

Product liability the policy law general essay

Law



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Commercial General Liability (CGL) Insurance - It works in much the same way as Motor Vehicle liability insurance, but covers businesses. It protects a company from third party claims. Owning and operating a business comes with plenty of responsibility and accountability. In today's uncertain world, technology and case law are constantly changing the liability landscape. Even if you operate with the utmost care, sometimes things do go wrong. Under a general liability insurance policy, the insurer is obligated to pay the legal costs of a business in a covered liability claim or lawsuit. This policy offers the option of protection for bodily injury, property damage, advertising injury (damage from slander or false advertising) and personal injury to a third party for which a company is found to be legally liable. The insurance company also covers compensatory and general damages. General liability insurance policies always state a maximum amount that the insurer will pay during the policy period.

Director's & Officers Liability Insurance (D&O) - This is a specialized type of insurance policy, which is fairly new in India and has become a core component of corporate insurance. It was introduced in Asia during early 1990s and was driven especially by companies with US exposure. Today approximately, 90 to 95 percent of Fortune 500 companies maintain directors and officers (D&O) liability insurance. The directors and officers of a company hold positions of trust and responsibility, the policy provides protection to them of large companies against legal judgments and costs arising from unlawful acts, wrongful investment decisions, releasing confidential information, hiring and firing decisions, conflicts of interest and errors committed or allegedly committed in their capacity. An entire company should not be held liable for the statements, actions, failure to act or other mistakes which is absolutely the responsibility of an officer or

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director. The policy also provides protection to individual directors and officers against their personal civil liability. It does not cover the company for its liability (though there are extensions available that will protect the company in certain areas). At its most basic, D&O insurance has two insuring clauses. Firstly, the directors and officer's section, which indemnifies legal claims for wrongful acts performed by them and connected to their corporate positions. Here, wrongful acts include omissions, errors, misstatements, misleading statements, neglect or breach of duty. Beneficiaries are the directors, officers or the corporation itself. Suits can be brought for various reasons. Shareholders might sue for insider trading. Creditors might sue for misrepresenting the financial health of the company. Competitors might sue for anti-trust or unfair trade practices. Secondly, company reimbursement section, which pays the company for any money they have settled on behalf of their directors/ officers. It covers not only the damages or settlements but also costs and expenses associated with the defence of the case or the settlement. The exclusions under the policy can be divided into four categories : Those relating to personal conduct - The policy does not cover a claim arising out of fraudulent or dishonest acts. However, the policy will not exclude directors who are innocent of the act. Further, the exclusion would only apply when it is established for a fact that such an act has occurred. Exclusions relating to cover available under a specific policy - It does not cover claims for bodily injury, property damage and professional liability claims. Exclusions relating to the insured versus insured exclusion - The policy will not cover a claim, if the person suing the directors is also an insured under the policy. For example; director versus director or company versus director. There can however be some exceptions to this. Like <https://assignbuster.com/product-liability-the-policy-law-general-essay/>

directors/ officers are covered if the claim relates to employment related actions or actions by past directors. Exclusions due to underwriting considerations - Insurers may in addition to the standard exclusions, endorse the policy with additional exclusion because of the nature of the case. For example; if the company is facing any litigation, the policy may exclude any claim or development arising thereof. Underwriting consideration includes factors like financial health of the company and its management; claims experience of the industry; whether the company is publicly listed and finally its exposure to USA and Canada.

Employment Practices Liability Insurance (EPLI) - The number of lawsuits filed by employees against their employers has been rising. While most suits are filed against large corporations, no company is immune to such lawsuits. With these numbers on the rise, it is little wonder that many companies are turning to Employment Practices Liability Insurance (EPLI) to manage this risk. As the name suggests, it provides protection for an employer against claims made by employees, former employees or potential employees. It covers many kinds of employee lawsuits, including claims of : Sexual harassment, Discrimination, Wrongful termination, Breach of employment contract, Negligent evaluation, Wrongful discipline, Deprivation of career opportunity, Wrongful infliction of emotional distress. Employers can protect themselves from these and other types of employment claims by securing EPLI coverage.

Clinical Trials Liability Insurance - Growing competition in the drugs & pharma industries is driving companies to find solutions or cures to large scale diseases or degenerative conditions. In this environment the commercial advantages to the firm that produces the first approved drug for a disease that affects a large patient population can be enormous. At the same time, the liabilities associated with

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trials can be significant for all of the parties involved in the trial. All clinical trials must first be pre-approved by the regulatory body through the submission of a detailed clinical test protocol to that regulatory body. Finally, every human subject in a clinical trial must review and sign a detailed patient-informed consent document. Nonetheless, these measures may not provide absolute protection against legal liability—especially if one of them is not properly satisfied. Failing to uphold rigorous standards for their clinical trials, sponsor companies may expose themselves to the threat of costly litigation. Clinical trials liability insurance can help protect pharmaceutical companies from some of the expenses associated with a liability lawsuit. But companies with poor risk management practices may experience difficulty obtaining such insurance, and/or may have to pay more for less protection.

