



ISDM (INDEPENDENT SKILL DEVELOPMENT MISSION)

GENERAL & MOTOR INSURANCE (WEEKS 7-9)

FIRE, MARINE, PROPERTY, LIABILITY, AND TRAVEL INSURANCE

CHAPTER 1: FIRE INSURANCE

1.1 What is Fire Insurance?

Fire insurance is a **contract between an insurer and a policyholder** that provides **financial protection against fire-related losses**. It covers **damage to property, goods, and assets caused by fire, explosion, or smoke**.

◆ **Key Features:**

- ✓ Provides compensation for losses due to fire, lightning, or explosion.
- ✓ Covers damaged structures, furniture, machinery, and inventory.
- ✓ May include coverage for fire caused by electrical faults or riots.

◆ **Example:**

- A factory in Mumbai catches fire due to an electrical short circuit.

- The fire spreads, causing ₹2 crore worth of damage to machinery and stock.
- The insurance company covers the repair and replacement costs, ensuring the factory reopens quickly.

1.2 Types of Fire Insurance Policies

- ✓ **Valued Policy** – The sum insured is predetermined based on property value.
- ✓ **Floating Policy** – Covers multiple locations under a single policy.
- ✓ **Consequential Loss Policy** – Covers loss of business income due to fire.

◆ Who Needs Fire Insurance?

- ✓ Businesses with factories, warehouses, or commercial buildings.
- ✓ Homeowners with valuable properties and assets.
- ✓ Retailers and shop owners with inventory storage.

CHAPTER 2: MARINE INSURANCE

2.1 What is Marine Insurance?

Marine insurance protects ships, cargo, and goods in transit from potential damages or losses during transportation by sea, air, or land. It helps importers, exporters, and shipowners minimize financial risks due to accidents, piracy, or natural disasters.

◆ Key Features:

- ✓ Covers physical damage to ships, cargo, and port structures.
- ✓ Protects against losses due to piracy, sinking, and storms.
- ✓ Includes general average loss, where damages are shared among all cargo owners.

◆ Example:

- A company shipping **textiles from India to the USA** experiences a storm.
- The cargo ship **capsizes, and goods worth ₹50 lakh are lost.**
- The marine insurance policy compensates the exporter, preventing financial losses.

2.2 Types of Marine Insurance

- ✓ **Hull Insurance** – Covers physical damage to ships and vessels.
- ✓ **Cargo Insurance** – Covers loss or damage of goods in transit.
- ✓ **Freight Insurance** – Protects shipping companies from revenue loss if cargo is damaged.

◆ Who Needs Marine Insurance?

- ✓ Importers and exporters handling **international trade**.
- ✓ Shipping companies **operating vessels and ports**.
- ✓ Manufacturers sending **goods through air or sea transport**.

CHAPTER 3: PROPERTY INSURANCE

3.1 What is Property Insurance?

Property insurance protects **homes, commercial buildings, offices, and other physical structures** from financial loss due to damage, theft, or natural disasters.

◆ Key Features:

- ✓ Covers damage due to **fire, floods, earthquakes, and vandalism**.
- ✓ Protects **furniture, fixtures, and valuables inside the property**.
- ✓ May include **rental loss coverage** if the insured property becomes uninhabitable.

◆ Example:

- A residential building in Delhi is damaged by an earthquake, causing structural cracks.
- Repair costs amount to ₹25 lakh, which is covered by the property insurance policy.

3.2 Types of Property Insurance

- ✓ **Home Insurance** – Protects homeowners from loss due to fire, theft, and weather-related damages.
 - ✓ **Commercial Property Insurance** – Covers offices, warehouses, and factories.
 - ✓ **Natural Disaster Insurance** – Specifically covers earthquakes, floods, and storms.
- ◆ **Who Needs Property Insurance?**
- ✓ Homeowners wanting to secure their house and belongings.
 - ✓ Business owners protecting offices, retail stores, and commercial spaces.
 - ✓ Landlords who rent properties and need protection against tenant damages.

CHAPTER 4: LIABILITY INSURANCE

4.1 What is Liability Insurance?

Liability insurance protects businesses, professionals, and individuals from legal claims, lawsuits, and financial damages due to negligence or accidents.

- ◆ **Key Features:**
- ✓ Covers legal fees and settlement costs.
 - ✓ Protects against third-party injuries, accidents, or property damage.

✓ Required for many businesses and professionals (e.g., doctors, lawyers, business owners).

◆ Example:

- A customer slips and falls in a **restaurant**, suffering a severe injury.
- The restaurant faces a **lawsuit demanding ₹10 lakh in compensation**.
- Liability insurance covers the **legal expenses and settlement costs**.

4.2 Types of Liability Insurance

- ✓ **Public Liability Insurance** – Covers third-party injuries on business premises.
- ✓ **Professional Liability Insurance** – Protects professionals like doctors, lawyers, and architects from negligence claims.
- ✓ **Employer's Liability Insurance** – Covers injuries to employees in the workplace.

◆ Who Needs Liability Insurance?

- ✓ Business owners who operate public spaces (hotels, malls, restaurants, hospitals, etc.).
- ✓ Professionals such as doctors, lawyers, engineers, and consultants.
- ✓ Companies with employees working in hazardous environments.

CHAPTER 5: TRAVEL INSURANCE

5.1 What is Travel Insurance?

Travel insurance covers **unexpected financial losses during domestic or international trips, including medical emergencies, trip cancellations, lost baggage, and travel delays.**

◆ **Key Features:**

- ✓ Covers **emergency medical expenses** during travel.
- ✓ Protects against **trip cancellations, flight delays, and missed connections.**
- ✓ Provides compensation for **lost or stolen baggage and passports.**

◆ **Example:**

- Riya books a trip to **Europe** but gets hospitalized due to **food poisoning.**
- Her **hospital bill is ₹3 lakh**, which is covered by her **travel insurance policy.**

5.2 Types of Travel Insurance

- ✓ **Single Trip Travel Insurance** – Covers **one specific trip.**
- ✓ **Annual Multi-Trip Travel Insurance** – Covers **multiple trips within a year.**
- ✓ **Student Travel Insurance** – Designed for students studying abroad.

◆ **Who Needs Travel Insurance?**

- ✓ International travelers needing **medical and trip coverage.**
- ✓ Business travelers taking **frequent flights.**
- ✓ Students studying **abroad for higher education.**

Case Study: The Importance of Insurance in Real Life

Scenario:

Ajay, a businessman, owns a **factory**, frequently travels for work, and ships goods internationally.

