INSURANCE HANDBOOK

(A Basic Guide to General Insurance)

First Edition 2024

Providing Security, Building Confidence

Your Insurer of Choice

"If risk is like a lump of smouldering coal that may spark a fire at any moment, insurance is civilization's fire extinguisher".

~ Investopedia

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Disclaimer:
The sole intention of this handbook is to provide basic general information about insurance and is not exhaustive.

The handbook is a basic guide aimed for insurance literacy and does not seek to give any legal advice. The details given here are only to understand the concepts. Any claim under any policy will be subject to the terms and conditions of the concerned policy.

All the names, characters, businesses and events mentioned in the handbook are fictitious and any resemblance to actual persons, living or dead, or actual events is purely coincidental.

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INTRODUCTION

Insurance is a very vast technical subject which is not taught in the schools or colleges but taken as a specialized field of study. Insurance is all about loss bearing capacity. If uninsured the owner suffers from financial loss arising out of the accident. If insured the owner recovers his financial loss from the Insurance company as per the terms & conditions of the policy.

Understanding the fundamentals of insurance is extremely important & essential for arranging suitable insurance covers for safeguarding the assets, mitigating risks, and to ensure financial stability of the Owner/ Organization.

This handbook is developed by Bhutan Insurance Limited to equip the readers with basic knowledge about the importance of insurance, various types of General Insurance products and related topics in a very simple and easily understandable language and pictorial representations.

Bhutan Insurance Limited is committed to promoting insurance literacy, and empowering people to make informed decisions regarding their insurance needs, ultimately contributing to the economic stability and growth of the Country.

For further discussions on the insurance outlined in this handbook and those topics which are not covered in this booklet, we encourage readers to get in touch with us.

We welcome feedbacks through the contact provided below.

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LEARNING OUTCOMES

i. Understanding the basic insurance terms.
ii. Understanding risks and perils.
iii. Learning about importance of insurance and its impact.
iv. Knowing about different types of General Insurance products.

FOREWORD

I am pleased to introduce the Insurance Handbook developed by Bhutan Insurance Limited (BIL), designed to serve as a basic guide to general insurance principles and practices. This handbook represents our commitment to insurance literacy, and empowering our valued customers with the knowledge necessary to navigate the world of insurance effectively.

At Bhutan Insurance Limited, we understand that insurance can sometimes seem complex and intimidating. Therefore, we have conscientiously developed this handbook to simplify key concepts, demystify insurance jargon, and provide clarity on how insurance works in practical terms.

Whether you are a seasoned customer of insurance or new to the world of insurance, this handbook aims to be your go-to resource for understanding your responsibilities, and the benefits of being insured.

The contents of this handbook cover a wide array of topics essential to grasp the fundamentals of general insurance. From explaining the types of insurance products, we offer to outlining the claims process.

As Chairman, I assure you that Bhutan Insurance Limited is steadfast in our mission to protect what matters most to you, providing reliable coverage and dependable service when you need it most. Furthermore, we encourage you to use this handbook as a tool for proactive engagement with our team.

Whether you have questions about your policy, need clarification on insurance terms, or seek advice on risk management strategies, our knowledgeable staff is here to assist you every step of the way.

In closing, I extend my heartfelt gratitude to our policyholders, partners, and employees whose trust and support have been instrumental in shaping Bhutan Insurance Limited into a pillar of strength in the insurance sector. Together, let us continue to build a future where peace of mind and financial security go hand in hand.

Thank you for choosing Bhutan Insurance Limited. We are honored to be your trusted insurance provider.

Warm regards,

(Mr. Karma Lotey)
Chairman
Bhutan Insurance Limited

MESSAGE FROM THE CEO

Bhutan Insurance Limited: Empowering Through Knowledge and Protection.

Bhutan Insurance Limited (BIL) has always been dedicated to providing excellent, customer-centric service. Our vision extends beyond merely providing insurance services; we are committed to promoting insurance literacy throughout the country. At BIL, we believe our role encompasses not only providing insurance protection but also enabling our customers to understand insurance contracts. We aim to empower the public with knowledge that can safeguard their future by availing themselves of appropriate insurance coverage.

Therefore, BIL is thrilled to introduce our newly crafted Insurance Handbook, a basic guide to general insurance for all readers. This handbook represents our initiative to demystify insurance, providing a comprehensive guide on a range of insurance products, from personal coverage to commercial policies. It's more than just a compendium of insurance products and procedures; it is a cornerstone in our journey toward empowering our customers and stakeholders with clarity and confidence in their insurance decisions.

With this handbook, we aim to explain the complexities of insurance in simple terms, offering thorough guidance on various insurance products. This General Insurance Handbook is a reflection of our promise to deliver peace of mind and protection to those we serve and hope to serve.

We encourage everyone to explore this handbook and engage with the material to understand the importance of insurance and the features of our products.

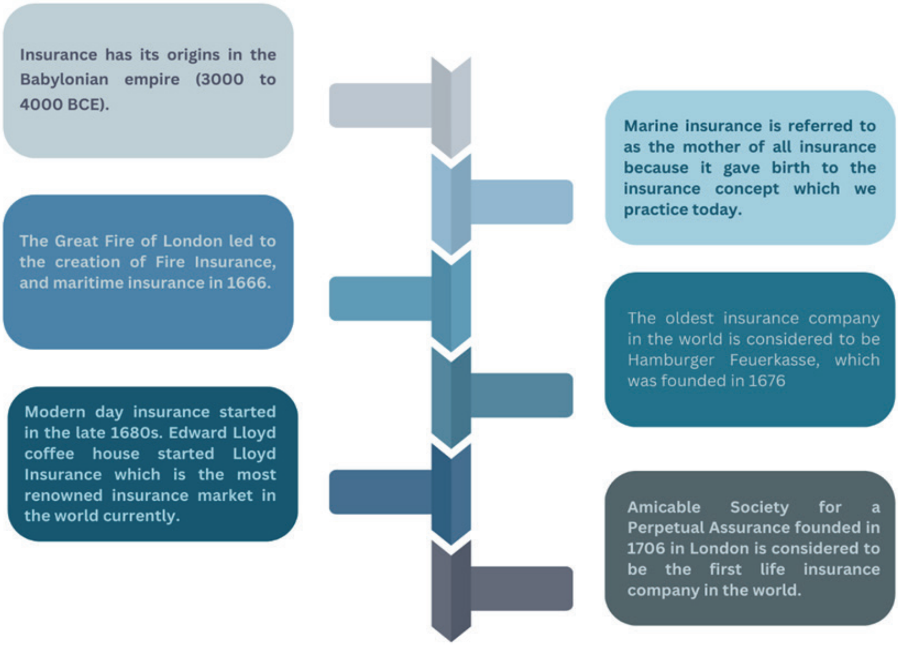
I extend my gratitude to every member of the BIL family whose dedication and expertise have made this handbook possible. Your insights and hard work are invaluable in shaping our industry-leading standards and driving our shared vision of being the insurer of choice.

Thank you for your continued commitment to BIL's mission. Together, let us empower our clients, inspire confidence, and build a future where everyone feels secure.

Tashi Delek !

(Mr. Damdi Dorji)
Chief Executive Officer
Bhutan Insurance Limited

1 HISTORY OF INSURANCE



History of insurance in Bhutan

The history of insurance in Bhutan dates back to the year 1975 with the first insurance company in Bhutan, Royal Insurance Corporation of Bhutan Limited, being instituted under the Royal Charter of His Majesty the Fourth Druk Gyalpo Jigme Singye Wangchuck on the 7th of January 1975 as a composite insurance company catering both Life & General Insurance services. As of today, there are three (3) insurance companies of which one (1) provides reinsurance services.

i. **Royal Insurance Corporation of Bhutan Limited (RICBL),** instituted under the Royal Charter of

His Majesty the Fourth Druk Gyalpo Jigme Singye Wangchuck on the 7th of January 1975, providing both Life & General Insurance services.

ii. **Bhutan Insurance Limited (BIL)** was incorporated in 2009 under the Companies Act of the Kingdom of Bhutan 2000, and is licensed to engage in the business of General Insurance.

iii. **GIC-Bhutan Reinsurance Company Limited** was incorporated on 16th May 2013 under the Companies Act 2000 of the Kingdom of Bhutan for providing Reinsurance support to the Insurance Companies.

