

INSURANCE WITH STEUARTS



BELIEVE

The e-magazine of George Steuart Insurance Brokers (Pvt) Ltd.

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GSIB - NEWS

“Steuart Drive”

The New Face of Auto Insurance

GSIB (together with Fairfirst) have introduced a unique private car motor insurance product for its clients called “Steuart Drive”. The product has a range of features which are not generally available in the market and is competitively priced. Some of value additions in the product are as follows;

- Free home insurance cover of LKR 5,000,000 for every motor policy placed through the package:
- Third Party Death or Bodily Injury – Unlimited
- Third Party Property Damage Up to Rs. 5,000,000/-
- Natural Disaster Covers
- Strikes, Riots and Civil Commotion
- Terrorism
- Authorized Agent Repairs.
- Free Towing cover maximum of SLR. 10,000/- per annum



- Free Accidental Hospitalization Including Ambulance Services Cover
- Free 100% Air Bag Cover
- Free Vehicle Taxi/Rental Allowance
- Personal Accident Benefit Cover maximum SLR.1,000,000/- for 04 persons per annum
- Free special windscreen cover maximum of Rs.10,000/- per annum

People Risk

The most striking development in this risk profile has been the rise in concern around ‘people risk’ as the line between work lives and personal lives becomes increasingly blurred and firms are faced with the challenge of implementing and maintaining robust work-from-home policies. People is a risk that organisations have always wanted to manage effectively, but the current heightened

level of this risk has really brought it to the forefront. Organisations are also having to think about people’s roles in processes. Many processes are designed to operate in an office environment and very quick changes have had to be made to accommodate the work from home situation, with businesses relying heavily on their people to implement changes to processes and

controls. This is in addition to the consideration that people are more vulnerable, in the home environment, to making mistakes or being preyed on by fraudsters.

“There’s been the immediate concern with working from home in terms of changing processes and the associated challenge for people being able to operate effectively in their home environment. However,

there’s also the longer-term concern of, if you now have a more remote workforce, how can you manage your people effectively? How can you develop them and retain them in this remote working setup? Organisations are having to shift their focus to think about how they’re going to achieve that ‘moving forward’.

Editorial

Among the key characteristics required by a good insurance broker is the need for integrity and honesty; and a good broker understands both the needs and wishes of their clients. The fundamental tenets of what makes an insurance broker great may not have altered, but we have seen the impact that the digital age has had on the risks faced by businesses today. This, in turn, has elevated the need for brokers to be agile by regular adaption of plans as required to complete their duties.

Everything is required on a “need now” basis in the age of instant information, and sometimes brokers need to carve a moment for themselves to reflect on the advice they are giving, and to make sure that what is being proposed is correct and sufficient.

As an insurance broker, being subject to all different kinds of businesses and finding out what they do and how they work is indeed a fascinating process - from considering the exposures that each business might face to creating bespoke solutions to meet their individual needs, to balancing the risk faced by a business with a premium they can afford. The work of a broker is complex and wide-ranging. The risk profile of a business is an intricate picture which must be fully understood and conveyed to underwriters in a manner that portrays the risk in a good light and highlights the proactive management of the business which makes a risk acceptable to an insurer.

Trust is a huge part of that as you are told some very confidential information that can be commercially sensitive.

There are, of course, many proud moments to be found in a career in insurance broking, when a broker responds positively and quickly to help a client who has suffered a loss. Seeing how such a prompt and effective response enables a business to survive and for jobs to be protected is always rewarding, and to provide the right guidance which will enable businesses to carry on trading even after the worst-case scenario has occurred.

It will also be interesting to see what the long-term impacts of the coronavirus (COVID-19) pandemic will be. As an industry, the industry may face some bad press as this unravels; but it certainly was never an insurer's intention or within their financial ability to cover the lockdown of a country and [to cover] the impact of this on the businesses it insures.

The new normal that emerges as we come out of lockdown will be interesting, and we will have to wait and see how people and things are valued in the new world.

M.Z.M. Nazim

Business English Vocabulary Feedback

Yet another example of a noun becoming a verb in office jargon is the word “feedback”, which should be used as a noun to describe constructive comments on something (as in essay feedback). However, in an office environment it's not unusual to hear it used as a verb – “We're waiting for him to give us a feedback on the estimate for repairs” – or even, horrifically, in the past tense: “He's fed back to us that he doesn't like it.”