Crime Insurance - As businesses embrace new technological developments, they become inadvertent hosts to advanced exposures and an entire set of new risks. Fraud involving computers is fast becoming a problem in today's technologically enhanced society. Couple that with issues such as job insecurity and reduced company loyalty and we have an environment that increases the probability of an employee being dishonest. Whilst stringent internal controls and sound administrative and management practices help limit exposures, they can never eradicate the risk completely. That's where a crime policy is needed. Commercial Crime policies are now becoming increasingly popular amongst the Industry and has twofold requirement - contractually imposed Insurance requirements by customers and the high cost and probability of indemnifying customers for consequential claims /losses. This policy provides :

Employee Theft Coverage
Premises Coverage
Transit Coverage
Depositor's Forgery Coverage
Computer Fraud

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Coverage Third Party Crime or Employee Dishonesty Cover Any business employer needs to be concerned with Employee Dishonesty or any business handling cash or securities needs protection from robbery or theft will need Fidelity/ Crime Insurance. As Cyber-crime is becoming an increasing concern it would be advisable for Software / BPO industries to opt for this cover.

PERSONAL UMBRELLA POLICY

A Personal Umbrella Policy is a low-cost insurance policy that provides excess liability coverage above and beyond the limits of the liability coverage amounts in a standard insurance policy like on your personal auto and homeowner's policies making you and your lifestyle safe. It provides an extra protection in the event that a lawsuit exceeds the basic level of coverage in the standard policy. Basically, this additional coverage pays after you have exhausted your primary coverage if you are sued for damages suffered by someone as a result of an accident - especially an unexpected catastrophic accident - involving your car, property or recreational activities. In today's litigation-conscious society, certain persons, such as physicians, corporate executives and successful business owners need broad coverage and high limits to protect their assets. The personal umbrella is designed to accomplish this task. The umbrella is designed to give protection against catastrophic losses and it assumes that an underlying CPL (comprehensive personal liability) exists as well as certain other coverages. The umbrella will not contribute on a loss until the limit of these policies has been exceeded. If one of these policies were allowed to lapse, the insured would have to assume any loss covered by the lapsed primary policy up to the limits of that policy. The umbrella will only pay after

the required primary limits are exhausted. The umbrella policy is a liability policy that is designed to extend the basic coverage (give greater breadth of coverage) provided in different types of liability coverage, than the comprehensive personal liability policy including home and auto policies. It is purchased in addition to the CPL and its limits are in addition to the limits of the CPL (i. e. some claims that would not be covered by a standard policy may be covered under the umbrella policy). Desirable contract provisions are examined, as well as eligible persons and it steps in once the regular coverage amount is exceeded. For example; it is considered that you may be probably exposed to the risk of an incident resulting in litigation if you have a swimming pool at your home, you have a student driver in the family or someone in the family is engaged in high risk activities like horseback riding, jet skiing, snow skiing, snowboarding, boating etc.). As you accumulate assets (may it be home equity), you become a easy target for lawsuits and if someday you lose a lawsuit and you don't have enough liability insurance, your assets could be taken off to satisfy the particular judgment. Even if a lawsuit does not result in a huge reward, court costs are frequently high and exceed amounts an auto or home insurance will allow. Most often the property assessed is; your home, cars and boating goods. Other properties like jewellery and assets may also be part of the pot a person in a lawsuit can claim. Additionally, a portion of your salary may need to go to any successful claimants for many years, if not for the rest of your life. In addition, your assets may probably include your hardcore savings/ investments. Sometimes even your future earnings can be garnished to satisfy a judgment against you. Hence, it is wise to take over Personal Umbrella coverage where your auto and homeowners coverage ends.

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Personal umbrella policies are not standard insurance contracts and significant variations occur between the policies of the various companies that offer them. For this reason, it is important that prospective insureds examine the specific contract they intend to purchase. For example; Consider this scenario : You're sued for Rs. 10, 00, 000 after an auto accident or an incident on your home or property. But your insurance only covers up to Rs. 5, 00, 000 in damages. Who's responsible for the other Rs. 5, 00, 000 if you're ordered to pay it? You are — unless you have Personal Umbrella insurance. Not everyone should purchase an Umbrella. Such policies are purchased by people who need to protect large accumulations of assets and/or high incomes. However, insurers will not sell the policy to all such people. From time to time, certain occupations have been deemed unattractive for the purpose of selling personal umbrellas and people in those occupations are assigned risk drivers; professional politicians, professional entertainers, newspaper reporters, editors and publishers, labour leaders and athletes.

