

General Insurance Terms

Abandonment

For a damaged property it may not be worthwhile to go in for repairs because the cost of repairs may exceed the value of the property when repaired. The insurer is entitled to take over the interest of the assured in whatever may remain of the subject matter insured and all proprietary rights incidental thereto. In ocean marine insurance, the transfer by the insured to an insurer of all rights, title, and interest in and to the insured property, in return for the sum insured. In property insurance, abandonment is relinquishing ownership of damaged property to an insurer to permit a total loss claim to be made.

Absolute Liability

Liability for damages even though fault or negligence cannot be proven.

Absolute Ownership

Absolute ownership exists where the interest or explicit right of possession of the insured is so free from limitations, qualifications or restrictions that it cannot be taken from him without his consent.

Accident

Any Unforeseen and unexpected event is considered an accident. For insurance purposes it has to be due to external, physical and violent means.

Accidental Bodily Injury

Injury to the body as the result of an accident

Accident, Hit and Run

Accidental Death or injury arising out of the use of a motor vehicle(s) the identity whereof cannot be ascertained inspite of reasonable efforts for the purpose.

Accidental Death Benefit

A monetary compensation in addition to the face amount of a life insurance policy, payable if the insured dies as the result of an accident. Sometimes referred to as "double indemnity."

Accompanied baggage

Baggage being taken by someone with his own person whilst travelling.

Accumulation

Percentage addition to policy benefits as a reward to the insured for continuous renewal.

Acquisition Costs

The insurer's cost of putting new business in force, including the agent's commission, the cost of clerical work, fees for medical examinations and inspection reports, sales promotion expense, etc.

Act of god

Any accidental act which could not have been prevented by any amount of human care and fore thought.

Actual Total Loss

It is a loss where the goods are completely lost and become irrecoverable.

Ad valorem duty

Duty evaluated on percentage of cargo value.

Additional cover

An insurance policy extended to cover additional risk perils such as strikes. Riots and Civil commotion etc. on payment of extra premium.

Adjuster

A person who investigates and settles losses for an insurance buyer.

Adjusting

The process of settling losses with or by an insurance buyer.

Administrator

An individual or professional organization, such as a bank's trust department, appointed by the court to administer an estate when the owner dies without having made a will or without nominating an executor. An executor may also be appointed if the named executor declines to serve.

Agent

An insurance company representative licensed by the state who solicits, negotiates or effects contracts of insurance, and provides service to the policyholder for the insurer.

Aggravation of risk

To make the existing risk worse, more troublesome, etc.

Aggregate Indemnity

The maximum amount that may be collected for any disability or period of disability under the policy.

Agreed value policy

Policy which undertakes to pay a specified amount in case of total loss. Under this case the policy does not take into account the current market value.

All-risks Policy

Coverage by an insurance contract that promises to cover all losses except those losses specifically excluded in the policy. Also known as open peril coverage.

Arbitration

A form of quasi-judicial dispute resolution where an unbiased person or panel gives an opinion about quantum of loss.

Arson

The willful and malicious burning of property, often with criminal intent.

Assessor

Person who estimates the value of goods for the purpose of apportioning the sum payable by the underwriters to settle the claims. Also called as Surveyor.

Assignment

The legal transfer of one person's interest in an insurance policy to another person.

Assured

Party indemnified or promised to be indemnified against loss by means of insurance.

Average adjuster

Independent expert who assesses the liabilities of the various parties to a common maritime adventure and to classify the various items of expenditure between general and particular average, viz, ship, Freight and cargo.

Avoidance

A right which can be exercised by and underwriter to relieve him of liability under the policy because the assured has been guilty of a breach of good faith or where the risk in voyage policy has failed to attach within a reasonable time after the underwriter wrote the risk.

Award

The decision in arbitration.

B

Bailee

One who has custody of the property of another. Bailees "for hire" have certain responsibilities to care for the property of others that is in their custody.

Basic Limit

Usually refers to Liability of insurer indicating the lowest amount for which a policy can be written. This amount is either prescribed by law or company policy.

Basic Rate

The standard charge for a given type of risk for basic limit.

Beneficiary

An individual designated in a will to receive an inheritance, or the individual designated to receive the proceeds of an insurance policy, retirement account, trust, or other asset.

Bill of Exchange

It is the bill drawn by exporter against the importer.

Bill of Lading

Receipt for goods shipped on board a ship signed by the person who contracts to carry them, and stating the terms on which the goods are carried.

Blanket Contract

A contract of health insurance affording benefits, such as accidental death and dismemberment, for all of a class of persons not individually identified. It is used for such groups as athletic teams, campers, travel policy for employees, etc.

Bodily Injury

Physical injury, including sickness, disease, mental injury, shock or death.

Bonus

The Bonus system awards discounts for claim-free driving for a certain continuous period. This goes on increasing upto a certain limit for continuous claim free years.

Borderline Risk

An insurance prospect of doubtful quality from an underwriting point of view to put it in one among two group of risks.

Breach of condition

When a condition of the insurance contract is broken by the assured, the insurer may avoid the contract from the inception.

Broker

Middleman who represents an insured in the solicitation, negotiation or procurement of contracts of insurance, and who may render services incidental to those functions. He also represents insurer for certain purposes such as delivery of the policy or collection of the premium.

Burglary

It is a theft committed by breaking into or out of the premises. Evidence of breaking in, is necessary.

Burning Ratio

The ratio of losses suffered to the amount of insurance in effect.

Business Interruption Insurance

Insurance for a business owner against losses resulting from stoppage of business because of fire or other insured peril. The insurance provides reimbursement for lost net profits and necessary standing expenses.

C

Cancellation

The discontinuance of an insurance policy before its normal expiration date, either by the insured or the Insurance Company.

Capacity

The amount of capital with an insurance company as a whole for underwriting general insurance coverage.

Capital sum insured

It is the sum insured of a Person for which cover is sought under a Personal Accident Policy.

Captive Agent

An agent who, by contract, represents only one company and its affiliates.

Cargo Insurance

Type of insurance that protects the shipper/owner of the goods against financial loss if the goods are damaged or lost while in transit in between place of commencement and destination.

Catastrophe

Event which causes loss of extraordinary magnitude, such as a hurricane or tornado.

Cede

To transfer to a reinsurer all or part of the insurance or reinsurance risk written by a ceding company.

Ceding Commission

In calculating a reinsurance premium, an amount allowed by the reinsurer for part or all of a ceding company's acquisition and other overhead costs, including premium taxes. It may also include a profit factor. See Overriding Commission.

Certificate of Insurance

A document issued to a member of a group insurance plan, describing the insurance benefits and principal provisions of the policy in brief.

Cession

The amount of a risk which the insurance company reinsures: the amount passed on to the reinsurer.

Chartered Property Casualty Underwriter (CCU)

Professional designation granted to persons in the property and liability insurance field who pass a series of rigorous examinations and meet specified eligibility requirements.

Claim

It is a notification to an insurance company that payment of an amount is due under the terms of a policy by the insured.

Claim Amount

It is the amount payable by the insurer under a policy on a claim arising.

Claim Settling agents

They are appointed by insurer in a foreign country abroad for survey/settlement of claims arising out of policy issued in the home country for Overseas mediclaim and marine insurance policies.

Claims Cohort

A group of claims with a common period of origin. The period is usually a calendar year, but may be shorter. The origin may be defined by the date of the occurrence of claim or alternatively by the date of reporting.

Claims reserve

Claims provision, provision for outstanding claims/claims outstanding, claims reserve, total claim liability.

Clause

Sentences and paragraphs describing coverage's, exclusions, duties of an insured, and termination of coverage, and other such parts of the insurance policy.

Claused Bill of Lading

Bill of Lading, which has been endorsed by the ship owner, as the goods described thereon do not conform to what is offered for shipment e.g., package missing, inadequately packed.

Clean Bill of Lading

A bill of Lading is said to be clean if it has no superimposed clause expressing of any defective condition of the packaging or of goods.

Co-insurance

A means of spreading the risk on larger insurances between two or more direct insurers.

Co-Insurers

Two or more insurers jointly covering the same risk.

Collusion

A deal between persons usually to the detriment of other persons or for some improper purpose.

Combined ratio

A rough indication of the profitability of a property and liability insurer's underwriting operations, generally computed by adding the ratio of losses incurred to premiums earned and expenses incurred to premiums written.

Commercial Lines

Insurance for businesses, professionals, and commercial establishments.

Commission

The fee paid by the insurance companies to agents and brokers for the sale of policies.

Common carrier

A firm that offers to transport merchandise for hire and must accept shipments from anyone who wishes to use its services. Different laws and rules govern common carriers than do. Private or contract carriers that only transport the goods of those with whom they have made agreements.

Common law

Common law comprises the body of principles and rules of action, relating to the government and security of persons and property, which derive their authority solely from usages and customs of immemorial antiquity, or from the judgments and decrees of the courts. It is outside the laws created by enactment of statutes.

Comprehensive

A loosely used term signifying broad or extensive coverage of insurance.

Compulsory Insurance

Any form of insurance which is required by law. e.g. Motor third party insurance, Public Liability Act Insurance.

Concealment

Deliberate suppression of material facts that would affect the validity of a policy of insurance.

Conditions

Those provisions in insurance contracts that qualify the insurer's promise of indemnity or impose obligations on the insured.

Consequential Loss

A loss which is an indirect result of an accident or fire, e.g. food spoiled through breakdown of a refrigerator.

Consideration

Price, token, or other matter used as an inducement for the completion of a contract, as an insurance premium.

Constructive Total Loss

A loss of sufficient amount to make the cost of salvaging or repairing the property equal to or greater than the value of the property when repaired.

Contract of Insurance

An agreement between the insurer and one or more parties, called the insured, whereby the insurer undertakes in return for the payment of a certain consideration, called the premium, to pay to the insured a certain sum of money or to grant certain compensation on the happening of a specified event.

Contractual liability

Legal liability assumed under contract.

Contribution

A participation, as two insurance policies in the same loss.

Contributory negligence

The lack of ordinary care on the part of an insured person, which combined with the defendant's negligence and contributed the injury as a proximate cause. In some jurisdictions, contributory negligence on the part of an injured party will defeat his or her claim.

