



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

Basic Non-Life Insurance Course

Personal Accident Insurance

ORIGIN OF PERSONAL ACCIDENT

- Started in Great Britain around 1864 during the Industrial Revolution
- Development of railroads, ships and infrastructures led to many bodily injuries from work

BIRTH OF WORKMENS COMPENSATION:

- I. A law that compensated workers who sustain injuries and/or illnesses at the place of work or caused by the work they do.
- II. Became the employees protection and has been adopted by many developed countries around the world (US issued their first policy in 1864)



BIRTH OF PERSONAL ACCIDENT INSURANCE

- I. In 1848, to entice people to ride the train, they offered accident insurance to show that railway travel was safe.
- II. Now it has become a major line for many insurance companies, at par with motor and property lines



WHAT IS AN ACCIDENT ?

An event which is:

- I. Undesigned
- II. Unforeseen
- III. Unexpected
- IV. Unintentional



An ACCIDENT....

- Is an event which has arisen out of ACCIDENTAL, VIOLENT, EXTERNAL and VISIBLE means

- Which, solely and independently of any other cause, results in death or bodily injury



WHAT IS PERSONAL ACCIDENT INSURANCE?

An insurance product that provides monetary benefits as a result of death, physical injury, disablement / dismemberment to the assured arising from an accident.



CLASSIFICATION OF LOSSES

DIRECT LOSS:

- Accidental loss of life
- Permanent disablement and/or dismemberment of limbs
- Loss of eyesight, hearing or speech



CLASSIFICATION OF LOSSES

INDIRECT LOSS :

- a. Medical expenses incurred
- b. Loss of income due to inability to work (unable to engage in one's profession or occupation due to injury)
- c. Temporary Disablement (total or partial)



DESCRIPTION OF DISABLEMENT	Percentage of the sum specified in Benefit B of Table of Benefits II (%)
Death	100
Loss of two limbs	
Loss of both hands, or all fingers and both thumbs	
Loss of both feet	
Total loss of sight of both eyes	
Injuries resulting in being permanently bedridden	
Any other injury causing permanent total dismemberment	
Loss of arm at or above elbow	70
Loss of arm between elbow and wrist	60
Loss of hand	50
Loss of four fingers and thumb of one hand	42.5
Loss of four fingers	35
Loss of thumb	15
Loss of index finger	10
Loss of middle finger	6
Loss of ring finger	5
Loss of little finger	4
Loss of metacarpals – first or second (additional)	3
Third, fourth or fifth (additional)	2
Loss of leg at or above knee	60
Loss of leg below knee	40
Loss of one foot	50
Loss of toes – all of one foot	15
Loss of big toe	5
Loss of any toe other than Big toe, each	1
Loss of sight of one eye	50
Loss of hearing – both ears	50

Why Buy PA?

- Next best alternative to a life policy
- Low premium for high coverage (limit is 10 times Annual Income)
- Same premium up to a certain age (not priced based on age)
- No medical examination required
- Immediate coverage
- Valued policy, no depreciation, no deductible
- 24-hr coverage; work or non-work related



Elements of Contract

Offer

Acceptance

Competent parties

Knowledge of material facts

Legal form and purpose

Consideration (premiums)



NOT A CONTRACT OF INDEMNITY

- a. Person's life or limb has no monetary value
- b. Pays a specific amount (valued policy) no need to determine actual monetary loss unlike fire and motor car as it pays face value similar to life policies



PRINCIPLE OF INSURABLE INTEREST

1. Essential for policy to be binding.
2. Applicable if insuring another person
3. Must have pecuniary interest (financial loss should assured gets injured or dies by accident)
4. These parties are normally :
 - Family members
 - Business partners
 - Creditors



Principle of Utmost Good Faith

All material information must be disclosed in the Application Form. Any concealment or misrepresentation on the part of the Insured will render the policy null and void.