Points to Ponder

SENT FOR PERMISSION –

http://www.westfieldinsurance.com/personal/pg.jsp?page=umbrella_insuranceAn umbrella policy provides an extra layer of liability protection above your home and auto insurance coverage. Umbrellas kick in after the liability insurance in your homeowner and auto policy is exhausted.

Why should you carry Umbrella Coverage?

Liability insurance pays for expenses related to legal fees, medical expenses and lost wages as the result of negligence. Typically, a personal liability

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umbrella policy is inexpensive compared to the amount of protection it provides. For as little as \$150 per year, you can get \$1 million additional coverage under an umbrella policy. Be aware, there are some restrictions on what an umbrella policy may cover such as claims related to a business and intentional acts. Minimum amounts of coverage should be met on home and auto policies before an umbrella policy is issued, but the extra coverage is important if you have assets you need to protect.

Example of how extra coverage can protect your assets ?

Let's say your neighbor falls and injures himself at your home or in your yard. You're liable, simply because the accident occurred on your property. If your neighbor requires surgery and misses months of work, the liability coverage under your homeowner policy could be inadequate (most homeowner policies typically provide a liability coverage limit of anywhere from \$100,000 to \$500,000). If you have to respond to a lawsuit, and the liability coverage under your homeowners policy isn't adequate, your assets could be at risk. Contact your agent today to find out if you have the right amount of protection for you and your family. Myths surrounding Umbrella Liability Coverage it is just for the rich. It is too complicated to co-ordinate with your existing standard insurance like your auto or homeowners policy. The premiums may be very expensive and unaffordable. All of these are just the myths and are not in any case correct. 'Umbrella liability insurance' is so named because it acts like an umbrella, sitting on top of your Motor Vehicle and homeowners liability policies to provide extra protection. It is to be noted that even if you don't own a home and are living in a rented accommodation, still you will need renters insurance to cover both your

liability and your personal property. If you answered ' yes' to any of the below mentioned questions, it is particularly important for you to have umbrella liability insurance : Do you live in a wealthy town, where you could be an easy target for a big settlement ? do you operate a home-based business and have employees or clients coming to your home on a regular basis ? (Many self-employed people wrongly assume that this is covered in their homeowner's policy)Do you entertain a lot ? Do you travel a lot ? Note : How much you own is irrelevant when deciding how much to purchase. How do you know if you may need an umbrella policy ? Add up the net worth of your assets - home, bank accounts, stocks, bonds and available funds from a 401 (k) or other retirement plan. Also consider the future salary you will receive until retirement. Compare the total to the liability coverage you have on your homeowner's, Motor Vehicle and boat policies. If the value of your assets and future earnings exceeds your liability limits, you should consider an umbrella policy. Illustrations, where umbrella coverage often comes into play : a Motor Vehicle accident in which you are sued under your Motor Vehicle insurance policy. When your neighbor slips and falls on your property and you are sued under homeowner's insurance. An ' Act of God' in which another person's property is damaged say; if a tree existing on your property falls on someone else's vehicle or home and crashes them. This usually is mis-conceptualized as homeowner's policy category.

Basic Characteristics

The Insurance Services Office has developed the first standardized personal umbrella policy that is used by many insurers. Although personal umbrella

policies differ among insurers, they share several common characteristics, including the following :

Persons Insured

Exclusions

Endorsements

Excess Liability Insurance Broad Coverage Reasonable Cost/ Required

Minimum Amounts of Coverage Self-Insured Retention or Deductible

Persons Insured - Persons that are covered by the umbrella policy include the insured and spouse, if the spouse is living with the insured; resident relatives; household residents under the age of 21 who are under the care of the insured; anyone using a vehicle owned by the insured and covered under the umbrella policy; and also includes any person or organization that is legally responsible for the insured, while the insured is using a covered motor vehicle.

Exclusions - Like all insurance policies, umbrella policies have numerous exclusions. Most exclusions can be classified as those that should be covered by other insurance policies, or intentional torts or other willful acts by the insured, or events that occurred outside of the time period in which the policy is in force, or for losses resulting from events that are not generally insurable. Exclusions to personal umbrella policy : Expected or Intentional Injury Certain Personal Injury Losses Rental of the Premises Business Liability Professional Services Aircraft, Watercraft and recreational Vehicles No Reasonable Belief Vehicles Used in Racing Communicable Disease, Sexual Molestation or Use of a controlled Substance Directors and Officers Care, Custody and Control

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Endorsements - Some common endorsements to the personal umbrella policy include being able to remove coverage for watercraft or recreational motor vehicles (RV's) if the insured does not own them, which will reduce premiums. Although umbrella insurance does not provide uninsured motorists coverage, an endorsement to add it can be obtained in those states that require it.