2 COMMON INSURANCE TERMS

i. **Insurance** – An insurance is a legal contract between an insurer and a policyholder represented by a policy document to protect the financial interest of the insured/ policyholder in the event of mishaps, for agreed payment of consideration called premium.

ii. **Insurer** – The insurance company that accepts premium from the policyholder for covering the risks and agrees to pay the claim during the time of mishaps based on the policy terms and coverage.
Insurers in Bhutan; Bhutan Insurance Limited & Royal Insurance Corporation of Bhutan Limited.

iii. **Policyholder** – The person or an entity who arranges to buy insurance policy and is the policy owner.

iv. **Insured** – The insured is a person or an entity whose interests in life, health or properties are proposed for coverage by an insurance policy. Till the time the proposal is accepted & premium is paid, the party making the proposal is known as Proposer. Once policy is concluded the Proposer becomes the Insured.

v. **Premium** – The amount of money to be paid as agreed with the Insurer who after assessing the risk quotes the premium chargeable with terms and conditions for the insurance, and that the Proposer pays for availing the Insurance.

vi. **Agent/Sales Executive/Referral** – An appointed person or an entity representing the insurance company to sell insurance products on behalf of the insurance company.

vii. **Direct Broker** – A licensed broker who provides insurance consultation services to the clients, negotiates with insurance company on the behalf of the clients and helps in placing the business.

viii. **Reinsurance Broker** - A licensed broker who arranges reinsurance for the insurance companies.

ix. **Composite Broker** – A licensed broker who is allowed to engage in both direct and reinsurance broking.

x. **Underwriter** –The official of an Insurance Company who decides to accept or reject the insurance proposal based on the details provided by the Proposer. The official also advises the premium, terms and conditions of insurance in case the proposal is acceptable.

xi. **Underwriting** – It is the process where the insurance companies analyze the risk offered to them & decide whether to accept or reject insurance proposals. If acceptable then they indicate the terms & premium to be charged for the proposal given to them. It also involves protecting the Company by suitable reinsurance support wherever required.

xii. **Proposal Form** – A preprinted application form of an insurance company which is to be filled up by a potential client for providing the material facts & other details for the consideration of the Underwriter.

xiii. **Policy** – A legal contract document with schedule issued by an insurance company to the policyholder setting out details of risk covered, with terms and conditions of the contract, based on details provided by the Proposer.

xiv. **Policy period** – The policy period is the timeframe during which the policy is in force. The period will start from the beginning or effective date to the expiry or end date set out in the policy schedule.

xv. **Claim** – A claim is lodged by the policyholder on the Insurer for monetary compensation, on the occurrence of the event covered under the policy resulting in loss/ damage to insured property or legal liability sustained, as the case may be, as per the terms and conditions set out in the insurance policy availed by the policy holder.

xvi. **Excess (Deductible)** – An amount mentioned in the policy which is to be borne by the policy holder from the total loss amount which becomes payable due to loss event under the policy as per terms. If the claim amount is less than excess (deductible) amount the claim is not paid. The purpose is to eliminate dealing with minor claims and also making Insured to share the loss to some extent.

xvii. **Sum insured** – It is the maximum limit of liability of the Insurer for the insurance coverage and is the basis on which premium is charged.

xviii. **Liability** – Legal liability arises when Insured is held legally responsible to the loss or damage caused to third party property or third-party bodily injury due to their action.

xix. **Lapse** – When the premium is not paid for the renewal of the policy the policy lapses after the expiry of the policy period or the end date resulting to the policy becoming void. Where the premium is to be paid in instalments as agreed and not paid in time the policy will lapse.

xx. **Cancellation Notice** – A notice given either by the policy holder (insured) or by the insurance company for the termination of an insurance contract during the validity of the policy period.

xxi. **Renewal** – Continuation of a policy after the expiry date, upon payment of premium.

xxii. **Endorsement** – Amendments made in the insurance contract during the period of insurance that helps in notifying any changes in policy issued such as increase in sum insured/ additional risk to be covered/ additional property to be covered/ changes in coverage provided in the original policy.

xxiii. **Exclusions** – Details of coverages not provided by the insurance policy and which are not covered for insurance such as excluded property/ losses/ perils.

xxiv. **Towing coverage** – The insurance policy covers the cost of towing the vehicle in case it becomes inoperable due to an accident, provided the insured has opted for additional towing premium.

xxv. **Insurable interest** – Insurable interest refers to the financial stake a policyholder must have in the property, person, or liability being insured. Essentially, it means that the owner stands to gain financially from its safety and would suffer a monetary loss in case of damage or loss.

xxvi. **Market value** – It is the depreciated value of the assets taking into account its age, usage, maintenance and upkeep from its present-day reinstatement value. Such assets are Buildings, Plant and Machinery & equipment, Furniture Fixture and fittings (property other than stocks).

xxvii. **Refund** – The amount of money that is returned to the policy holder/insured from the premium amount received due to any adjustment as agreed under the policy or when the policy is cancelled before expiry of the policy.

xxviii. **Act of God (AOG)** - An AOG is a natural inevitable event beyond human control or without human intervention such as disasters like wind storm, floods, tsunami and earthquake etc.

xxix. **Third Party** - In insurance, "third party" refers to someone other than the insured individual or insurer. It typically denotes a person or entity who may file a claim against the insured for damages, injuries, or losses caused by the insured's actions or negligence.

3 PRINCIPLE OF INSURANCE

Role of insurance company is to accept risks faced by the Insured by charging premium as per the terms agreed. Insurance is all about accepting risks and is part of risk transfer mechanism. Losses that have taken place prior to availing insurance are not insurable.

i. **Utmost Good Faith** – Insurance is based on trust and Insurer depends on the relevant material facts given/provided by the Insured in the proposal form, which needs to be correct & true. While at the time of issuance of policy, Insurer depends on the statements made by the Proposer, the authenticity is checked at the time of a claim.

ii. **Insurable Interest** – The insured must have insurable interest in the subject matter of the insurance, and need to suffer financial loss in case the Insured peril causes loss/damage to the insured property. However, all insurable interest cannot be insured.

iii. **Indemnity** – Insurer indemnifies (makes good the financial loss) to compensate financial loss, due to loss of or damage to the insured asset caused by insured perils during the period of insurance & as per the terms of the policy.

iv. **Contribution** – When more than one policy has been availed on the insured property then each policy will contribute for the loss sustained by the Insured based on the proportionate sum insured.

v. **Proximate Cause** –The direct, active and efficient cause which results in the loss event without the intervention of any other peril. Such cause (peril) should be insured under the policy.

vi. **Subrogation** – The transfer of legal recovery rights of the Insured to the Insurer is called subrogation. Where any third party is responsible to make good the loss suffered by the Insured, the Insurer after settlement of the claim takes over the legal rights to make recovery to the extent possible from such third party(ies).

4 IMPORTANCE OF INSURANCE

i. How insurance work?

Many with similar exposure contribute to the fund by paying premium for meeting the losses suffered by unfortunate few. Insurance companies collect premium amounts based on the nature of risks offered by the clients and create a pool from which the unfortunate few who suffer loss due to accidents or misfortunes get their claims from Insurers.

Example Illustration;
20 numbers of car valued at Nu. 500,000.00 (Sum Insured) each is insured for Nu. 20,000.00 (Premium) per car. Total collection of premiums will be Nu. 400,000.00.

If any cars meet with accidents among these 20 cars the cost to repair the cars will be met from the total premiums collected (i.e., Nu. 400,000.00).

It is the concept of risk sharing among clients who face similar risk exposures to meet the loss suffered by the unfortunate few who, if uninsured, may have to bear the financial loss.

ii. Risks and perils

Every day, we hear about accidents and other misfortunes that someone has suffered.

