



GENERAL INSURANCE SPECIAL



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From the
Editor's Desk

Life holds many uncertainties, some of which can result in substantial financial losses. Although there is no way to prevent loss in all instances, instruments such as insurance provide a financial safety net to an individual, their family or business entities.

Insurance, therefore is a financial matter of paramount importance for every individual and business entity. The cost of this cover is so low that it should have been a no brainer to buy these products. Despite such incredible benefits, Insurance is a much-maligned subject because it is a poorly understood product and unfortunately the sales agents take undue advantage of this ignorance.

Insurance are long term products, so the other issue that raises doubts in the mind is what happens if the insurance company goes bankrupt. In India the Insurance companies are governed by Insurance Regulatory Development Authority (IRDA). Besides enacting laws for the Insurance sector, IRDA also lays down very strict financial norms for Insurance Companies. As per current regulations, at any given time an Insurance company has to maintain a reserve of 1.5 times the outstanding dues. This will ensure that whatever may happen, claims will be settled.

The aim of this edition is to simply spread awareness of various insurance products without getting in to the technicalities and enable readers to select the right policy that would meet their requirements. For details please contact your financial advisor.

Best,
Team Meri Punji



Punji (noun/Hindi) - Capital meaning, wealth in the form of money or other assets owned by a person or organization or available for a purpose such as starting a company or investing.

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General Insurance in India:

Evolution, Growth and the Road Ahead

India's general insurance sector has undergone a remarkable transformation—evolving from a tightly controlled public monopoly into one of the most competitive and rapidly expanding insurance markets in Asia. Today, general insurance plays a critical role in safeguarding individuals, businesses, and the economy against a wide range of risks, including health, motor, property, liability, marine, and catastrophe-related exposures.

Historical Evolution of General Insurance

The origins of general insurance in India date back to the early 20th century, when private Indian and foreign insurers offered basic fire, marine, and motor insurance products. The absence of a comprehensive regulatory framework during this period resulted in uneven market practices and limited policyholder protection.

A watershed moment came in 1972, when the Government of India nationalised the general insurance industry through the General Insurance Business (Nationalisation) Act, 1972. The establishment of the General Insurance Corporation of India (GIC) and its four subsidiaries—New India Assurance, United India Insurance, Oriental Insurance, and National Insurance—brought stability, uniformity, and wider geographical reach. However, innovation and competition remained constrained during this phase.

The sector witnessed a structural shift with the enactment of the IRDA Act, 1999, which opened the market to private players and foreign joint ventures from the year 2000 onwards. Liberalisation introduced competition, global best practices, improved underwriting standards, and customer-centric product offerings, fundamentally reshaping the industry.

Market Growth and Expansion

Over the past two decades, India's general insurance market has demonstrated strong and consistent growth. The number of non-life insurance policies issued more than doubled from 116.7 million in FY15 to over 300 million by FY23, reflecting a compound annual growth rate of approximately 13%. This expansion has been driven by rising income levels, increased asset ownership, regulatory mandates such as compulsory motor insurance, and growing awareness of health and financial risks.

The market today consists of 34 non-life insurers, including general insurers, standalone health insurers, and specialised insurers. Industry premiums have crossed the ₹3 lakh crore mark in recent years, underlining the sector's increasing relevance within the broader financial services ecosystem.

Public vs Private Sector Dynamics

One of the defining features of India's general insurance landscape is the coexistence of strong public sector insurers alongside agile private players. Public sector insurers continue to play a vital role, particularly in social and government-backed insurance schemes, while private insurers have gained significant market share through innovation, digital distribution, and efficient claims management.

Private sector participation has steadily increased since liberalisation, supported by foreign capital, advanced risk modelling, and customer-focused service models. The emergence of standalone health insurers has further strengthened the sector, particularly as healthcare costs rise and demand for comprehensive health coverage grows.



I N S U R A N C E

Key Segments Driving Growth

Among various product lines, motor and health insurance remain the largest contributors to premium growth. Motor insurance benefits from regulatory mandates and rising vehicle penetration, while health insurance has seen accelerated adoption post-pandemic due to heightened risk awareness.

Other segments such as property, engineering, marine, cyber, and liability insurance are gaining prominence as India's economy expands, infrastructure investments increase, and businesses become more risk-aware. Government initiatives, including crop insurance schemes and disaster risk coverage, have also contributed to broader insurance penetration.

Digital Transformation and Regulatory Reforms

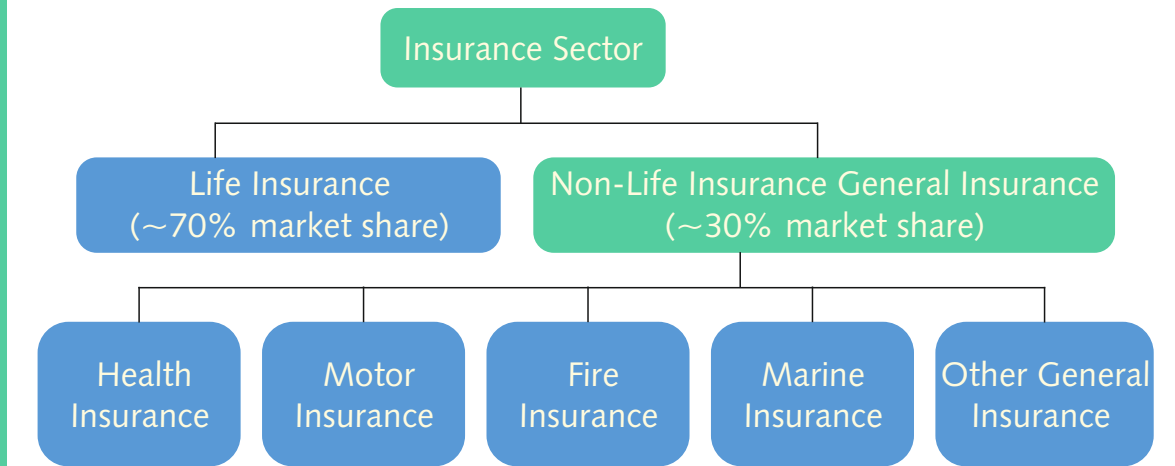
Technology has emerged as a powerful catalyst in reshaping the general insurance industry. Digital onboarding, paperless policies, app-based claims processing, and data-driven underwriting have improved operational efficiency and customer experience. Insurtech partnerships and the use of analytics, artificial intelligence, and automation are redefining how insurers assess risk and engage with policyholders.