Excess Liability Insurance - The personal umbrella policy is excess liability insurance that provides protection that is over and above that provided by auto and home insurance. People with significant assets need an umbrella liability policy to cover lawsuits that can sometimes amount to millions of dollars. The umbrella policy pays only after the underlying insurance limits are exhausted. The insured is required to carry certain minimum amounts of liability insurance on the underlying contracts. If the required amounts of underlying insurance are not maintained, the umbrella insurer pays only the amount that it would have paid, had the underlying insurance been kept in force. Broad Coverage - A broader scope of coverage than underlying policies offer. In other words, 'covering many of the personal liability risks facing individuals that are not covered under underlying insurance policies' which are called 'Personal Liability Loss Exposures' such as personal injury lawsuits arising from false arrest, slander and libel, or rental units that the insured may own. This broader coverage is known as "Gap Coverage". The personal umbrella policy also pays for the legal defense of lawsuits that is in addition to the policy limit for damages. The Policy Covers : Bodily Injury Property Damage Liability Personal Injury (includes; False Arrest, Detention or Imprisonment, Malicious Prosecution, Wrongful Eviction or Wrongful Entry, Libel, Slander and Defamation of Character and Oral or

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Written Publication of Material that Violates a Person's Right to privacy).

Reasonable Cost - The personal umbrella policy also covers any damage to the property of others that is held, controlled, or cared for by the insured, and these losses are covered wherever they may occur in the world.

Personal umbrella policies do not pay until the auto or home insurance is exhausted, unless it is for a loss not covered by those policies but is covered by the umbrella policy, such as slander and libel. If the underlying insurance lapses, then the umbrella policy will only pay those amounts that it would have to pay if the underlying insurance was in force. An Umbrella Policy is also reasonable in Cost. The actual cost depends on several variables including the Number of Cars and Motorcycles to be covered. The cost depends on some criteria's such as : the amount of coverage you may have, the insurance company issuing the policy and your own personal risk factors (such as the number of traffic tickets you've got in the past few years, and possibly your credit report). Self-Insured Retention or Deductible - When the umbrella policy does cover a loss that is not covered by any other insurance, then the insured must pay a self-insured retention or deductible that is much less than the insurance policy limits for auto or home. Like any deductible, the insured must pay this for any loss, before the insurance company pays. For example; if an insured is in an auto accident that causes a Rs. 4, 00, 000 liability, then the insured's auto coverage would pay the policy limits of Rs. 3, 00, 000 minus the auto policy deductible of Rs. 1, 000, which the insured pays, for a total of Rs. 2, 99, 000 and the umbrella insurance would pay the remaining Rs. 1, 00, 000. If, however, the insured is sued for slander and becomes liable for Rs. 4, 00, 000 of damages, and he has no other insurance covering the liability, then he pays only the self-insured retention of Rs. 250, <https://assignbuster.com/product-liability-the-policy-law-general-essay/>

and the umbrella policy pays the remaining Rs. 3, 99, 750. The Self-insured Retention or Deductible, applies only to losses covered by the Umbrella Policy but not by any underlying contract.

CASE APPLICATIONS – PERMISSION GRANTED - info@travelinsure. com. au

The following are some examples of the kind of cases handled by the Australian Department of Foreign Affairs and Trade. The reasons for Australians requiring hospitalization vary. Cases handled by the department have included car and motorbike accidents, a simple misstep and fall at a temple, and side effects from prescribed drugs. The department advises 'if you can't afford travel insurance, you can't afford to travel'. In many of the cases it is the traveler's families who have had to foot the bill. Comment on the following cases. In Bangkok a man was hit by a car while riding a motorcycle. He sustained a badly fractured leg and was admitted to the nearest local hospital. His wife was with him. He did not have any travel insurance, and so had no choice as to hospital or treatment. The hospital did not have the expertise to do anything for him except clean the wound. After 3 weeks his wife asked the Embassy for assistance as parts of the shin bone had died and the fractured ends were not healing. The Embassy assisted in having the man medically evacuated to Australia for admission to hospital, at very considerable expense to his family. In Bali, 5 Australians were injured in a mini-van accident. Consular assistance was limited to support and routine contact with next-of-kin (NOK), as all the Australians involved had travel insurance. The travel insurance company paid their hospital bills and arranged their medical evacuation to Australia. A young man worked in a US

