insurance policy and is designed to help individuals, businesses, and property owners recover from the financial consequences of a fire-related incident.
- Fire insurance typically covers damage or loss to the insured property due to fires. This can include damage to the structure itself, as well as the contents of the property, such as personal belongings, furniture, and equipment



UNDERWRITING CONSIDERATIONS

- **Construction**
- **Occupation**
- **Protection**
- **Exposure**
- **Fire Safety Measure**
- **Estimate Maximum Loss**



TYPES OF POLICIES

- **Fire and Lightning**
- **Standard Fire and Allied Perils**
- **Property All Risks**
- **Declarations Policies**
- **Floater Policies**
- **Home Owner**
- **FLEXA**
- **Business Interruption**

TYPES OF POLICES

- **Fire and Lightning:**
- It is type of insurance which compensate insured against financial loss or damage to property being damaged or destroyed by fire and lightening only.
- **Standard Fire and Allied Perils:**
- It is type of insurance which compensate insured against financial loss or damage to property being damaged or destroyed by following perils
- **Fire**
- **Explosion**
- **Atmospheric Disturbance**
- **Impact Damage**
- **Malicious Damage**
- Lightening**
- Earthquake Fire and Shock**
- Aircraft Damage**
- Riot and Strike Damage**

TYPES OF POLICES



➤ **Property All Risks:**

- **This is a wider cover which provides protection for accidental physical loss or damage to insured property in addition to the Fire & Allied Perils Insurances. All perils are covered which are not significantly excluded making the cover very vast**

➤ **Declaration Policies:**

- **A Declaration policy is best suited for a client whose stocks are subject to frequent fluctuation during the currency of the insurance. In case the insured avail an ordinary stock policy for a particular amount and there is an increase in stock value during the policy period, the policy will not provide the complete coverage. The condition of average will apply to the extent of increase in stock value.**

➤ **Floater Policies:**

- **These policies are issued where stocks are shuttered between different locations so that it is not possible for the insured to specify the value of the stocks at each location. A floater policy can thus be issued covering stocks in more than one location under one amount by charging 10 % extra premium over and above the highest rate applicable to any one risk..**

TYPES OF POLICES

➤ **Home Owners:**

➤ **Home Insurance plans are exclusively designed to provide comprehensive cover for any one's most valuable asset, Home! as well as your contents and valuables (Cash and Jewelry) in your home.**

➤ **This policy is designed with the intention to provide the maximum risk coverage for Home Contents & Building. Some major risks are specified below:**

➤ **Fire & Lightning**
➤ **Malicious Damage**

➤ **Impact Damage**
➤ **Aircraft Damage**

➤ **Loss of Rent**

➤ **Accidental Glass Breakage (Glazing)**

➤ **Accidental Damage to underground tanks**

Riot & Strike

Explosion

Atmospheric Disturbance

Burglary

Earthquake

TYPES OF POLICES

➤ **FLEXA:**

- **FLEXA** in fire insurance refers to Fire, Lighting, Explosion, and Aircraft Damage. These are some types of risks which are covered under the fire insurance claim.

➤ **BUSINESS INTERRUPTION:**

- Business interruption insurance covers you for loss of income during periods when you cannot carry out business as usual due to an unexpected event. Business interruption insurance aims to put your business back in the same trading position it was in before the event occurred

AVIATION - HULL , PASSENGERS, CREW, LOL, LIABILITY, EQUIPMENTS

Loss or
damage

passen
gers

crew

disapp
ear

spares

collision

Terrorist
attack



MISCELLANEOUS INSURANCE

MISCELLAENOUS INSURANCE



- **Money Insurance**
- **Fidelity Guarantee Insurance**
- **Plate Glass Insurance**
- **All Risk Contents Insurance**
- **Personal Accident**
- **Workmen Compensation**



CASH IN SAFE

Cash in Safe

- Covers loss of money while kept in safe due to dacoity/robbery.
- Covers cash and cash equivalents while kept in locked drawers, almirah, and cash on counter while kept on the policy holders premises.



Cash in Transit

- Covers loss of money against snatching through armed holdup during the transit.
- Covers cash and cash equivalents like cash itself, bank notes, currency notes, cheques, postal orders, coins or money order.



UNDERWRITING CONSIDERATIONS

Cash in Safe

- The total value/ quantum of money being insured.
- Maximum amount of money per location.
- Security arrangement per location.
- Standalone cover is usually not granted.
- Claims History.

Cash in Transit

- The maximum amount carried in any single transit.
- Frequency of visits.
- What mode of transport is being used.
- What are the security arrangements.
- No. of authorized employees.
- Standalone cover is usually not granted.
- Claims History.