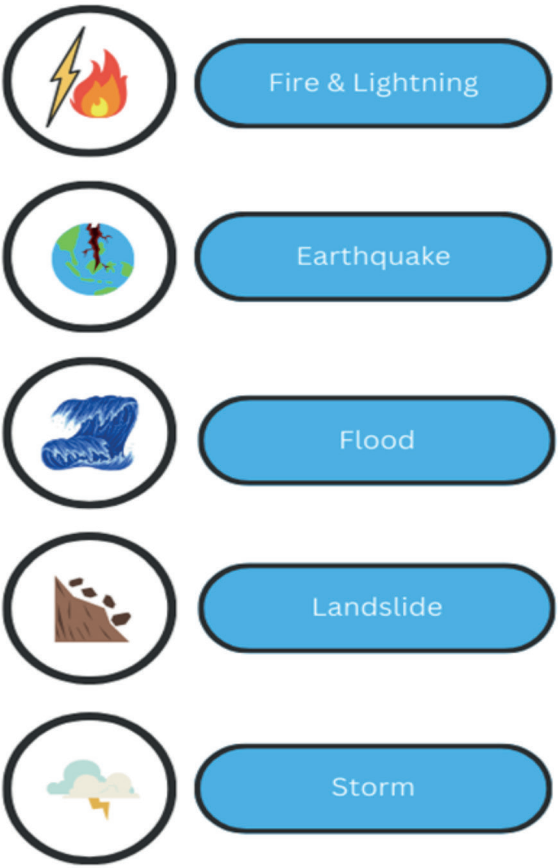
Some of these include:

i. Motor vehicle accidents, and injuries or death.
ii. Buildings and contents being destroyed by fire.
iii. Large scale loss of lives and destruction of properties in floods, windstorm, earthquake and landslides.

iv. Accident injuries & death to workers in the factories.

Life is always full of uncertainties and surprises. When such events occur, there is always financial loss apart from the economic loss. Physical loss or damage to properties, business interruption or legal liability are the outcome of such accidents.

'Risk' is a term that we use to refer to the chance of suffering a loss like damage to properties, injuries or death as a result of uncertain events. The uncertain events that give rise to such risks are known as perils.

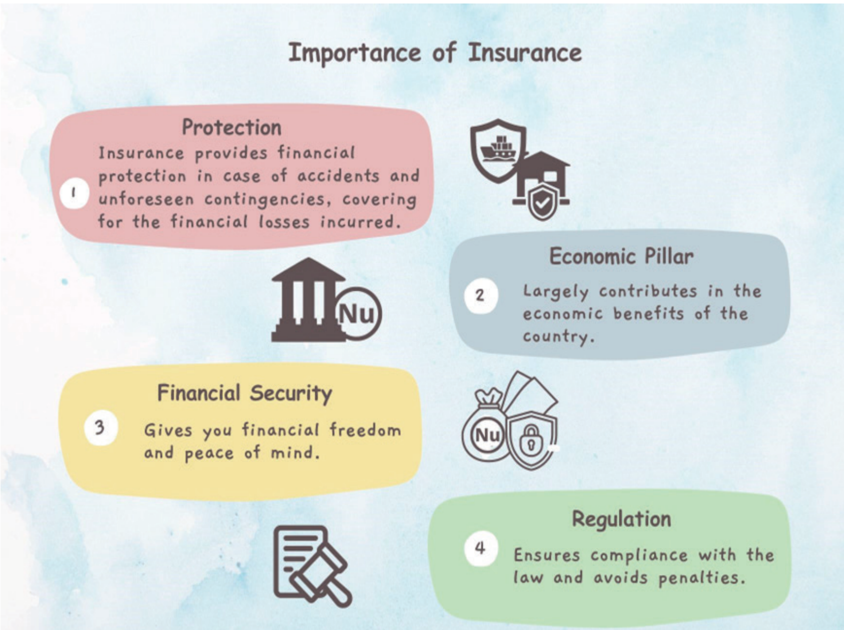


Some of the examples of perils are;

- Fire & Lightning
- Explosion
- Riots & strikes
- Flood
- Storm
- Earthquake
- Landslide

iii. What is General Insurance?

General insurance typically covers any insurance other than life insurance such as insurance of vehicles, buildings, machines, stocks/contents etc. Most of the general insurances are annual or short-term contracts.



Story narrative;

Ap Dorji started a grocery store in his own ancestral house. His house was insured for fire risk cover, but he didn't feel the need to insure his stock. Suddenly one unfortunate day his house was stuck by fire damaging all his stocks and his house.

Scenario 1. Without Stock Insurance

Although Ap Dorji was compensated for the house damaged by the fire he lost his medium of earning. He couldn't restart his business.

Scenario 2. With Insurance

Ap Dorji's daughter, Tashi Pem was smart. She insisted her father to insure the stocks along with the house. When the disaster stuck Ap Dorji was promptly compensated of his loss and he could rebuild his house and immediately resume his business being able to afford a comfortable life ahead.

Compensation (The Principle of Indemnity)

Q. Can you make profit out of insurance?

A. No. Insurance is all about compensating your actual loss subject to the maximum of Sum Insured. Profit is not covered for material damage.

Scenario 3.

Ap Dorji's stock was insured for Nu.2,000,000.00 (Two million only). During the fire incident he had lost stocks worth Nu. 1,300,000.00 (One million three hundred thousand only) which was verified through the stock statement. Although Ap Dorji lodged the claim for the compensation of Nu. 2,000,000.00 (Two million), as per the principle of indemnity he was compensated with an amount of Nu. 1,300,000.00 only which was his actual loss. Purchase value or current market value of the stocks whichever is less will be the basis for settlement of the claim.

5 TYPES OF GENERAL INSURANCE

I. Motor Insurance

What is Motor Insurance?
Imagine cruising down the road with complete peace of mind knowing you're protected no matter what happens. That's what motor insurance is all about! It's a contract between you and an insurance company that shields you from financial losses if you're in an accident.

Why is motor insurance mandated by the law?
Motor insurance is mandated by law in every country around the world because of the very fact that you are plying a motorized vehicle on the public road endangering other road users due to probable accidents which may result in damage to properties & accidental injury, be it other users or pedestrians.

Motor Insurance ensures financial protection for individuals and property affected by accidents involving motor vehicles. It helps cover property damage, and liability costs subject to the terms & conditions of the policy, thereby promoting safety and financial security on the roads. Additionally, mandatory motor insurance helps uphold accountability and compliance with legal standards, ensuring fair compensation for victims of accidents.

Types of Vehicles Covered by Motor Insurance;

Motor insurance isn't one-size-fits-all. It covers a wide range of vehicles, making sure every driver can feel secure:

Private Vehicles: Your personal car, used for daily commutes, weekend getaways, and everything in between.

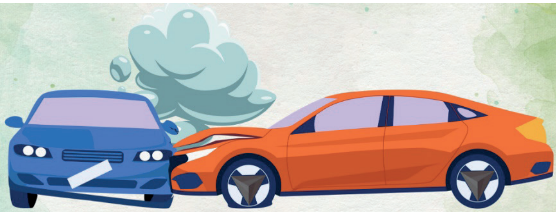
Commercial Vehicles: Workhorses like taxis, buses, and trucks that keep businesses moving men & materials and used for commercial purposes.

Two-Wheelers: Motorcycles and scooters for those who love the wind in their hair.

Miscellaneous Vehicles: Unique vehicles that don't fit into the usual categories, such as farm tractors, excavators & road rollers etc.

A. Types of Motor Insurance Policies.

Here's a breakdown of the three (3) types of motor insurance policies available:



1. Third-Party

The Motor Act of the Kingdom of Bhutan mandates the vehicle owners to at-least have third party motor insurance cover.

Coverage: It protects you against financial liabilities for damages or injuries you cause to someone else's vehicle or property.

The Catch: It doesn't cover damages to your own car.

Cost Factor: The price depends on your car's engine size (measured in cubic capacity or cc) and permissible passenger carrying capacity including driver.

2. Comprehensive

All-In-One: Not only does it include the third-party coverage, but it also protects your own car from accidents, fire, riots, and natural disasters.

Peace of Mind: Offers extensive protection, making it the go-to choice for many drivers.

3. Motor Road Transit Policy

For the Movers: Essential for businesses that transport vehicles, like car dealerships, that requires to drive the car and deliver to the show room.

Coverage: Mitigates risks associated with transporting vehicles, ensuring they arrive safely.