The insurance company relies on the information given by the Insured, as he/she is no longer subjected to medical examination, as such any discovery of pre-existing condition or congenital anomalies during the policy period, will automatically suspend the coverage.



COMMON COVERAGE

BASIC COVER:

1. Accidental Death (must occur within a certain period, usually 180 days from the date of accident)
2. Permanent Disablement (loss of use) or Dismemberment (severance of one's limbs)



Optional Cover

1. Temporary Total or Temporary Partial Disablement (Weekly Indemnity)
2. Medical Reimbursement
3. Motorcycling Inclusion
4. Unprovoked Murder or Assault
5. Burial Benefit



Accidental Death and Disablement

The Insurance Company pays the Principal Sum Insured provided such loss of life or permanent total disability occurs within 180 days from the date of the accident.

EXAMPLE; the coverage of Mr. X amounting to P1.0M for death and permanent total disablement is from January 1, 2013 up to January 1, 2014. He meets an accident on June 1, 2013 and sustains bodily injuries.

Is the accident covered?

On October 30, 2013, he expires due to the injuries he sustained.

Is the loss compensable under the policy?

Before he expires, he was already paid P50% of the Principal Sum for Permanent Total Disablement.

How much will he be paid for loss of life?



Extent of Cover

- 24 hours a day
- 365 days a year
- While at work
- While travelling
- While as a passenger of any public conveyance
- Any place in the world



MAJOR EXCLUSIONS

1. War or acts of war, invasion, civil war, riot, strikes and civil commotion, rebellion, revolution, insurrection, etc.
2. Military duty
3. Self inflicted injuries
4. Lifestyles and hazardous sports (scuba diving, sky diving , etc.)
5. Sickness



UNDERWRITING

1. Fully accomplished application form is sufficient for underwriters to effect coverage (no personal appearance necessary). Important information :
 - Name/address
 - Age /sex
 - Height and weight



UNDERWRITING

- Occupation
- Income - checking the moral hazard
- Proposed Sum Insured
- Beneficiary/insurable interest
- Medical History
- Pre-existing Condition



UNDERWRITING

- Commuting, driving (motorcycles?)
- Hobbies/lifestyles, hazardous sports-
- Existing insurances in place/rejection?
- SIGNATURE (very important)



Occupational Classes

Class I	Non-hazardous occupation with office or travel duties; white-collar workers
Class II	White-collar workers but with limited occupational exposure
Class III	Skilled and semi-skilled with moderate occupational exposure
Class IV	Industrial workers using heavy machinery or industrial workers
Class V	Special Risk Category such as Air crew, oil and gas rig workers, miners, jockey, professional athletes, weapons/ammunition/explosive manufacturing



OCCUPATIONAL CLASS

- CLASS 1 – office workers (accountant, cashiers, teachers, etc.)
- CLASS 2 – white collar (doctors, nurses, engineers, architects, shopkeepers, agents, surveyors, etc.)
- CLASS 3 – skilled and semi skilled workers (filling station attendant, laboratory personnel, etc.)



OCCUPATIONAL CLASS

- CLASS 4 – Machine operators, stevedores, firemen, security, construction workers
- CLASS 5 – professional athletes, air crews, miners, oil rig workers



PREMIUM COMPUTATION

PREMIUM COMPUTATION:

Accidental Death/

Disablement/Dismemberment:

- Rate x limit/P1,000

Medical Reimbursement:

- Rate x limit/P100

Loss of Income (Temp. Total/Partial Disablement):

- Rate x limit/p10.00

(Premiums are computed for each coverage type then added up for total premium)



Other Forms of PA Products

- Broad Individual Personal Accident is the most common form
- Family PA
- Travel Insurance
- Auto PA (for Private and Public Conveyance)
- Group Accident Insurance
- Student Group PA
- All-Occasion Card with PA Cover
- Marine PA
- Micro-insurance PA (Text-to-Insure, Daily Cover, etc.)
- Overseas Filipino Workers (OFW) PA





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End..
Thank you!

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