Case Law

Goodlife Foods vs. Hall Fire Protection (2018)

When Goodlife alleged that Hall Fire Protection was liable for a fire at its factory and claimed over £6m in property and business interruption damages, Hall Fire Protection sought to rely on the widely drafted contractual provision which excluded all liability for loss caused to: .property, goods, persons or the like, directly or indirectly resulting from our negligence or delay or failure or malfunction of the systems or components provided... Goodlife argued that the reference to 'persons' was an attempt to exclude liability for death/personal injury which rendered the exclusion clause void. High Court decision
The High Court agreed with

subject to the "reasonableness test". Instead, the High Court found that the part of the clause seeking to exclude liability for death/personal injury could be severed, and the remainder could be upheld as enforceable if it passed the UCTA reasonableness test. The court went on to find that the remainder of the clause was reasonable and therefore enforceable, placing particular emphasis on the facts that the parties were of roughly equal bargaining position and that the real risk behind this contractual arrangement was the risk of fire damage, which could be insured against.

been a relatively common reluctance on the part of the courts to leave a party without any remedy at all. However, the case of *Transocean Drilling UK Ltd v Providence Resources plc* [2016] also provides clear authority that, where sophisticated parties enter into contractual terms which very clearly define the exclusions and limitations of risks to which they have agreed, the courts will most likely uphold such exclusions even if this will deprive an innocent party of sums due following a breach of contract.

In *Goodlife* the Court of Appeal confirmed that the fact that the parties were of equal bargaining position was significant. Also critical to the finding that the exclusion was reasonable was the insurance position: Goodlife was best placed to obtain appropriate insurance as it had the requisite knowledge of its business, the premises and the effects that a fire would have; plus related, relevant provisions within the contract made clear that Hall Fire would not assume liability if Goodlife did not have the necessary insurance in place. So, while the decision might remain unexpected, it is perhaps not unreasonable. As for the message to take away from this case: when it comes to the interpretation of a wide exclusion/limitation clause, context will be key.



Goodlife that the clause included an attempt to exclude or limit liability for death or personal injury but, perhaps somewhat surprisingly, decided that the whole clause was not rendered invalid.

The Unfair Contract Terms Act 1977 (UCTA) provides, in short, that any attempt to exclude or restrict liability for death or personal injury is void and that any attempt to exclude or restrict liability for other loss is

Court of Appeal confirmation

In a recent unanimous decision, the Court of Appeal has upheld the High Court's decision that the wide exclusion clause was reasonable and valid. This case may appear surprising, firstly because it seems to contradict received wisdom that an exclusion of liability for death/personal injury renders an entire clause void. Secondly, it also goes against what has

Weird Insurance :

When supermodel, Heidi Klum decided to insure her world-famous, and never-ending legs, she flew to London to be "inspected" by underwriters. The strangest part? Her legs were valued at £1.5 million as a pair, although individually, one leg is worth £130,000 less than the other. The less expensive leg has a tiny, tiny scar on it.



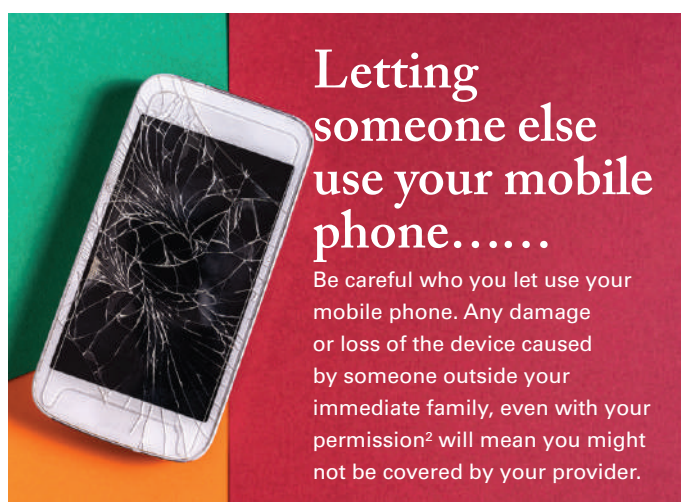
Why your insurer might repudiate your claim