Regulatory oversight by the Insurance Regulatory and Development Authority of India (IRDAI) has evolved in parallel, focusing on consumer protection, solvency norms, product simplification, and ease of doing business. Recent regulatory initiatives have encouraged innovation while strengthening governance and transparency across the sector.

What is

GENERAL INSURANCE

General Insurance is related to all other aspects of human life apart from the life aspect and it includes health insurance, motor insurance, fire insurance, marine insurance and other types of insurance such as cattle insurance, sport insurance, crop insurance, etc.



General Insurance – How General Insurance works?

General insurance operates on the principle of risk pooling. Policyholders pay a premium, which is pooled by the insurer. When a covered loss occurs, the insurer compensates the policyholder as per the terms of the policy, helping them recover financially. The policy does not provide any payout on maturity; it only pays out when a covered event occurs within the policy period.



What is

Importance of General Insurance

GENERAL INSURANCE

Risk Management

- It helps manage risks arising from unforeseen events like accidents, natural disasters, theft, or fire.
- Reduces the financial burden of these events on individuals and organizations.

Financial Security

- Offers compensation for covered losses, allowing policyholders to recover financially without depleting their savings.
- For businesses, it helps maintain operations and prevent bankruptcy due to large-scale damage.

Legal Compliance

- In many countries, certain types of general insurance (e.g., motor insurance) are legally mandatory.
- Ensures individuals and businesses meet legal and regulatory requirements.

Business Continuity

- Helps businesses resume operations quickly after disruptions like fires or liability claims.
- Protects assets like property, machinery, inventory, and equipment.

Liability Coverage

- Provides coverage against third-party legal claims for injury, damage, or negligence (e.g., public liability, professional indemnity).

Peace of Mind

- Reduces stress by transferring the financial risk to the insurance provider. Encourages a more stable and confident financial outlook.

What is

Key Benefits of General Insurance

GENERAL INSURANCE

Benefit	Description
Asset Protection	Covers homes, vehicles, and business assets from damage or loss
Financial Security	Provides compensation for unforeseen losses
Peace of Mind	Reduces anxiety by offering a safety net
Legal Compliance	Mandatory for certain assets (e.g., vehicles) and business operations
Health Coverage	Covers medical expenses and hospitalization
Business Protection	Safeguards businesses from liability, property damage, and interruptions
Risk Mitigation	Prevents depletion of savings in emergencies

A GUIDE TO GENERAL INSURANCE

Safeguarding Life, Health, and Assets in India



In an increasingly uncertain world, general insurance serves as a critical financial safety net, protecting individuals and businesses from unexpected losses. From vehicles and health to property and travel, insurance policies offer peace of mind and economic stability. This guide provides an overview of the most common types of general insurance available in India, their key features, and their relevance in today's context.

PROPERTY INSURANCE

Shielding Homes and Businesses

Property insurance protects physical assets—residential, commercial, or industrial—against risks such as fire, theft, natural disasters, and structural damage.

Common Policy Types

- **Home Insurance:** Covers the structure and contents of a home against fire, burglary, floods, earthquakes, and more.
- **Fire Insurance:** Specifically covers losses due to fire and allied perils like explosions, lightning, and riots.
- **Burglary Insurance:** Protects against theft and burglary.
- **Package Policies:** Comprehensive plans that combine multiple covers for homeowners, shopkeepers, and small businesses.

Relevance in India

Given India's susceptibility to natural calamities such as floods and earthquakes, property insurance is a wise investment. It is often required by financial institutions for mortgaged properties and provides crucial support in rebuilding after a loss.

Introduction

Property insurance refers to a series of policies that offer property protection, including structural damage, theft of personal belongings, and liability coverage. Property insurance can include homeowners' insurance, renters' insurance, flood insurance, and earthquake insurance.

Benefits of Property Insurance

- Property insurance refers to a series of policies that offer property protection, including structural damage, theft of personal belongings, and liability coverage.
- Property insurance can include homeowners insurance, renters insurance, flood insurance, and earthquake insurance.
- The three types of property insurance coverage are replacement cost, actual cash value, and extended replacement costs.
- Lenders typically require you to purchase property insurance to obtain and keep a mortgage.

Different types of Property Insurance Policies

Bharat Griha Raksha, Bharat Sookshma Udyam Suraksha, Bharat Laghu Udyam Suraksha and Standard Fire & Special Perils Policy provides cover for properties against fire and allied perils such as flood, riots, lightening, impact damage etc.

Further, loss or damage to assets due to burglary and theft can be covered under a Burglary & House Breaking Insurance Policy. Valuables can be covered under All Risks Policies and there are package policies for house owners and shopkeepers.

MOTOR Insurance



Motor insurance not only fulfills a legal requirement but also safeguards against significant financial loss. In the event of an accident, it covers repair costs, medical expenses, and legal liabilities, ensuring that the policyholder is not burdened with unexpected out-of-pocket expenses.

Third-Party Insurance

Legally required under the Motor Vehicles Act, 1988, this policy covers injury, death, or property damage caused to a third party by the insured vehicle. It does not cover damages to the policyholder's own vehicle.

Comprehensive Insurance

This broader policy includes third-party coverage as well as protection for the insured vehicle against accidents, theft, fire, vandalism, and natural disasters. Add-ons such as zero depreciation, engine protection, and roadside assistance can be included for enhanced coverage.

Why It Matters

This broader policy includes third-party coverage as well as protection for the insured vehicle against accidents, theft, fire, vandalism, and natural disasters. Add-ons such as zero depreciation, engine protection, and roadside assistance can be included for enhanced coverage.



Introduction

Motor Insurance is a type of insurance policy which covers your vehicles from potential risks financially. This insurance is for two/three and four wheelers. This kind of insurance covers the damages to your vehicle and offers protection against legal liabilities arising from injuries or damages caused to third parties.

A compensation paid in case the vehicle is damaged due to an accident, riots, etc.

Types of Motor Insurance

Third-party Motor Insurance

This type of motor insurance provides coverage against the liabilities that may arise due to damage suffered by the third party all because of the insured vehicle. In simple words, it provides compensation to a third party because of an injury/demised caused incurred by the vehicle. To ply on Indian roads, third-party insurance is mandatory.