ski resort for four months, then took time off to travel around the US. He permitted his 12-month travel insurance policy to expire just a few days before his departure for home. He was hit by a car while crossing a road and suffered serious head injuries. He was admitted unconscious to intensive care and required highly intensive sophisticated care until he was able to be flown back to Australia. He was still unconscious and returned on a stretcher. The cost to the family for the medical evacuation alone was \$80, 000. They have taken out a second mortgage on their house to raise the funds. A young Australian surfer went to the United States for a surfing competition. Although an experienced surfer, he unfortunately chose the wrong wave during a practice session. The wave dumped him on a reef and he sustained serious injuries. He was flown to a local hospital and immediately underwent two major operations. The hospital bill was for AUD 290, 000. Fortunately the young man's parents had insisted he take out travel insurance before he left Australia. The insurance company covered the bill, and the young man and his family were able to focus on his recovery.

OVERSEAS AND TRAVEL INSURANCE

Overseas and Travel Insurance covers all unexpected and unplanned medical and non-medical expenses when you are abroad. With facilities like cashless settlement of claims worldwide, cashless hospitalization and many more, the policies will cover all your travel insurance needs. Be it business or pleasure travel, having a trouble free trip is what everyone looks forward to.

Travelling abroad can be exciting and at the same time quite challenging, if we are not well prepared. With fun and excitement comes the responsibility to make your journey safe. A little bit of planning before you leave can make

your trip smooth and memorable. Besides your luggage, money, passport and tickets, the next important item to accompany you on your trip is a reliable travel insurance plan to take care of any unexpected event. Until you return to India, Overseas Travel Insurance Plan guards you from unexpected incidents such as baggage delay, loss of baggage, flight delays, medical expenses and loss of travel documents, all under one convenient package, at an affordable price. In other words, your desire to travel without worries is what an effective travel insurance yearns to achieve. It is arranged at the booking of a trip to cover exactly the duration of that trip. Be it a loss of passport or a sudden ailment or even loss/ delay of your baggage, travel insurance ensures that your journey remains worry free and you enjoy to the fullest. It usually offers coverage for : Student TravelBusiness TravelLeisure TravelAdventure TravelCruise Travel andInternational TravelUsually, infants above 90 days and adults up to 70 years of age can be covered/ insured for trips outside India. The purpose of your travel should not be for immigration/ studies.

Travel Insurance is also inclusive of Worldwide Assistance Services

Medical services provider referralOverseas Medical expensesArrangement of Hospital admissionsMonitoring of Medical Condition during hospitalizationArrangement of emergency Medical EvacuationOverseas Dental Treatment (pays for immediate dental treatment occurring due to sudden acute pain during the course of an overseas insured journey. Dental benefits will be provided for medically necessary filling of the tooth or surgical treatment, services, or supplies.)Arrangement of Medical

Repatriation
In-hospital Indemnity (pays a daily benefit for each day you are an in-patient in a hospital due to injury or sickness.)
Accidental death or injury
Overseas funeral expenses
Lost Luggage assistance
Loss, theft or damage to personal possessions and money (including travel documents)
Delayed baggage (and emergency replacement of essential items) or Loss of baggage
Loss of passport
Missed connecting flight due to delay (reimbursement of additional expenses occurred due to trip delay (only if the trip has been delayed for more than 12 hours).
Trip Cancellation expenses due to unforeseen weather conditions, etc.
Emergency Travel Services
Emergency Message Transmission Services
Embassy Referral Services
Claim Procedures Information Services
Personal Liability (for damages to be paid to a third party, resulting from death, bodily injury or damage to property, caused involuntarily by the insured)
Hijacking (distress allowance paid)

Travel Insurance Policy Exclusions

Traveling against the advice of a Physician
For obtaining treatment
Pre-existing ailments & complications arising out of them
Suicide or attempted suicide
War
Terrorism
Illegal Acts
Dangerous Sports etc.
(Note: It is advisable to refer the policy documents/ wordings carefully before purchasing the travel insurance)

CASE APPLICATION : — PERMISSION GRANTED - Financial Ombudsman Service

The complainant's son and daughter-in-law went on holiday to Madeira, where the son died following a heart attack. The widow contacted the assistance company appointed by the insurer to arrange repatriation of the

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body and local funeral directors were instructed. When the mother went to view her son's body in the UK, she was not allowed to see it as it had not been embalmed (to treat (a dead body) so as to preserve it, as with chemicals, drugs, or balsams) before repatriation and had deteriorated badly. The mother was greatly distressed. She complained to the insurer, which undertook extensive enquiries and liaised with the local British Consulate. It was established that the funeral directors were not on the assistance company's approved list. The funeral directors explained that they would not normally carry out embalming unless they received specific instructions to do so. The Consulate confirmed that embalming was not the usual practice in Madeira. The mother considered that the failure to ensure the body was embalmed resulted from the insurer's wish to cut costs. The insurer stated that embalming expenses were reasonable and necessary and that it would have met the charges. It contended that only an error had prevented its general practice being followed in this case. Normally, the assistance company would have contacted local funeral directors. They did not do so in this case because the funeral directors were not on its approved list. It could not be established who had appointed them. And the insurer was not able to identify who had been responsible for the decision not to embalm to body.