Cover Note

A cover note is a document issued in advance pending the issue of the policy, and is normally required if the policy cannot for some reason or other be issued straight away. Cover notes can also be issued during the course of negotiations to provide cover on a provisional basis. A cover note is not a stamped document but is honored, all the same, by all parties concerned.

Coverage

The scope of protection provided under a contract of insurance; any of several risks covered by a policy.

Credit insurance

A form of guarantee to manufacturers and wholesalers against loss resulting from default on the part of debtors.

Crop-Hail insurance

Protection against damage to growing crops as a result of named perils.

Cumulative Bonus

The percentage at which the sum insured gets increased annually, without additional premium, e.g. Personal Accident Insurance, Mediciclaim Insurance.

D

Days of Grace or Grace Period

Period of time after the due date of a premium during which the policy remains in force (when both coverage of risk is available and also the premium can be paid without any late fees).

Debris Removal Clause

An extension to the standard policy to cover the cost of making a seriously fire-damaged building safe and removing debris.

Declaration Basis

An arrangement whereby a provisional premium is paid and subsequently adjusted by an additional or return premium on receipt of a declaration from the insured giving details of values at risk.

Declination

The insurer's refusal to insure an individual after careful evaluation of the application for insurance and any other pertinent factors.

Deductible

A provision whereby an insured may be required to pay part of a loss, the insurance being excess over the amount of the deductible.

Dental insurance

A type of health insurance that covers dental care expenses.

Depreciation

A decrease in the value of property over a period of time due to wear and tear or obsolescence. Depreciation is used to determine the actual cash value of property at time of loss.

Disability

Inability to perform all or part of one's occupational duties because of an accident or illness: see Total Disability and Partial Disability.

Double Insurance

If the insurance policy is taken from more than one underwriter where period of insurance, subject matter of insurance and sum insured are same, then this is called double insurance.

E

Earned Premium

Premium for which protection has been provided. When a premium is paid in advance for a policy period, the company 'earns' a portion of that premium only as time elapses during that period.

Effective date

The date upon which the policy is put in force, the inception date

Employers liability

Legal liability imposed on an employer making him or her responsible to pay damages to an employee injured by the employer's negligence. Generally, replaced by 'workers compensation', which pays the employee whether the employer has been negligent or not.

Endorsement

A written amendment affecting the declarations, insuring agreements, exclusions, or conditions of an insurance policy: a rider.

Escalation

Provision for automatic increases on some defined basis in premiums and sums insured.

Estimated Maximum Loss (EML)

An expression used in fire, explosion and material damage policies only. An estimate of the monetary loss which could be sustained by insurers on a single risk as a result of a single fire or explosion considered by the underwriter to be within the realms of possibility.

Ex Gratia

A payment made where there is no legal liability

Excess (also refer Deductibles)

Agreed amount upto which no claim is paid under a policy.

Excess of loss reinsurance

A form of reinsurance whereby the reinsuring company reimburses the ceding company for the amount and only the amount of loss the ceding company suffers over and above an agreed aggregate sum in any one loss or in a number of losses arising out of any one event.

Exclusion

That which is expressly eliminated from the coverage of an insurance policy

Expense ratio

The proportionate relationship of an insurer's expenses to premium expressed as a percentage.

Extended coverage insurance

Protection for the insured against loss or damage of his property caused by windstorm, hail, smoke, explosion, riot, riot attending a strike, civil commotion, vehicle and aircraft: this is provided in conjunction with the fire insurance policy.

F

Facultative Obligatory Treaty (Also Semi-obligatory Treaty)

A reinsurance contract under which the ceding company may cede exposures or risks of a defined class that the reinsurer must accept if ceded.

Facultative Treaty

A reinsurance contract under which the ceding company has the option to cede and the reinsurer has the option to accept or decline classified risks of a specific business line. The contract merely reflects how individual facultative reinsurance shall be handled.

Fidelity Bond

A form of protection which reimburses an employer for losses caused by dishonest or fraudulent, acts of employees.

Financial Loss Insurance

Insurance of legal liability for financial loss not involving bodily injury or loss of or damage to property

Fire

A combustion accompanied by a flame or glow, which escapes its normal limits to cause damage.

Fire insurance

Coverage for losses caused by fire and lightning, as well as the resultant damage caused by smoke and water

Floater Policy

A policy under the terms of which protection follows moveable property, covering it wherever it may be

Flood

Overflow of water from its natural boundaries. More specifically defined by the National Flood Act of 1968 as 'a general and temporary condition of partial or complete inundation of normally dry land areas from (1) the overflow of inland or tidal waters or (2) the unusual and rapid accumulation or runoff of surface waters from any source'.

FOB (f.o.b.)

Abbreviation for free-on-board, used in commerce to describe the value of goods at point of embarkation, excluding transport and insurance costs. Export values are usually expressed f.o.b. for customs and excise purposes, while imports are usually valued cost insurance and freight or charged in full.

Franchise

Deductible in which the insurer has no liability if the loss is under a certain amount, but once this amount is exceeded; the entire loss is paid in full.

General average (in marine insurance)

A loss that must be borne partly by someone other than the owner of the goods that were lost or destroyed: for example, if it is necessary to jettison cargo to save a ship, the owners of the ship and the rest of the cargo that is saved will share in the loss of the goods that were intentionally sacrificed.

General damages

Damages awarded to an injured persons for intangible loss which cannot be measured directly by rupees. Popularly known as "pain and suffering." General damages are distinguished from special damages which are awarded from actual economic loss, such as medical costs, loss of income, etc.

Grace period

The period of time following the due date of a policy premium during which the payment of the premium will continue the policy and during which the policy is in full force and effect

Graded commission

A reduced commission justified by the size of the premium

Gross Negligence

Intentional failure to perform a duty, reckless disregard of the consequences as affecting the life or property of another

Gross Premium

The premium paid by the policyholder.

Gross Profit

The figure calculated by adding turnover to closing stock and work in progress and subtracting from this amount the sum of the opening stock and work in progress and the variables selected by the insured (usually defined as specified working expenses).

Group insurance

Any insurance plan under which a number of employees and their dependants are insured under a single policy, issued to their employer, with individual certificates given to each insured employee; the most commonly written lines are life and accident and health



H

Hail Insurance

Form of insurance that protects against loss of crops from hail

Hazard

A condition that creates or increases the probability of a loss

Health insurance

A generic term applying to all types of insurance indemnifying or reimbursing for losses caused by bodily accident or sickness or for expenses of medical treatment necessitated by sickness or accidental bodily injury.

House Breaking

When the theft is committed entering into or out of the premises stealthily

Housekeeping

The general care, cleanliness and maintenance of an insured property

Householders Policy

A package of insurance providing homeowners with a broad range of property and liability coverages

Hull insurance (in ocean marine and aviation insurance)

Coverage for physical damage to a vessel or aircraft

Hurricane

A tropical storm marked by extremely low barometric pressure and circular winds with a velocity of 120 miles an hour or more.

I

IBNR (Incurred but not Reported) provision

Provision for claims incurred but not reported by the balance-sheet date. That is, it is anticipated that there would be a number of policies that have, but for the advice of the claim to the insurer, occurred and therefore are likely to result in a liability on the insurer.

The magnitude of this provision can be expected to reduce as the time since the insurance risk on the contract expired extends. The magnitude is also likely to vary depending on the type of insurance risk covered by any particular class of insurance contract.

Illegal Contract

It is a contract, which is contrary to law and against the interests of public. It can not be sustained and does not have legal effect.

Imputed Negligence

Case in which responsibility for damage can be transferred from the negligent party to another person, such as an employer

Incurred Claims

Incurred claims equal the claims paid during the policy year plus the claim reserves as of the end of the policy year, minus the corresponding reserves as of the beginning of the policy year. The difference between the year end and beginning of the year claim reserves is called the increase in reserves and may be added directly to the paid claims to produce the incurred claims.

Incurred Loss Ratio

The percentage of losses incurred to premiums earned.

Indemnification

Compensation to the victim of a loss, in whole or in part, by payment, repair, or replacement

Indemnify

Legal principle that specifies an insured should not collect more than the actual cash value of a loss but should be restored to approximately the same financial position as existed before the loss.

Indemnity Period

The period, beginning with the date of the damage, during which the turnover of the business is affected by the damage. It lasts until the turnover recovers and reaches the point at which it would have been had the loss not occurred, or the expiry of the maximum indemnity period -the number of months selected by the insured -whichever occurs first.

Indemnity principle

Of a general legal principle related to insurance which holds that the individual recovering under an insurance policy should be restored to the approximate financial position he or she was in prior to the loss.

Independent adjuster

One who adjusts losses on behalf of companies but is not employed by any one. He or she is paid by fee for each loss adjusted.

Indirect Loss (Or Damage)

Loss resulting from a peril, but not caused directly and immediately thereby. For example: Loss of property due to fire is a direct loss, while the loss of rental income as the result of the fire would be an indirect loss.

Inherent vice

A characteristic depreciation such as the fading of ink, a cracking of parchment, the graying of hair

Insurable interest

An interest which might be damaged if the peril insured against occurs: the possibility of a financial loss to an individual which can be protected against through insurance.

Insurance

An economic device whereby the individual substitutes a small certain cost (the premium) for a large uncertain financial loss (the contingency insured against) which would exist if it were not for the insurance contract: an economic device for reducing and eliminating risk through the process of combining a sufficient number of homogeneous exposures into a group in order to make the losses predictable for the group as a whole.

Insurance Company

1. An organization chartered to operate as an insurer.
2. Any corporation primarily engaged in the business of furnishing insurance protection to the public

Insurance Entities

Any corporate body or individual which is operating as an insurer, reinsurer or insurance intermediary and which is subject to insurance regulation

Insurance Product

An insurance product is defined as a product that is provided by an insurance company.

Insurance Policy

Legal document issued to the insured setting out the terms of the contract of insurance.

Insured

The person to whom or on whose behalf benefits are payable under the policy

Insurer

A licensed legal entity, which underwrites insurance, including a mutual insurance company (but note the exemption of pure reinsurers)

Intermediary

Any person who, or organisation which, gives advice by way of directly offering, advertising or on a person-to-person basis in respect of an insurance product and includes the promotion of such a product or the facilitation of an agreement or contract between an insurer and a customer. Intermediaries are generally divided into separate classes. The most common types are 'independent intermediaries' who represent the buyer in dealings with the insurer (also known as independent brokers) and 'agents' (which generally include multiple agents and sub-agents) who represent the insurer.