Comprehensive Motor Insurance Policy

A comprehensive motor insurance policy includes the benefit of own damage cover and third-party insurance. It offers 360-degree protection to the motor vehicle. Avail the motor insurance coverage against a host of risks like theft, fire, mishap, and so forth. It is recommended to buy a motor insurance plan for end-to-end protection.

Motor Insurance is Important

Whether you have a two wheeler insurance or car insurance policy you are protected financially against vehicle damage or bodily injury.

Financial Security: A motor insurance policy will never leave you in financial distress. It provides optimum protection and will act as a financial cushion in the hours of crisis.

Law Mandate: As per the Motor Vehicles Act, having third-party insurance is mandatory and should not be overlooked. In case anyone is found to be driving the vehicle without this insurance should be ready for remedial legal actions.

Third-party Liability: It takes care of any third-party liabilities that might incur due to any damage suffered because of your vehicle. The insurer will pay for the treatment incurred by the third party. Third-party liability insurance shields you from any legal litigations.

Cover in case of Demise: Death is one of the scariest outcomes after a mishap or accident. Things become more though the primary breadwinner of the family loses his life in an accident. It put such a family or immediate dependents in financial worries. So, the pay-out option within a motor insurance plan can enable the family to be financially independent taking care of the day-to-day expenses. Check the terms and conditions of the insurance policy as it may vary from insurer to insurer.

HEALTH Insurance

**Ensuring
Access
to Quality
Healthcare**

With rising medical costs, health insurance has become indispensable for individuals and families. It covers expenses related to hospitalization, surgeries, diagnostics, and sometimes outpatient treatments.

Key Features

- **Hospitalization Coverage:** Includes room charges, ICU expenses, surgeon fees, and medicine costs.
- **Pre- and Post-Hospitalization:** Covers expenses incurred before and after hospitalization for a specified period.
- **Daycare Procedures:** Treatments that require less than 24 hours of hospitalization are also covered.
- **Critical Illness Riders:** Optional add-ons provide a lump-sum payout upon diagnosis of specified critical illnesses.
- **Tax Benefits:** Premiums paid are eligible for deduction under Section 80D of the Income Tax Act.

The Growing Need

The COVID-19 pandemic underscored the importance of health insurance, with many realizing the financial strain of unexpected medical emergencies. A robust health policy ensures access to quality healthcare without compromising savings.

Introduction

Health insurance offers financial protection against medical costs, ensuring you can receive quality treatment without facing severe financial strain. It covers a wide range of expenses, including hospitalization, surgeries, doctor's fees, and even pre- and post-hospitalization costs. Many plans also offer add-on coverage for critical illnesses and annual health check-up.

Benefits of Health Insurance

- Hospitalisation Benefits
- Protection from Growing Medical Expenses
- Low-Cost Premium for Young People
- Maternity Benefits
- Critical Disease Specific Plans
- Hospital Daily Cash Benefits
- Covers Ambulance Fees
- Tax Benefits Under Section 80D
- Covers Before and After Hospitalization Expenses

(For more information you may issue the volume – 8 by Punji Times)



Travel insurance offers protection against unforeseen events during domestic or international trips, including medical emergencies, trip cancellations, lost baggage, and flight delays.

What It Typically Covers

- 1 **Medical Emergencies:** Hospitalization, evacuation, and treatment abroad.
- 2 **Trip Interruption:** Reimbursement for non-refundable expenses due to cancellations or curtailment.
- 3 **Baggage Loss:** Compensation for lost, stolen, or delayed luggage.
- 4 **Personal Liability:** Coverage for legal liabilities arising during travel.

Why Travellers Need It

Travel insurance is especially valuable for international travel, where medical costs can be exorbitant. It also provides assistance services such as emergency cash transfers, legal aid, and travel document replacement.

Introduction



Travel insurance is a financial safety net that provides protection against unexpected events and losses that can occur while traveling. It covers a range of risks, including medical emergencies, trip cancellations, lost baggage, and other disruptions that can impact a trip's financial and personal well-being.

Benefits of Travel Insurance

- Travel insurance can be purchased online, from your tour operator, or from other sources.
- The main categories of travel insurance include trip cancellation or interruption coverage, baggage and personal effects coverage, rental property and rental car coverage, medical coverage, and accidental death coverage.
- Coverage often includes 24/7 emergency services, such as replacing lost passports, cash wire assistance, and rebooking cancelled flights.
- It's important to understand what's covered and what's not, and any limitations on coverage amounts and coverage requirements.

Coverage of Travel Insurance

Injury or sickness

Travel insurance supplements your regular health insurance by covering medical expenses abroad, where your normal plan—especially Medicare—may offer limited or no coverage. It helps protect you if you get sick or injured before or during your trip.

Lost luggage

Travel insurance can help cover expenses stemming from lost or stolen luggage. This is especially useful if an airline loses your bags, as it can be very difficult to get them to pay for lost luggage.

Last-minute cancellations

Travel insurance can reimburse you for trip cancellations when resorts or cruise lines offer little to no refund. Most providers charge fees or give only partial credit, especially for cancellations within two weeks—insurance helps protect your investment in such cases.

Coverage beyond your credit card

Some credit cards offer limited trip cancellation or interruption coverage, often with strict limits and exclusions. However, they typically don't cover major expenses like medical emergencies or evacuations—key areas where travel insurance provides essential protection.



CYBER Insurance

Cyber insurance protects businesses and individuals from financial losses due to cyber incidents such as data breaches, ransomware attacks, and network damage.

Coverage in India May Include:

- Data breach response and notification costs
- Legal and forensic expenses
- Business interruption losses
- Cyber extortion and ransomware payments
- PR and reputation management

Growing Relevance: With the rise in digital transactions and IT Act compliance, cyber insurance is gaining importance among Indian businesses.

Introduction

Cyber insurance protects businesses and individuals from financial losses resulting from cyber threats, like data breaches and cyberattacks. It covers costs associated with incident response, legal fees, data recovery, and other expenses incurred due to cyber incidents.