Complaint upheld in part

The failure to embalm the body resulted from a series of oversights and genuine errors on the part of a number of organizations. These oversights and errors did not seem part of any attempt by the insurer, or any of the other parties, to avoid their proper responsibilities. However, we concluded

that the insurer, through its agents – the assistance company and funeral directors – had failed to provide the service it should have done. All of these had also failed to give the mother's initial concerns the attention they deserved. The insurer confirmed it would implement steps to ensure that, in future, embalming would always be specifically requested. It would advise all its assistance companies that it would meet the cost of preparing a body for repatriation. The mother had made it clear that her complaint was not about financial compensation. Nevertheless, we required the organizations concerned to provide a full apology and to make donations to the British Heart Foundation.

Points to Ponder – PERMISSION GRANTED

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Why Purchase Travel Insurance

Travel Insurance provides protection when travelling overseas and within country. It gives peace of mind that you are covered in the case of emergency such as sickness or accident, lost or damaged luggage, motor vehicle accident and cancellation.

Why you need a travel insurance policy?

Although the chance is relatively small that you will need to make a substantial claim it is a risk you cannot afford to take. In cases where they had insufficient travel insurance people have had to sell or (re)-mortgage their house in order to cover expenses, usually of a medical nature, that they incurred as a result of an illness or accident overseas.

What is a good travel insurance policy?

A good travel insurance policy is one that gives you value for your money. Value for money in travel insurance is a policy that provides the required amount of cover at a reasonable premium together with an always readily available and informative Emergency Assistance contact and an efficient and fair Claims process. When purchasing a travel insurance policy you should look at the quality of the policy as well as the premium. The cheapest policy in the marketplace is generally not the best policy.

What does travel insurance cover?

Our policies cover the following events (subject to certain conditions) whilst traveling overseas:-Medical ExpensesMedical Evacuation and RepatriationTravel Cancellation & Deferment CostsLuggage & Personal EffectsEmergency Travel ArrangementsRental Vehicle ExpensesDeath ExpensesPersonal Liability & Legal ExpensesPlease check each policy product and type carefully for its Inclusions and Exclusions. Travel Insurance is normally purchased for the full duration of the trip. It can be extended for anything up to 12 months as long as the extension is put in place before the policy expires.

Travel Insurance Quick Facts

Travel Insurance is strongly recommended by the Department of Foreign Affairs and Trade for all overseas travel. They say " If you can't afford travel insurance you can't afford to travel" 24 Hour Emergency Assistance: All Cover-More policy holders have access to our Emergency Assistance Team. This experienced team works around the clock assisting our clients when

they are in need of help. Note : Approximately 1 in 10 Cover-More policy holders make a claim on their travel insurance

Types of Overseas Travel Insurance Policies PERMISSION GRANTED

contact@myinsuranceclub.com) Single Trip - This type of policy is like a single-entry visa which entitles the passenger to benefit only for a single trip. It expires as soon as the single trip is over. Cover commences from the moment you board your flight for the abroad trip and ends on the date you return back to India or with the end of Insurance Period i.e., the period for which the premium has been paid, whichever is earlier. The cover is available for up to a period of 180 days. In fact, the premium also depends on where you are travelling and for how many days. Traveling destination is important as some places and countries are higher in risk than others. Also, higher the tenure of the trip, higher would be the risk of meeting with medical or financial emergencies. Thus the premium depends majorly on these 2 factors along with the person's age, health conditions, etc. Overseas travel insurance is a combination of general insurance, life insurance and health insurance. Multi Trip - This type of plan is available for a period of 365 days, where in you can travel abroad multiple times. The maximum duration of every trip should not exceed 45 days and the total number of days spent abroad should not exceed 180 days. This is like a multiple-entry visa where you can travel to many places within the same year and be covered for all the trips on the single policy. The premium depends on the countries of visit and tenure of each visit along with the age and health of the individual travelling. As medical emergencies are covered, thus health check of the

individual becomes of prime importance. (Note : Above mentioned conditions are more or less the same with all Insurance providers, but, it is advisable to verify them carefully while purchasing the insurance.)