Factors Influencing the Premium Amount;
Several factors determine how much you'll pay for your motor comprehensive insurance:

i. **Car Details:**
Make and Model: High-end cars usually have higher premiums.

ii. **Engine and Cubic Capacity or Horsepower:**
Engine capacity or Horsepower Matters: A larger engine (higher cc/horsepower) means higher capacity, higher value and calling for higher premium.

iii. **Age of the Vehicle:**
Old vs. New: Older cars generally have lower premiums, but they might be more prone to breakdowns thus premium will be affected.

iv. **Insured Declared Value (IDV):**
Market Value: The higher the IDV, the higher will be your premium.

v. **No Claim Bonus (NCB) Discount:**
Safe Driver Rewards: No claims during the policy period?
Enjoy a discount on your renewal premium. The NCB discount is applicable to only **comprehensive insurance policy.**

The NCB discount for the first-year renewal is 20% and then 10% is added on every renewal of your vehicle insurance provided there is no claim. The maximum NCB discount limit for the private vehicle is 60% and the maximum NCB discount for commercial vehicle is 40%.

You can avail **No Claim Bonus certificate** upon cancellation of your policy or conversion of your policy to Third Party which can be transferred to your new vehicle provided it is registered under the same owner.

What happens to the accumulated NCB discount once a claim is made?
Irrespective of any percentage of accumulated NCB Discount, once a claim is made, the NCB discount will become zero, and no NCB discount shall be applicable during the first renewal of the policy after claim.

However, if there is no claim in subsequent renewal of the policy, the same initial NCB discount structure will be applicable.

Interesting fact;
No Claim Bonus is transferrable from one insurance company to another insurance company anywhere in the world upon producing of the No Claim Bonus certificate.

Story narrative; Without Insurance:
Meet Pema. She's driving without motor insurance and accidentally bumps into the car in front of her, causing a dent in the bumper.

The Result:
Pema has to pay for all the repairs out of her own pocket.
Without insurance, she's left to handle all the costs herself, which can be a huge financial burden.

Conclusion
Motor insurance is your safety net on the road, protecting you against unexpected financial hits. By understanding the different types of policies and what influences your premium, you can make smarter choices about your coverage. Always ensure your vehicle is insured not just because it's the law, but because it's the smart thing to do! Drive safe and stay protected.

FAQ

a. What is the period of the motor insurance policy?
The policy lasts for one year and needs to be renewed on time. If it expires, and remains without insurance even for one day, your vehicle will need an inspection.

b. Can I keep the insurance in the previous owner's name after buying the vehicle?
No, the vehicle's registration and insurance must match. You need to update the insurance to your name and address, or claims will not be paid.

c. What documents are needed for availing motor insurance?
You will need to submit;

i. Filled out proposal form (provided by the insurance company)
ii. Copy of vehicle registration certificate (RC)
iii. Copy of invoice (for new vehicles)

d. What documents are needed for motor insurance claim?
Generally, you need to submit;

i. Claim intimation (normally within 15 days after accident or as specified in the terms & conditions of the policy of the respective insurance company)
ii. A completed claim form
iii. Copy of the vehicle's registration certificate (RC)
iv. Copy of fitness certificate
v. Original estimate of the loss
vi. Original repair invoice, and the payment receipt (if payments made by claimant to workshop).
vii. Police report
viii. Medical report (case by case), if applicable
ix. Court verdicts (case by case), if applicable
x. Any other document relevant for the claim as requested by Surveyor/ Insurer.

II. Fire Insurance

What is Fire Insurance?
Fire insurance is a specialized policy offering financial protection against damages or losses caused by fire & other perils covered under the policy. It covers the costs associated with repairing or rebuilding buildings, homes, businesses, and other structures besides repairing or replacement of damaged plant machinery equipment and stocks.

Why is Fire Insurance Important?
Fire insurance is essential for recovering from unexpected damage caused by fires and other hazards. It provides financial support to the Insured to repair or rebuild homes, businesses, and other properties, ensuring a quick recovery after a disaster.

Remember:
Ask Questions: If you don't understand something about your fire insurance, ask an insurance experts or your insurance agent.

Stay Safe: Always follow safety rules to prevent fires, such as not playing with matches and keeping flammable materials away from the heat sources.

Types of Fire Insurance:

Standard Fire Insurance:
Standard fire insurance provides protection against fire and lightning, and may also cover add-on perils such as floods, earthquakes, storms, and vandalism by charging additional premium.

Within standard fire insurance, there are two main types:

A. Building/Structure Insurance

This policy covers the physical structure of buildings, commercial properties or homes.

Coverage:
Physical Structure: Main building elements like walls, roofs, floors, and fixed installations (plumbing, electrical & electronic systems, central heating).

Permanent Fixtures: Built-in cupboards, fitted kitchens, and bathroom fixtures.

Additional Structures: Garages, storage sheds, fences, and boundary walls, depending on the policy.

Risks Covered: Fire, lightning, explosions, storms, floods, earthquakes, vandalism, and other specified perils.

B. Stocks/Content Insurance

This insurance protects the contents within a building, such as personal belongings in homes and inventory or equipment in businesses.

Coverage:
Personal Belongings: For homeowners, this includes furniture, fixtures fittings, electronics, clothing, appliances, and other items.

Business Inventory: For businesses, it covers stock of raw materials, finished goods, semi-finished goods, plant & machinery, office equipment, and other business-related contents.

Risks Covered: Fire, theft, floods, storms, vandalism, and other specified perils.

Key Differences:

Scope: Building/Structure Insurance covers the building itself, while Stocks/Content Insurance covers the items inside.

Applicability: Building/Structure Insurance is crucial for property owners to protect the value of their physical property. Stocks/Content Insurance is vital for both homeowners and businesses to protect their belongings and inventory.

Policy Customization: Both types can be customized to include additional coverage based on specific needs and risks.

Rural Dwelling Insurance (Rural House Insurance) Managed by the government in Bhutan, this insurance is designed for rural residents. If the standard coverage is insufficient, additional coverage can be obtained from the insurance company as rural fire insurance enhancement.

Factors influencing the fire insurance premium amount;

The general factors influencing the fire insurance premium amounts are;

i. **For building and structures**
   - The value of the building/structure (valuation as per engineers)
   - The age of the building/structure
   - The location & condition of the building/structure
   - Type of occupancy in the building/structure
   - The security systems available
   - The deductible/excess

ii. **For stocks/contents**
   - The value as per invoice
   - The type of the building/structure the stocks/contents are stored in.
   - The location & condition of the premises
   - Type of occupancy within the building/structure
   - The nature of business activity
   - Nature of stocks/contents
   - The security systems maintained
   - The deductibles/excess

Story narrative;
In Thimphu, Mr. Dorji owned a charming bookstore filled with rare books and antique artifacts. One day, a fire broke out in a neighboring building and quickly spread to his store, destroying his life's work.

Amidst the devastation, Mr. Dorji remembered his comprehensive fire insurance policy. After the fire, he began the task of filing an insurance claim, finding comfort in knowing he was financially covered.

With the insurance payout, Mr. Dorji tirelessly rebuilt his bookstore. He renovated the building, restocked the shelves, and even added a cozy café. Thanks to his determination and the support of his insurance, Mr. Dorji's bookstore emerged stronger than ever, turning a tragic event into a new beginning.

Q&A

Q: How are the sum insured determined?

A: The sum insured can be based on the actual value as per the invoice for stocks/contents and valuation for the building/structures, plant & machinery and other contents.

Q: Are there special policies for different types of properties?

A: Yes, there are special policies such as floater policies for stocks at multiple locations and declaration policies for fluctuating stock values. Additionally, there are specific policies for rural properties and industrial/hotel properties.

Q: What documents are needed for availing fire insurance?

A: The basic documents required are;

- i. Filled out fire insurance proposal form (provided by insurance company)
- ii. Engineering Valuation (for building/structures)
- iii. Copy of ownership certificate of the property (for building/structure)
- iv. Stock statement & invoice copy (for stocks/contents)
- v. Business license copy (for business stocks/contents)

Q: What documents are needed for fire insurance claim?

A: The basic documents required are;

- i. Intimation letter
- ii. Police report
- iii. Filled out claim form (provided by insurance company)
- iv. Surveyor or loss assessor's report
- v. Court verdict (case by case), if applicable
- vi. Loss estimate (done by engineer for building/structure)
- vii. Stock statement (for stocks/contents)
- viii. Any other document requested by Surveyor/Insurer

C. Industrial All Risk Policy

It is one of the best insurance plans for diverse industries like Manufacturing, Construction, Mining, Refineries, Oil, Gas & so on.