FIDELITY GUARANTEE



- **Fidelity insurance provides protection to insured against business losses caused due to employee dishonesty, theft or fraud.**
- **The policy compensates such losses to business owners within the limitations of the policy.**
- **Some of the examples of business losses include theft of money, theft of business inventory.**



UNDERWRITING CONSIDERATIONS

- **Number of employees.**
- **Employer hiring criteria.**
- **Per Person Limit.**
- **Standalone cover is usually not granted.**
- **Claims History.**

PLATE GLASS INSURANCE

- **Loss or damage:** Any accidental loss or damage to the plate glass on your business premises.
- **Replacing the window frames:** You will also be covered for the cost of replacing the damaged window frames or framework.
- **Erecting boarding:** The policy also covers the cost of erecting any temporary boarding that may be necessary after the plate glass is damaged.
- **Replacing alarms and wiring:** In case you had any alarm tapes or wiring attached to the glass before it was broken, you will be covered for their replacement.



UNDERWRITERS CONSIDERATION

- **Business location.**
- **Type of Glass Fitted.**
- **Bifurcation of values against outer part of building and inside the building.**
- **Standalone cover is usually not granted.**
- **Claims History.**

ALL RISK CONTENTS

- **Mobile Phones / Tablets / Laptops are usually covered under this class of insurance.**
- **The Insurer will provide compensation in respect of unforeseen and sudden accidental and/or physical loss or damage to mobile phones / tablets.**
- **Theft/Armed holdup of mobile phones/tablets.**



UNDERWRITING CONSIDERATIONS

- **Make and Model.**
- **Value.**
- **Claims History.**

PERSONAL ACCIDENT

- **Personal Accident Insurance Policy** providing coverage against accidental death, disability, medical expenses and many other benefits in the event of any sudden, violent and unforeseen accident.
- **Accidental Death:** An event that strictly occurs as a result of an accident. Eg: Deaths from car crashes
- **Permanent Disability:** A physical or mental impairment that indefinitely diminishes a worker's ability to perform the duties or normal activities that the worker performed before the accident or serious illness. Eg: loss of limbs.
- **Temporary Total Disability:** This level of disability reflects an injury that has rendered the employee completely unable to perform any job functions on a temporary basis. Eg: Fracture of a leg.

UNDERWRITING CONSIDERATIONS

- **Age**
- **Health Status**
- **Occupation**
- **Lifestyle**
- **Limit of Liability**

WORKMEN COMPENSATION

- **Workers' compensation is a form of employer insurance coverage that pays benefits to workers who are injured or become disabled as a result of their job.**
- **Workers' compensation benefits may include partial wage replacement for the period during which the employee cannot work. The benefits may also include reimbursement for healthcare services and occupational therapy.**



UNDERWRITING CONSIDERATIONS

- **Number of employees**
- **Location / address of employment**
- **Scope of work**
- **Job description**
- **Total Annual wages**



ENGINEERING INSURANCE

ENGINEERING INSURANCE

- **Construction All Risks**
- **Erection All Risks**
- **Contractor Plant and Equipment**
- **Machinery Breakdown**
- **Boiler Pressure and Vessel**
- **Electronic Equipment**



CONSTRUCTION ALL RISKS



CONSTRUCTION ALL RISKS

- **CAR is defined as projects involving the construction of static structures including:**
- **Building construction (housing/residential, commercial/industrial, public, and leisure)**
- **Transportation interchanges (airports and rail terminals)**
- **Sports arenas/grounds**



ERECTION ALL RISK



ERECTION ALL RISKS

- **EAR is defined as projects that primarily involve the erection and/or installation of machinery and equipment.**
- **EAR refers to the type of insurance policy that covers any loss or any damage occurring when machinery or equipment in the factory or an office is being installed**



UNDERWRITING CONSIDERATIONS

- **Location of the project**
- **Scope of project and the plan of execution**
- **Information on the experience of the erection contractor with similar projects**
- **Methods**
- **Transit routes and timelines**
- **Surroundings**
- **Metrological Conditions**