Types of Cyber Insurance

- **Privacy Liability Coverage:** Privacy liability coverage is essential for organizations handling sensitive employee and customer information. It helps protect the organization in the event of a data breach that exposes private data and exposes the organization to liability.
- **Network Security:** Network security coverage protects an organization during network security failures, such as data breaches, cyber extortion demands, malware infections, business email compromise events, and ransomware.
- **Network Business Interruption:** Network business interruption coverage helps organizations facing an operational cyber risk. It includes loss arising from system failures, such as human error or a failed software patch, and security failures, like a third-party hack.
- **Errors and Omissions Coverage:** Errors and omissions (E&O) coverage can protect organizations from cyber events that hinder the delivery of services to customers and prevent fulfilling contractual obligations. It includes claims about errors or performance failures in services, like software and consulting services, and traditional professional services by doctors, lawyers, or engineers.
- **Media Liability Coverage:** This coverage protects organizations from intellectual property infringement, excluding patent infringement. It usually applies to printed and online advertising, including an organization's social media posts.



Benefits of Cyber Insurance

- **Financial Protection:** Covers losses from cyberattacks, data breaches, and ransomware.
- **Data Recovery & IT Support:** Pays for restoring lost or compromised data and systems.
- **Legal & Regulatory Coverage:** Covers legal fees, compliance penalties, and regulatory fines.
- **Business Interruption:** Compensates for lost income during downtime caused by cyber incidents.
- **Customer Notification & PR:** Covers the cost of informing affected parties and managing reputational damage.



PET INSURANCE

Caring for Furry Family Members

Pet insurance covers veterinary expenses for pets in case of accidents, illnesses, or surgeries, ensuring they receive timely medical care without financial strain.

What It Includes

- **Accident and Illness Coverage:** Treatment costs for injuries and diseases.
- **Hospitalization and Surgery:** In-patient care and surgical procedures.
- **Third-Party Liability:** Some policies cover damages caused by the pet to others.
- **Preventive Care Add-ons:** Optional coverage for vaccinations, annual check-ups, and dental care.

Growing Popularity: As pets become integral members of Indian households, pet insurance is gaining traction, offering pet owners financial reassurance and access to quality veterinary care.

Introduction

Pet insurance is an insurance policy bought by a pet owner which helps to lessen the overall costs of expensive veterinary bills. This coverage is similar to health insurance policies for humans. Pet insurance will cover, either entirely or in part, the often-expensive veterinary procedures. Evaluating and comparing pet insurance plans is necessary in order to find the right plan for you.

Key Aspects of Pet Insurance

- **Coverage:** Pet insurance typically covers accidents, illnesses, and sometimes routine care, depending on the specific plan and provider.
- **Financial Support:** It helps offset the costs of veterinary bills, which can be significant, especially for unexpected emergencies.
- **Peace of Mind:** Knowing that your pet will receive the necessary care without excessive financial strain can provide peace of mind for pet owners.

Benefits

Pet insurance can offer benefits like:

- Coverage for accidents, illnesses, and surgeries.
- Help with hospitalization and medication costs.
- Coverage for diagnostic tests.
- Option to include OPD (Outpatient Department) expenses.
- Potential coverage for certain terminal diseases or long-term care

Providers in India

Several companies in India offer pet insurance, including:

- Bajaj Allianz Pet Dog Insurance Policy.
- Future Generali India Dog Health Insurance.
- The New India Assurance Dog Insurance Policy.
- The Oriental Insurance Dog Insurance.
- Digit Pet Insurance Policy.
- HDFC Ergo General Insurance.



MARINE INSURANCE

Marine insurance provides coverage for ships, cargo, and terminals during transit by sea, air, or land, protecting against losses due to perils of transport.

Marine insurance is a type of insurance that protects against financial losses resulting from damage or loss of ships, cargo, terminals, and other transport means during the transfer of goods from one point to another. It's essentially a safety net for businesses and individuals involved in shipping and transportation, covering various risks like collisions, storms, theft, and natural disasters.

Types of Policies

- **Hull Insurance:** Covers physical damage to the vessel and its machinery.
- **Cargo Insurance:** Protects goods against loss or damage during transportation.
- **Liability Insurance:** Covers legal liabilities arising from collisions, pollution, or injury to crew members.

Importance in Trade

As a major player in global trade, India relies heavily on marine insurance to safeguard commercial shipments and manage risks associated with international logistics.

Types of Marine Insurance

- **Hull Insurance:** Hull insurance is a type of Marine Insurance that covers physical damage to the ship, including its machinery and equipment. This policy typically covers risks such as collision, grounding, fire, and theft. Hull insurance is essential for ship owners as it helps them to recover the cost of repairs or replacement of the ship in case of any damage.
- **Cargo Insurance:** Cargo insurance is a type of Marine Insurance that covers the loss or damage of goods transported by sea. This policy covers risks such as theft, damage due to mishandling, and loss due to natural disasters. Cargo insurance is essential for cargo owners as it helps them to recover the cost of the lost or damaged goods.
- **Freight Insurance:** Freight insurance is a type of Marine Insurance that covers the loss of freight revenue due to the loss or damage of goods during transportation. This policy covers risks such as delay, loss, or damage of goods. Freight insurance is essential for freight forwarders and shipping companies as it helps them to recover the revenue lost due to the loss or damage of goods.
- **Liability Insurance:** Liability insurance is a type of Marine Insurance that covers the legal liability of ship owners and other parties involved in maritime trade. This policy covers risks such as collision, pollution, and injury or death of crew members. Liability insurance is essential for ship owners and other parties involved in maritime trade as it helps them to cover the legal costs and compensation in case of any liability.

KEYMAN Insurance

Protecting Business Interests

Keyman insurance is a policy taken by a company on the life of a key employee whose absence would significantly impact business operations. It provides financial compensation in case of the employee's death, disability, or critical illness.

Applications

- **Business Continuity:** Funds to manage operations during transition.
- **Loan Security:** Can serve as collateral for business loans.
- **Partner Protection:** Facilitates buy-sell agreements in partnerships.
- **Tax Planning:** Premiums may be treated as business expenses under applicable tax laws.

Strategic Value

This insurance is particularly relevant for SMEs and startups, where the contribution of key individuals is crucial to stability and growth.

Introduction

Keyman or key employee insurance is a specialized insurance policy designed to financially protect the business in the event of the death, disability, or critical illness of such a key person. A person highly important or essential to the functioning of an organization.