Irrevocable beneficiary

Beneficiary designation allowing no change to be made in the beneficiary of an insurance policy without the consent of the named beneficiary

Jettison

Act of throwing overboard part of a vessel's cargo or hull in hopes of saving a ship from sinking.

Jewelers Block Insurance

An all risk insurance contract that provides jewelers with coverage to losses, which they would be exposed.

Joint-and-Severall Liability

A legal principle that permits the injured party in a tort action to recover the entire amount of compensation due for injuries from any tortfeasor who is able to pay, regardless of the degree of that party's negligence

K

Key-Person Insurance

Insurance designed to protect a business firm against the loss of income resulting from the death or disability of a key employee.

L

Lapse

Termination of a policy due to failure by the insured to pay the premium as required

Larceny

The unlawful taking, carrying, leading or riding away of another person's property

Law of large numbers

While it is impossible to predict either the time or the loss amount of adverse events in relation to individuals, the averages for a sufficiently large set (of insureds) exhibit certain patterns of loss frequency and loss extent

Legal Costs

The costs of defending a claim from a third party and claimant's costs for which an insured is liable, are usually covered by a liability policy.

Legal liability

Any liability imposed on a person by a court of law

Lessee

The person to whom a lease is granted, commonly called the tenant.

Lessor

The person granting a lease, also known as the landlord

Letter of Credit (LOC)

Within the context of reinsurance, a banking instrument established on a 'standby' basis to secure recoverables from non-admitted reinsurers to enable the ceding company to reduce the provision for unauthorized reinsurance in its statutory statement

Liability

Any legally enforceable obligation

Liability Insurance

Insurance covering the policyholder's legal liability resulting from injuries to other persons or damage to their property. Liability Insurance. Provides protection for the insured against loss arising out of legal liability to third parties

Licensing

The incorporation of a company in the jurisdiction or the approval given to a company to underwrite insurance in the jurisdiction. These are recognized to be separate approvals and may be made in separate jurisdictions

Line

One line is equal to the ceding company's retention. A proportional treaty may have a total capacity expressed as x lines and a reinsurer's share may be y lines

Line of Business

The general classification of business as utilized in the insurance industry, i.e., fire, allied lines, homeowners, etc.

Lloyds

A voluntary unincorporated association of individuals organized for the purpose of writing insurance; normally refers to Lloyd's of London, a group of individual underwriters and syndicates that underwrite insurance risks severally, using facilities maintained by the Lloyd's of London Corporation

Load

To add charges to an insurance premium

Loss Adjuster

An independent professional appointed by the insurers to settle claims

Loss of Profits

A synonym for business interruption insurance

Loss Ratio

The proportionate relationship of incurred losses to earned premiums expressed as a percentage.

M

Manual

A book of rates, rules, and coverages usually available for each kind of insurance

Margin of Solvency

The total assets of an insurance company must exceed its liabilities (other than share capital) by a relevant amount, known as the margin of solvency

Marine

Pertaining to the sea or to transportation: usually divided as to 'ocean marine' and 'inland marine'; the insurance covering transportation risks

Marine Insurance

A form of insurance primarily concerned with means of transportation and communication, and with goods in transit

Market Value

The price for which something would sell, especially the value of certain types of assets, such as stocks and bonds. It is based on what they would sell for under current market conditions. For example, common stock market value would be the price of the stock as of a specified date

Material Damage Policy

The policy covering damage to property (usually a commercial fire policy) as the result of which damage a business interruption claim may result. It is a condition of business interruption insurance that a material damage policy must be and remain in force

Material Fact

Information about the subject of insurance that if known would change the underwriting basis of the insurance, and which would cause the insurer to refuse the application or charge a higher rate

Misrepresentation

Act of making, issuing, circulating or causing to be issued or circulated an estimate, an illustration, a circular or a statement of any kind that does not represent the correct policy terms, dividends or share of surplus or the name or title for any policy or class of policies that does not in fact reflect its true nature.

Moral Hazard

Moral Hazard refers to increase in probability of loss that results from dishonesty in the character of the insured person. Thus it is the dishonest tendencies on the part of the insured person that may induce that person to attempt to defraud the insurance company

Morale Hazard

An attitude that increases the probability of loss from a peril. The attitude of, "It's insured; so why worry?" is an example of a morale hazard

Mortgage

A deposit or conditional transfer to secure the performance of some act: the person who makes the transfer is called the 'mortgagor', the other party, the 'mortgagee'; sometimes an intermediary called a 'trustee' is appointed

Mortgagor

A borrower who takes out a mortgage

MPL (Maximum Probable Loss)

The largest loss thought probable under a given insurance policy. Normally applied to material damage risks where the total sum insured is not considered to be at risk from one loss event

Multi-Peril Policy

A package policy which provides protection against a number of separate perils. Multi-peril policies are not necessarily multiple line policies, since the combined perils may be all within one insurance line

Named Perils Policy

Coverage in a property policy that provides protection against loss from only the perils specifically listed in the policy rather than protection from physical loss. Examples of named perils are fire, windstorm, theft, smoke, etc.

Negligence

Failure to use that care which a reasonable and prudent person would have used under the same or similar circumstance. Negligence may be constituted by acts of either omission or commission or both.

Net Premium

A portion of the premium rate designed to cover benefits of the policy, but not expenses, contingencies, or profit

Net Premiums Earned

Net premiums written adjusted for the increase or decrease during the year of the liability for unearned premiums

Net Premiums Written

This item represents gross premiums written (direct and reinsurance assumed) less reinsurance ceded

Net Retention

The final amount of insurance retained by the company after reinsuring such amounts as it did not wish to retain

No Claims Bonus

A reduction in the price of an insurance policy because no claims have been made on it

No-Fault

A type of insurance mechanism whereby the right to sue another party for damages caused by negligence is limited and, in exchange, expanded first party benefits are offered. Mainly used in Vehicles insurance Policy.

Nominee

Nominee is the person who is nominated to receive the amount under a policy and to give a valid discharge to the insurer on settlement of claim under a life insurance policy

O

Obligatory Treaty

A reinsurance contract under which business must be ceded in accordance with contract terms and must be accepted by the reinsurer

Occupational Hazards

Occupations which expose the insured to greater than normal physical danger by the very nature of the work in which the insured is engaged, and the varying periods of absence from the occupation, due to the disability, that can be expected

Ombudsman

An authority established either by the company or the Government for the quick redressal of grievances

Open cover

Gives to insured automatic insurance protection so that there is no risk of any shipments remaining uninsured through oversight

Open Form

A continuous policy written on a reporting basis

Operative Clause

Defines the class and nature of business covered by a specific reinsurance treaty

P

Package Policy

A combination of two or more individual policies into a single policy. A householders policy, for example, is a package policy.

Partial Disability

The result of an illness or injury which prevents an insured from performing one or more of the functions of his/her regular job

Particular Average

A term meaning an accidental and usually a partial loss suffered by one interest and not chargeable against others

Peril

The event insured against; the cause of possible loss

Personal Injury

In law, a term used to embrace a broad range of torts that includes bodily injury, libel, slander, discrimination and similar offences. Also a standard insurance coverage that protects against a more limited group of torts (false arrest, detention or imprisonment, malicious prosecution, wrongful entry or eviction, and libel, slander, or defamation)

Physical Damage

Damage to or loss of an automobile resulting from a named peril

Physical Hazard

A condition of the subject of insurance which creates or increases the chance of loss, such as structural defects, occupancy, or similar conditions

Pilferage

Petty theft, especially theft of articles in less than package lots.

Policy

The legal document issued by the company to the policyholder, which outlines the conditions and terms of the insurance; also called the policy contract for the contract

Policyholder

The person (or persons) whose risk of financial loss from an insured peril is protected by the policy.

Policyholder's funds

Monies set aside by insurers to cover outstanding liabilities to Policyholders. Also known as technical reserves

Policy Period

The term for which insurance remains in force, sometimes definite, sometimes not

Policyholder's surplus

Amount over and above liabilities available for an insurer to meet future obligations to its policyholders

Policy Term

The period for which an insurance policy provides coverage

Policyholder

A person who pays a premium to an insurance company in exchange for the insurance protection provided by a policy of insurance

Pool

A risk sharing mechanism in which the members of a group agree to be collectively responsible for losses

Premium

The sum paid by a policyholder to keep an insurance policy in force. It is the amount paid to secure an insurance policy

Premium Notice

Notice of a premium due, sent out by the company or one of its agencies to an insured. Synonym for "Renewal Notice".

Principal

The applicant for, or subject of, insurance; the one from whom an agent derives his or her authority

Pro Rata Cancellation

Cancellation with a return of premium charged for the period of time the policy was in force equal to the ratio of the total premium to the total policy period

Product Liability Insurance

Protection against financial loss arising out of the legal liability incurred by a manufacturer, merchant, or distributor because of injury or damage resulting from the use of a covered product

Professional Indemnity

It is a cover granted to professionals like Doctors covering their legal liability for any claims arising out of professional misconduct

Property Insurance

Insurance providing financial protection against the loss of, or damage to, real and personal property caused by such perils as fire, theft, windstorm, hail, explosion, riot, aircraft, motor vehicles, vandalism, malicious mischief, riot and civil commotion, and smoke

Proposal

A person interested in taking out insurance has to make an offer by means of a proposal. This is an application for the cover required, or for obtaining quotations of the premium chargeable

Proposal Form

It is a form which is to be completed for securing an insurance policy

Proposer

Proposer is a person who proposes the insurance policy

Prospectus

A form, which is often part of the proposal form, giving details of the cover available with particulars of extra benefits and rebates

Protection and Indemnity (P & I) Insurance

Liability insurance coverage in an ocean marine policy

Provision for unexpired risks

Amount set aside on the balance sheet in addition to unearned premiums with respect to risks to be borne by the insurance undertaking after the end of the financial year, in order to provide for all claims and expenses in connection with insurance contracts in force in excess of the related unearned premiums and any premiums receivable on those contracts

Provisions

The terms or conditions of an insurance policy

Proximate Cause

The dominating cause of loss or damage; an unbroken chain of events between the occurrence and damage

Public Liability/Third Party Liability

The insured's liability at law (excluding liability to an employee arising out of employer/employee relationship) to pay compensation for death, injury or illness sustained by any person or damage to property caused by explosion or collapse of boiler and pressure plant or use of lifting and handling plant

Punitive Damages

Damages awarded separately and in addition to the compensatory damages, usually on account of malicious or wanton misconduct, to serve as a punishment for the wrongdoer and possibly as a deterrent to others

Pure Risk

A condition in which there is the possibility of loss or no loss only

Q

Quota Share Reinsurance

It is an automatic reinsurance, whereby the ceding company is bound to cede a fixed percentage of every risk written by it irrespective of the size or quality of the risk.