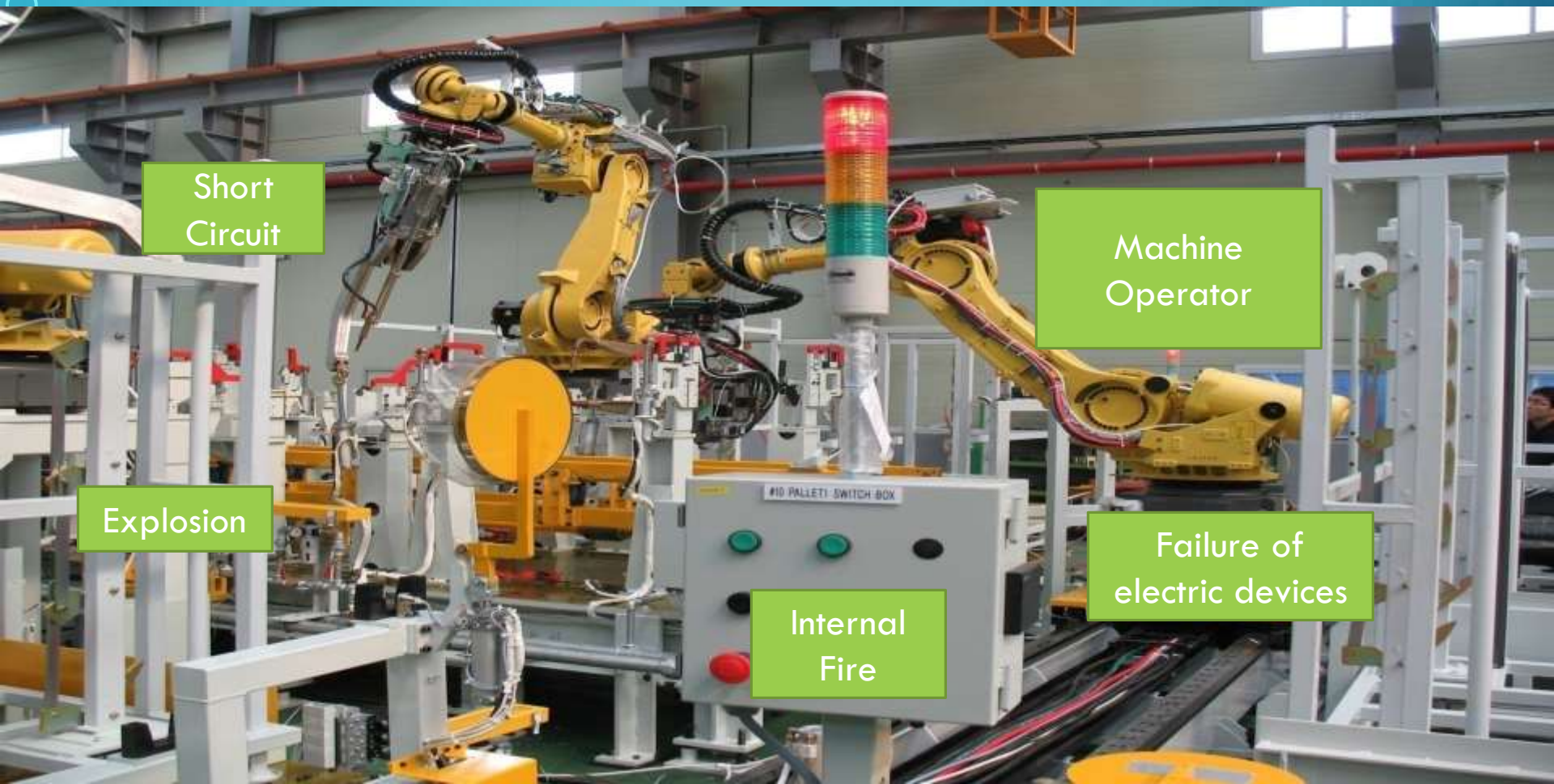


CONTRACTORS PLANT AND EQUIPMENT

- **“All Risk” basis—unforeseen and accidental physical loss or damage due to external causes**
- **Property Covered: Heavy specialized construction machines such as tunnel boring machines, earth moving equipment, cranes, pumps and construction plants**



MACHINERY BREAKDOWN



Short
Circuit

Machine
Operator

Explosion

Failure of
electric devices

Internal
Fire

MACHINERY BREAKDOWN

- **This is all risk accidental cover. The main coverage are faulty material, defects in casting, faulty construction, faulty design, short circuits and electrical burnouts, faulty erection, explosion, tearing apart on account of centrifugal forces, failure of operation of safety devices etc.**



UNDERWRITING CONSIDERATIONS

- **Name of Manufacturer**
- **Type and Serial Number**
- **Output**
- **Year of Manufacture**
- **Replacement Values**
- **Claims History**



BOILER AND PRESSURE VESSEL

Boiler and Pressure Plant Insurance covers damage to boilers & pressure plant with additional coverage to protect to, damage to surrounding property and Third-Party legal liability arising due to explosion and collapse of the boiler/ pressure plant during its normal course of working.

Risk Covered:

- **Damage (other than Fire) to the boilers & pressure vessels**
- **Damage to surrounding property - Upto Limit agreed and**
- **Third party legal liability due to Explosion/ Collapse/ Implosion - Upto Limit agreed**



UNDERWRITING CONSIDERATIONS

- **Name of Manufacturer**
- **Type and Serial Number**
- **Year of Manufacture**
- **Replacement Values**
- **Inspection Report**
- **Maintenance Report**
- **Qualification of Boiler Attendant**
- **Claims History**



ELECTRONIC EQUIPMENT INSURANCE

Electronic Equipment Insurance (EEI) is a policy designed to provide coverage for computers and other electronic equipment and it applies whether the insured items are at work or at rest or being dismantled for the purpose of cleaning, overhauling or of being shifted within the premises, or in the course of the aforesaid operations themselves, or during subsequent re-erection, but in any case, only after successful commissioning. The policy can also be extended to cover the external data media such as tapes and disks.



Electronic equipments are exposed to risks of unforeseen and sudden causes resulting in loss or damage

The various types of electronic equipments that can be covered are as follows:

Computers, Micro processors, Audio-visual equipments, Telecommunication, equipments, Electro-medical installations, Material testing and research equipment, Other office equipments like duplicating machines, scanning machines



UNDERWRITING CONSIDERATIONS

- **Name of Manufacturer**
- **Type and Serial Number**
- **Year of Manufacture**
- **Replacement Values**
- **Maintenance Report**
- **Claims History**