Your insurer may refuse to pay your claim because:

- The policy was not in force when the event causing the loss took place.
- The policy is invalid because you didn't tell the truth when you applied for insurance or failed to disclose or misrepresent something which could affect your claim.
- The policy is invalid because you deliberately or carelessly withheld information or misled your insurers.
- The item is not covered by your policy
- There is an exclusion clause in the policy which means, what that has been excluded cannot be claimed under the policy
- You have missed some of the installments of your premium in spite of reminders.
- You have not intimated to your insurer about the change in circumstances affecting the risk.
- You have not followed the claims procedures correctly.
- You may not have provided the relevant documentation to substantiate your claims.
- You have a duty of obligation to strictly abide by the terms and conditions of your policy. If you violate them it will be to your detriment.
- You have exaggerated the claim and are trying to claim for more than you are entitled to.

Your insurer has a reason to repudiate the claim and must provide you the details as to why they are refusing to pay your claim. Check the details of your policy carefully to make sure that their decision is reasonable.

If you think your insurer is being unreasonable in refusing your claim, you can speak to your broker and try to negotiate with them. If you are still not satisfied with the way your claim has been dealt with, you can make a complaint using various complaint processes incorporated in your policy document.



NextWave Challenges to Insurers

The world is changing radically – from demographics and technology to the global climate. This changes insurance.

Technological and societal changes are progressing at a rapid rate and are presenting a range of new challenges for businesses, governments and individuals alike. An explosion of new connected technologies has created a hotbed for hackers to thrive in, creating a whole new way for criminals to exploit their victims, as well as a whole new genre of cybersecurity risks for insurers and their customers to consider.

Autonomous vehicles are set to revolutionize the way we get around, but also create new issues surrounding liability and pricing for insurers to grapple with. Meanwhile, the new ways of thinking from the digital natives of millennials and Generation Z are fundamentally changing the way businesses interact with their customers. And that's not even considering the biggest challenge of all, climate change, which many see as a threat to our very existence on this planet.

But with each new challenge comes opportunity, and insurers need to make sure they think about these NextWave challenges so they are able to deliver solutions not just for the needs of their customers now, but also the next to emerge – and those that will come beyond.

The third wave of microinsurance

Microinsurance is a part of the insurance continuum, with products that feature pricing, coverage and distribution that are designed to be appropriate for low-income customers. By that definition, microinsurance is relevant to around 50% of the world's population and up to 80% in some countries, making it impossible to ignore in an emerging economy. Over time, microinsurance has been called by different names – inclusive insurance, and emerging consumer insurance to name a few. However, at the core, they are all mechanisms to protect low-income people against risk.

Since commercial microinsurance entered the scene in the late 1990s, multinational and domestic insurers have tried their hand at delivering products to low-income customers. While some succeeded by understanding and catering to the specific needs of this segment, others floundered. There were many barriers to success: difficulty in reaching customers, a lack of cost-effective distribution channels and appropriate regulations – which are key to achieving sustained growth. However, recent developments especially in the digital space have made it easier for insurers to cater to the low-income segment effectively.

Global News



China

Despite the COVID-19 pandemic, many Mainland residents find foreign insurance policies more attractive than those found in the mainland and continue to cross borders to get their hands on them.



UK

Co-Op Insurance reveals the pressures facing young motorists – launches T-plate

“Ah! Those young motorists – those boy (or girl) racers... they do nothing but cause trouble on the roads.”

If that's your perception, then you may want to re-evaluate as a survey has revealed the pressures that drivers aged 17-25 actually face from OTHER motorists. It's unacceptable that so many young drivers are feeling pressured by others on the roads. Ultimately, every driver should be adhering to speed limits and driving in line with the law, but we know that isn't always the case, said Charles Offord, managing director of Co-op Insurance. “Instead of being role-models, too many older drivers are exacerbating what is already a testing time for new and less-experienced road users.”

The insurer is now hoping to provide a solution to the issue

with the launch of T-plate – a concept backed by road safety charity Brake and RED driving school. Similar to an “L” or “P” plate it indicates to other road users that a blackbox is fitted in the car – so the driver will be driving safely, to the speed limit and within line of the law, something that every driver should be doing anyway. When asked, 60% of the insurer's young drivers said the T-plate would help them feel less pressured.