- ✓ He buys **fire insurance** for his factory to protect against **fire hazards**.
- ✓ He purchases **marine insurance** to cover **goods being transported overseas**.
- ✓ He gets **property insurance** for his commercial office building.
- ✓ He takes **liability insurance** to safeguard against **legal claims**.
- ✓ Before traveling to **Europe**, he buys **travel insurance** for medical emergencies.

Key Learnings from This Case:

- ✓ Having different insurance policies covers multiple risks.
- ✓ Proper risk assessment can prevent financial losses.
- ✓ Businesses must protect their assets, employees, and legal responsibilities.

Exercise: Test Your Understanding

- ◆ Why is fire insurance important for businesses?
- ◆ What is the difference between marine cargo insurance and hull insurance?
- ◆ How does liability insurance help businesses avoid financial losses?
- ◆ When should someone consider buying travel insurance?

Conclusion

Insurance plays a crucial role in protecting individuals, businesses, and assets from financial risks.

- ◆ **Fire insurance** ensures protection against fire-related damages.
- ◆ **Marine insurance** safeguards ships and cargo during transit.
- ◆ **Property insurance** protects homes, offices, and commercial spaces.
- ◆ **Liability insurance** covers legal risks for businesses and professionals.
- ◆ **Travel insurance** ensures safe and financially secure journeys.

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HOW RISK FACTORS AFFECT GENERAL INSURANCE

CHAPTER 1: UNDERSTANDING RISK FACTORS IN GENERAL INSURANCE

1.1 What is Risk in General Insurance?

Risk in general insurance refers to the **possibility of financial loss** due to unexpected events like accidents, theft, natural disasters, or liability claims. Insurers analyze these risks to determine **policy premiums, coverage limits, and claim eligibility**.

- ◆ **Why Risk Assessment is Crucial in Insurance?**
 - Helps **insurance companies price policies** correctly.
 - Reduces **the possibility of fraud or high-risk coverage**.
 - Ensures that policyholders receive **fair compensation based on actual risk exposure**.
 - Allows insurers to maintain **financial stability** while covering multiple policyholders.
- ◆ **Key Risk Categories in General Insurance:**
 - **Property Risk** – Fire, flood, earthquake damage.
 - **Liability Risk** – Legal claims from third parties.
 - **Personal Risk** – Accidents, medical emergencies, vehicle crashes.
 - **Business Risk** – Operational losses, cyber threats, business interruptions.

Understanding risk factors helps both **insurance providers and policyholders** make informed decisions about coverage.

CHAPTER 2: MAJOR RISK FACTORS THAT AFFECT GENERAL INSURANCE

2.1 Location-Based Risks

The **location of an insured property or asset** significantly impacts the level of risk.

- ◆ **How Location Affects Insurance:**
 - Properties in **flood-prone or earthquake zones** have higher premiums.
 - Areas with **high crime rates** increase risks for **theft and vandalism claims**.
 - Vehicles in **urban cities** face more **accidents and theft**, increasing car insurance premiums.
- ◆ **Examples:**
 - A house in **Mumbai's coastal region** may have **higher flood insurance costs** than a home in Delhi.
 - A vehicle owner in **Delhi NCR** might pay **higher motor insurance premiums** due to traffic congestion and accident rates.

📌 **Example:** Two homeowners in different locations apply for **home insurance**. One house is in a flood-prone area, while the other is in a low-risk zone. The **premium for the flood-prone house is 40% higher** due to the **higher risk of claims**.

2.2 Asset Type and Condition

The type, age, and condition of an asset play a **vital role** in determining its risk exposure.

◆ How Asset Type Affects Risk:

- A **new car with advanced safety features** has a **lower premium** than an old vehicle.
- Old properties with **weak structures** are **more prone to damage**, leading to **higher home insurance premiums**.
- **Luxury items (gold, jewelry, antiques)** have higher theft risk and require **specialized insurance coverage**.

◆ Examples:

- A **five-year-old car** has a **higher risk of mechanical failure** than a brand-new model, increasing its insurance premium.
- A **40-year-old building** will have **higher fire insurance costs** than a newly constructed one with fire-resistant materials.

📌 **Example:** Raj owns a **10-year-old car** and applies for **motor insurance**. Since older cars are **more prone to breakdowns**, his **insurance premium is 25% higher** than someone insuring a brand-new car.

2.3 Human Behavior & Usage Patterns

How an insured item is used also affects its risk profile.

◆ Factors Affecting Insurance Risk Based on Usage:

- **Frequent vehicle use** increases **wear and tear, accident probability, and premium rates**.

- A property rented out as a **commercial office** has a **higher risk of damage** than a self-occupied house.
 - Businesses handling **hazardous materials** face **higher liability insurance costs**.
- ◆ **Examples:**
- A **taxi service fleet** will have a **higher insurance premium** than a privately used car due to **continuous use and increased accident risk**.
 - A **factory using heavy machinery** will have **higher workplace insurance costs** due to **injury risks**.

📌 **Example:** A restaurant owner applies for **fire insurance**. Since his business involves **cooking with open flames**, his **policy costs more** than that of a retail store selling clothes.

2.4 Market & Economic Conditions

General insurance is also influenced by **market conditions, inflation, and economic stability**.

- ◆ **Economic Factors Affecting Insurance Costs:**
- **High inflation rates** increase **repair and replacement costs**, raising claim amounts.
 - **Market volatility** affects **business insurance premiums** as uncertain conditions raise risk levels.
 - **Global disasters and pandemics** (e.g., COVID-19) lead to **higher demand for health and business insurance**, increasing costs.
- ◆ **Examples:**

- After a natural disaster, home insurance costs rise due to increased claims.
- During economic recessions, businesses face greater risks, leading to higher liability insurance premiums.

📌 **Example:** After a cyclone hits a coastal region, insurance companies increase property insurance rates by 30%, anticipating future claims.

Case Study: How Risk Factors Impacted a Business Owner's Insurance Premium

Arun owns a logistics company that transports valuable goods across India.

- ◆ **Key Risk Factors:**
 - His fleet operates in high-theft areas, increasing risk.
 - Vehicles run 24/7, causing higher wear and tear.
 - Goods are expensive, leading to higher compensation claims in case of loss.
- ◆ **Impact on Insurance Premiums:**
 - Motor insurance costs were 50% higher due to continuous vehicle usage.
 - Transit insurance premiums were increased because of high-value shipments.
 - Liability insurance was necessary to cover potential lawsuits in case of delivery failures.

By understanding his risk profile, Arun negotiated customized insurance coverage, ensuring cost-effective protection.