Quote

An estimate of the cost of insurance, based on information supplied to the insurance company by the applicant.

R

Rate

The pricing factor upon which the insurance buyer's premium is based

Recurring Clause

A provision in some health insurance policies, which specifies an period of time during which the recurrence of a condition is considered a continuation of a prior period of disability or hospital confinement

Reimbursement

The payment of the expenses actually incurred as a result of an accident or sickness, but not to exceed any amount specified in the policy

Reinstatement

The restoration of a lapsed policy

Reinsurance

Insurance placed by an underwriter in another company to cut down the amount of the risk assumed under the original insurance

Renewal

Continuance of coverage under a policy beyond its original term by the insurer's acceptance of the premium for a new policy term

Renewal Notice

The notice sent to the policyholder to remind him that an insurance is due for renewal by insurers

Renewal Receipt

The written evidence that a renewal premium has been paid

Repatriation Expenses

(Under Overseas Mediclaim Policy) Expenses incurred to travel back to home country following sickness abroad

Replacement Cost

The cost to repair or replace property at construction costs prevailing at time of loss; the cost to repair or rebuild property without any depreciation

Representation

Statements made by an applicant in the application that he represents as being substantially true to the best of his or her knowledge and belief, but which are not warranted as exact in every detail

Rescission

Termination of an insurance contract by the insurer on the grounds of material misstatement on the application for insurance

Reserve

Liability set up for particular purposes

Respondentia

An early form of marine insurance on cargo; similar to bottomry, the equivalent on hulls

Restoration

Reinstatement, as the amount of coverage after a loss

Retention

The act of retaining an exposure to loss: also that part of the exposure that is retained

Retrocession

The amount of risk that a reinsurance company reinsures; the amount of a cession which the reinsurer passes on

Retrospective Date

The first date for which claims will be paid under a claims-made policy of liability insurance

Return Premium

An amount due the insured upon cancellation of a policy

Revocable Beneficiary

A beneficiary designation that may be changed by the policyowner without the consent of the existing beneficiary

Rider

Usually known as an endorsement, a rider is an amendment to the policy used to add or delete coverage

Risk

It can be a potential source of loss or the subject matter of insurance itself

Risk Management

A scientific approach to the problem of dealing with the pure risks facing an individual or an organization in which insurance is viewed as simply one of several approaches for dealing with such risks

Robbery

The unlawful taking of property by violence or threat of violence

Running Down Clause

Additional coverage, which can be added to, an Ocean Marine Hull policy to provide protection for damage to another ship caused by collision

S

Salvage

Recovery made by an insurance company by the sale of property which has been taken over from that insured as a part of loss settlement. The remains of damaged vehicle or any other property

Schedule

A list of coverages or amounts concerning things or persons insured

Self-Insurance

A form of risk financing through which a firm assumes all or a part of its own losses

Settlement

A policy benefit of claim payment

Short period rates

Percentage of annual premiums charged for short period policies

Short Rate Cancellation

Cancellation with a less than proportionate return of premium: also known as Pro Rata Cancellation.

Social Insurance

Compulsory insurance, in which the benefits are prescribed by law and in which the primary emphasis is on social adequacy rather than equity

Solvency margin

Surplus of assets over liabilities

Special Damages

Amount awarded in litigation to compensate for specific identifiable economic loss

Speculative Risk

A condition in which there is a possibility of loss or gain

Sprinkler Leakage Insurance

Insurance against loss from accidental leakage or discharge from a sprinkler system due to some cause other than a hostile fire or certain other specified causes

Standing Charges

Expenses which still have to be met even if a business cannot earn its full income owing to fire or other damage. These expenses do not diminish proportionately as a result of the damage

Statutory Inspections

Plant inspections which are required by law to be carried out at stipulated intervals by a competent person who must also prepare a report in a prescribed form detailing the condition of the plant

Strict Liability

Liability for damages even though fault or negligence cannot be proven

Subrogation

It is defined as the transfer of rights and remedies of the insured to insurers who have indemnified the insured in respect of the loss

Subsidence

Occurs when the ground under a building moves downwards, often as a result of drying out too much

Sum Insured

The limit of liability of the insurers under a policy

Surety Bond

An agreement providing for monetary compensation should there be a failure to perform certain specified acts within a stated period: the surety company, for example, becomes responsible for fulfillment of a contract if the contractor defaults

Surplus

An amount by which the value of an insurer's assets exceeds their liabilities

Surrender Value

Surrender value is the amount payable to the policy holder on his surrendering his right under a policy and terminating the contract of insurance

Surrounding Property

Property belonging to the insured or in his custody or control except for the plant causing the damage or property being lifted

Surveyor

The company official who inspects property proposed and makes recommendations as to rating and loss reduction

T

Tail coverage

An extended reporting period extension under claims-made liability policies that provides coverage for losses that are reported after termination of the policy

Technical provision

Amount set aside on the balance sheet to meet liabilities arising out of insurance contracts, including claims provision (whether reported or not), provision for unearned premiums, provision for unexpired risks

Tenants Liability

Cover for damage to rented buildings

Theft

The unlawful taking of property of another: the term includes such crimes as burglary, larceny and robbery.

Third party

Someone other than the insured and insurance company

Third party claim

A demand made by a person against a policyholder and any payment that will be made by that company

Third Party Liability

Liability incurred by the insured to another party but excluding contractual liability

Tornado

A whirling wind over land, accompanied by a funnel-shaped cloud. It is usually very violent and destructive in a narrow path, often for many miles

Tort

A civil wrong, other than a breach of contract, for which a court of law will afford legal relief

Total Disability

An illness or injury which prevents an insured person from continuously performing every duty pertaining to his/her occupation or engaging in any other type of work

Total Loss

The complete loss or destruction of all the property insured under a particular policy

Treaty

A reinsurance contract under which the reinsured company agrees to cede and the reinsurer agrees to assume risks of a particular class or classes of business

Turnover

The money earned for goods supplied or services rendered in the course of the business at the premises specified in the policy

U

Uberrimae Fidei

Means "Utmost Good Faith". The basis of all insurance contracts - both parties to the contract are bound to exercise good faith and do so by a full disclosure of all information material to the proposed contract.

Umbrella Liability

Insures losses in excess of amounts covered by other liability insurance policies; also protects the insured in many situations not covered by the usual liability policies

Under-insurance

The situation where the Sum Insured is less than the total value of property at risk.

Underwriter

The company receiving premiums and accepting to cover the risk. Also, the person employed by the company who decides whether the company should accept a particular proposal for insurance or application for revival

Underwriting

The process of selecting risks for insurance and determining in what amounts and on what terms the insurance company will accept the risk.

Underwriting Profit or Loss

The amount of money, which an insurance company gains or loses as a result of its insurance operations

Unearned premium

That portion of the original premium for which protection has not yet been provided because the policy still has some time to run before expiration.

Unenforceable Contract

This is one, which lacks some evidential features. The contract is a valid one otherwise, but could not be enforced in a court of law

Uninsurable Risk

Risks not acceptable for insurance due to excessive risk

Utmost Good Faith

A duty imposed on both parties to an insurance contract. The legal duty implies full disclosure of all facts material to the contract during negotiations of the contract

V

Valuation

Estimation of the value of an item, usually by appraisal

Valued Policy

An insurance contract in which the value of the thing insured and the amount to be paid in case of total loss is settled at the time of making the policy

Vicarious Liability

In law, liability arising out of imputed negligence

Void

Of no force or effect: null

Void Contract

A contract obtained by fraud is a void contract

Voidable Contract

A contract, which is valid until it is treated as void by the aggrieved party, is a voidable contract

Warranty

A statement concerning the condition of the item to be insured which is made for the purpose of permitting the underwriter to evaluate the risk; if found to be false, it provides the basis for avoidance of the policy

Weekly benefits (for Personal Accident Insurance)

They are paid for the period of temporary total disablement following an injury which is admissible under the policy

Workers Compensation

A system of providing for the cost of medical care and weekly payments to injured employees or to dependants of those killed in the course of or arising out of their employment in industry in which Absolute Liability is imposed on the employer, requiring him or her to pay benefits prescribed by law

Written Premiums

The premiums on all policies which a company has issued in some period of time.

Life Insurance Related Terms

A

Accident

An event or occurrence causing damage/injury to an entity, and is unforeseen and unintended.

Accident Benefit

Provides for payment of an additional benefit equal to the sum assured in instalments on permanent total disability and waiver of subsequent premiums payable under the policy.

Age Limits

Stipulated minimum and maximum ages below and above which the company will not accept applications or may not renew policies.

Agent

An insurance company representative licensed by the state who solicits, negotiates or effects contracts of insurance, and provides service to the policyholder for the insurer.

Annuity Plans

These plans provide for a "pension" (or a mix of a lumpsum amount and a pension) to be paid to the policy holder or his spouse. In the event of death of both of them during the policy period, a lumpsum amount is provided for the next of kin.

Application Form

Supplied by the insurance company, usually filled in by the agent and medical examiner (if applicable) on the basis of information received from the applicant. It is signed by the applicant and is part of the insurance policy if it is issued.

Assignment

Assignment means legal transference. A method by which the policy holder can person on his interest to another person. An assignment can be made by an endorsement on the policy document or as a separate deed. Assignment can be of two types Conditional absolute

B

Beneficiary

The person(s) or entity(ies) (e.g. corporation, trust, etc.) named in the policy as the recipient of insurance

proceeds upon the death of the insured.

