



**INSURANCE INSTITUTE FOR
ASIA AND THE PACIFIC, INC.**

Basic Non-Life Insurance Course

Miscellaneous Casualty Insurance



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Casualty Insurance

Insurance covering loss or liability arising from accident or mishap, excluding certain types of loss which by law or custom are considered as falling exclusively within the scope of other types of insurance such as fire or marine. It includes, but is not limited to, employer's liability insurance, motor vehicle liability insurance, plate glass insurance, burglary and theft insurance, personal accident and health insurance as written by non-life insurance companies, and other substantially similar kinds of insurance. (Section 174 of the Insurance Code)



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Classes of Casualty Insurance

- Liability Policies
 - Public Liability, Personal Liability, Products Liability, Employers Liability, Directors and Officers Liability, and Professional Liability
- Crime Policies
 - Fidelity, Money Insurance, DDD and BBB
- Others
 - Cyber



Important Civil Code Provisions

Sources of Obligations

Obligations arise from:

- (1) Law;
- (2) Contracts;
- (3) Quasi-contracts;
- (4) Acts or omissions punished by law; and
- (5) Quasi-delict (Art. 1157 of the New Civil Code)

QUASI-DELICT – an act whereby a person, **without malice, but by fault, negligence or imprudence** not legally excusable, causes injury to another.

Article 19

- Every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith.
- An individual's rights end when another person's rights begin.

Article 20

Every person who, contrary to law, **willfully or negligently** causes damage to another, shall **indemnify** the latter for the same.

Article 2176

Whoever by act or omission causes damage to another, there being fault or negligence, **is obliged to pay for the damage done**. Such fault or negligence, if there is no pre-existing contractual relation between the parties, is called a quasi-delict.

Article 2180

The obligation imposed by Article 2176 is demanded not only for one's own acts or omissions, but also for those of **persons for whom one is responsible**.

This is otherwise known as Vicarious Liability



Article 2180

- Guardians are liable for damages caused by the minors or incapacitated persons who are under their custody and live in their company.
- The owners and managers of an establishment or enterprise are likewise responsible for damages caused by their employees **in the service of the branches in which the latter are employed or on the occasion of their functions.**

Article 2180

The father and, in case of his death or incapacity, the mother, will be responsible for the damages caused by the **minor children** who live in their company.

Employers shall be liable for the damages caused by their employees and household helpers **acting within the scope of their assigned tasks**, even though the former are not engaged in any business or industry.

***Respondeat superior** is a legal doctrine which states that, in many circumstances, an employer is responsible for the actions of employees performed within the course of their employment. This rule is also called the "Master-Servant Rule", recognized in both common law and civil law jurisdictions.*

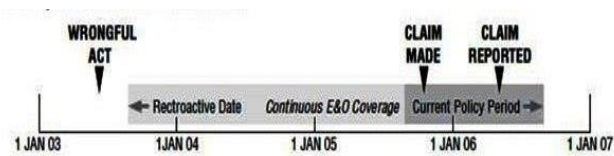
Article 2190

The proprietor of a building or structure is responsible for the damages resulting from its total or partial collapse, if it should be due to the lack of necessary repairs.

Types of Liability Policies

- Occurrence Basis – covers wrongful acts that were committed during the policy period even if the policy already **expired** at the time of filing of the claim.
- Claims Made – covers wrongful acts that were committed even **prior** to the current policy period but on or after the **retroactive date**. Unlike the occurrence form, it will not pay claims after the policy expires.

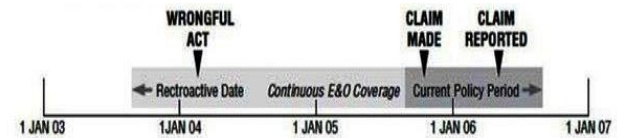
Retroactive Date



(Source: Insurance Journal)

Period of Cover	Claim Made to Insured	Claims Reported to Insurer
<ul style="list-style-type: none"> January 1, 2006 to January 1, 2007 Retroactive Date – January 1, 2004 	<ul style="list-style-type: none"> January 15, 2006 – Insured received a claim alleging a Wrongful Act committed in January 30, 2003 	<ul style="list-style-type: none"> June 30, 2006

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Questions???