Student Policy - This type of plans are usually for students who go to study abroad. In case they suffer financial and medical emergencies, the same would be covered under this particular policy. The plan usually covers the student for the entire tenure of the education.

Domestic Travel - This is usually taken for travel within India. It covers for the financial loss, baggage delay & loss and medical emergencies for travel within India.

Senior Citizen Travel - This type of plan is especially designed for senior citizens. Medical and non-medical expenses of senior citizens when travelling abroad including hijack distress allowance. Senior citizen plan is the most preferred among other travel insurers because pre-existing diseases in life-threatening emergency situations are also covered. Benefits like checked-in baggage loss/ delay and cashless hospitalisation worldwide are also usually provided. Some overseas travel policies will also provide cover for additional costs, although these vary widely between providers. The additional features provided by them are: Pre-existing medical conditions, Travel to high-risk countries, in event of war or terrorism, Death or accident due to overdose of drugs or alcohol, Mental disorder, anxiety. If the above conditions are not specifically mentioned, they are usually a part of Exclusions.

Insurance companies usually cover pregnancy related expenses within the first trimester; post which it varies from company to company. Overseas travel insurance can also provide helpful services, often 24 hours a day, 7 days a week that can include an emergency travel assistance, booking of tickets, hotel assistance, etc. It is like a traveller's friend in case of any unforeseen happening on the trip.

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consumer court where consumers can resolve their disputes by registering/

filing complaints online on [www. akosha. com](http://www.akosha.com)

QUESTIONS FOR REVIEW AND DISCUSSION

Describe the personal umbrella liability contracts, including qualification requirements and typical exclusions. Explain the distinction between denials of payment by an insurer because there is no liability and denial because

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there is no coverage. Explain the nature of the personal umbrella liability policy. In your explanation, be sure to point out the relationship of the umbrella to the underlying coverage and the application of the deductible. Smith is playing cricket and while making runs he steps over John who is another striking partner. John is injured badly and his foot got fractured. Will the personal liability coverage or the medical payments coverage respond for the injury ? Sales representatives of property and liability insurance companies sometimes refer to the " sales prevention department". What department of the Company are they referring to ? Explain. Government insurance programs frequently involve a subsidy to certain segments of society. To what extent do you feel that this is preferable to the provision of insurance on a subsidized basis through the mandatory participation pools operated by private insurers ?

Permission granted - Financial Ombudsman Service

The policyholder and his family were on holiday in Cyprus when, on 11 August, there was a series of earthquakes, one of which shook their holiday apartment so violently that the occupants were evacuated. They returned to the apartment for the next two nights but by 13 August cracks had appeared. The family was frightened, tremors were continuing and the policyholder decided to move them out of the apartment. He claimed the cost of re-arranging his family's holiday. The insurer rejected the claim. It explained that curtailment of a holiday was only covered if the policyholders returned to the UK. The policy did not cover relocation at the holiday destination. The policyholder maintained this was unfair as the policy did not exclude earthquake. Whom do you think is right and why ?

Permission granted - Financial Ombudsman Service

When Mr. Andrew bought a classic car, he took out a motor insurance policy on an "agreed value" basis rather than on the more usual "market value" basis. Such policies are generally taken out only by owners of classic or particularly valuable cars, where the value is unlikely to depreciate substantially - if at all. The value of the vehicle is agreed in advance and insurer is then obliged to pay that amount if the car is lost or damaged beyond reasonable repair. However, the insurer is not obliged to pay for the replacement cost of the vehicle. Mr. Andrew agreed the value of his classic car under this policy was Rs. 2, 00, 000/-. Unfortunately, the car was badly damaged when Mr. Andrew was involved in an accident. The insurer took the view that it would cost more than Rs. 2, 00, 000/- to remedy the damage, so it offered him Rs. 2, 00, 000/-, in settlement of the claim. Mr. Andrew thought that this figure was far too low. He told the insurer that, bearing in mind the good condition of the car before the accident, it would cost between Rs. 3, 50, 000/- and Rs. 4, 00, 000/- to replace. He therefore wanted the insurer to pay that amount. (Other relevant information related to case : Mr. Andrew had renewed his annual policy twice - on the "agreed value" basis - before the claim in question). What is the amount Mr. Andrew is entitled to receive ?