Business Insurance

A policy which primarily provides coverage of benefits to a business as contrasted to an individual. It is issued to indemnify a business for the loss of services of a key employee or a partner who becomes disabled.

Cancelable

A contract of health insurance that may be cancelled during the policy term by the insurer or insured.

Coinurance

- 1) A provision under which an insured who carries less than the stipulated percentage of insurance to value, will receive a loss payment that is limited to the same ratio which the amount of insurance bears to the amount required;
- 2) a policy provision frequently found in medical insurance, by which the insured person and the insurer share the covered losses under a policy in a specified ratio, i.e., 80 per cent by the insurer and 20 per cent by the insured.

Convertible Whole Life Policy

A mix of "whole life policy" and "endowment policy", it provides for very low insurance premiums with maximum risk cover while the life assured is just beginning his working career, and the possibility of converting the policy to an "endowment" policy after five years of commencement.

Coverage

The scope of protection provided under a contract of insurance; any of several risks covered by a policy.

D

Days Of Grace

Policy holders are expected to pay premium on due dates. a period of 15-30 days is allowed as grace to make payment of premium; such period is days of grace.

Deferment Period

Period between the date of subscription to an insurance-cum-pension policy and the time at which the first instalment of pension is received. Such policies generally prescribe a minimum and maximum limit on the deferment period.

Depreciation

A decrease in the value of property over a period of time due to wear and tear or obsolescence. Depreciation is used to determine the actual cash value of property at time of loss.

Double/Triple Cover Plans

These offer to the beneficiaries double/triple the sum assured on death of life assured during the term of the policy. On survival to the date of maturity, the basic sum assured is paid to the assured. These are low-premium plans, most useful for situations such as housing.

E

Embezzlement

Fraudulent use or taking of another's property or money which has been entrusted to one's care.

Endowment Policy

The assured has to pay an annual premium which is determined on the basis of the assured's age at entry

and the term of the policy. The insured amount is payable either at the end of specified number of years or upon the death of the insured person, whichever is earlier.

Excess And Surplus Insurance

- 1) Insurance to cover losses above a certain amount, with losses below that amount usually covered by a regular policy.
- 2) Insurance to cover an unusual or one-time risk, e.g., damage to a musician's hands or the multiple perils of a convention, for which coverage is unavailable in the normal market.

Exclusions

Specific conditions or circumstances for which the policy will not provide benefits.

F

Facultative Reinsurance

A type of reinsurance in which the reinsurer can accept or reject any risk presented by an insurance company seeking reinsurance.

Family Insurance

A life insurance policy providing insurance on all or several family members in one contract, generally whole life insurance on the principal breadwinner and small amounts of term insurance on the other spouse and children, including those born after the policy is issued.

Fiduciary

A person who holds something in trust for another.

Fire Insurance

Coverage for losses caused by fire and lightning, plus resultant damage caused by smoke and water. Flood insurance Coverage against loss resulting from the flood peril, available at low cost under a programme developed by the Central government.

Franchise Insurance

A form of insurance in which individual policies are issued to the employees of a common employer or the members of an association under an arrangement by which the employer or association agrees to collect the premium and remit them to the insurer.

G

Guaranteed Insurance Sum (GIS)

A lump sum purchase price is given to purchase future pensions under the Jeevan Akshay Plan of Life Insurance Corporation of India. This amount is referred to as GIS. The monthly pension that is payable one month after payment of first premium is calculated on the basis of the age at entry.

Gross Insurance Value Element (GIVE)

The amount payable on the deferred date under Jeevan Dhara Life of Life Insurance Corporation of India. An annuity of 1% of the GIVE is payable per month after the deferment period. And the entire GIVE is payable on death after deferment period.

Group Life Insurance

Life insurance usually without medical examination, on a group of people under a master policy. It is typically issued to an employer for the benefit of employees, or to members of an association, for example a professional membership group. The individual members of the group hold certificates as evidence of their insurance.

Guaranteed Policies

These are policies where the payment stays fixed.

I

Indemnity

Legal principle that specifies an insured should not collect more than the actual cash value of a loss but should be restored to approximately the same financial position as existed before the loss.

Insurable Interest

A condition in which the person applying for insurance and the person who is to receive the policy benefit will suffer an emotional or financial loss, if any untouchable event occurs. Without insurable interest, an insurance contract is invalid.

Insurability

All conditions pertaining to individuals that affect their health, susceptibility to injury and life expectancy; an individual's risk profile.

Insurance

Social device for minimizing risk of uncertainty regarding loss by spreading the risk over a large enough number of similar exposures to predict the individual chance of loss.

Insured

The person whose life is covered by a policy of insurance.

J

Joint Life Endowment Assurance Plans

The sum assured (plus any accrued bonuses) under this type of policy is payable on the end of the endowment term or on the first death of the two lives assured, whichever is earlier. Typically (though not a necessity) taken out by a couple, a variation is available for couples only. In this case, the sum assured will be payable on first death and then again on the second death (along with all vested bonuses) if both deaths occur during the term of the policy. If one or both lives survive to the maturity date, the sum assured along with all vested bonuses will be payable on maturity date. Premiums during this plan cease on the first death or the expiry of the selected term, whichever is earlier. Another variation provides for annuity to both/surviving spouse, or a lumpsum amount to the legal heirs.

K

Keyman Insurance Policy

A life insurance policy taken by a person on the life of another person who is or was his employee/connected to his business in any manner whatsoever.

L

Lapsed Policy

A policy which has terminated and is no longer in force due to non-payment of the premium due.

Limited Payment Life Policy

Premiums need to be paid only for a certain number of years or until death if it occurs within this period. Proceeds of the policy are granted to the beneficiaries whenever death of the policy holder occurs. Again, this policy can also be of the "with profits" or "without profits" type.

Loyalty Additions

The loyalty addition is given upon the maturity of the policy, and not before. It's a small percentage of the sum assured. Broadly speaking, loyalty addition is the difference between the performance, of the insurance company and the guaranteed additions. It is LICs effort to further share its surplus after valuation with the policy holders, as LIC is a non-profit organization.

Life Assured

The person whose life is insured by an individual life policy is called life assured.

M

Maturity

The date upon which the face amount of a life insurance policy, if not previously invoked due to the contingency covered (death), is paid to the policyholder.

Maturity Claim

The Payment to the policy holder at the end of the stipulated term of the policy is called maturity claim.

Misrepresentation

Act of making, issuing, circulating or causing to be issued or circulated an estimate, an illustration, a circular or a statement of any kind that does not represent the correct policy terms, dividends or share of surplus or the name or title for any policy or class of policies that does not in fact reflect its true nature.

Money Back Policy

Unlike endowment plans, in money back policies, the policy holder gets periodic "survivorship payments" during the term of the policy and a lumpsum amount on surviving its term. In the event of death during the term of the policy, the beneficiary gets the full sum assured, without any deductions for the amounts paid till date, and no further premiums are required to be paid. These type of policies are very popular, since they can be tailored to get large amounts at specific periods as per the needs of the policy holder.

Moral Hazard

Risk depends on the need for insurance, state of health, personal habits standard of living and income of insured person. Moral hazard is the risk factors that affects the decision of the insurance company to accept the risk.

N

Nomination

An act by which the policy holders authorises another person to receive the policy moneys. The person so authorised is called Nominee.

Non-cancelable policies

Such policies stay in effect regardless of whatever that might happen and as long as the premium is paid from time to time.

P

Premium

The payment, or one of the regular periodic payments, that a policy holder makes to an insurer in exchange for the insurer's obligation to pay benefits upon the occurrence of the contractually-specified contingency (e.g., death).

Premium Back Term Insurance Plans

These provide for refund of all the premiums paid, in the event of the life assured surviving to the end of the policy term. The total sum assured is paid to the beneficiaries in the event death occurs during the policy term.

R

Reinstatement

The restoration of a lapsed policy to in-force status. Reinstatement can only occur after the expiration of the grace period. The company may require evidence of insurability (and, if health status has changed,

deny reinstatement), and will always require payment of the total amount of past due premium.

Risk

The obligation assumed by the insurer when it issues a policy. The spreading of risk across a broad base of the population, adjusted for statistical probability, and the protection against catastrophic loss, is the entire purpose of insurance. For risk assumption purposes, death is viewed as a contingency. That is, although death is certain, its timing is unknown. The process of evaluating and selecting risk is known as underwriting.

Salary Saving Scheme

This scheme provides for payment of premiums by money deduction from the salary of the employees by one employer.

Sub Standard Risk

Person who is considered an under-average or impaired insurance risk because of physical condition, family or personal history of disease, occupation, residence in unhealthy climate or dangerous habits.

Surrender Value

The value payable to the policy holder in the event of his deciding to terminate the policy before the maturity of the policy.

Survival Benefit

The payment of sum assured to the insured person which has become due by instalments under a money back policy.

V

Vesting Age

The age at which the receipt of pension starts in an insurance-cum-pension plan.

W

Whole Life Policy

Premiums are paid throughout the life time of life assured . This can be with profits or without profits (A "with profit" policy is eligible for various bonuses declared by LIC every year, while a "without profits" policy does not have this privilege)

With-Profit policy

Policies entitled to bonus, which is paid at the time of claim-death or maturity one with-profit policies.

Without-Profit policy

These policies are not entitled to participate in bonuses.

Agriculture Insurance Company of India

It is a yield-based and weather-based crop insurance programs in almost 500 districts of India. Also provided **peril insurance** covering six different species of plants/trees, available for commercial production of Bio-diesel, with optional cover against drought risk.

Founded: 2002

Key person: Joseph Plappallil – *Chairman & Managing Director*

Headquarter: New Delhi



Stakeholders

The initial paid-up capital was Rs. 200 crores, which was subscribed by the promoting companies, **General Insurance Corporation of India GIC (35%)**, NABARD (30%) and the four public-sector general insurance companies (8.75%) each, viz., National Insurance Co. Ltd., Oriental Insurance Co. Ltd., New India Assurance Co. Ltd., and United India Insurance Co. Ltd.

General Insurance Corporation of India

It is a reinsurance company in India.

Founded: 1972

Key Person: Alice Vaidyan – CMD

Headquarter: Mumbai



The government holds 100 per cent stake in GIC Re, which provides reinsurance support to 54 general and life insurance companies, both public and private, in the Indian market. They are planning to launch IPO next fiscal which will make them 1st PSU general insurer to launch IPO.