Exercise: Test Your Understanding

- ◆ How does location affect general insurance premiums?
 - ◆ Explain how an asset's condition impacts its insurance cost.
 - ◆ Why do commercial properties have higher insurance costs than residential properties?
 - ◆ What role does the economy play in determining insurance premiums?
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Conclusion

Risk factors play a crucial role in **general insurance pricing, coverage, and claim approvals**.

- ◆ Location risks affect property, vehicle, and flood insurance costs.
- ◆ Asset type and condition determine coverage limits and premium amounts.
- ◆ Usage behavior directly impacts liability, motor, and business insurance.
- ◆ Economic and market trends influence insurance pricing across all sectors.

TYPES OF MOTOR INSURANCE – THIRD-PARTY VS. COMPREHENSIVE

Motor insurance is a crucial financial protection tool that provides coverage for vehicles against unforeseen damages, accidents, and liabilities. It is a **legal requirement in most countries** and plays a vital role in safeguarding vehicle owners, passengers, and third parties from financial losses.

CHAPTER 1: THIRD-PARTY MOTOR INSURANCE

1.1 What is Third-Party Motor Insurance?

- ◆ **Third-party insurance is mandatory by law** in most countries to cover **liabilities arising from accidents involving a third party**.
- ◆ **It does not cover damages to the policyholder's own vehicle**.
- ◆ Protects against **financial and legal obligations** in case of:
 - ✓ Injury or death of a third party.
 - ✓ Damage to third-party property (vehicle, building, etc.).
- ◆ **Example:**
 - If **Rahul accidentally hits another car**, damaging its bumper, his **third-party insurance will cover the cost of repairs** for the other car.
 - However, **Rahul's own car damage will not be covered**, and he must pay for the repairs himself.

1.2 Features of Third-Party Insurance

- ✓ **Legal Requirement:** Mandated by the **Motor Vehicles Act** in many countries.

- ✓ **Covers Third-Party Liabilities:** Pays for injuries, death, or damages to others' property.
- ✓ **Lower Premium Cost:** More affordable than comprehensive insurance.
- ✓ **No Coverage for Own Vehicle Damage:** Policyholders must bear repair costs for their own vehicles.

- ◆ **Who Should Buy Third-Party Insurance?**

- People with older vehicles that have low market value.
- Individuals looking for the most affordable policy while meeting legal requirements.
- Those who rarely drive and face minimal accident risks.

1.3 Limitations of Third-Party Insurance

- ✗ **No Coverage for Own Vehicle Repairs:** If the policyholder's car is damaged, repair costs must be paid out-of-pocket.
- ✗ **Limited Coverage Scope:** Only covers third-party liabilities, not natural disasters, theft, or vandalism.
- ✗ **No Add-Ons Available:** Unlike comprehensive insurance, it does not offer additional protection like engine cover, zero depreciation, or roadside assistance.

CHAPTER 2: COMPREHENSIVE MOTOR INSURANCE

2.1 What is Comprehensive Motor Insurance?

- ◆ **Comprehensive insurance offers full protection, covering both third-party liabilities and own vehicle damages.**
- ◆ It provides a wider range of coverage, making it ideal for people who want financial security for their vehicle.

◆ **Example:**

- Priya's car is damaged in a **flood**, and repairs cost ₹50,000.
- Since she has **comprehensive insurance**, the insurer **pays for the repair expenses**.
- If Priya had only third-party insurance, she would have **paid the entire amount herself**.

2.2 Features of Comprehensive Insurance

- ✓ **Covers Both Third-Party and Own Damages:** Financial protection for accidents, theft, vandalism, fire, and natural disasters.
- ✓ **Customizable with Add-Ons:** Options for **zero depreciation, engine protection, roadside assistance, and consumable cover**.
- ✓ **Higher Premiums:** Costs more than third-party insurance due to broader coverage.
- ✓ **Financial Security:** Reduces personal expenses on **repairs, replacements, and legal liabilities**.

◆ **Who Should Buy Comprehensive Insurance?**

- **People with new or expensive vehicles** who want full financial protection.
- **Frequent drivers** at higher risk of accidents.
- **Car owners in areas prone to theft, natural disasters, or vandalism.**

2.3 Limitations of Comprehensive Insurance

- ✗ **Higher Premiums:** More expensive than third-party insurance.
- ✗ **Depreciation Impact:** Claim payouts consider vehicle

depreciation, unless zero depreciation cover is added.

✗ Policy Exclusions: Does not cover drunk driving, racing, or intentional damage.

CHAPTER 3: COMPARISON – THIRD-PARTY VS. COMPREHENSIVE INSURANCE

Feature	Third-Party Insurance	Comprehensive Insurance
Coverage	Covers only third-party liabilities (injury, property damage).	Covers third-party liabilities + own vehicle damages.
Legal Requirement	<input checked="" type="checkbox"/> Mandatory by law.	<input checked="" type="checkbox"/> Not mandatory, but highly recommended.
Own Vehicle Damage	<input checked="" type="checkbox"/> Not covered.	<input checked="" type="checkbox"/> Covered.
Premium Cost	<input checked="" type="checkbox"/> Lower premium (budget-friendly).	<input checked="" type="checkbox"/> Higher premium.
Theft & Natural Disasters	<input checked="" type="checkbox"/> Not covered.	<input checked="" type="checkbox"/> Covered.
Best For	Owners of older or low-value vehicles.	Owners of new, high-value, or frequently used vehicles.

Case Study: Choosing the Right Motor Insurance

Scenario:

Rohan and Deepika both own cars but have different needs for insurance.

◆ Rohan's Case:

- Owns a **10-year-old sedan** with a low resale value.
- Uses it occasionally for short distances.
- **Best Option:** **Third-Party Insurance** (cost-effective & legally compliant).

◆ Deepika's Case:

- Owns a **brand-new SUV worth ₹15 lakh**.
- Drives daily to work and takes road trips frequently.
- **Best Option:** **Comprehensive Insurance** (full protection for a high-value car).

Key Takeaway:

- **Older vehicles** with low value → **Third-party insurance** is sufficient.
- **New or expensive cars** → **Comprehensive insurance** provides better financial protection.

Exercise: Test Your Understanding

- ◆ Explain the key differences between third-party and comprehensive motor insurance.
- ◆ In what scenarios would third-party insurance be more beneficial than comprehensive insurance?

- ◆ Why do car owners with high-value vehicles prefer comprehensive insurance?
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Conclusion

- ✓ Third-party insurance is a legal requirement but offers limited protection, covering only liabilities to others.
- ✓ Comprehensive insurance provides full coverage, making it ideal for protecting the policyholder's own vehicle as well.
- ✓ Choosing the right policy depends on vehicle age, usage, budget, and risk factors.