Advanced Keyman Insurance Applications

Beyond basic life and disability coverage, keyman insurance can be tailored for specific business needs:

- **Business Continuation Planning:** Ensures the company has funds to maintain operations, cover expenses, and manage transitions after the loss of a key individual.
- **Loan Protection:** Some lenders require keyman insurance as collateral for business loans. In the event of the key person's death, the policy's proceeds can be used to repay outstanding debts.
- **Shareholder or Partnership Protection:** Provides funds to buy out the deceased or disabled partner's share, ensuring smooth ownership transitions.
- **Executive Benefits:** Offers additional perks to key employees, such as supplemental retirement benefits, enhancing retention and satisfaction.

Benefits of Keyman Insurance

- **Business Continuity:** Prevents disruption in operations.
- **Investor Assurance:** Shows risk management, which appeals to lenders and investors.
- **Employee Security:** Reassures staff and clients the business can continue functioning.

Tax Implications

- Premiums may or may not be tax-deductible depending on the country and how the policy is structured.
- Payouts are generally tax-free, but this can vary.

PERSONAL ACCIDENT Insurance

Covering Life's Uncertainties

Personal accident insurance offers financial support in the event of accidental death, disability, or injury. It complements health and life insurance by focusing specifically on accident-related risks.

Coverage Highlights

- **Accidental Death:** Lump-sum payout to beneficiaries.
- **Permanent Disability:** Compensation for total or partial disability.
- **Temporary Disability:** Income support during recovery.
- **Medical Expenses:** Reimbursement for treatment costs due to accidents.

Why Consider It

Accidents can happen anytime, anywhere. This affordable insurance ensures that individuals and their families are financially protected against such unforeseen events.

Introduction

Personal accident insurance is a policy that offers financial protection against the consequences of accidents, including accidental death, injuries, and disabilities. It provides compensation to the insured or their beneficiaries in the event of accidental death or to help cover medical expenses and potential income loss due to injury or disability.

Key Features of Personal Accident Insurance

Coverage Includes:

- Accidental death
- Permanent total or partial disability
- Temporary disability (loss of income during recovery)
- Medical expenses related to the accident (in some policies)

Benefits

- **Financial Support:** Offers a lump-sum payout to you or your family after an accident.
- **Income Replacement:** Some plans cover loss of earnings during recovery.
- **Worldwide Coverage:** Many policies cover you globally, 24/7.
- **Affordable Premiums:** Typically lower than comprehensive life or health insurance.

CONCLUSION

The Role of Insurance in FINANCIAL PLANNING

General insurance is no longer a luxury but a necessity in modern financial planning. It acts as a shield against unforeseen events, ensuring that individuals and businesses can recover without debilitating financial loss. By understanding and choosing the right insurance products, one can build a secure foundation for the future, turning uncertainty into manageable risk.

Whether it's protecting a vehicle, health, home, or business, the right insurance policy offers not just compensation, but also confidence and resilience in the face of life's uncertainties.



TYPES OF BUSINESS INSURANCE

Business insurance, also known as commercial insurance, is a type of coverage that protects businesses from various financial risks that can arise during normal operations. It safeguards a company's assets, operations, and financial well-being against potential losses from events like property damage, legal claims, or employee-related incidents.



Liability insurance protects individuals and businesses from financial losses due to claims or lawsuits filed against them by third parties. It covers damages, injuries, and legal fees related to those claims, essentially providing a safety net against potential financial responsibility.

Key aspects of liability insurance

- **Protection against lawsuits:** It safeguards against financial losses if someone sues the insured for negligence or wrongdoing.
- **Coverage for third-party claims:** It pays for the losses of the injured party, not the insured.
- **Examples of coverage:** It can cover bodily injury, property damage, and legal defense costs.
- **Exclusions:** It typically doesn't cover intentional acts, contractual liabilities, or damage caused by the insured's own negligence.
- **Importance:** Liability insurance is crucial for businesses and individuals who could face potential claims for damages or injuries.

Types of Liability Insurance

- **General Liability Insurance:** Covers claims related to bodily injury and property damage on business premises or during business operations.
- **Auto Liability Insurance:** Covers injuries or damages caused in a car accident.
- **Professional Liability Insurance:** Protects professionals (e.g., doctors, lawyers) from claims related to errors or omissions in their work.
- **Product Liability Insurance:** Covers claims related to defective products.
- **Public Liability Insurance:** Covers claims made against a business for injury or damage.

Directors and Officers Insurance

Directors and Officers (D&O) insurance is a liability insurance that protects company directors and officers from personal financial losses arising from lawsuits related to their actions while in their managerial capacity. It covers legal defense costs, judgments, and settlements if they are sued for alleged wrongful acts, such as breaches of duty or misleading statements.