GIC became an re-insurance company as per the IRDA Act 1999.

What is Reinsurance?

Reinsurance is insurance that is purchased by an insurance company (the "ceding company" or "cedent" or "cedant" under the arrangement) from one or more insurance companies (the "reinsurer") directly or through a broker as a means of risk management, sometimes in practice including tax mitigation and other reasons described below. The ceding company and the reinsurer enter into a reinsurance agreement which details the conditions upon which the reinsurer would pay a share of the claims incurred by the ceding company. The reinsurer is paid a "reinsurance premium" by the ceding company, which issues insurance policies to its own policyholders.

Types:

Facultative Reinsurance, which is negotiated separately for each insurance policy that is reinsured. Facultative reinsurance is normally purchased by ceding companies for individual risks not covered, or insufficiently covered, by their reinsurance treaties, for amounts in excess of the monetary limits of their reinsurance treaties and for unusual risks.

Treaty Reinsurance means that the ceding company and the reinsurer negotiate and execute a reinsurance contract under which the reinsurer covers the specified share of all the insurance policies issued by the ceding company which come within the scope of that contract.

New India Assurance Co. Ltd.

Founded: 1919

Key person: Atul Sahai – CMD

Headquarter – Mumbai, Maharashtra



It was founded by Sir Dorabji Tata in 1919, and was nationalised in 1973. It is wholly owned by Government of India.

Insurance Available

- Personal Insurance
- Commercial Insurance
- Industrial Insurance
- Liability Insurance
- Social Insurance

National Insurance Co. Ltd. - "Trusted Since 1906"

Founded: 1906

Key Person: Tajinder Mukherjee – CMD

Headquarter: Kolkata



It is **wholly owned by Govt of India**. After nationalisation in 1972, NICL operated as a subsidiary of General Insurance Corporation of India (GIC). National Insurance Company Limited was spun off as a distinct company under the General Insurance Business (Nationalisation) Amendment Act in 2002.

NICL has a range of coverage policies targeting different sectors:

1. Personal Insurance policies include medical insurance, accident, property and auto insurance coverage
2. Rural Insurance policies provide protection against natural and climatic disasters for agriculture and rural businesses
3. Industrial Insurance policies provide coverage for project, construction, contracts, fire, equipment loss, theft, etc.
4. Commercial Insurance policies provide protection against loss and damage of property during transportation, transactions, etc.

United India Insurance Company

Founded: 1938

Key person: S Gopakumar (Chairman & MD)

Headquarter: Chennai



United India Insurance Company is a state-owned (wholly owned by the government of India) general insurance company in India. It was incorporated on 18 February 1938, and was nationalised in 1972.

Oriental Insurance Co. Ltd. - Prithvi, Agni, Jal, Akash Sabki Suraksha Humare Paas

Founded: 1947

Key Person: A. V. Girija Kumar - CMD (Appointed on May 30, 2017)

Headquarter: New Delhi



The Oriental Insurance Company Ltd. is a public sector non-life insurance company in India.

In 1956, when insurance business was nationalized, Oriental insurance became part of LIC till 1973. After 1973, Oriental Insurance became a subsidiary of General Insurance Corporation of India till 2003 when the company was de-linked from the parent company and set up as an independent insurance company. In 2003, the Union Government acquired all the shares of Oriental Insurance Company Ltd from General Insurance Corporation of India.

Life Insurance Corporation of India (LIC)

Founded: 1956

Key Person: Hemant Bhargava – Chairman

Sunita Sharma – Managing Director

B Venugopal – Managing Director

Headquarter: Mumbai



The Life Insurance Corporation of India was founded in 1956 when the Parliament of India passed the Life Insurance of India Act that nationalised the private insurance industry in India. Over 245 insurance companies and provident societies were merged to create the state owned Life Insurance Corporation.

LIC's slogan **yogakshemam vahamyaha** is in Sanskrit language which translates in English as "**Your welfare is our responsibility**". This is derived from ancient Hindu text, the Bhagavad Gita's 9th chapter, 22nd verse.

Employees' State Insurance - *Chinta Se Mukti*

Founded: 1952

Key Person: Bandaru Dattatreya – Chairman

Headquarter: New Delhi



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E.S.I.C.

Employees' State Insurance (abbreviated as ESI) is a self-financing social security and health insurance scheme for Indian workers. This fund is managed by the Employees' State Insurance Corporation (ESIC) according to rules and regulations stipulated there in the ESI Act 1948. ESIC is an autonomous corporation by a statutory creation under Ministry of Labour and Employment, Government of India.

The existing wage limit for coverage under the Act is Rs. 21,000/- per month.

Under Section 2(12) the Act is applicable to non-seasonal factories employing 10 or more persons.

It covers all the States except Manipur, Sikkim, Arunachal Pradesh and Mizoram.

Insurance Regulatory and Development Authority

Founded: 1999

Key Person: Subhash Chandra Khuntia – Chairman

Headquarter: Hyderabad, Telangana



The functions of the IRDAI are defined in Section 14 of the IRDAI Act, 1999, and include:

- Issuing, renewing, modifying, withdrawing, suspending or cancelling registrations
- Protecting policyholder interests
- Specifying qualifications, the code of conduct and training for intermediaries and agents
- Specifying the code of conduct for surveyors and loss assessors
- Promoting efficiency
- Promoting and regulating professional organisations connected with the insurance and re-insurance industry
- Levying fees and other charges
- Inspecting and investigating insurers, intermediaries and other relevant organisations
- Regulating rates, advantages, terms and conditions which may be offered by insurers not covered by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938 (4 of 1938)
- Specifying how books should be kept
- Regulating company investment of funds
- Regulating a margin of solvency
- Adjudicating disputes between insurers and intermediaries or insurance intermediaries
- Supervising the Tariff Advisory Committee
- Specifying the percentage of premium income to finance schemes for promoting and regulating professional organisations
- Specifying the percentage of life- and general-insurance business undertaken in the rural or social sector

- Specifying the form and the manner in which books of accounts shall be maintained, and statement of accounts shall be rendered by insurers and other insurer intermediaries.

Insurance Ombudsman

With an objective to provide a forum for resolving disputes and complaints from the aggrieved insured public or their legal heirs against Insurance Companies, the Government of India, in exercise of powers conferred on it u/s 114(1) of Insurance Act, 1938 framed "Redressal of Public Grievances Rules, 1998", which came into force w.e.f. 11th November, 1998. These Rules aim at resolving complaints relating to the settlement of disputes with Insurance Companies on personal lines of insurance, in a cost effective, efficient and impartial manner.

These Rules apply to all the Insurance Companies operating in General Insurance business and Life Insurance business, in Public and Private Sectors. The Insurance Ombudsman is provided with a Secretarial Staff by the Governing Body of Insurance Council and such staff is drawn from Insurance Companies. The total expenses on running the Institution are shared by all Insurance Companies, who are Members of the Insurance Council.

Insurance Ombudsmen are currently located in 12 cities.

Features of Insurance Ombudsman:

- Any aggrieved individual who has taken an Insurance Policy on personal lines (or if deceased, the legal heir(s) under such policy) can approach Ombudsman.
- A representation should be made to the Insurance Company and either an unsatisfactory reply should have been received or the representation should stand as un-replied for at least 1 month.
- The complaint must be lodged within 1 year of the events.
- The total relief sought must be within an amount of Rs.20 lakhs.
- The subject matter of the complaint should not currently be or have earlier been before a Court/Consumer Forum.
- No fees / charges are required to be paid.
- If the Ombudsman deems it fit in the circumstances of the case, he may award ex-gratia payment.
- Complaints pertaining to repudiation of claims totally or partially, delay in settlement of claims, any dispute on the legal construction of the policies in so far as such disputes relate to claims, disputes regarding premiums paid / payable and non-issue of insurance documents.
- Insurance on personal lines means a policy taken or given in an individual capacity, e.g. life insurance, personal accident insurance, mediclaim insurance, insurance of personal property of the individual such as motor vehicle, household articles, etc.

You can approach the Ombudsman with complaint if:

- You have first approached your insurance company with the complaint and
- They have not resolved it
- Not resolved it to your satisfaction or
- Not responded to it at all for 30 days
- Your complaint pertains to any policy you have taken in your capacity as an individual and
- The value of the claim including expenses claimed is not above Rs 20 lakh

Your complaint to the Ombudsman can be about:

- Any partial or total repudiation of claims by an insurer
- Any dispute about premium paid or payable in terms of the policy
- Any dispute on the legal construction of the policies as far as it relates to claims
- Delay in settlement of claims
- Non-issue of any insurance document to you after you pay your premium
- The settlement process

Insurance – History, Definition & Facts

In accordance with study books of The Chartered Insurance Institute, there are the following types of insurance:

- Co-insurance – risks shared between insurers
- Dual insurance – risks having two or more policies with same coverage
- Self-insurance – situations where risk is not transferred to insurance companies and solely retained by the entities or individuals themselves
- Reinsurance – situations when Insurer passes some part of or all risks to another Insurer called Reinsurer
International Association of Insurance Supervisors - Basel, Switzerland

History of Insurance in India

- In India, insurance has a deep-rooted history. Insurance in various forms has been mentioned in the writings of Manu (Manusmriti), Yagnavalkya (Dharmashastra) and Kautilya (Arthashastra).
- The fundamental basis of the historical reference to insurance in these ancient Indian texts is the same i.e. pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. The early references to Insurance in these texts have reference to marine trade loans and carriers' contracts.
- Insurance in its current form has its history dating back until 1818, when Oriental Life Insurance Company was started by Anita Bhavsar in Kolkata to cater to the needs of European community.
- The pre-independence era in India saw discrimination between the lives of foreigners (English) and Indians with higher premiums being charged for the latter.
- In 1870, Bombay Mutual Life Assurance Society became the first Indian insurer.
- At the dawn of the twentieth century, many insurance companies were founded. In the year 1912, the Life Insurance Companies Act and the Provident Fund Act were passed to regulate the insurance business.