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NO CLAIM BONUS (NCB) & OTHER DISCOUNTS IN INSURANCE

CHAPTER 1: UNDERSTANDING NO CLAIM BONUS (NCB)

1.1 What is No Claim Bonus (NCB)?

No Claim Bonus (NCB) is a reward given by insurance companies to policyholders for **not filing any claims** during a policy year. This bonus is provided in the form of a **discount on the renewal premium** of the policy, making it a major cost-saving benefit for responsible policyholders.

◆ How NCB Works:

- If a policyholder **does not file any insurance claims** in a given year, they receive a **discount on the next renewal premium**.
- This discount increases progressively for every **consecutive claim-free year**, up to a maximum limit.
- NCB applies primarily to **motor and health insurance policies**.

◆ Example:

Amit has a car insurance policy with an annual premium of ₹10,000. Since he did not file any claims in the first year, he receives a **20% NCB discount** during renewal. As a result, his **new premium is reduced to ₹8,000**.

1.2 Benefits of No Claim Bonus

No Claim Bonus serves as an **incentive for responsible policyholders** and has several advantages:

- ✓ **Lower Premiums:** Each claim-free year results in increased discounts on renewal premiums, reducing overall insurance costs.
- ✓ **Encourages Safe Driving:** In motor insurance, NCB motivates drivers to drive **carefully** and avoid unnecessary claims.
- ✓ **Increases Savings:** Since NCB discounts **accumulate over the years**, policyholders can save **significant amounts on long-term renewals**.
- ✓ **Transferable Benefits:** If a policyholder **changes their insurance provider or vehicle**, NCB can be **transferred to the new policy**.

◆ **Example:**

Rajesh had **5 claim-free years** on his car insurance and accumulated a **50% NCB discount**. He bought a new car and transferred the accumulated NCB to the new insurance policy, significantly reducing his premium cost.

CHAPTER 2: OTHER DISCOUNTS IN INSURANCE

2.1 Common Types of Discounts in Insurance

Apart from No Claim Bonus, insurers offer several discounts to attract and retain customers. These discounts vary based on the type of insurance.

◆ **1. Voluntary Deductible Discount**

- Policyholders can opt to **pay a portion of the claim amount themselves** before the insurance coverage applies.
- The higher the deductible, the lower the **premium**.
- **Example:** In health insurance, if Ramesh agrees to pay ₹10,000 as a **voluntary deductible**, his annual premium is reduced by **20%**.

◆ 2. Long-Term Policy Discount

- Offered on policies with a tenure of **2 years or more** instead of yearly renewals.
- Common in **health and motor insurance**.
- **Example:** Instead of paying ₹12,000 per year for car insurance, opting for a **3-year policy at ₹30,000** results in a **savings of ₹6,000**.

◆ 3. Anti-Theft Device Discount (For Motor Insurance)

- Installing **certified anti-theft devices** in vehicles can fetch discounts.
- Encourages **better vehicle security**.
- **Example:** Sunita installed an **automobile security system**, earning a **5% discount on her motor insurance premium**.

◆ 4. Safe Driver Discount

- Drivers with a **clean driving record** and no traffic violations may receive discounts.
- **Example:** Ravi, a careful driver with no accidents for **5 years**, receives a **discounted premium renewal**.

◆ 5. Loyalty Discount

- Offered to customers **renewing policies with the same insurer** instead of switching providers.
- Common in **health and home insurance**.
- **Example:** A policyholder who renews with the same company for **3+ years gets a 10% discount on premium**.

◆ 6. Group Insurance Discount

- Offered on policies purchased **for a group of people** (e.g., corporate health insurance).
 - Companies buying **health insurance for employees** get reduced premiums.
 - **Example:** An organization covering **100 employees** under a **group health policy** gets a **bulk discount from the insurer**.
- ◆ **7. Bundled Policy Discount**
- Customers purchasing **multiple insurance policies** (e.g., car + home insurance) from the same company receive a discount.
 - Encourages long-term customer loyalty.
 - **Example:** A family buying **both health and home insurance from the same insurer** gets a **combined discount of 15%**.

2.2 How to Maximize Discounts on Insurance Policies

To get the **best insurance deals**, policyholders should use the following strategies:

- ✓ **Maintain a Claim-Free Record:** Avoid making **small or unnecessary claims** to accumulate No Claim Bonus benefits.
- ✓ **Choose Higher Deductibles:** Opting for a **reasonable voluntary deductible** lowers premium costs.
- ✓ **Install Safety Devices:** Using **anti-theft devices, fire alarms, and security systems** can qualify for discounts.
- ✓ **Bundle Multiple Policies:** Purchasing **multiple policies from the same insurer** often results in **special discounts**.
- ✓ **Compare Insurers Before Renewal:** Check for insurers offering **better renewal discounts** before sticking to an old policy.

◆ **Example:**

Kavita owns a **car and a house**. Instead of buying separate insurance policies, she bundles them with the **same insurance provider** and receives a **combined discount of 12%**.

Case Study: No Claim Bonus & Discounts in Action

Scenario:

Priya, a 35-year-old IT professional, purchased a **car insurance policy with an annual premium of ₹20,000**. Since she is a careful driver, she did not make any claims for 5 consecutive years.

Here's how her No Claim Bonus (NCB) helped her save money over the years:

Year	NCB Discount	Premium Reduction	New Premium
1st Year	20%	₹4,000	₹16,000
2nd Year	25%	₹5,000	₹15,000
3rd Year	35%	₹7,000	₹13,000
4th Year	45%	₹9,000	₹11,000
5th Year	50%	₹10,000	₹10,000

Key Learnings:

- ✓ Priya saved ₹10,000 on her 5th-year renewal premium through NCB.
- ✓ She also installed an **anti-theft device**, getting an **additional 5% discount**.
- ✓ Her final **renewal premium dropped from ₹20,000 to ₹9,500** due to accumulated NCB and other discounts.

❖ **Conclusion:** Maintaining a claim-free record and using other discounts helped Priya **save 50% on her car insurance over 5 years.**

Exercise: Test Your Understanding

- ◆ **What is No Claim Bonus, and how does it benefit policyholders?**
 - ◆ **How can a person get a discount on their car insurance using anti-theft devices?**
 - ◆ **Explain how voluntary deductibles help reduce insurance premiums.**
 - ◆ **Give two examples of how group insurance discounts work.**
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Conclusion

No Claim Bonus (NCB) and other discounts significantly reduce insurance premiums while encouraging responsible behavior.