Coverage of Directors and Officers Insurance

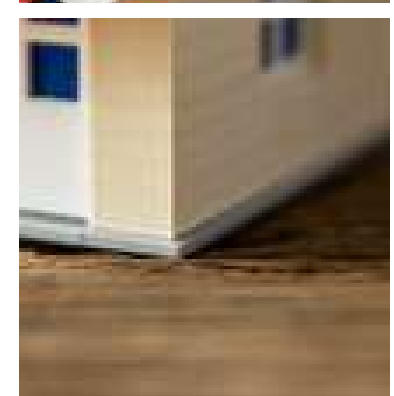
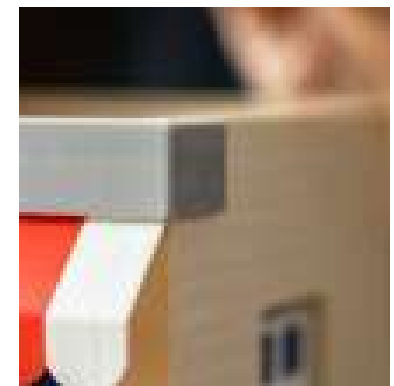
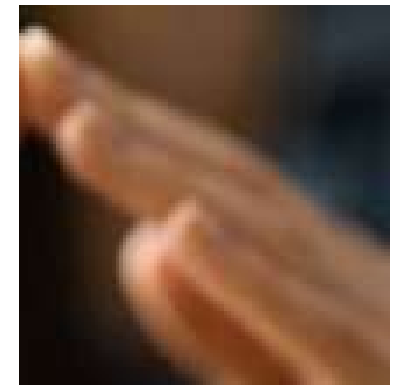
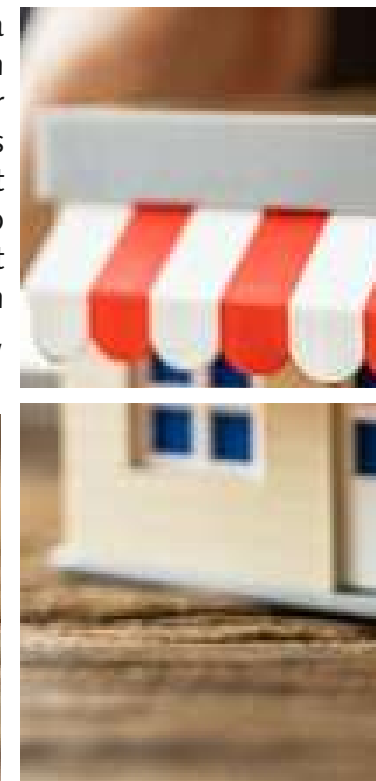
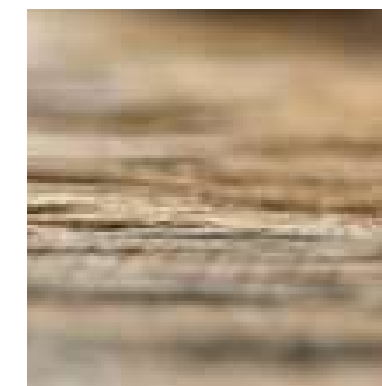
- **Legal defense costs:** It covers the expenses of defending against lawsuits, including attorney fees, court costs, and expert witness fees.
- **Settlements and judgments:** It pays for any financial settlements or judgments reached in lawsuits against directors, officers, or employees.
- **Wrongful acts:** It protects against claims related to a breach of fiduciary duty, misstatements, omissions, or other wrongful actions while in their managerial capacity.
- **Personal assets:** D&O insurance protects the personal assets of the insured from being seized to cover the financial obligations arising from lawsuits.

Need for the D&O

- **Companies of all sizes:** Both public and private companies, non-profit organizations, and even educational institutions can benefit from D&O insurance.
- **Directors and officers:** The insurance is specifically designed to protect directors and officers who are at risk of being sued for their decisions and actions.
- **Employees:** In some cases, D&O insurance may also provide coverage for employees who may be sued in connection with their work.

Shop Owner Insurance

A shop insurance policy is a type of insurance plan designed for shop or business owners. Under this plan, shop owners will get coverage for the shop property and content against various mishaps such as natural calamities, accidental fire and more.



Key Coverage Areas

- **Property Protection** – Covers damage to the shop premises, furniture, stock, and equipment due to fire, theft, natural disasters, etc.
- **Burglary & Theft** – Reimburses for stolen goods, money, or property damage due to break-ins.
- **Public Liability** – Covers legal costs if a customer is injured or their property is damaged on your premises.
- **Business Interruption** – Compensates for lost income during downtime caused by covered events (like fire or flood).
- **Employee Coverage** – Includes personal accident or liability protection for staff.

Benefits

- Financial security against common business risks
- Customizable based on shop size, type, and location.
- Ensures business continuity and peace of mind.

FIRE Insurance

Fire insurance is a type of property insurance that provides financial protection against losses or damages caused by fire. It covers various assets, including buildings, equipment, inventory, and personal property. In the event of a fire, the insurance company compensates the policyholder for their losses, up to the policy limits.

Main types of Fire Insurance

- **Valued Policy** – Covers a fixed sum agreed upon in advance, regardless of actual loss.
- **Specific Policy** – Covers a specific amount for a particular asset; claims can't exceed that limit.
- **Floating Policy** – Covers multiple properties or assets at different locations under one sum insured.
- **Comprehensive Policy** – Includes fire damage plus additional perils like burglary, natural disasters, or riots.
- **Consequential Loss Policy** – Covers loss of income or business interruption due to fire damage.

Key Features

- **Coverage** – Includes buildings, stock, machinery, furniture, and other assets damaged by fire.
- **Add-ons** – Can cover loss due to fire from riots, strikes, natural disasters, or electrical faults.
- **Business Continuity** – May include loss of income due to business interruption.

Benefits

- Helps in rebuilding or repairing damaged property.
- Reduces financial burden after a fire-related incident,
- Offers peace of mind for homeowners and business owners alike.

Market Overview

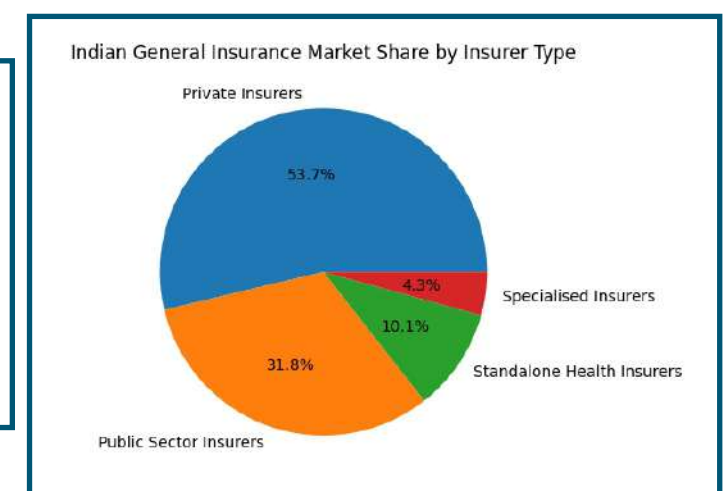
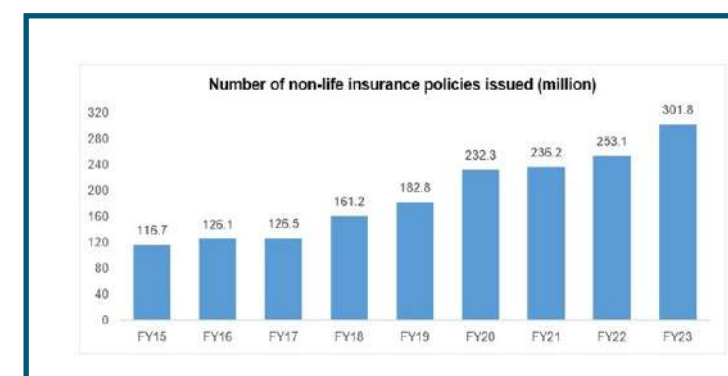
General Insurance in India