New Yacht insurance policy sets sail

A new yacht insurance policy has set sail thanks to marine trade and yacht insurance provider Stoneways Marine. According to manager director Keith Lovett, the new offering features plain language all risks wording, as well as a host of additional benefits.

“Bringing a new and original policy with well rated security into the yacht insurance market has been warmly welcomed,” said Lovett. “With choices limited in recent years, discerning boat owners are eager to consider a new approach, wide cover and Stoneways' high service standards.”

Lovett, along with director Will Prest, is a lifetime boat owner. He believes this background gives him an owner's perspective and thus results in a user-friendly product.



India

Insurers can obtain policy holders' consent through OTP: IRDAI

New Delhi : Regulator IRDAI has permitted health and general insurers to obtain consent of prospective policy holders through a duly validated One Time Password (OTP), thus dispensing with the practice of getting wet signature in view of the COVID-19 pandemic.

The regulator has also exempted the insurers from mandatorily sending hard copy of the document to policyholders. However, the policies will have to be sent through electronic mode on the registered e-mail.

These relaxations, according to a circular issued by the Insurance Regulatory and Development Authority of

India (IRDAI) on Thursday, will continue till March 31, 2021. IRDAI has issued these instructions in wake of the representations received from insurance companies for exemption for all individual/ retail health insurance policies issued by general and health insurance companies from the requirement of issuing physical document and hard copy of the proposal form.



Japan

Insurance for fertility treatments

Yoshihide Suga, currently Chief Cabinet Secretary, said in a candidacy speech for the premiership that the low birth rate is a long-term challenge in Japan. According to a report by Reuters, Suga pledged to create an “environment where women can stay healthy and play an active role in the community.” “In order to broadly support households that want childbirth, we will make infertility treatment applicable to insurance,” he said.

Thought for the Day

Success will never lower its standard to accommodate us. We have to raise our standards to achieve it.



Our goal is for you to love Insurance

"We do not believe in Insurance"-That is a paradox we hear from time to time, or at least a variation of that phrase. Why do people feel that way? Well, insurance is not something you can touch, feel or smell – like a new car. It's not something that fills all your senses, like a walk on a beach. It certainly does not evoke a warm and fuzzy feeling, like a great song or movie. It is a reality that is impalpable.

So what is insurance, at its most basic?

We believe it is the thing that allows you to leave home in the morning and get behind the wheel of your car and not worry about what may happen to your house during the day, or how you will fix your car if

you suffer a loss. If you own a business, insurance provides the means for you to borrow money from the bank to start or expand your business, protect your employees if they are hurt at work and pay for things that may go wrong with the products you sell or make. Perhaps you don't think of it this way, but insurance allows you to sleep well at night, knowing that if something terrible happens to you, your family or your business, you will have a lifeline and a way to be made whole again.

Maybe it is easier to think about insurance as a savings account. There are very few people that can absorb a major financial hit, and be able to pay for it out of pocket. Paying

for a Rs.500,000 fire loss, or a Rs.200,000 auto accident, or an unexpected end to family income is not something that the vast majority of people can afford to pay for. But, like a savings account, you invest every year and when you need it most, insurance can be used to pay for those major events that can have a catastrophic impact on you, your family or your business.

Our goal is for you to love insurance, but we do want to

help you understand insurance and how it helps to protect you for all that you've worked for. Our goal is to help de-mystify the terms and make things easier for you. As a trusted advisor, we give you the power to choose what's right for you. That's why we say: "We are here to help you Be Ready for Anything"!

Humour

*"They say marriages are made in Heaven" –
I say, "So is thunder and lightning."*



Is water damage covered by insurance?

Water damage to your property is usually covered as a standard feature in your buildings insurance policy.

Often referred to as Bursting and overflowing of water tanks, pipes and apparatus it can be caused by several issues, from burst pipes, to a leaking dishwasher or an overflowing over-head tank or blocked toilet.

This leakage and escape of Water is different from flooding though, as flooding is the term insurers use to describe water in your home that comes from an external source (e.g. burst mains on your road, or river or sea flooding).