- ◆ **NCB rewards claim-free policyholders with premium discounts on renewals.**
- ◆ **Other discounts, such as safe driver, loyalty, bundled policy, and voluntary deductible discounts, help further reduce costs.**
- ◆ **Carefully selecting an insurance policy with the right discounts ensures maximum financial savings.**

MOTOR INSURANCE CLAIM SETTLEMENT PROCESS

CHAPTER 1: UNDERSTANDING MOTOR INSURANCE CLAIMS

1.1 What is a Motor Insurance Claim?

A motor insurance claim is a formal request made by the policyholder to their insurance company for compensation or repair costs after an accident, theft, or damage to their vehicle.

- ◆ Key Features of a Motor Insurance Claim:
 - ✓ Allows policyholders to recover financial losses from vehicle damage or theft.
 - ✓ Covers repair costs, third-party liabilities, and personal injuries (depending on the policy type).
 - ✓ Can be cashless (direct payment to the garage) or reimbursement-based.
- ◆ Types of Motor Insurance Policies for Claims:
 - ✓ Third-Party Insurance – Covers damages to another person, vehicle, or property.
 - ✓ Comprehensive Insurance – Covers own vehicle, third-party damages, and personal injuries.
- ◆ Example:
 - Ajay's car is damaged in an accident with another vehicle.
 - His insurance policy covers the repair costs under the comprehensive plan.
 - He submits a claim and gets his car repaired at a network garage without paying upfront (cashless claim).

Understanding **how claims work** helps policyholders **file claims correctly and receive compensation quickly**.

CHAPTER 2: STEPS IN THE MOTOR INSURANCE CLAIM SETTLEMENT PROCESS

2.1 Step-by-Step Claim Process

When an accident or damage occurs, policyholders should follow these steps to **ensure a smooth claim settlement**:

- ◆ **Step 1: Inform the Insurance Company**
 - ✓ Contact your **insurance company's helpline or claims department** immediately.
 - ✓ Provide details about **the accident, damage, or theft**.
 - ✓ Obtain a **claim reference number** for tracking purposes.
- ◆ **Step 2: File a First Information Report (FIR) (if required)**
 - ✓ An **FIR is mandatory for theft, third-party damage, or serious accidents**.
 - ✓ Visit the nearest **police station** and file a complaint.
 - ✓ Submit a **copy of the FIR to the insurance company**.
- ◆ **Step 3: Vehicle Inspection & Damage Assessment**
 - ✓ The insurer **assigns a surveyor** to inspect the vehicle's damage.
 - ✓ The surveyor assesses **repair costs and whether it qualifies for coverage**.
 - ✓ Approval is given for **cashless repairs or reimbursement**.
- ◆ **Step 4: Repairing the Vehicle**
 - ✓ If choosing **cashless repair**, take the vehicle to an **authorized garage**.

✓ If choosing **reimbursement**, pay for the repairs and keep all receipts.

◆ **Step 5: Claim Settlement & Payment**

✓ **Cashless Claims** – The insurance company directly **pays the garage** for repairs.

✓ **Reimbursement Claims** – The policyholder submits bills, and the insurer **reimburses expenses** after verification.

◆ **Example:**

- Ravi's car collides with a truck, damaging the front bumper.
- He informs his insurance company and takes the car to a network garage.
- The insurer approves cashless repairs, and Ravi pays only the deductible while the insurer covers the rest.

2.2 Types of Motor Insurance Claims

There are **two main types of motor insurance claims**:

Cashless Claim:

- The insurance company directly **pays the network garage**.
- The policyholder **only pays the deductible**.
- **Faster and hassle-free** claim process.

Reimbursement Claim:

- The policyholder **pays for repairs first** and later gets reimbursed.
- Requires **bill submission and insurer approval**.

- Longer processing time than cashless claims.
 - ◆ Which One is Better?
 - ✓ **Cashless claims** are more convenient and quicker.
 - ✓ **Reimbursement claims** are useful if repairs are done at a non-network garage.
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CHAPTER 3: CLAIM SETTLEMENT FOR DIFFERENT TYPES OF INCIDENTS

3.1 Claim Process for Accidental Damage

If your car is **damaged in an accident**, follow these steps:

- ◆ Steps:
 - ✓ Inform your insurer and get a claim reference number.
 - ✓ File an FIR if third-party is involved.
 - ✓ Arrange for damage assessment by the surveyor.
 - ✓ Take the car to an authorized garage for repairs.
 - ✓ Submit the repair bill and claim documents.
- ◆ Example:
 - Neha's car is hit by another vehicle, damaging the side doors.
 - She informs her insurer and files an FIR.
 - The insurance surveyor inspects the damage and approves cashless repairs.

3.2 Claim Process for Theft of Vehicle

If your car is **stolen**, the process involves:

◆ **Steps:**

- ✓ Immediately **file an FIR** at the nearest police station.
- ✓ Inform your **insurance provider** and submit a copy of the FIR.
- ✓ The police issue a **non-traceable certificate** if the car isn't found.
- ✓ The insurer verifies and **pays the Insured Declared Value (IDV)** as compensation.

◆ **Example:**

- **Rakesh's car is stolen from his apartment parking.**
- He **files an FIR** and informs the insurer.
- After 90 days, the police **issue a non-traceable report**.
- The insurer **pays ₹6 lakh (IDV value)** for the stolen vehicle.

3.3 Claim Process for Third-Party Liability Cases

If your vehicle **causes damage to another person or their property**, the process includes:

◆ **Steps:**

- ✓ File an **FIR** and notify the insurer.
- ✓ The **Motor Accident Claims Tribunal (MACT)** determines compensation.
- ✓ The insurance company **pays the third-party claim amount**.

◆ **Example:**

- **Sunil's car accidentally damages a shop.**
- He **files an FIR** and informs the insurer.
- The tribunal orders a **₹50,000 compensation**, which the insurer pays.

Case Study: The Importance of Proper Claim Filing

Scenario:

Amit met with an accident but **delayed informing his insurance company**. When he finally filed a claim, the insurer **denied it** because:

- ✓ He did not report the accident within 48 hours.
- ✓ He repaired the car before the surveyor's assessment.
- ✓ He failed to submit proper documents (FIR, repair bills, claim form).

Key Learnings from This Case:

- ✓ Always inform your insurer immediately after an accident.
 - ✓ Never repair the car before the surveyor inspects it.
 - ✓ Submit complete and correct documents for smooth claim approval.
-

Exercise: Test Your Understanding

- ◆ What is the difference between cashless and reimbursement claims?
 - ◆ Why is an FIR important for theft and third-party claims?
 - ◆ What are the steps to follow after a car accident to ensure claim approval?
 - ◆ How is the Insured Declared Value (IDV) used in theft claims?
-

Conclusion

Motor insurance claim settlement ensures **financial protection for vehicle owners** in case of accidents, theft, or third-party damage.