Liability Policies in the Phils.

- Comprehensive General Liability/Public Liability Insurance
- Comprehensive Personal Liability Insurance
- Employers Liability Insurance
- Products Liability Insurance
- Directors' & Officers' Liability (D&O)
- Professional Liability
 - Medical Malpractice Insurance
 - Architects and Engineering Professional Liability
 - Miscellaneous Professional Liability

Comprehensive General Liability

- Protects the insured against **legal liability** that may arise as a result of an act or acts of the insured causing **bodily injury** and/or **property damage** to a **third party** occurring in connection with the insured's **business** and within the covered **territory**.
- The 3 main policy benefits are:
 - **Bodily injury** and **Property damage**
 - **Medical Expenses**
 - **Legal Expenses**

Legal Liability

- Requires that the acts or omissions of the Insured is the cause of the bodily injury or property damage.
- Requires that the damage suffered is calculable.



Bodily Injury

- Physical injury including death
- Sometimes it can include personal injury caused by libel, slander, malicious prosecution, invasion of privacy, among others.

Property Damage

Physical damage to or loss or destruction of tangible property.

Business Activity

- All activities and operations of the Insured designated in the Schedule
- The ownership of premises
- Private work carried out by any employee with the consent of the Insured for any director, partner, or senior officer of the Insured.



Third Party

Any person other than the insured or his employees or representative, and not related to him by blood.



Territory

- Refers to where the loss should happen.
- In premises CGL, it is limited to the address covered by the business permit.
- In operations CGL, it can be limited to anywhere in the Philippines to a Worldwide cover

Medical Expenses

- Consist of reasonable expenses like first-aid expenses
- Typically is 10% of Total Sum Insured



Legal Expenses

- Reasonable Lawyer's fees
- Cost of Award and Settlements



Jurisdiction

Refer to where the suit must be filed by the claimant or third party.



Recap: Elements of CGL Liability

- The damages must be within the covered **within** the terms of the policy
- The accident must occur **during the policy period or on or after the retroactive date**
- The accident must occur **within** the covered territory
- The suit must be filed **within** the covered jurisdiction
- The damages was due to the fault or negligence of the insured.

Questions???



Types of CGL Cover

- Premises-Operations Hazard
- Elevator Hazard
- Independent Contractor's Hazard
- Products Hazard
- Contractual Hazard

Premises Operations Hazards

- Insured may incur a liability in connection with his premises and the operations necessary and incidental to the premises. For example, an insured business/company may incur liability if a person slips on the floor of the building it owns.
- Two hazards insured against:
 - 1) the ownership, maintenance or use of the premises, e.g., injuries to person by slipping on floors, tripping over obstacles in hallways or aisles;
 - 2) all operations necessary or incidental thereto, e.g., such injuries caused by delivery boys, salesmen while making product demonstrations, service or repairmen while installing, repairing or servicing merchandise.