Permission granted - Financial Ombudsman Service

Mr. Sen's 1999 Daewoo was damaged in an accident in July 2006. When he contacted the insurer to make a claim, he stressed that even though the car was badly damaged, he wanted the insurer to return it to him in due course, so he could get it repaired. However, after deciding that the car was a total loss, the insurer immediately sold it on for salvage. The insurer then offered

Mr. Sen Rs. 1, 59, 375/- - representing what it said was the car's pre-accident market value. Mr. Sen was extremely unhappy to discover that the insurer had disposed of his car, even though he had specifically asked it not to do this. He also complained that the amount he was offered did not accurately reflect the car's value. The insurer refused to comment on its sale of the car, and it would not reconsider its offer. (Other relevant information related to case : Mr. Sen pointed out that the car had benefited from the liquid petroleum gas (LPG) conversion he had carried out just over two years earlier, at a cost of Rs. 1, 50, 000. He was firmly of the view that the car could have been repaired, allowing him to retain the benefit of the LPG conversion. He said that the insurer had not only prevented him from attempting a repair, it had also failed to take the LPG conversion into account when it valued the car. The car had been regarded as a Category " C" in the " Code of Practice for the disposal of motor vehicle Salvage". This meant that although it was uneconomical for the insurer to repair the car, the car was repairable). Do you think the insurer had valued the car correctly ? What could be the correct basis ? and Was the compensation paid by the insurer correct ?

Mr. Robin had buildings insurance, but no cover for the contents of his property. So when a fire damaged his carpets, the Insurance Company rejected his claim on the basis that carpets were " contents". Mr. Robin insisted that the carpets were not " contents" but " fixtures and fittings" and that they should therefore be covered under his buildings policy. The reason he gave was that the carpets were fitted and had been in place (and included in the purchase price), when he bought the property. Do you think that carpets could ever be regarded as " fixtures" ? Is the Insurance Company right in rejecting the claim ? Mr. Robin is arguing that he

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had " paid the stamp duty in respect of the carpets". Is it relevant to the outcome of his complaint ?

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When Mr. Kanchan's electricity generator of high value was stolen from a local stable, where it was being kept temporarily while in use, he made an insurance claim under his household policy. The Insurance Company promptly rejected the insurance claim on the grounds that the generator was not covered when it was outside the home. The only ' personal possessions' that the insurance policy covered outside the home were ' Items which you... would wear or carry around for personal use, adornment or convenience ...'.

Comment.

Permission granted - Financial Ombudsman Service

Ms. Kaina took her personal computer with her when she went to stay with a friend for a few weeks. The computer was a standard desk-top model of high value but not a laptop. There was a break-in at the friend's house shortly after Ms. Kaina arrived and the computer was stolen. Ms. Kaina put in an insurance claim under the ' personal possessions' section of her household policy but the Insurance Company turned it down. It deemed that her computer did not fall within the policy definition of ' personal belongings' which listed ' Clothing and Personal Effects (including clothing, jewellery, watches, furs, binoculars, musical, photographic and sports equipment)'. If she had insured herself under a ' high value contents insurance policy', will your opinion differ to the current circumstances ? Mrs. Paul put her furniture into storage while she was having renovations carried out after moving home. Unfortunately, all her furniture was destroyed when the storage <https://assignbuster.com/product-liability-the-policy-law-general-essay/>

facility burnt down. The owners of the facility held no insurance and had been declared bankrupt, so Mrs. Paul put in a claim under her household insurance policy for Rs. 2, 50, 000. Her policy covered her against loss or damage for 'personal possessions temporarily away from the home'.

However, there was an exclusion that said items were not covered while they were stored in a 'furniture depository'. The Insurance Company cited this exclusion to turn down Mrs. Paul's claim. Mrs. Paul argued that the storage facility was not a 'furniture depository', but the Insurance Company still refused to pay the claim. However, it did offer her a goodwill payment of Rs. 25, 000. Do you think that a 'storage facility' falls within the ambit of the phrase 'furniture depository'? Is the Insurance Company liable for claim? and Is the goodwill payment fair decision on the part of the Insurance

Company? Mr. Yogesh and his wife left their car in the car park while they were visiting a stately home one afternoon. They returned to the car later in the day to find that a thief had broken into it and stolen Mrs. Yogesh's handbag which had contents of high value. She had left the bag on the front seat, covered with a coat. Mr. Yogesh made a claim under the personal possessions section of his household insurance policy. However, the firm said it would not meet the insurance claim because the handbag had not been left in 'a locked and concealed boot, concealed luggage compartment or closed glove compartment', as mentioned in the contents of the terms of the policy. Is the Insurance Company right in rejecting the claim? When Mrs. Manpreet returned to her parked car after a brief shopping trip, she found that a thief had broken into her car. The designer high value sunglasses that she had left in the pocket of the door nearest the driver's seat had been stolen. Mrs. Manpreet put in a claim under the personal possessions section

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of her household insurance policy but the Insurance Company turned it down. It reasoned that this was because the sunglasses had not been left in 'a concealed luggage compartment or closed glove compartment'. Mrs. Manpreet then lodged a complaint against the Insurance Company. Whom do you think is at fault ?