- ◆ Accident claims require immediate insurer notification and surveyor approval.
- ◆ Theft claims need an FIR and non-traceable certificate for IDV payout.
- ◆ Third-party claims involve legal proceedings under MACT.
- ◆ Proper documentation and timely filing ensure a smooth claim process.

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FACTORS INFLUENCING RISK ASSESSMENT IN INSURANCE

CHAPTER 1: UNDERSTANDING RISK ASSESSMENT IN INSURANCE

1.1 What is Risk Assessment in Insurance?

Risk assessment in insurance refers to the **process of evaluating the likelihood of an insured event occurring** and determining the potential financial loss associated with it. Insurance companies assess risk to **set premium rates, define policy terms, and decide coverage limits**.

- ◆ **Why Risk Assessment is Important in Insurance?**
 - Ensures **fair pricing of insurance policies**.
 - Helps insurers **minimize losses** and prevent fraud.
 - Allows **customization of insurance plans** based on risk exposure.
 - Protects the financial stability of **both insurers and policyholders**.
- ◆ **Types of Risks Considered in Insurance:**
 - **Pure Risk:** Risks that result in loss or no loss, such as fire, theft, or accidents.
 - **Speculative Risk:** Risks that involve potential gain or loss, such as investments and stock trading.
 - **Particular Risk:** Risks that affect **individuals** or businesses, like property damage.

- **Fundamental Risk:** Risks that impact **large groups or economies**, such as pandemics and natural disasters.

Risk assessment is the **foundation of underwriting**, helping insurance companies determine who qualifies for coverage and at what cost.

CHAPTER 2: MAJOR FACTORS INFLUENCING RISK ASSESSMENT IN INSURANCE

2.1 Individual Risk Profile

An individual's **age, health condition, lifestyle habits, and occupation** play a crucial role in risk assessment.

- ◆ **Key Factors in Individual Risk Profiling:**
 - **Age & Health Condition:** Older individuals or those with pre-existing diseases pay higher life/health insurance premiums.
 - **Occupation & Lifestyle:** High-risk jobs (e.g., miners, pilots) and habits like smoking increase risk exposure.
 - **Claim History:** Frequent insurance claims indicate high risk, leading to increased premiums or policy exclusions.
- ◆ **Examples:**
 - A **25-year-old non-smoker** will have lower life insurance premiums than a **45-year-old smoker** due to **higher life expectancy**.
 - A person working in **firefighting** or **construction** faces **higher accident risks**, increasing their **insurance costs**.

❖ **Example:** Amit, a 50-year-old diabetic, applies for **health insurance**. Due to his **pre-existing medical condition**, his premium is **30% higher** than that of a healthy 30-year-old applicant.

2.2 Nature of the Insured Asset

The characteristics of the **insured asset (vehicle, home, business, etc.)** directly influence its risk profile.

- ◆ **How Asset Type & Condition Impact Risk:**
 - **New vehicles** have lower risk than old ones due to better safety features.
 - A **poorly maintained house** has a **higher probability of fire, leaks, or damage**, leading to higher home insurance premiums.
 - High-end luxury assets (e.g., sports cars, antiques) **cost more to replace**, increasing coverage costs.
- ◆ **Examples:**
 - A **brand-new car with anti-theft technology** will have a **lower premium** than a 10-year-old car.
 - A **building with fire-resistant materials** will get **better insurance rates** than a wooden structure.

❖ **Example:** Two homeowners apply for property insurance. One home is in **excellent condition**, while the other has **damaged wiring and an old roof**. The poorly maintained home receives a **higher premium due to increased fire risks**.

2.3 Geographic & Environmental Factors

Location plays a **major role** in determining **insurance risks**, especially in property and motor insurance.

◆ **Geographic Risks That Influence Insurance:**

- **Flood & Earthquake Zones:** Properties in high-risk disaster zones have **higher home insurance premiums**.
- **High Crime Areas:** Vehicles and homes in locations with **higher theft or vandalism rates** face increased insurance costs.
- **Traffic & Road Conditions:** Motor insurance costs are higher in **urban areas with high accident rates** than in rural locations.

◆ **Examples:**

- A car owner in **Delhi NCR** pays **higher motor insurance premiums** due to **high traffic congestion**.
- A home in **Chennai's coastal region** will have **expensive flood insurance** compared to one in Bengaluru.

➡ **Example:** Two families buy home insurance—one in **Mumbai** (high flood risk) and another in **Pune** (low disaster risk). The **Mumbai-based homeowner pays 40% more** in premiums.

2.4 Economic & Market Conditions

The **overall economic environment** affects **insurance pricing and risk levels**.

◆ **Economic Factors Impacting Risk Assessment:**

- **Inflation:** Higher costs of medical care, property repairs, and car parts lead to **higher insurance premiums**.

- **Recession & Unemployment:** Economic instability increases fraudulent claims, raising insurer risks.
 - **Natural Disasters & Pandemics:** Large-scale events create unexpected risks, forcing insurers to adjust pricing models.
- ◆ **Examples:**
- After a **global pandemic**, health insurance premiums **increase due to rising hospitalization costs**.
 - Economic downturns lead to **increased theft and fraud**, causing **higher business insurance premiums**.

📌 **Example:** During the **COVID-19 crisis**, insurers raised health insurance premiums by 20%, reflecting the **increased risk of medical claims**.

Case Study: Risk Assessment in Motor Insurance

Sunil owns a **luxury car** and applies for motor insurance.

- ◆ **Risk Factors Considered by the Insurer:**
- **Car Type:** High-end vehicles have **expensive replacement parts**, increasing risk.
 - **Location:** Sunil lives in an area with **high car theft rates**.
 - **Driving History:** He has filed **multiple accident claims** in the past three years.
- ◆ **Outcome:**
- His **motor insurance premium is 50% higher** than that of a driver with a **clean driving record**.

- The insurer offers additional anti-theft discounts if Sunil installs a GPS tracker.

This case highlights how **multiple risk factors influence premium pricing and policy terms**.

Exercise: Test Your Understanding

- ◆ List three personal factors that affect insurance risk assessment.
 - ◆ How does asset condition influence general insurance costs?
 - ◆ Why do homes in flood-prone areas have higher insurance premiums?
 - ◆ What role does the economy play in setting insurance rates?
-

Conclusion

Risk assessment is the **foundation of the insurance industry**, helping insurers evaluate **policyholders, assets, and environmental risks**.

- ◆ Personal factors like age, health, and occupation impact life and health insurance pricing.
- ◆ Asset conditions determine risk exposure in motor, home, and business insurance.
- ◆ Geographic risks influence insurance premiums based on crime rates and disaster-prone areas.
- ◆ Economic conditions shape insurance trends, affecting premium rates and claim frequencies.