Premises

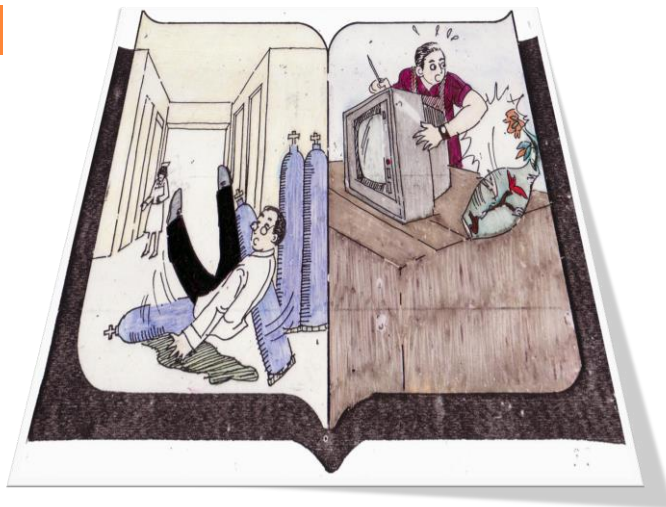
1. The premises designated in the declarations;
2. Additional premises and property over which the insured acquires ownership or control and property rented to or located for use by others away from the premises provided 1) the named insured notifies the insurer within 15 days after the commencement of each additional hazard, and 2) the insured has no other valid and collectible insurance;
3. Buildings and structures found in Nos. 1 and 2;
4. Ways immediately adjoining Nos. 1 and 2;
5. premises alienated by the insured, including the elevators therein even after the insured has relinquished possession of them except (1) premises where the insured has retained any right or control, and (2) premises constructed by the insured for sale.



Operations

- New construction or demolition operations
- Pick-up and delivery, therefore, premises operations cover can be outside premises.
- Installation, servicing, removal or demonstration
- Pick-up or delivery of equipment, abandoned or unused tools, uninstalled equipment, abandoned or unused materials, with respect to accidents which occur after the completion or abandonment of such operations.



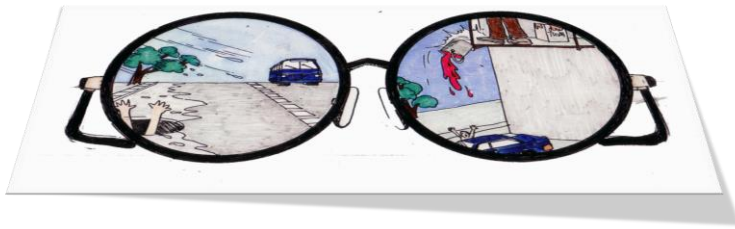


Elevator Hazard

- Will indemnify the insured against liability arising out of the ownership, maintenance or use of any elevator therein
- The word “elevators” means elevators, escalators, hoists, and appliances thereof including cars, platforms, shafts, hoistways, runways, power equipment and machinery
- The following are not elevators:
 - Elevator shaft ways where there are no elevators
 - Dumbwaiters or special platform lifts used exclusively for carrying freights;

Independent Contractor's Hazard

Will indemnify the insured against liability arising out of "operations performed for the insured by **independent contractors**, and omissions or supervisory acts of the insured in connection therewith, other than maintenance, repairs or alterations at the premises.



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Available Extensions

- PERSONAL INJURY LIABILITY
- EMPLOYER'S LIABILITY
- PRODUCTS LIABILITY EXTENSION
- INNKEEPER'S LEGAL LIABILITY
- TENANT'S LEGAL LIABILITY
- SUDDEN & ACCIDENTAL POLLUTION LIABILITY

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Extensions

- Personal Liability – covers injury arising from libel, slander and invasion of privacy.
- Employers Liability - covers liabilities arising from disease, fatality, or injury to employees resulting from workplace conditions or practice.
- Innkeeper's Legal Liability – covers the liability arising from loss or damages to things deposited to the insured for safekeeping.



Extensions

- Tenant's Legal Liability – covers the liability of the tenants in connection with the premises it occupies
- Sudden and Accident Pollution – cover liability arising from pollution claims by a third party



Questions???



Underwriting Factors

- Size of the premises – area is to be considered if for license purposes only
- Revenues and its split
- Size of the operations
- Nature of operations
- Foot traffic – hotels, theaters, shopping malls

Determination of Limits of Liability

A) CSL Limit: PHP xxx.xx Combined Single Limit
 (Bodily Injury/Property Damage)
 Per Occurrence and Annual Aggregate

B) Separate Limits:

Bodily Injury: PHP xxx.xx/person
 PHP xxx.xx/occurrence

Property Damage: PHP xxx.xx/occurrence

Annual Aggregate: PHP xxx.xx

The Limit of Liability is dependent on the size of the business, nature of its operation and the need of the Insured.

