

National INSURANCE DAY CELEBRATIONS



7 TYPES OF INSURANCE

Types of Insurance Business are;

- Life Insurance or Personal Insurance.
- Property Insurance.
- Marine Insurance.
- Fire Insurance.
- Liability Insurance.
- Guarantee Insurance.
- Social Insurance.

These are explained below.

Life Insurance

Life Insurance is different from other insurance in the sense that, here, the subject matter of insurance is the life of human being.

The insurer will pay the fixed amount of insurance at the time of death or at the expiry of the certain period.

At present, life insurance enjoys maximum scope because the life is the most important property of an individual.

Each and every person requires the insurance. This insurance provides protection to the family at the premature death or gives an adequate amount at the old age when earning capacities are reduced.

Under personal insurance, a payment is made at the accident.

The insurance is not only a protection but is a sort of investment because a certain sum is returnable to the insured at the death or the expiry of a period.

General Insurance

The general insurance includes Property Insurance, Liability Insurance, and Other Forms of Insurance.

Fire and Marine Insurances are strictly called Property Insurance. Motor, Theft, Fidelity and Machine Insurances include the extent of liability insurance to a certain extent.

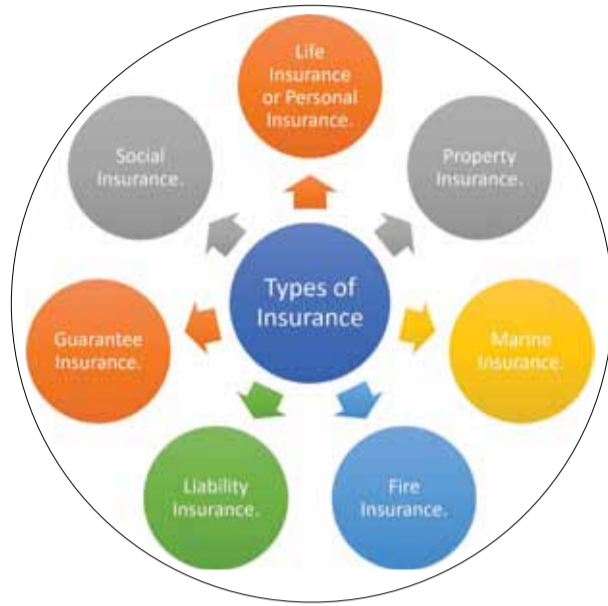
The strictest form of liability insurance is fidelity insurance, whereby the insurer compensates the loss to the insured when he is under the liability of payment to the third party.

Property Insurance

Under the property insurance property of person/persons are insured against a certain specified risk. The risk may be fire or marine perils, theft of property or goods damage to property at the accident.

Marine Insurance

Marine insurance provides protection against loss of



marine perils. The marine perils are a collision with a rock, or ship, attacks by enemies, fire, and captured by pirates, etc. these perils cause damage, destruction or disappearance of the ship and cargo and non-payment of freight.

So, marine insurance insures ship (Hull), cargo and freight.

Previously only certain nominal risks were insured but now the scope of marine insurance had been divided into two parts; Ocean Marine Insurance and Inland Marine Insurance.

The former insures only the marine perils while the latter covers inland perils which may arise with the delivery of cargo (goods) from the go-down of the insured and may extend up to the receipt of the cargo by the buyer (importer) at his go-down.

Fire Insurance

Fire Insurance covers the risk of fire. In the absence of fire insurance, the fire waste will increase not only to the individual but to the society as well.

With the help of fire insurance, the losses arising due to fire are compensated and the society is not losing much.

The individual is preferred from such losses and his property or business or industry will remain approximately in the same position in which it was before the loss.

The fire insurance does not protect only losses but it provides certain consequential losses also war risk,

turmoil, riots, etc. can be insured under this insurance, too.

Liability Insurance

The general Insurance also includes liability insurance whereby the insured is liable to pay the damage of property or to compensate the loss of persona; injury or death. This insurance is seen in the form of fidelity insurance, automobile insurance, and machine insurance, etc.

Social Insurance

The social Insurance is to provide protection to the weaker sections of the society who are unable to pay the premium for adequate insurance.

Pension plans, disability benefits, unemployment benefits, sickness insurance and industrial insurance are the various forms of social insurance.

Insurance can be classified into four categories from the risk point of view.

Personal Insurance

The personal insurance includes insurance of human life which may suffer loss due to death, accident, and disease. Therefore, the personal insurance is further sub-classified into life insurance, personal accident insurance, and health insurance.

Property Insurance

The property of an individual and of the society is insured against loss of fire and marine perils, the crop is insured against an unexpected decline in deduction, unexpected death of the animals engaged in business, break-down of machines and theft of the property and goods.

Guarantee Insurance

The guarantee insurance covers the loss arising due to dishonesty, disappearance, and disloyalty of the employees or second party. The party must be a party of the contract.



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His failure causes loss to the first party. For example, in export insurance, the insurer will compensate the loss at the failure of the importers to pay the amount of debt.

Other Forms of Insurance

Beside the property and liability insurances, there are other insurances which are included in general insurance.

The examples of such insurances are export-credit insurances, State employees insurance, etc. whereby the insurer guarantees to pay a certain amount at the certain events.

This insurance is extending rapidly these days.

Miscellaneous Insurance

The property, goods, machine, Furniture, automobiles, valuable articles, etc. can be insured against the damage or destruction due to accident or disappearance due to theft.

There are different forms insurances for each type of the said property whereby not only property insurance exists but liability insurance and personal injuries are also insurer.

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