ASSIGNMENT:

CREATE A COMPARISON TABLE FOR DIFFERENT GENERAL INSURANCE PRODUCTS.

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STEP-BY-STEP GUIDE TO COMPLETING THE ASSIGNMENT: CREATE A COMPARISON TABLE FOR DIFFERENT GENERAL INSURANCE PRODUCTS

This assignment requires you to **compare different general insurance products** by analyzing their features, coverage, and benefits in a structured table format.

Step 1: Understand the Objective of the Assignment

- ✓ Identify different types of **general insurance** products.
 - ✓ Compare their **coverage, benefits, and exclusions**.
 - ✓ Present the information in a **clear, concise, and structured table**.
-

Step 2: Research & Gather Information on General Insurance Products

General insurance includes various types of policies that **protect individuals, businesses, and assets from financial losses** due to **accidents, natural disasters, theft, and liabilities**.

The most common general insurance products include:

- Health Insurance** – Covers medical expenses.
- Motor Insurance** – Covers vehicle damages and third-party liabilities.
- Home Insurance** – Protects against property damage and theft.
- Travel Insurance** – Covers medical emergencies, trip cancellations, and lost baggage.
- Fire Insurance** – Covers losses due to fire-related damages.

Marine Insurance – Protects cargo, ships, and freight from sea-related risks.

Commercial Insurance – Covers business assets, employees, and liabilities.

Step 3: Structure Your Comparison Table

Create a **detailed comparison table** to highlight key differences.

Insurance Type	Coverage	Best For	Key Features	Exclusions
Health Insurance	Covers medical expenses, hospitalization, surgeries, and treatments.	Individuals, families, employees, senior citizens.	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Covers hospitalization, pre & post-medical expenses. <input checked="" type="checkbox"/> Optional critical illness coverage. <input checked="" type="checkbox"/> Cashless claims at network hospitals. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Pre-existing conditions may have a waiting period. <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Cosmetic surgeries & self-inflicted injuries not covered.
Motor Insurance	Covers vehicle damages, third-party liabilities,	Car, bike, truck owners, commercial	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Third-party cover is mandatory by law. <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Drunk driving, racing, and intentional

	theft, and accidents.	all vehicle users.	Comprehensive policy covers own damages. <input checked="" type="checkbox"/> Add-ons like zero depreciation & roadside assistance.	damage not covered.
Home Insurance	Covers house structure, belongings, and personal liability.	Homeowners, landlords, tenants.	<input checked="" type="checkbox"/> Covers natural disasters, fire, burglary, & vandalism. <input checked="" type="checkbox"/> Policy can be customized to include valuables.	<input checked="" type="checkbox"/> Damage due to war, terrorism, or nuclear risks not covered.
Travel Insurance	Covers medical emergencies, lost baggage, trip cancellations, and flight delays.	Frequent travelers, tourists, business travelers.	<input checked="" type="checkbox"/> Covers hospitalization during travel. <input checked="" type="checkbox"/> Reimbursement for canceled flights & lost baggage.	<input checked="" type="checkbox"/> Does not cover pre-existing medical conditions unless specified. <input checked="" type="checkbox"/> Adventure sports injuries

			<input checked="" type="checkbox"/> 24/7 emergency assistance.	may not be covered.
Fire Insurance	Covers losses caused by fire, lightning, and explosions.	Business owners, homeowners, industries.	<input checked="" type="checkbox"/> Covers fire-related damage to buildings, machinery, & goods. <input checked="" type="checkbox"/> Policies available for specific or all fire-related risks.	<input checked="" type="checkbox"/> Intentional fire damage & electrical short circuits without safety measures are excluded.
Marine Insurance	Covers ships, cargo, and freight from loss or damage.	Import-export businesses, shipping companies.	<input checked="" type="checkbox"/> Covers damage due to storms, piracy, and sinking. <input checked="" type="checkbox"/> Available for cargo owners and shipowners .	<input checked="" type="checkbox"/> Does not cover deliberate negligence or improper packaging.
Commercial Insurance	Covers business assets, liabilities, employees	Business owners, factories, startups, IT	<input checked="" type="checkbox"/> Covers property damage, cyber	<input checked="" type="checkbox"/> Does not cover intentional fraud,

	, and revenue losses.	companies .	threats, employee health & liability claims. <input checked="" type="checkbox"/> Customizable plans for SMEs & large enterprises.	business mismanagement.
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Step 4: Write a Brief Explanation for the Comparison

After presenting the table, summarize key insights:

- Health insurance is essential** for financial security against medical expenses.
- Motor insurance is legally required** and protects vehicles against accidents and theft.
- Home insurance safeguards property** from natural disasters, burglary, and fires.
- Travel insurance is useful** for unexpected travel-related losses.
- Fire and marine insurance protect businesses** dealing with high-risk assets.
- Commercial insurance secures businesses** from financial losses, cyber risks, and employee liabilities.

Each insurance product serves a **different purpose**, and individuals or businesses must choose based on their specific needs.

Step 5: Case Study – Choosing the Right General Insurance Policy

Scenario:

Priya, a **35-year-old working professional**, owns a house and a car. She **travels frequently for work** and has elderly parents who need medical care. She is also **starting a small business**.

◆ **Priya's Needs:**

- ✓ **Health Insurance** – To cover her parents' medical needs.
- ✓ **Motor Insurance** – To protect her car from **accidents and theft**.
- ✓ **Home Insurance** – To secure her **property from fire, burglary, and floods**.
- ✓ **Travel Insurance** – To ensure **safety during frequent work trips**.
- ✓ **Commercial Insurance** – To cover her **new business**.

✓ **Best Solution:**

Priya should opt for a **comprehensive health insurance plan, a motor insurance policy with add-ons, home insurance, annual travel insurance, and business insurance** for her startup.

Step 6: Exercise – Test Your Understanding

- ◆ **Which type of general insurance is legally mandatory in most countries?**
 - ◆ **Why is commercial insurance important for businesses?**
 - ◆ **How does travel insurance benefit frequent travelers?**
 - ◆ **What are the major exclusions of fire insurance?**
-

Step 7: Conclusion

- ◆ **General insurance provides financial protection against various risks, including health, vehicle accidents, property damage, and business losses.**

- ◆ Different insurance products cater to **specific needs**, ensuring security in **personal life and business operations**.
- ◆ Choosing the **right type of general insurance** depends on **individual lifestyle, assets, and financial goals**.