Escape of water damage is one of the most common types of domestic property damage claims. If you need to claim, your insurer may cover the cost of locating, accessing and repairing the leak, as well as the cost of any water damage restoration. If you have contents insurance, the policy should cover the cost of replacing contents that was damaged by the water damage due to leakage.

If you have purchased a policy which includes 'accidental damage' you may also be covered for accidents such as over-flowing baths or accidentally drilling into pipes too.

Most policies will exclude any damage that is caused by not properly maintaining your property or by preventable damage such as a slow, gradual leak. The best way to avoid this is by keeping your pipes properly maintained all year round, fixing any leaks you discover.

Know your Insurance Terms Caveat emptor:

Let the buyer beware. Insurance contracts are **NOT** Caveat emptor (buyer beware) contracts. They are Uberrima Fidei – "Utmost Good Faith" contracts.

How to Easily Understand Your Insurance Contract



When your insurer gives you the policy document, generally, all you do is glance over the decorated words in the policy and pile it up with the other bunch of financial papers on your desk, right? If you spend thousands of Rupees each year on insurance, don't you think that you should know all about it?

It's true that your insurance advisor – your Broker is always there for you to help you understand the tricky terms in the insurance forms, but you should also know for yourself what your contract says.

Let us make reading your insurance contract easy, so you understand their basic principles and how they are put to use in daily life.

Insurance Contract Essentials

- **Offer and Acceptance.** When applying for insurance, the first thing you do is get the proposal form of a particular insurance

company. After filling in the requested details, you send the form to the company. This is your **offer**. If the insurance company agrees to insure you, this is called **acceptance**. In some cases, your insurer may agree to accept your offer after making some changes to your proposed terms.

- **Consideration.** This is the premium or the future premiums that you have pay to your insurance company. For insurers, consideration also refers to the money paid out to you should you file an insurance claim. This means that each party to the contract must provide some value to the relationship.
- **Legal Capacity.** You need to be legally competent to enter into an agreement with your insurer. If you are a minor or are mentally ill, for example, then you may not be qualified to make contracts. Similarly, insurers are considered to be competent if they are

licensed under the prevailing regulations that govern them.

- **Legal Purpose.** If the purpose of your contract is to encourage illegal activities, it becomes invalid.

Contract Values

Most insurance contracts are **contracts of indemnity**. Indemnity contracts apply to insurances where the loss suffered can be measured in terms of money.

- **The Principle of Indemnity.** This states that insurers pay no more than the actual loss suffered. The purpose of an insurance contract is to leave you in the same financial position you were in immediately prior to the incident leading to an insurance claim. When your old 1987 Toyota Camry is stolen, you can't expect your insurer to replace it with a brand new vehicle. In other words, you will be remunerated according to the total sum you have insured. There are some additional factors of your insurance contract that create situations where the full value of an insured asset is not remunerated.

- **Under-Insurance.** Often, in order to save on premiums, you may insure your house for Rs. 8,000,000 when the total value of the house actually comes to Rs.10,000,000. At the time of partial loss, your insurer will pay only a proportion of Rs.8,000,000 while you have

to dig into your savings to cover the remaining portion of the loss. This is called under-insurance. Because invariably if you suffer a total loss you will be able to get only 8 Million and not 10.

Excess and Deductible:

To avoid trivial claims, claims of little substance or significance, the insurers have introduced provisions like "excess" and "deductible".

Scenario 1: A policy has sum insured 1,000 and **excess** of 100:

If the loss to the insured is 500, the insurer will pay out 400
If the loss to the insured is 1,500, the insurer will pay out 1,000 (ie the sum insured).

Scenario 2: A policy has sum insured 1,000 and **deductible** of 100: (Deductibles are common in commercial lines.)

If the loss to the insured is 500, the insurer will pay out 400. If the loss to the insured is 1,500, the insurer will pay out 900 (ie the sum insured less the deductible).

Not all insurance contracts are indemnity contracts. Life insurance contracts and most personal accident insurance contracts are non-indemnity contracts. You may purchase any number of life insurance policies. Just because you have a life policy for Rs.1 million that does not imply that your life's value is equal to and restricted to this one million only. You cannot calculate your life's net worth and fix a price on it, the contract of indemnity does not apply.

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