This insurance policy can be customized to meet specific industry's needs, covering a broad range of risks, including fires, theft, machinery breakdowns, and natural disasters like storms or earthquakes.

It is a comprehensive packaged policy covering your asset, operations and liability exposures.

What does it cover?

Material Damage

Financial losses or damage to your property, machinery, equipment, inventory and other assets.

Operation Loss

For example: Machinery Breakdown & Business interruption

Liability Exposures

Third Party Liability or Legal Liability

III. Project Insurance (Engineering)

The engineering policy is specially designed to provide financial protection to the projects under execution stage in the event of an accident.

There are three types of policies under Project Insurance;

a. Contractor's All Risks Insurance (CAR)
b. Storage –cum-Erection /Erection All Risk Insurance (SCE/EAR)
c. Contractor's Plant & Machinery Insurance (CPM)

A. Contractor All Risk Insurance (CAR)

The Contractor's All Risks Insurance covers all types of engineering projects mainly involving civil works like buildings, roads, hydro power plants, flyovers, bridges, dams, tunnels, airport, etc.

The policy provides protection against the loss or damage to or destruction of Civil Engineering project works under construction due to the insured perils and any damages caused by the workers of the contractors during the period of maintenance while they are attending to the rectification of defects in the works done by them for which the contractors are liable under the terms of contract agreement with Principal.

Subject Matter of Insurance:
All Civil Engineering Projects like;

- Residential, Office Buildings,
- Educational institutions like Schools, Colleges, Universities etc.
- Service buildings like Hotels, Restaurants, Hospitals
- Road and Railway facilities, Airports
- Bridges, Dams, Tunnels
- Water Supply and Drainage Systems
- Canals, Harbours, Hangers, Flyovers, etc.

a. Who all can take the policy:

- The Principal (the owner of the project)
- The Contractors
- The Sub Contractors
- The Financial Institutions (if the project is financed by the financial institutions subject to the agreed bank clause)
- The Collaborators
- Joint Ventures
- Individuals

b. Risk Covered:

- Location risks- Fire, lightning, theft & burglary.
- Risk of human element-malicious damage, sabotage, strike and riots.
- Acts of God- earthquake, storm, tempest, hurricane, flood, inundation, subsidence, landslide & rockslide, etc.
- Bad Workmanship, Lack of Skill, Negligence

In addition, on payment of additional premium the following items can be insured.

- Construction Plant and Machinery (upto5% of the SI or as per the terms & conditions of the individual insurance companies)
- Surrounding Properties
- Expenses incurred for debris removal
- Additional expenses – overtime, holidays,
- Escalations
- Air Freight
- Additional Customs duty
- Third Party Liability (TPL), Cross Liability
- Escalation
- Defect Liability Period (DLP)

c. Period of Insurance:

Unlike other insurance policies where the period of insurance is one year, the CAR insurance policy period is equivalent to the period of contract, commencing from the date of unloading of the first batch of material at the site of construction and expiring on the date of handing over of the contract work to the principal or in operation whichever is earlier.

d. Add on cover:

The policy can be also included with marine insurance cover. If marine cover is included, the policy is called Marine cum Contractor all risk policy.

- Storage Risks at temporary storage at site or the Fabricator's premises/Workshop

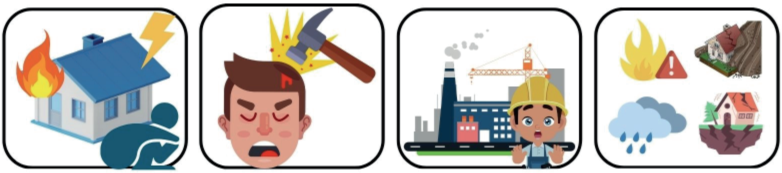
- If in case the client requires storage risk for the materials accumulated at site, they can add on storage cover also paying an additional premium.

In brief

What is Contractor All Risk Insurance?

Also know as C.A.R. insurance	For construction projects involving civil works
Provides comprehensive risk coverage	Cover risks during storage and construction period
Covers the entire project value	Cover Defect Liability Period

What does CAR cover?



Location Risk:	Handling Risk:	Accidental damage:	Natural hazard:
Fire, Lightning, Theft & Burglary	Impact of falling objects and collision	Accidental damage during construction	Storm, flood, landslide, earthquake, etc

B. Contractor’s Plant and Machinery Insurance (CPM)

This is an insurance of contractors’ Plant and Machinery covering the risk of unforeseen and sudden physical loss or damage to the insured items necessitating their repair or replacement. The policy is an annual policy subject to renewal thereafter.

a. Insurable property:

- Boiler with auxiliaries
- Electrical equipment including alternators and generators
- Switchgears and transformers
- Mechanical plant including engines, turbines, pumps, compressors, tools etc.
- Lifting equipment including cranes, conveyors and lifts

b. **Coverage: Unforeseen and sudden physical damage caused by**

- While it is at work or at rest
- While being dismantled for clearing or overhauling
- During cleaning or overhauling operations
- When being shifted within the premises.
- During subsequent erection.

c. **Loss Producing Events:**

- Electrical
- Mechanical
- External

In brief

What is Contractor's Plant & Machinery Insurance?

Also know as C.P.M. insurance

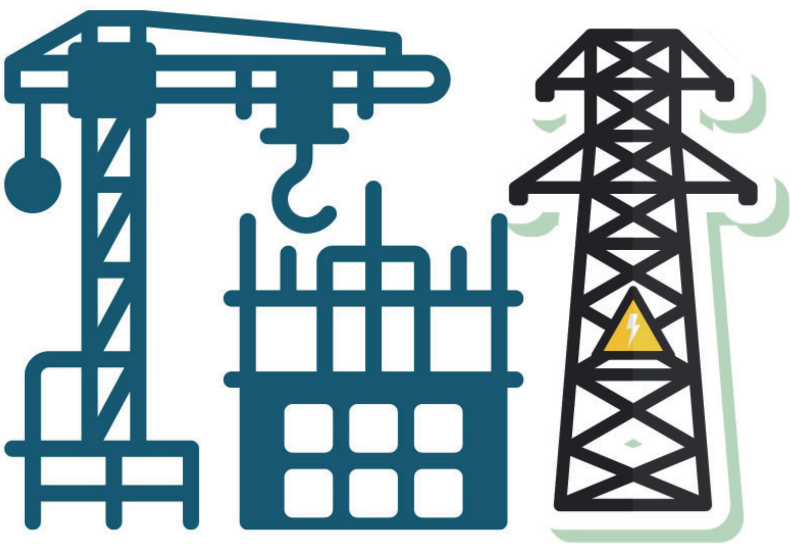
Annual based insurance

For plants and machineries used at project sites

Cover physical loss or damage

What does CPM cover?

C. Erection All Risk (EAR)



The Erection All Risks Policy (EAR) or Storage cum Erection (SCE) policy is designed for erection of plant & machinery, equipment & structures involving related civil engineering works.

The policy also includes third party liability cover in respect of legal liability which may arise due to third party property damage or third-party bodily injury due to accidents at project site. The Insurer is liable up to the sum insured under this section of the policy which is usually limited to10% of the project sum insured.

d. Subject Matter of Insurance:

The policy is for the works to be undertaken for site erection and testing of:

- All kinds of individual machines
- All kinds of industrial plants
- Civil engineering works (If their value is less than 50% of the total project value):
    a. Temporary
    b. Permanent

- Boilers, transformers, switchgears, structural steel works, turbine, generators, oil refinery plants etc.
- Civil works necessary for the project to be erected shall be included in the EAR policy by a separate item provided the nature of work is predominantly that of erection work i.e. the value of the erection/ equipment to be erected shall be far more than the value of the civil works.

e. Who all can take the policy:

The policy can be taken by

- Principal
- Contractors
- Sub-contractors
- Manufacturers or suppliers (if they carryout erection work or responsible for it)

f. **Risk Covered:**

- **Location risks**- Fire, lightning, theft & burglary.
- **Handling risks**- Impact from falling objects, collision.
- **Operational risks**- Failure of safety devices, leakage of electricity, insulation, short circuits, tearing apart on account of centrifugal forces, explosion.
- **Risk of human element**- Carelessness, negligence, faults in erection, malicious damage, sabotage, strike and riots.
- **Acts of God**- earthquake, storm, tempest, hurricane, flood, inundation, subsidence, landslide & rockslide.