The Indian general insurance sector consists of non-life products including motor, health, property, marine, liability and crop insurance. The industry has witnessed robust growth over the past decade, fueled by rising consumer awareness, economic expansion and digital distribution channels. Over 300 million non-life policies were in force by FY23, more than doubling from FY15, representing a ~13% CAGR. Source-[India Brand Equity Foundation](#)

There are currently 34 non-life insurers operating in India, including general insurers, standalone health insurers (SAHIs), and specialized companies. Source- [India Brand Equity Foundation](#)

Private sector insurers have steadily expanded their market presence, while public sector insurers remain significant players. Major general insurance companies include New India Assurance, ICICI Lombard, Bajaj Allianz, United India Insurance, Oriental Insurance and HDFC Ergo. Source-[India Brand Equity Foundation](#) Standalone health insurers and specialized insurers also form an important part of the ecosystem, collectively contributing a notable share of the total insurer count. Source-[India Brand Equity Foundation](#)

Industry premiums have been growing, with gross direct premium crossing ~₹3 lakh crore in recent years, driven by strong motor and health insurance demand. Source-[ETBFSI.com](#)





When selecting a general insurance policy-whether for health, motor, property, or liability-several critical factors should guide your decision. These factors help ensure that the coverage meets your needs, is affordable, and provides reliable protection.

1. Coverage and Benefits

Scope of Coverage: Assess what risks and events are covered. For example, health insurance should cover hospitalization, pre- and post-hospitalization expenses, and critical illnesses. For motor insurance, check if it covers third-party liability, own damage, and additional perils.

Sub-limits and Exclusions: Review any sub-limits (maximum payouts for specific treatments or items) and exclusions (what is not covered) in the policy.

2. Premium Cost

Affordability: Compare premiums across insurers for similar coverage. Ensure the premium fits within your budget while providing adequate protection.

Value for Money: A lower premium may not always mean better value if coverage is limited. Balance cost with benefits.

3. Claim Settlement Process and Ratio

Claim Settlement Ratio (CSR): Choose insurers with a high CSR, indicating a higher likelihood of claim approval.

Ease of Claim Process: Evaluate how easy and quick it is to file and process claims, including required documentation and turnaround time.

4. Policy Terms and Conditions

Waiting Periods: Understand waiting periods, especially for pre-existing conditions in health insurance.

Renewal Terms: Check the renewal process, grace period, and implications of lapsed policies.

Exclusions and Limitations: Read all exclusions and limitations to avoid surprises during claims.

5. Additional Features and Riders

Add-ons: Look for optional riders or add-ons (e.g., critical illness cover, personal accident, no-claim bonus protection) that enhance coverage.

Customization: Some policies allow customization of coverage and premium payment terms.

6. Insurer Reputation and Customer Service

Reputation: Research the insurer's reputation for reliability and customer satisfaction.

Customer Support: Assess the quality and responsiveness of customer service, especially during claims.

7. Compliance and Regulatory Requirements

Legal Requirements: Ensure the policy meets statutory requirements (e.g., third-party motor insurance is mandatory).

Policy Documentation: Verify that all policy documents are complete, accurate, and delivered to you.

8. Personal and Financial Needs

Individual/Family Needs: Align the policy with your specific needs, such as family size, asset value, and risk exposure.

Financial Dependents: Consider how much coverage is needed to protect dependents in case of loss or liability.

Policy Requirements for General Insurance

General insurance policies, which cover non-life risks such as health, motor, property, and liability, have specific requirements that must be met by individuals or businesses seeking coverage. These requirements can be grouped into legal, eligibility, and documentation criteria:

1. Legal and Statutory Requirements

Compulsory Insurance: Some types of general insurance are legally mandated. For example, motor vehicle owners must have at least a liability-only policy to operate their vehicles on public roads, as per statutory requirements.

Similarly, businesses may be required by law to have workers' compensation or professional liability insurance, depending on their operations and jurisdiction.

Minimum Coverage: Regulations may specify minimum coverage amounts for compulsory policies, but policyholders can opt for higher coverage limits if desired.

Eligibility Criteria

Age and Health (for Health Insurance): Eligibility for health insurance typically depends on the applicant's age and health status. Adults can usually purchase policies from age 18 up to 65, while children can be covered from as young as 15 days old. Applicants may be asked to undergo medical examinations or disclose pre-existing conditions, especially if over 45 years old.

Business or Asset Ownership: For property or liability insurance, the applicant must have an insurable interest in the asset or business being covered.

Documentation Requirements

Proof of Identity: Documents such as Aadhar card, passport, voter ID, or driving license are required.

Proof of Age: This can be established through Aadhar card, PAN card, birth certificate, etc. **Proof of Address:** Acceptable documents include utility bills, ration card, rent agreement, or passport.

Other Documents: Passport-size photographs, medical reports (if applicable), and a duly filled and signed proposal form are commonly required.

Disclosure of Pre-existing Conditions

For health insurance, applicants must declare any pre-existing diseases or conditions. Coverage for these may be subject to waiting periods or permanent exclusions, as specified in the policy terms.

Policy Application

Policies can be purchased online, via telephone, or through agents. The process involves submitting the necessary documentation and, in some cases, undergoing medical checks or asset inspections.

Acceptance and Issuance of Policy

The processes of acceptance and issuance are critical stages in the lifecycle of any general insurance policy. Here's how they typically work:

1. Application and Offer

Application: The prospective policyholder submits a proposal form, providing details about the risk to be insured (e.g., property details, health status, vehicle information, etc.).

Offer: By submitting the form (sometimes with an initial premium), the applicant makes an offer to the insurer to enter into a contract.

2. Underwriting and Acceptance

Underwriting: The insurer evaluates the application, assessing risks based on the information provided, supporting documents, and sometimes through physical inspections or medical tests.

Acceptance: If the insurer agrees to the terms as proposed, or after negotiating adjustments (such as higher premiums or exclusions), the insurer formally accepts the offer. This can also involve issuing a counter-offer (e.g., higher premium or limited coverage) if the risk is elevated.