Insurance Education in India

- National Insurance Academy, Pune, specialized in teaching, conducting research and providing consulting services in the insurance sector. NIA offers a two year PGDM program in insurance. NIA was founded as Ministry of Finance initiative with capital support from the then public insurance companies, both Life (LIC) and Non-Life (GIC, National, Oriental, United & New India).
- Institute of Insurance and Risk Management, Hyderabad, was established by the regulator IRDA. The institute offers Postgraduate diploma in Life, General Insurance, Risk Management and Actuarial Sciences. The institute is a global learning and research center in insurance, risk management, actuarial sciences. They provide consulting services for the financial industry.
- The Center for Insurance Studies and Research (CISR) started in 2002 and is an education and training center at the National Law University, Jodhpur. It offers Postgraduate and Research programs.
- The Insurance Institute of India is an insurance education society of professionals established in 1955 in Mumbai.

Taglines of Insurance Companies

- Life Insurance Corporation of India (LIC) – Yogakshemam Vahamyaham - Your welfare is our responsibility
- Tata AIA Life Insurance Company Limited – You click, we cover
- ICICI Prudential Life Insurance Company Limited – Zimmedari ka humsafar
- HDFC Standard life Insurance Company Limited – Sar utha Ke Jiyo

- Oriental Insurance Company Limited – Prithvi, Agni, Jal, Akash, Sabki Suraksha Hamare Paas
- United India Insurance Company Limited – Rest Assured with Us
- Max Bupa Health Insurance – Your Health First
- SBI Life Insurance Company Limited – With Us, You're Sure
- Birla Sun Life Insurance Company Limited – Muskurate Raho
- Bajaj Allianz Life Insurance Company Limited – Jiyo Befiqar
- Kotak Mahindra Old Mutual Life Insurance Limited – Faidey ka Insurance
- Max Life Insurance Company Limited – Karo Zyada ka Iraada
- Apollo Munich Health Insurance – We know Healthcare. We know Insurance
- Future Generali Life Insurance – Ek Shagun Zindagi Ke Naam
- Aviva India Life Insurance – Kal par Control
- PNB MetLife India Insurance Company Limited – Have you met life today?

List of Joint Ventures in Indian Insurance Market

Insurance Company	Indian Company	Foreign Company	Country
Aviva India	Dabur Group	Aviva Plc	London, United Kingdom
Bajaj Allianz Life Insurance & Bajaj Allianz General Insurance	Bajaj Finserv Limited	Allianz SE	Munich, Germany
Birla Sun Life Insurance Company Limited	Aditya Birla Group	Sun Life Financial Inc.	Toronto, Canada
Future Generali India Life Insurance Company	Future Group	Generali Group	Trieste, Italy
HDFC Life	Housing Development Finance Corporation Ltd (HDFC)	Standard Life Aberdeen PLC	Edinburgh, United Kingdom
ICICI Prudential Life Insurance	ICICI Bank	Prudential Plc.	London, United Kingdom
IDBI Federal Life Insurance	IDBI Bank & Federal Bank	Ageas	Brussels, Belgium
IndiaFirst Life Insurance Company	Bank of Baroda & Andhra Bank	Legal & General Group plc	London, United Kingdom
Max Life Insurance Company Limited	Max Financial Services	Mitsui Sumitomo Insurance Group	Tokyo, Japan
Max Bupa Health Insurance	Max Financial Services	Bupa Health Group	London, UK
PNB MetLife India Insurance Company	Punjab National Bank & J&K Bank	MetLife International Holdings LLC	New York, USA
SBI Life Insurance	State Bank of India	BNP Paribas	Paris, France
Edelweiss Tokio Life Insurance	Edelweiss Group	Tokio Marine	Tokyo, Japan
Apollo Munich Health Insurance Company	Apollo Hospitals group	Munich Re.	Munich, Germany

Cholamandalam MS General Insurance	Murugappa Group	Mitsui Sumitomo Insurance Group	Tokyo, Japan
Bharti AXA General Insurance	Bharti Group	AXA	Paris, France
Cigna TTK	TTK Group	Cigna	USA
HDFC ERGO General Insurance Company	HDFC Ltd.	ERGO Group	Dusseldorf, Germany
ICICI Lombard General Insurance Company	ICICI Bank	Fairfax Financial	Toronto, Canada
Kotak Mahindra Old Mutual Life Insurance Limited	Kotak Mahindra Group	Old Mutual	London, UK (Originally from South Africa)
Liberty Videocon General Insurance	Videocon	Liberty Mutual	Boston, USA
Aegon Life Insurance Company Limited	Bennett, Coleman & Company	Aegon	The Hague, Netherlands
Royal Sundaram General Insurance	Sundaram Finance	Royal & SunAlliance Insurance	London, UK
Star Health and Allied Insurance	Star Group	Allied Insurance	USA
Tata AIA Life Insurance Company Limited	Tata Group	AIA Group	Hongkong
Tata AIG General Insurance Company	Tata Group	American International Group (AIG)	New York, USA
Universal Sompo General Insurance Company	Allahabad Bank, Indian Overseas Bank, Karnataka Bank, Dabur Group	Sompo Japan Nipponkoa Insurance	Tokyo, Japan

Exide Life Insurance Company Limited is a 100% Indian owned life insurance company, owned by the Exide Industries.

Analjit Singh led Max Financial Services is in talks with Aditya Birla Group to explore a merger of their life insurance businesses, **Birla Sun Life and Max Life Insurance** with the aim to create one of the top 3 private life insurers in the country.

Types of General Insurance Policies

General insurance protects you against losses that may or may not occur. Any insurance policy that is not life insurance may be classified as general insurance. Following are the major risks that are covered by general insurance policies.

Home Insurance Policies

- One can obtain cover against the risk of loss to residence and property therein from fire, theft, earthquake, flood, or other contingencies.

Renter's Insurance Policies

- These policies secure property owned and stored by lessees in rental locations. Sometimes the landlord may provide such cover. If not, purchasing insurance cover may be helpful.

Medical or Health Insurance Policies

- Such policies offer financial security in case of serious illness or hospitalization.

Auto Insurance Policies

- Such policies are well known as they take care of the expenses in case of accidents. For instance, the cost of repairs, cost of reimbursing the aggrieved party, and medical bills can be covered by auto insurance policies.

Pets Insurance Policies

- This is a very popular category in the West. Pet insurance policies cover expenses incurred in connection with pets like medical bills or loss of pets.

Travel Insurance Policies

- This covers any kind of contingencies during travel.

Business Insurance Policies

- Business insurance policies monetarily secure an organization's physical and intellectual property.

Personal Liability Insurance Policies

- Professionals might find these policies beneficial. It provides cover against client's claim for loss suffered in certain situations.

Public Liability Insurance Policies

- These policies are for entities conducting public events such as event management organizations. They provide cover against the costs incurred due to any unanticipated event in the entity's premise during an event.

Lifestyle Protection Insurance Policies

- These types of policies provide financial security in case of unemployment or major illness or such other reason. The idea being that the policyholder should be able to maintain his/her lifestyle as was before the happening of any contingency.

Types of Life Insurance in India

Life insurance products come in a variety of offerings catering to the investment needs and objectives of different kinds of investors. Following is the list of broad categories of life insurance products:

Term Insurance Policies

- The basic premise of a term insurance policy is to secure the immediate needs of nominees or beneficiaries in the event of sudden or unfortunate demise of the policy holder. The policy holder does not get any monetary benefit at the end of the policy term except for the tax benefits he or she

can choose to avail of throughout the tenure of the policy. In the event of death of the policy holder, the sum assured is paid to his or her beneficiaries. Term insurance policies are also relatively cheaper to acquire as compared to other insurance products.

Money-back Policies

- Money back policies are basically an extension of endowment plans wherein the policy holder receives a fixed amount at specific intervals throughout the duration of the policy. In the event of the unfortunate death of the policy holder, the full sum assured is paid to the beneficiaries. The terms again might slightly vary from one insurance company to another.

Whole life policies

- A whole life insurance plan covers the insured over his life. The primary feature of this product is that the validity of the policy is not defined so the policyholder enjoys the life cover throughout his life.

Unit-linked Investment Policies (ULIP)

- Unit linked insurance policies again belong to the insurance-cum-investment category where one gets to enjoy the benefits of both insurance and investment. While a part of the monthly premium pay-out goes towards the insurance cover, the remaining money is invested in various types of funds that invest in debt and equity instruments. ULIP plans are more or less similar in comparison to mutual funds except for the difference that ULIPs offer the additional benefit of insurance.

Pension Policies

- Pension policies let individuals determine a fixed stream of income post retirement. This basically is a retirement planning investment scheme where the sum assured or the monthly pay-out after retirement entirely depends on the capital invested, the investment timeframe, and the age at which one wishes to retire. There are again several types of pension plans that cater to different investment needs. Now it is recognized as insurance product and being regulated by IRDA.

National Health Protection/Ayushman Bharat Scheme

Health and Wellness Centre:- The National Health Policy, 2017 has envisioned Health and Wellness Centres as the foundation of India's health system. **Under this 1.5 lakh centres will bring health care system closer to the homes of people.** These centres will provide comprehensive health care, including for non-communicable diseases and maternal and child health services. These centres will also provide free essential drugs and diagnostic services. **The Budget has allocated Rs.1200 crore for this flagship programme.** Contribution of private sector through CSR and philanthropic institutions in adopting these centres is also envisaged.

National Health Protection Scheme:- The second flagship programme under Ayushman Bharat is National Health Protection Scheme, which will cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) providing coverage upto 5 lakh rupees per family per year for secondary and tertiary care hospitalization. **This will be the world's largest government funded health care programme.** Adequate funds will be provided for smooth implementation of this programme.

Central govt. has allocated Rs. 600 crore for Tuberculosis patients. TB patients will get Rs. 500 per month during their treatment period.

The Finance Minister further said, that these two health sector initiatives under **Ayushman Bharat Programme will build a New India 2022 and ensure enhanced productivity, well being and avert wage loss and impoverishment.** These Schemes will also generate lakhs of jobs, particularly for women.

Central govt. is going to start this scheme from 23 September 2018.