In addition, on payment of additional premium the following items can be insured.

- Construction Plant and Machinery (upto5% of the SI)
- Surrounding Property
- Off-site storage of project materials
- Storage Risk at Fabricator's premises/workshop
- Expenses incurred for debris removal
- Additional expenses – overtime, holidays,
- Air Freight
- Additional Customs duty
- TPL, Cross Liability
- Escalation
- Maintenance Visits /Extended Maintenance Cover

g. **Coverage:**

The coverage and exclusion under the EAR policy is the same as per CAR policy with some differences such as CAR policy excludes loss or damage due to faulty design while EAR policy also excludes loss or damage due to faulty design but the exclusion shall be limited only to the item affected and shall not exclude loss or damage to other insured items resulting from the excluded perils.

The cover is an all-risk basis and in particular includes:

- Fire and/or lightning
- Explosion

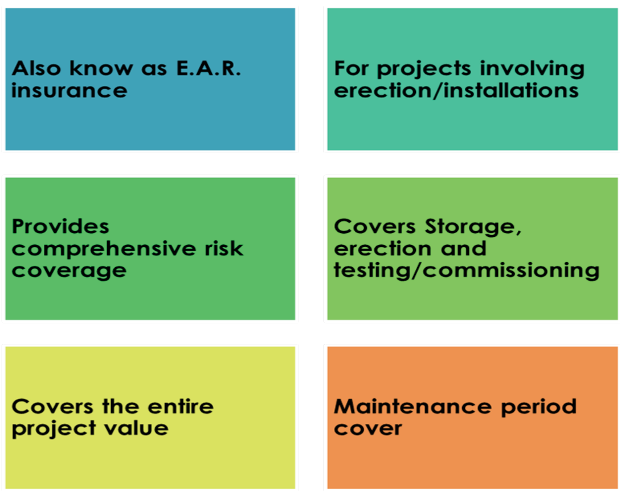
- Storm/tempest, Flood, inundation, cyclone, & allied perils.
- Landslide, subsidence & Rockslide
- Burglary and theft,
- Faults in erection
- Human errors, negligence, short-circuiting, arching, excess voltage.
- Electrical and mechanical breakdown
- Collapse, damage due to foreign objects, impact damages,
- Any other sudden, Unforeseen, accidental damages not explicitly excluded.
- Riot, strike, malicious act (given as per need and case wise)

h. Period of Insurance:

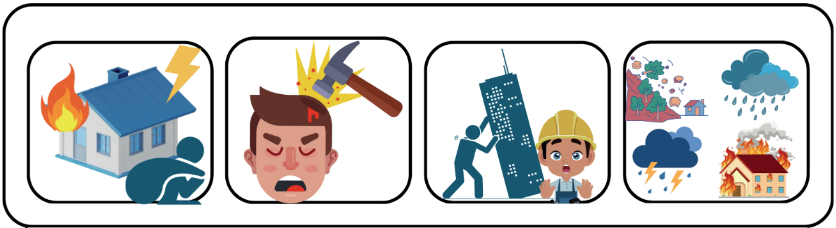
The Policy Commences immediately after the unloading of the items to be insured at the site continues during storage, erection, testing and commissioning till the project is completed.

In Brief

What is Erection All Risk Insurance?



What does EAR cover?



Location Risk:	Handling Risk:	Accidental damage:	Natural hazard:
Fire, lightning Theft & Burglary	Impact of falling objects and collision	Accidental damage during erection	Storm, flood, landslide, earthquake, etc

Accidental damages will include testing & commissioning activities after erection.

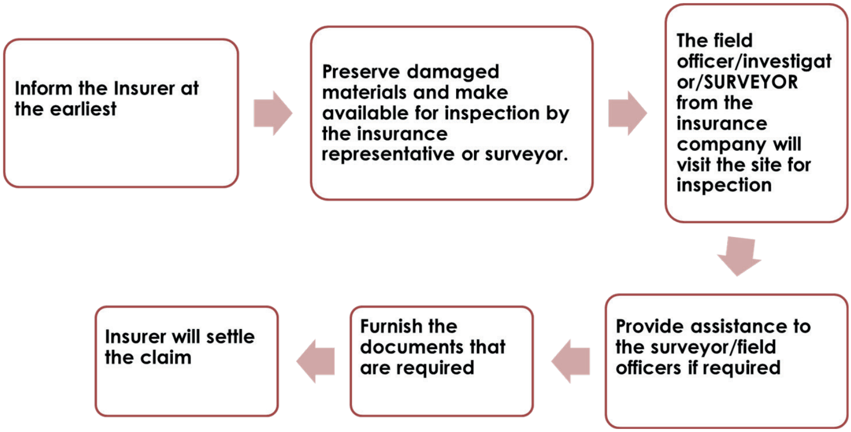
- **Proposal checklist for CAR/EAR insurance**

Duly filled insurance proposal form	Work order or relevant contract documents	Price schedule	Time schedule	Physical inspection by the insurer

- **Proposal checklist for CPM insurance**

Duly filled proposal form	Invoice copy	Physical inspection by the insurer

Claim procedure



IV. Marine Hull & Cargo insurance

Marine insurance is a type of insurance designed to cover loss or damage to ships, cargo, and any transport-to-transport cargo from the point of origin to the final destination. It provides financial protection for the damages caused due to various maritime risks, ensuring smooth operation and financial stability in global trade. Maritime risks could be in the form of accidents while being transported or on ships during ocean voyages or during inland transportation. Further transit damages could happen due to handling, loading, unloading & incidental storage risks.

What does it cover?

1. Marine Hull Cover
   - Covers physical damage to the ship or vessel itself.

2. Marine Cargo Coverage
   - Covers the loss and damage to goods and merchandise being transported from one location to another.

3. Freight Protection
   - Covers the loss of freight revenue if the goods are not delivered.

4. Liability Cover in Marine hull
   - Covers legal liabilities arising from collisions, pollution, and other risks.

Historically, it is the first insurance arrangement that was ever to have taken place. The merchants of Babylon during 3000 BCE developed different form of collective insurance. For instance, if a ship's crew is obliged to throw some cargo overboard to lighten the ship during a storm, all cargo owners will share the cost of the lost cargo. The idea to adopt a risk transfer mechanism greatly helped them financially during the losses. Therefore, Marine insurance is often referred to as "The Mother of Insurance" because it gave birth to the insurance concepts which are in practice now.

Marine cargo Insurance also known as Transit insurance
Marine cargo insurance is provided to cover transportation risks posed by cargo whilst it is in transit by sea or air or road or rail.

Benefits of Marine and Transit Insurance:
When the goods are being transported, they face the threat of damages due to unforeseen contingencies. In case of any damage or loss, there is a loss of money and resources. So, this insurance scheme will provide financial protection against losses to the consignment and goods while it is being transported from one place to the other places.

The insurance company will either replace your goods or will provide you monetary compensation.

Different types of Risk during transshipment of goods:
- Fire Accident
- Collision
- Overturning
- Derailing
- Jettisons
- Sinking
- Explosion
- Theft
- Loss of consignment
- Natural Calamity Damage
- Damages during loading and unloading

All of these risks will be covered in the Marine and Transit Insurance. However, you can discuss the possible risk with the insurance company so that they can provide the risk cover.

Routes Covered:
The Marine and Transit Insurance will cover all the routes, including sea, land and air. It will provide worldwide coverage.

V. Workmen's Compensation Policy

What is Workmen Compensation?
Workers' compensation is a type of insurance your employer must have to help you if a worker gets hurt or falls sick due to working conditions. This insurance pays the affected worker's medical bills and may also provide money if the worker suffers disablement due to injury. If a work-related accident results in death, worker's family will receive benefits to help them financially.

Workmen's Compensation is mandated by the Labour Act.

What Does Workmen Compensation Cover?