3. Issuance of Policy

Policy Issuance: Once the insurer accepts the proposal and the applicant pays the premium (if not already done), the insurer issues the policy document. This document is a legally binding contract outlining the terms, coverage, exclusions, and conditions of the insurance.

Policy Delivery: The policy is sent to the policyholder, either physically or electronically. The policyholder then has a free look period (usually 15 days) to review the policy and return it if not satisfied, without penalty except for administrative charges.



Q What is general insurance and what types of risks does it cover?

General insurance, also known as non-life insurance, covers a wide array of risks in various aspects of life, excluding the life aspect itself. It acts as a financial safety net against unexpected losses. These risks can include damage to property, vehicle accidents, medical expenses, losses incurred during travel, cyber threats, and even risks associated with pets or maritime activities.

Q Why is general insurance considered important?

General insurance is crucial for several reasons. Firstly, it provides financial protection by covering the costs associated with various risks, safeguarding individuals' and businesses' financial resources. Secondly, it offers peace of mind by reducing the worry and stress related to potential financial difficulties that could arise from unforeseen events. Lastly, it plays a vital role in asset protection, helping to cover the costs of repair or replacement of damaged or lost assets.

Q What is a Premium in insurance?

It's the amount paid by the policyholder to the insurer to keep the insurance policy active.

Q What is a Policy Term?

A The duration for which the insurance policy provides coverage, typically 1 year for most general insurance plans.

Q What is a Claim?

A A request made by the insured to the insurer for compensation due to loss or damage covered under the policy.

Q How do I file a claim?

A You can file a claim online, through your insurer's app, via customer support, or through an agent. You'll need to submit documentation like bills, FIR (if applicable), or repair estimates.

Q What is a Deductible?

A It is the amount the insured must pay out-of-pocket before the insurance company pays the rest of the claim amount.

Q What is a proposal form?

A It's the application form where you declare your details and risks to be covered. It forms the basis of the insurance contract.

Q What are Exclusions in a policy?

A Exclusions are specific conditions or losses that are not covered under the policy. Common exclusions include war, intentional damage, or wear and tear.

Q What is No Claim Bonus (NCB)?

A NCB is a reward (in the form of a discount) given at the time of renewal if you have not made any claims during the previous policy period. It is common in motor insurance.

Q Can I cancel my insurance policy?

A Yes, policies can be cancelled before the expiry date. If no claim has been made, you may be eligible for a partial refund of the premium.

Q Can I transfer my policy to another person?

A Yes, insurance policies (especially motor insurance) can be transferred to the new owner during the transfer of asset ownership, along with No Claim Bonus eligibility in some cases.

Q What is a Policy Schedule?

A The policy schedule is a legal document that contains all key details of your insurance — including policyholder name, coverage, premium amount, sum insured, and policy period.

Q What if I miss paying my premium on time?

A Most insurers offer a grace period (usually 15–30 days). If the premium is still unpaid, the policy may lapse, and you'll lose coverage and any accumulated benefits.

Q Can I renew my policy after expiry?

A Yes, you can renew within a limited grace period after expiry. However, if the grace period lapses, you may lose benefits like NCB and may need to undergo fresh inspections.

Q Can I increase the sum insured during the policy term?

A Generally, no — sum insured changes are allowed only at renewal. Some policies may offer mid-term endorsements for an increase with additional premium.

Q What happens if my policy lapses?

A Coverage stops, and benefits like No Claim Bonus (NCB) may be lost. You may need to undergo inspections or start a new policy.

Q Is GST included in insurance premiums?

A Yes, insurance premiums are subject to GST (currently 18% in India), and it is usually included in the total quoted premium.

Q Are natural disasters like floods or earthquakes covered?

A Yes, but only if specified in the policy. Some covers (like home or fire insurance) may require you to add it as an optional rider.

Q What is the difference between Third-Party and Comprehensive Insurance?

A Third-party insurance covers legal liabilities toward others for injury or damage. Comprehensive insurance covers both third-party liabilities and damage to your own vehicle or property.

Q How does motor insurance provide financial protection?

A Motor insurance offers financial protection in two key ways. It covers the damages to your own vehicle resulting from incidents like accidents or riots. Additionally, it provides protection against legal liabilities that may arise if your vehicle causes injuries or damages to third parties. This means the insurance can cover compensation paid to others involved in an accident.

Q What specific risks does Motor Insurance cover?

A It covers the **damages to your vehicle**¹ and offers protection against **legal liabilities** arising from **injuries or damages caused to third parties**.

Q What financial losses does Cyber Insurance protect against?

A Cyber insurance protects businesses and individuals from financial losses resulting from cyber threats, like **data breaches and cyberattacks**.

Q How does Pet Insurance help pet owners?

A Pet insurance is a policy bought by a pet owner which helps to lessen the overall costs of expensive veterinary bills⁴. This coverage is similar to health insurance policies for humans⁴ and will cover, either entirely or in part, the often-expensive veterinary procedures.

Q What risks are covered by Marine Insurance?

A Marine insurance protects against financial losses resulting from damage or loss of ships, cargo, terminals, and other transport means during the transfer of goods⁵. It covers various risks like collisions, storms, theft, and natural disasters.

Q Who is Keyman Insurance for and what does it protect against?

A Keyman or key employee insurance is designed to financially protect the business⁵ in the event of the death, disability, or critical illness of a key person⁵, who is a person highly important or essential to the functioning of an organization.

Q What kinds of consequences does Personal Accident Insurance provide financial protection against?

A Personal accident insurance offers financial protection against the consequences of accidents, including accidental death, injuries, and disabilities
It provides compensation to the insured or their beneficiaries in the event of accidental death or to help cover medical expenses and potential income loss due to injury or disability.

Q What does Liability Insurance cover for individuals and businesses?

A Liability insurance protects individuals and businesses from financial losses due to **claims or lawsuits filed against them by third parties**⁷. It covers **damages, injuries, and legal fees** related to those claims.

Q What specific protection does Directors and Officers (D&O) Insurance offer?

A Directors and Officers (D&O) insurance is a liability insurance that protects company directors and officers from **personal financial losses** arising from **lawsuits related to their actions while in their managerial capacity**.

It covers **legal defense costs, judgments, and settlements** if they are sued for alleged wrongful acts.

Q Can I have multiple general insurance policies for the same asset?

A Yes, but during claims, contribution clauses may apply, and each insurer will share the liability proportionately.





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