The Finance Minister said, that in order to further enhance accessibility of quality medical education and health care, **24 new Government Medical Colleges and Hospitals will be set up**, by up-grading existing district hospitals in the country. **This would ensure that there is at least 1 Medical College for every 3 Parliamentary Constituencies and at least 1 Government Medical College in each State of the country.**

Atal Bimit Vyakti Kalyan Yojana

The ESI Corporation has approved **Atal Bimit Vyakti Kalyan Yojana** for Insured Persons (IP) covered under the Employees' State Insurance Act, 1948.

This scheme is a relief payable in cash directly to the Bank Account in case of unemployment and while they search for new engagement.

Salient Features of Atal Bimit Vyakti Kalyan Yojana

The cash benefit given to the unemployed persons searching *for new employment will be 25 percent of his average earning of 90 days.*

The new scheme will be availed of by **those who are insured by ESIC for a period of at least two years.**

The newly launched **Atal Bimit Vyakti Kalyan Yojana** is expected *to benefit around 3.2 crore Insured Persons (IPs).*

The scheme will be notified soon and *workers who are 'insured persons' under the ESI Act for a period of two years continuously will be eligible to be a part of it.*

Workers will be able to draw 47 per cent of their total contributions towards ESIC after remaining unemployed for at least three months from the date of leaving their previous jobs, according to the draft scheme.

The scheme will be funded by the employees themselves. **Nearly 4.75 per cent of a worker's monthly salary goes towards ESI as the employer's contribution**, 1.75 per cent of the income is the employee's share.

The ESIC conducted a sample survey in **Noida and Varanasi to find out the financial implications on the basis of the average number of persons leaving the job in the two areas.**

The expected expenditure for all-India coverage of the scheme is estimated to be Rs 1,600 crore a year, according to the ESIC.

IRDAI gives in-principle approval for IndiaFirst Life Insurance stake sale

- The insurance regulator has given its in-principle approval for UK-based Legal and General Group to sell its stake in IndiaFirst Life Insurance Company to private equity firm Warburg Pincus LLC, two sources confirmed.
- IndiaFirst is a joint-venture between Bank of Baroda (which has a 44 per cent shareholding), Andhra Bank (30 per cent) and Legal and General. Legal and General announced in June it would sell its 26 per cent stake in the life insurer to Warburg Pincus for Rs 7.1 billion.

Aadhaar not mandatory for buying insurance: IRDAI

- The Insurance Regulatory and Development Authority of India (IRDAI) has asked insurers to refrain from seeking Aadhaar from the proposer or policy holders.
- In a circular, the insurance regulator said along with Aadhaar, insurers should not mandatorily seek PAN/Form 60 as part of Know Your Customer (KYC) norms.
- However, the insurers may accept Aadhaar card as one of the identity or address proof documents for KYC purpose subjected to certain conditions. They include voluntary offer of Aadhaar card, including physical copy of e-Aadhaar, masked Aadhaar and offline Aadhaar, by customer as one of the documents for KYC purpose.

IRDAI forms RK Sharma committee on insurance regulatory sandbox

- The insurance regulator has set up a committee to look into the concept of a regulatory sandbox in the country. Under this, the committee will look into the possibility of having an environment where fintech solutions can be experimented on and the consequences of failure can be contained.
- The 10-member committee with representatives from both the regulatory body and the industry will have IRDAI general manager RK Sharma will be the convener. It will have to submit the report within two months.
- The committee will look into the key issues that fintech poses across the insurance value chain. Further, the practices prevalent in other industries will also be looked at. Also, a draft consultation paper on regulatory sandbox in insurance space will also be released by the committee.
- Currently, about 780 life insurance and over 1,000 general insurance products are being sold in the market for individuals and groups.

IRDAI panel suggests excluding 17 ailments from medical cover

- A panel set up by the insurance regulator has recommended a standardised list of just 17 pre-existing diseases that could be excluded from health insurance policies.
- Further, diseases such as Alzheimer's, Parkinson's, AIDS/HIV infection, morbid obesity, if contracted after buying a health cover, cannot be excluded.
- The standardised list of 17 permanent exclusions include epilepsy, congenital heart disease, cerebral stroke, chronic liver and kidney diseases, hepatitis B, Alzheimer's, Parkinson's, HIV and AIDS, loss of hearing, and physical disabilities.

- “The proposer’s consent is mandatory so that the proposer may take an informed decision,” said the report of the working group set up by the Insurance Regulatory and Development Authority of India (IRDAI), which has also given the exact classification, or ICD code, to ensure there is no scope for “subjective interpretation” by insurers at the time of claim settlement.
- The working group has also suggested a four-year waiting period for inclusion of any ailment in the health cover against the current average two-year waiting period.
- However, for conditions such as hypertension, diabetes and cardiac problems, the committee has said that the waiting period should not be more than 30 days.

Irdai raises minimum driver insurance cover to ₹15 lakh

- Insurance regulator Irdai has raised the minimum insurance cover for owner-driver to ₹ 15 lakh for a premium of ₹ 750 per annum, a move to provide some succour to road accident victims.
- Currently, the capital sum insured (CSI) under this section for motorised two-wheelers and private cars/commercial vehicles is ₹ 1 lakh and ₹ 2 lakh, respectively.
- However, a few general insurers have been offering add-on covers under package policies with higher CSI over and above the stipulated on payment of additional premium.
- The regulator directed all general insurers to provide a minimum CSI of ₹ 15 lakh under compulsory personal accident (CPA) cover for owner-driver under Liability Only to all classes of vehicles at the premium rate of ₹ 750 per annum for annual policy.
- This rate will be valid until further notice, Insurance Regulatory and Development Authority of India (Irdai) said in a circular.

Irdai allows PoS to distribute all micro-insurance products

- Insurance regulator Irdai has allowed distribution of all micro-insurance products through point-of-sales (PoS), with an aim further increase insurance penetration in the country.
- The Insurance Regulatory and Development Authority of India (Irdai) has created a special category of insurance policies called micro-insurance policies to promote insurance coverage among economically vulnerable sections of society.
- A micro-insurance policy is a general or life insurance policy with a sum assured of Rs 50,000 or less.
- Agreeing to the suggestions of insurance companies, Irdai in a circular has done away with the practice of pre-fixing the word 'PoS' on life, general and health products sold through PoS.

Government modifies operational guidelines for Pradhan Mantri Fasal Bima Yojana

- The Union Government on September 18, 2018 released the new operational guidelines for implementation of the Pradhan Mantri Fasal Bima Yojana (PMFBY).
- The new modified provisions include the provision of penalties for states and insurance companies for the delay in settlement of insurance claims under the Pradhan Mantri Fasal Bima Yojana. The new operational guidelines address the current challenges faced while implementing the scheme by putting forth effective solutions.

New operational guidelines for Pradhan Mantri Fasal Bima Yojana

- The farmers will be paid 12 percent interest by insurance companies for the delay in settlement claims beyond two months of prescribed cut-off date.
- The State Governments will have to pay 12 percent interest for the delay in release of State share of subsidy beyond three months of prescribed cut-off date submission by insurance companies.
- The guidelines detail a Standard Operating Procedure for evaluation of insurance companies and removes them from the scheme, if found ineffective in providing services.
- It includes Perennial horticultural crops on pilot basis under the ambit of PMFBY.
- It includes cloud burst and natural fire in localised calamities in addition to unseasonal and cyclonic rainfalls, hailstorm, landslide, and inundation in post harvest losses.
- It provides add on coverage for crop loss due to attack of wild animals on pilot basis with the additional financial liabilities to be borne by concerned state government.
- It incorporates definition of major crops, unseasonal rainfall and inundation for clarity and proper coverage.
- Aadhaar number will be mandatorily captured to avoid duplication of beneficiaries.
- To ensure that more non-loanee farmers are insured under the scheme, apart from various awareness activities being scheduled, the insurance companies are given a target of enrolling 10 percent more non-loanee farmers than the previous corresponding season.
- The insurance companies will have to mandatorily spend 0.5 percent of gross premium per company per season for publicity and awareness of the scheme.
- Release of upfront premium subsidy will be made at the beginning of the season based on 50 percent of 80 percent total share of subsidy of corresponding season of previous year as subsidy.
- Balance premium will be paid as a second instalment based on the specific approved business statistics on the portal for settlement of claims.
- Final instalment will be paid after reconciliation of entire coverage data on portal based on final business statistics. This will reduce the delay in settling the claims of farmers.

Atal Bimit Vyakti Kalyan Yojna launched for unemployed insured persons

- The Employee's State Insurance (ESI) has approved a scheme named 'Atal Bimit Vyakti Kalyan Yojna' for Insured Persons (IP) covered under the Employees' State Insurance Act, 1948.
- The decision was taken by the ESI Corporation during its 175th meeting, which was held in New Delhi on September 18, 2018, under the Chairmanship of Santosh Kumar Gangwar, Union Minister of State for Labour & Employment (I/C).
- During the meeting, the ESI Corporation took some significant decisions towards the improvement of its services and benefits being provided to Insured Persons and their dependents. The decisions were taken considering the change in employment pattern and the current scenario of employment in India which has transformed from a long-term employment to fixed short-term engagement in the form of contract and temping.
- This scheme is a relief payable in cash directly to the bank account of insured persons in case of unemployment and while they search for a new engagement.
- The detailed instructions of the scheme including the eligibility conditions and application format will be issued separately.

Atal Pension Yojana indefinitely extended, scope broadened

- The Union Cabinet decided to indefinitely extend the Atal Pension Scheme, which lapsed in August, and doubled the accident insurance and relaxed the age criteria by five years to further incentivise the scheme.
- Atal Pension Yojana (APY) is a social security scheme launched by the government in 2015 to provide a defined pension between Rs 1,000 to Rs 5,000.
- Finance Minister Arun Jaitley told the media after the cabinet meeting that the scheme will expand its focus to target individuals, instead of households.
- According to government data, over 1 crore people have benefited from the government's flagship scheme.
- "The scheme, which was earlier for four years, lapsed in August 2018. But seeing the mass participation in this runaway-success scheme, the cabinet has decided to extend it and keep it open-ended," Jaitley said.
- "Earlier, people of age 18 to 60 years were entitled to enrol in the scheme. But looking at the rise in average age-expectancy, now we have relaxed it further to 65 years," he said.
- Jaitley added that all accounts opened after August 28 will have an accident insurance limit of Rs 2 lakh, double the earlier Rs 1 lakh limit.