- **Medical Bills:** All medical costs related to the injury are covered.
- **Temporary Disability Benefits**: If you can't work for a while, you receive money to cover lost wages.
- **Permanent Disability Benefits**: If your injury causes long-term issues, you get additional benefits.
- **Retraining Benefits:** If you can't return to your old job, you can get help training for a new one.
- **Death Benefits:** Your family receives financial support if you die from a work-related injury.

Your Rights Under Workers' Compensation

- **File a Claim:** You can file a claim for any work-related injury or illness.
- **Receive Medical Treatment:** You are entitled to medical care for your injury.
- **Seek Legal Advice:** You can get legal help at any point in the process.
- **Return to Work:** You cannot be stopped from returning to work once a doctor clears you.
- **No Discrimination:** You cannot be treated unfairly because of your injury.
- **Fair Compensation:** You are entitled to fair compensation for your expenses and lost wages.
- **Appeal Rights:** You can appeal any decisions made about your claim.

Mr. Wangdi's Story

In Thimphu, Mr. Wangdi was working at a construction site. One day, he injured his leg due to an accident at workplace. Luckily, his employer had workers' compensation insurance. This insurance covered his medical bills and gave him money to support his family while he recovered from the injuries. Wangdi was relieved and grateful, knowing he and his family were taken care financially during his recovery.

VI. Personal Accident Insurance

What is Personal Accident Insurance?
Personal accident insurance helps protect you or your family members financially if you get injured in an accident resulting to permanent disability or accident resulting to death. It provides compensation as per the specified limit in the policy terms & conditions.

Types of Personal Accident Insurance

- **Individual Personal Accident Insurance:** Covers one person.
- **Group Personal Accident Insurance (GPA):** Covers a group of people, like employees of a company.

Ms. Phub's Story
In Punakha, Ms. Phub, employed by a construction firm, suffered a serious injury when she fell from the second floor of an unfinished building where she was working as a site supervisor. This incident left her permanently disabled due to spinal injuries. Fortunately, Ms. Phub's employer had wisely opted for Group Personal Accident insurance covering all of his employees. This insurance provided Ms. Phub with a much-needed financial safety net during her difficult times, underscoring the crucial role of insurance in unexpected circumstances.

Key Takeaways

- **Worker's Compensation Insurance:** This policy is specific to workers who are below the supervisory or officer levels and availed by the Employer. This helps workers who may suffer injuries or fall sick due to working conditions or due to accidents at workplaces. This insurance helps by covering medical bills and lost wages. It also provides disability & death benefits. It is a comprehensive policy providing wider range of coverages than personal accident insurance policy.

- **Personal Accident Insurance:** Provides financial support for disability and death resulting out of accident. The policy can be taken by anyone who feels vulnerable to accidents for getting financial support in case of an accident.

FAQ

Q. Who pays for Workers' Compensation Insurance?

A. The employer pays for Workers' Compensation Insurance. It doesn't come out of employees' salary.

Q. What kind of benefits will the affected employee get if he/she suffers from permanent disability due to an accident arising and in the course of employment?

A. If the person suffers permanent disability,

Under worker's compensation;

Affected Insured employee will get weekly payments for a certain period. A doctor will check the affected person to decide how serious the disability is and accordingly, further applicable claim will be paid.

Under Personal/Group Accident Insurance;

Policy holder will be compensated as per the specified claim benefit percentage as per the policy terms & conditions, which is one time.

Example if policy holder loses one arm the policy shall pay 50% of Sum Insured as compensation. In short, if the Sum Insured is Nu. 100,000.00, the policy holder will be compensated Nu. 50,000.00.

Q. What should an employee do if he/she gets hurt on the job?

A. If you get hurt at work, tell your supervisor right away. Make sure to include the date, time, and how the injury happened in your report.

Q. Why should I buy Personal Accident Insurance even if I have health and life insurance?

A. Health insurance covers hospital and medical costs only. Life insurance gives money to your family if policy holder dies due to natural causes or accident but Personal Accident Insurance provides compensation for permanent disability too along with death benefit arising out of an accident.

Q. Does Personal Accident Insurance cover death?

A. Yes, it does. The monetary compensation is paid to the nominee opted by the policy holder in case of death due to a fatal accident.

VII. Student Care Insurance

What is Student Care Insurance?

Student Care Insurance (Lopthru Nyenchoel) is a special insurance policy which offers financial protection for students and their parents or guardians, ensuring educational continuity in the event of an accident involving the parent or guardian.

How is it Beneficial?
Student Care Insurance is beneficial because it:

Ensures Education Continuity: Provides financial support to ensure that a student can continue their education if their parent or guardian suffers an accident resulting in death or permanent disability.

Worldwide Coverage: Offers 24/7 protection globally for both students and their parents or guardians.
Affordable Premiums: Available at nominal premiums, making it accessible to a wide range of families.

What is covered?
The policy covers:

Accidental Death: Financial compensation if the insured parent, guardian, or student dies due to a fatal accident.

Permanent Total Disability: Financial compensation if the insured parent, guardian, or student becomes permanently disabled partially or totally due to an accident.

Education Allowance: In case of the accidental death or permanent disability of the parent/guardian, an education allowance is provided to support the student's education.

A Short Story to Understand the Product
Imagine a student named Sonam, who is in Class 10 with dream of becoming a doctor. Her parents are hardworking and supports her dream. They decide to purchase the Student Care Insurance from Bhutan Insurance Limited to ensure that her education is secured no matter what happens.

One day, Sonam's father, who is the main breadwinner, unfortunately, meets with a severe accident and becomes permanently disabled. Without the insurance, Sonam's education would be at risk due to financial constraints. However, because they had purchased the Student Care Insurance, the policy activates. The insurance covers or pays an upfront of 60% of the sum insured, providing the family with financial support.

Additionally, Sonam receives 40% of the balance sum insured as an education allowance over the period of three (3) years, which ensures she can continue her schooling without interruption. This support allows Sonam to stay focused on her studies and work towards her dream of becoming a doctor, even during such a challenging time.

Are there different categories of coverage?

Yes, there are two categories:

- For school students (Kindergarten to Class 12).
- For college students (University/College/Vocational or Professional Institutes).

What financial support does the policy provide in case of an accident?

The policy provides 60% of the sum insured for accidental death or permanent total disability. Additionally, it provides the 40% balance amount as an education allowance for the student, with a lump sum annual payments over the course of three (3) years.

VIII. Liability Insurance

Let us understand Liability. What is Liability?

Liability refers to some person/ organization, being legally held liable for causing third party property damage or third-party personal injuries due to their wrongful acts. It involves a legal obligation or responsibility to financially compensate the affected parties.

Have your heard anything about TORT?

A tort is a civil wrong or wrongful act, whether intentional or accidental, that causes harm or injury to another party. The harmed party can seek compensation or remedy through a lawsuit. Intentional acts resulting in accidents causing injury to property or personnel are not covered by Policy.

So as a citizen of a country living under a common law, we all are bound by **Civil Liability.** Insurance policy covers only civil liability and for criminal liability, sentences are awarded by the courts based on the nature of crime which is not the subject matter of insurance.

Civil liability refers to the legal responsibility of a person, organization, or entity to compensate for harm or damage caused to another person or property due to TORT.

How Does Liability Insurance Protect You?

Liability Insurance covers your financial obligation when you become legally liable to financially compensate affected third parties. However, it does not protect you against your wrong doings but offers financial protection. The insurer's maximum liability is limited to sum insured availed in the policy.

Example 1
Mr. Drukdra did not park his vehicle properly and forgot to pull the hand break of his car. The car slid and hit Mrs. Jangjang causing her fatal injuries and resulting in the loss of her two legs. Her family sued Mr. Drukdra, and the court ordered him to compensate Mrs. Jangjang with Nu. 5 million and sentenced him to six months in jail.

So, if Mr. Drukdra had a Liability insurance, then the Insurance Company would have paid Nu. 5 million to Mrs. Jangjang on his behalf, covering his financial liability.

Example 2
ABC Construction Pvt. Limited was contracted to install street lamps but compromised on quality, leading to a street lamp collapsing and seriously injuring an elderly man. The court ordered the company to pay him Nu. 3 million in compensation, suspended their license, and mandated repairs.

