IMPORTANT TERMS IN INSURNACE CONTRACT

ENDORSEMENT / RIDER

- **ENDORSEMENT** is an amendment or addition to the existing Insurance contract.

- Endorsement changes the terms or scope of the policy.

- Endorsement is used to Add / Delete / Modify the coverage.

- Endorsement can be made at the time of Issue / Mid-term /Renewal of the policy.

- Endorsement in Life Insurance policies are called as **RIDERS**

DEDUCTIBLES

- **DEDUCTIBLE** is the amount the Insured has to pay before Insurance Company consider the claim.

- **Deductible** is the amount deducted from Insured loss.

- It can be fixed Amount or fixed Percentage.

- Larger the deductible, lesser the premium.

CO-INSURANCE

- COINSURNACE is the amount the insured pays after a deductible has been paid.

COPAY

Copay is paying a fixed amount of money each time policyholder use Insurance

ASSIGNMENT

- **ASSIGNMENT** is the transfer of rights and liabilities of the Policyholder to someone else.

- Policyholder who transfer the rights and liabilities is called **ASSIGNOR**

- Person to whom they are transferred is known as **ASSIGNEE**

NOMINATION

- **Section 39 of Insurance Act, 1938**

- Nomination is naming the beneficiary in case of occurrence of event.

- Beneficial Nominee (Insurance Laws (Amendment) Act, 2015 makes nominees, immediate family members like spouse, parents and children as beneficiaries.

- Transfer or assignment of a policy shall cancel Nomination.

ASSET VALUATION

- Valuation based on Replacement Cost basis
- Good as New (Original Actual Cost – Depreciation + Maint. Cost)
- Sum of Part Valuation
- Fair Value Method
- Residual Value Method
- Depreciation Method
  - Book Value Method (WDV)
  - Market Value (consider appreciation and depreciation)

ASSET VALUATION

- Market Value = Replacement Value – Depreciation
- Reinstatement Value is Cost of replacing or reinstating on the same site, property of same kind or type but not superior to or more extensive than the insured property when new (IRDA Definition)