Questions???



Products Liability

- Type of liability insurance that will indemnify the insured against liability arising out of :
 - the handling or use or the existence of any condition in goods manufactured, sold, handled, or distributed by the named insured, other than equipment rented to or located for use of others but not sold, if the accident occurs after the insured has relinquished possession thereof and away from the premises.
- Can also extend to cover first party losses like product recall expenses.

Examples of Products Liability Claims



Comprehensive Personal Liability

- Protects the Insured against legal liability that may arise as a result of bodily injury and / or property damage occurring in connection with Insured's:
 - Personal Activities
 - Obligation as Head of the family
 - Obligation as Homeowner in connection with hazards in the "residence premises"
- Insured includes: (1) the named insured, (b) residents of his household, his spouse, relatives of either and any person under the age of 18 in the care of the insured, (3) with respect to animals and watercraft owned by an insured.



Persons Covered

Damages resulting from the negligent acts of the **household helpers and residence employees** although not included in the term "insured", while in the performance of their assigned duties will still be covered by the policy because the law stipulates that the head of the family is responsible for the negligent acts of his residence employees or household help.



Coverage under CPL Insurance

- Death/Bodily Injury Liability and Property Damage Liability
- Medical Expenses
- Legal Expenses

CPL Insurance Claim Examples



Sports Accident



Accidents in your home or on your premises



Damage or injuries caused by your children, pets and animals



Accidents caused by personal acts whether you are at home or away

Golf Endorsement (Optional Cover)

The insurer will pay:

- For death or disablement of the insured, up to a specified amount, including weekly indemnity of an agreed amount over a period of 26 weeks, should he be temporarily disabled.
- For breakage of clubs while actually playing golf, up to a certain limit minus applicable deductible
- For fire, burglary, theft of wearing apparel, golf clubs, bags while in the golf club or professional's shop
- For **Hole-in-One**



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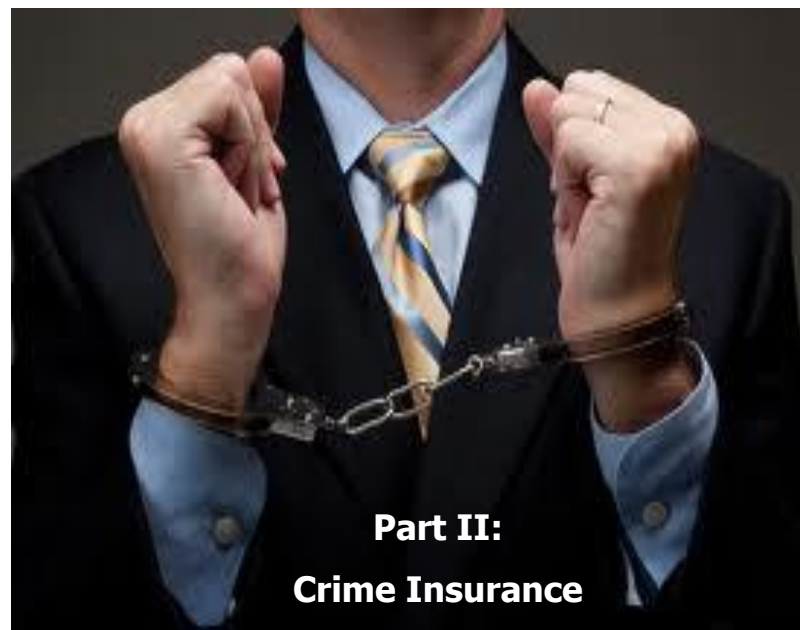
Directors and Officers Liability Insurance

A type of liability insurance that seeks to indemnify **directors and officers** in connection with **losses** arising from an allegation of a **wrongful act** relative to their **corporate acts**.



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Questions???