Since ABC Construction Pvt. Ltd had a liability insurance, the insurance company paid Nu. 3 million to the elderly man on their behalf.

What Does Liability Insurance Cover?

1. It will cover your financial obligation for which you are legally held liable to pay for third party property damage or third-party bodily injury caused due to your actions.

2. It will cover your financial obligation which is legally accounted to you due to your wrongful act resulting in damages to a third-party property or third-party bodily injuries.

3. It will cover your Legal Defence cost.

4. It will cover individual, business or organization.

Different type of Liability Insurance:

i. **General Liability Insurance:** Protects businesses from various liabilities claims including bodily injuries, property damage, and personal injuries.

ii. **Professional Liability Insurance:** Also known as Errors and Omissions (E&O) insurance, it covers professionals against liability claims resulting due to negligence or malpractice.

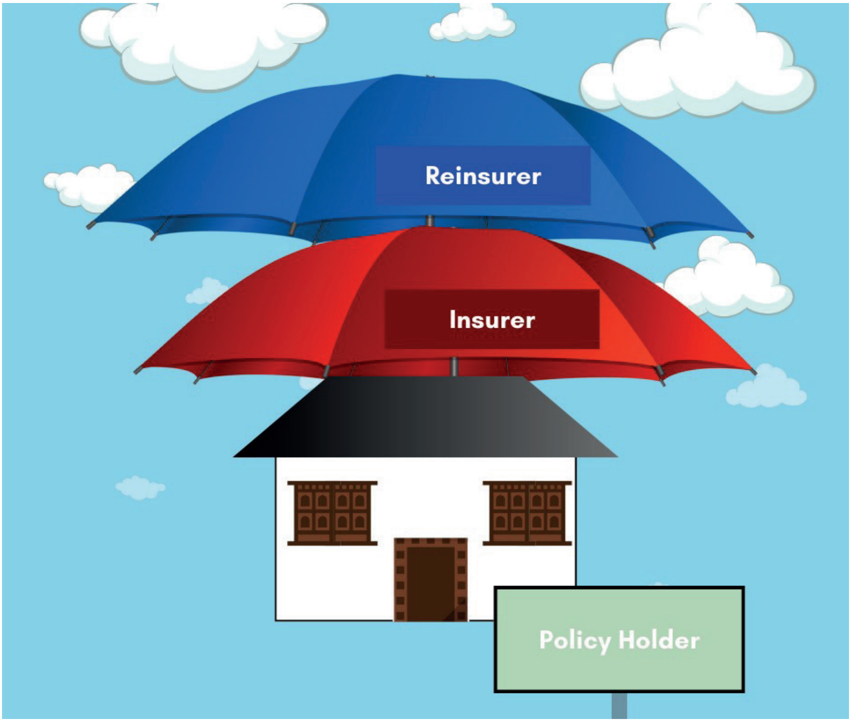
iii. **Product Liability Insurance:** Covers businesses for claims related to the manufacture or sale of products that cause harm or injury.

iv. **Public Liability Insurance:** Similar to general liability but more focused on third-party injury or damage claims.

6 ROLES OF REINSURANCE

What is reinsurance?

Reinsurance is the insurance arranged by an insurance company to protect their balance sheet. The insurance companies transfer portion of the risks underwritten by them to the reinsurance company to avoid large event losses. It is the process of sharing risk between Insurance Company and Reinsurance Company.



How does Reinsurance Companies benefit Insurance Companies?

1. To transfer risk

Insurance companies can issue policies with higher value (sum insured) by placing or transferring the risk to the Reinsurance companies.

2. Enables to underwrite more policies

By transferring or placing risk with Reinsurance companies the insurance companies can offset liabilities thereby enabling insurance companies to underwrite more polices.

3. Don't have to keep huge capital reserves

By offsetting portion of liabilities to Reinsurance companies, insurance companies don't have to keep huge capital reserves and can invest the capital in other avenues to increase income.

4. Helps to minimize claim amounts

By transferring or placing the risk with Reinsurance companies, when there are catastrophic disasters resulting to huge claims, the Reinsurance Company will bear part of the claim amount thereby allowing insurance companies to minimize claim payout from their end.

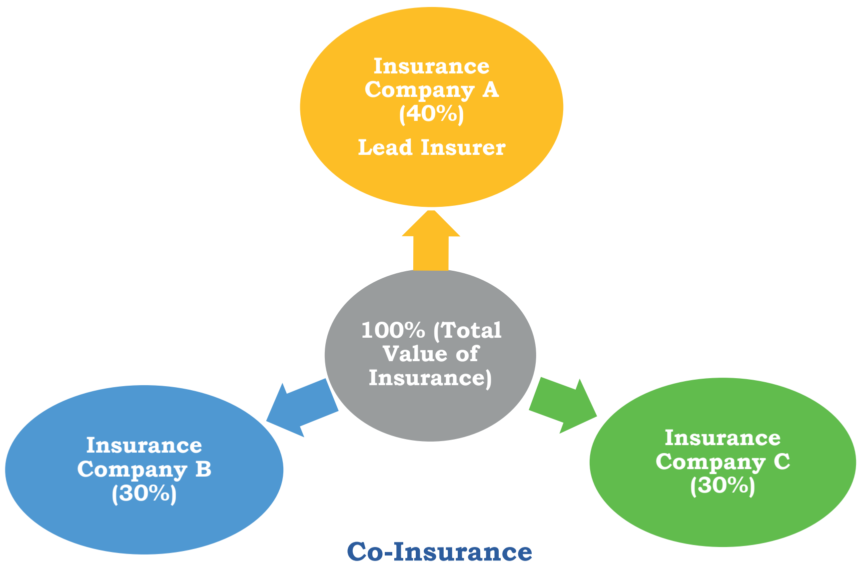
Q&A

Q. Can I directly insure my property with the Reinsurance Company?

A. No, you can only insure the property with the insurance company who collectively insure with a Reinsurance Company.

Q. What is Co-Insurance?

A. It is the sharing of insurance between two or more than two insurance companies arranged by the INSURED. The Insurance Company with the highest percentage of share becomes the lead insurer and each Insurer runs the risk, premium and claims in the proportion agreed. It helps in retention of the premium within the country by utilizing the available capacity of Insurers.



Co-Insurance

7 GENERAL INFORMATION

a. **Deductible/excess**

Deductible/excess is an amount mentioned in a policy and agreed with the policy holders which is borne by themselves when claim occurs. The insurer pays only the claim amount over and above the deductible/excess up to the sum insured or the limit set in the policy.

Example; If the deductible/excess is set at Nu.50,000;

Condition 1. If the claim amount is less than Nu. 50,000 say Nu. 45,000, the policy holder bears the loss & insurance company will not pay the claim.

Condition 2. If the claim amount is more than Nu. 50,000 say Nu.120,000, the company will deduct excess of Nu. 50,000 and pay the balance of Nu. 70,000.

Why insurance policies have deductible/excess?

Deductible/excess is set in an insurance policy to prevent Moral Hazard and also to prevent smaller claims, where the losses can be easily absorbed by the policy holders. This will also prevent administrative costs associated with every small claim.

Deductible/excess is also one of the factors affecting premium.

The general rule is, higher the deductible excess lower will be the premium and lower the deductible excess higher will be the premium.

Broadly there are two (2) types of deductible/excess;

i. **Voluntary deductible/excess**
In case Client is willing to bear a higher proportion of the loss amount they agree for a higher Deductible / excess voluntarily set by the clients to negotiate on the premium and term & conditions.

ii. **Compulsory deductible/excess**
The standard deductible / excess set by the insurance company depending on the nature of the risk.

Worried about the uncertainties of life?

......but you remember that you have made the wise decision to insure.

BE SMART

BE INSURED!

Place your trust in us...

....and in times of need, we will always be there for you.

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An insurance guidebook is like a friendly companion that helps you navigate through complicated world of insurance. It's packed with easy-to-understand information about different types of insurance, like properties, car, home, stocks and liability insurance and explains how they work in simple terms. From understanding what your policy covers to deciphering tricky insurance jargons, this guidebook is to provide clarity and help you to make informed decisions about your insurance needs. Whether you're a first-time reader or just looking to brush up on your insurance knowledge, the guidebook is your go-to resource for matters related to insurance.

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