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ASSIGNMENT:

WRITE A STEP-BY-STEP GUIDE ON HOW TO FILE A MOTOR INSURANCE CLAIM

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SOLUTION: STEP-BY-STEP GUIDE ON HOW TO FILE A MOTOR INSURANCE CLAIM

Filing a **motor insurance claim** is essential when your vehicle gets damaged due to an accident, theft, or natural disaster. To ensure a smooth claim process and avoid rejections, follow this structured **step-by-step guide**.

Step 1: Check Policy Coverage Before Filing a Claim

- ◆ **Review your insurance policy** to check whether the damage is covered under your plan.
- ◆ **Types of Motor Insurance Claims:**
- ✓ **Third-Party Insurance Claim** – When your vehicle is involved in an accident that causes injury or damage to another person or property.
- ✓ **Own-Damage Insurance Claim** – When your vehicle sustains damage due to an accident, fire, vandalism, or natural disasters.
- ✓ **Theft Claim** – If your car or bike is stolen, a claim is required for compensation.
- 📌 **Example:** If your car is damaged in a flood, first confirm that your policy includes **natural disaster coverage** before filing a claim.

Step 2: Inform Your Insurance Provider Immediately

- ◆ Contact your **insurance company's customer service** via phone, email, or their mobile app.
- ◆ Provide **essential details** such as:
 - ✓ Policy number
 - ✓ Vehicle registration number

- ✓ Date, time, and location of the incident
- ✓ Description of the accident/damage
 - ◆ Most insurers have a **time limit (24–48 hours)** for reporting claims, so act quickly.

 **Example:** If you are involved in an accident, calling your insurer immediately ensures a quicker claim settlement.

Step 3: File a First Information Report (FIR) if Required

- ◆ **An FIR is mandatory for the following situations:**
 - ✓ Theft of the vehicle
 - ✓ Road accidents causing third-party injury/death
 - ✓ Cases involving vandalism, riots, or malicious damage
- ◆ Visit the nearest **police station** and register an FIR with the following details:
 - ✓ Description of the incident
 - ✓ Names and contact details of the parties involved
 - ✓ Vehicle details (make, model, registration number)

 **Example:** If your car is stolen, a **police report (FIR)** is mandatory to proceed with the insurance claim.

Step 4: Gather Required Documents

Before submitting your claim, collect the necessary documents to ensure smooth processing:

- ◆ **Mandatory Documents for Motor Insurance Claims:**
 - Copy of the **insurance policy**
 - Claim form** (available on the insurer's website or office)

- FIR copy (if required)**
- RC (Registration Certificate) of the vehicle**
- Driver's license copy**
- Repair bills (for reimbursement claims)
- Photographs of the accident/damage

❖ **Example:** If your bike gets into an accident, taking photos of the damage helps strengthen your claim.

Step 5: Get Vehicle Damage Assessed

- ◆ After filing a claim, your insurer will **assign a surveyor** to inspect the vehicle and estimate repair costs.
- ◆ The surveyor may visit the **accident location or repair garage** to assess the extent of damage.
- ◆ Based on the surveyor's report, the insurer **approves or rejects the claim**.

❖ **Example:** If your car's bumper and windshield are damaged, the surveyor will **examine the damage and validate your repair estimates**.

Step 6: Choose Between Cashless or Reimbursement Claim

- ◆ **Cashless Claim Process:**
 - ✓ If your vehicle is repaired at an **insurer's network garage**, you don't have to pay upfront.
 - ✓ The insurer directly settles the repair bill with the garage.
- ◆ **Reimbursement Claim Process:**
 - ✓ If repairs are done at a **non-network garage**, you must **pay the repair bill first**.

- ✓ Submit the **original invoices and receipts** to your insurer for reimbursement.

📌 **Example:** If you repair your car at an **authorized service center**, you get a **cashless claim benefit** where the insurer directly pays the garage.

Step 7: Receive Claim Settlement

- ◆ If your claim is approved, the insurer will:
- ✓ **Pay the network garage directly** (for cashless claims).
- ✓ **Reimburse you** after verifying receipts and invoices (for reimbursement claims).
- ✓ Settle third-party claims **as per court decisions** in case of third-party liability.

📌 **Example:** After repairs, your insurer **deducts the deductible amount** and settles the remaining cost with the garage.

Step 8: Follow Up & Track Claim Status

- ◆ You can track the status of your claim through:
- ✓ **Insurer's website or mobile app**
- ✓ Customer care support
- ✓ Visiting the insurance branch office

📌 **Example:** If your claim approval takes longer than expected, contacting customer support helps resolve delays.

Step 9: Understand Claim Rejections & How to Avoid Them

Insurance claims may get **rejected** due to the following reasons:

- 🚫 **Delaying the claim filing** beyond the stipulated time.
 - 🚫 **Driving under the influence of alcohol/drugs** at the time of the accident.
 - 🚫 **Using a private vehicle for commercial purposes.**
 - 🚫 **Providing false or incomplete information** during the claim process.
 - 🚫 **Not renewing the insurance policy on time.**
- ➡ **Example:** If your policy expired before the accident, your claim request will be **automatically rejected**.

Case Study: Filing a Successful Motor Insurance Claim

Scenario:

Rohan owns a sedan and has a **comprehensive motor insurance policy**. One night, while driving home, another car **crashes into his vehicle at a traffic signal**, damaging his bumper and headlights.

Steps Rohan Followed for a Smooth Claim Process:

- 1 **Reported the incident** to his insurer within **24 hours**.
- 2 **Filed an FIR** at the nearest police station (since a third party was involved).
- 3 **Submitted documents** including insurance policy, RC, FIR, and photos of the damage.
- 4 **The insurance company sent a surveyor** to inspect the vehicle at an authorized network garage.
- 5 **Opted for a cashless claim** where the insurer directly paid the garage for repairs.
- 6 **Paid the deductible amount** and received his repaired car.

❖ **Outcome:**

Rohan's claim was processed within 5 days without any issues because he followed all necessary steps.

Exercise: Test Your Understanding

- ◆ **What are the three types of motor insurance claims?**
 - ◆ **List the important documents needed to file a motor insurance claim.**
 - ◆ **What is the difference between a cashless and reimbursement claim?**
 - ◆ **Mention three reasons why an insurance claim may be rejected.**
-

Conclusion

Filing a **motor insurance claim** is a **structured process** that requires quick action, proper documentation, and following insurer guidelines.

- ◆ **Timely reporting** of accidents ensures faster claim processing.
- ◆ Choosing between **cashless and reimbursement claims** depends on where repairs are done.
- ◆ **Avoiding policy violations** prevents claim rejections.

By following this step-by-step guide, vehicle owners can successfully file claims and receive compensation efficiently.