Part II:
Crime Insurance

Crime Policies

- Fidelity Insurance
- Money, Securities, and Payroll Robbery Ins.
- Comprehensive Dishonesty, Destruction and Disappearance
- Banker's Blanket Bond



Fidelity Guarantee Insurance

A crime policy which seeks to indemnify the employer against all direct pecuniary loss the employer may sustain by an act of fraud or dishonesty committed by any insured employee.



Money Securities and Payroll Robbery Insurance

A crime policy which seeks to indemnify the insured for loss of money, securities and payroll money arising from **any cause whatsoever** except if the losses is due to:

- War or acts of war
- Shortage of Money and Payroll Money due to error or omission
- Dishonest acts of the Insured or of any officer, employee, partner or directors
- Forgery



Insuring Clauses

- Money and Securities **within** the Premises
- Money and Securities **outside** the Premises
- Payroll **within and outside** Premises
- Inclusive Extra Coverage – Damages to Premises or Locked Safe and Loss of Container



Dishonesty, Disappearance, Destruction Insurance

Pays the insured for loss of money, securities and other property which the insured shall sustain, resulting directly from one or more fraudulent or dishonest acts committed by an employee, acting alone or in collusion with others.

Insuring Agreements:

- Employee Dishonesty (Form A) based on aggregate limit of liability
- Employee Dishonesty (Form B) based on limit of amount of insurance per employee
- Loss Inside the Premises
- Loss Outside the Premises
- Money Orders and Counterfeit Paper Currency
- Depositors Forgery



Bankers Blanket Bond

Insurance coverage for banks and other financial institutions. It provides the following coverages not available to the previous crime policies such as cover for **alteration, computer crime, counterfeit currency, loss of office contents, and legal expenses**



Important Definitions In Crime Insurance



-
- Money – shall mean currency, coin, bank notes, bullion not intended for payroll of the Insured but all being the property of the insured or for which the insured is responsible
 - Securities - shall all negotiable and non-negotiable instruments like stock certificates, excluding manuscripts, records, accounts, Money itself or Payroll Money
 - Payroll - shall mean currency, coin, bank notes and checks intended solely for the payroll of the insured.
 - Money Route – paths the messenger or the authorized employee takes to deliver the Money, Securities and Payroll.



Burglary

The felonious abstraction of insured property from within the premises, by person/s making **felonious entry into or exit from the premises**, by **actual force and violence**, **when the premises are not open for business**, of which there shall be visible marks made upon the exterior or interior of the premises at the place of entry or exit by tools, explosives, chemicals, or electricity.



Robbery

The felonious and forcible taking of another person's property **by violence** inflicted upon the person having care or custody of, or rightful access to the property, or by **putting such person in fear of violence**, or by any other overt felonious act committed in the presence of such person and of which he is actually cognizant.



Theft

- Loss not falling under the definition of robbery and burglary
- Loss **without the presence of and/or use force** upon things or the person
- Any act of stealing

Questions???





Cybercrime

- A crime that has some kind of computer or cyber aspect to it.
- Has now surpassed illegal drug trafficking as a criminal moneymaker. Somebody's identity is stolen every 3 seconds as a result of cybercrime.

(Source: Norton)

Sample Cybercrimes

- Denial of Service
- Extortion
- Phishing
- Spoofing
- Hacking
- Farming
- Fraud
- Identity Theft
- ATM Fraud/Skimming

Cybercrime (Financial Loss)

- United Nations Office on Drugs and Crime (UNODC) estimates Identity Theft generates 1 B (USD) per year globally.
- Automated Teller Machine (ATM) Fraud (Philippines)

Bangko Sentral ng Pilipinas (BSP) confirmed 220 million pesos lost in ATM FRAUD in 2013



Topic: Impacts of Cybercrime



Notable Cybercrimes



Coverage

- Losses incurred by the Insured
 - Restoration of computer system
 - Notification expenses
 - Regulatory fines and penalties
- Losses incurred by third parties
 - Repayment of unauthorized withdrawals.
 - Replacement of access cards



Questions???



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End...

Thank you!