BANK OF GUYANA

FREQUENTLY ASKED QUESTIONS (FAQs)

INSURANCE SECTOR

The Insurance Act 2016 (the Act) came into effect on 16 April 2018 and repealed the Insurance Act 1998, with the exception of Part XVI.

Information on Guyana's Insurance Sector may be found in this document and applies to all relevant stakeholders i.e. general insurers, life insurers, auditors, actuaries etc.

Click on the following links for more information.

Contents

A. General

1. What is insurance?

Insurance is a legal contract between two parties – an individual or entity who receives financial protection (referred to as the insured) and the insurance company that promises to compensate the losses (referred to as the insurer) in return for the money (premium) paid by the insured. In simple terms, insurance provides protection against loss.

Basically, the concept of insurance is to spread the risk of an individual or entity among larger society. Insurance is a risk management mechanism wherein you transfer your risk to the insurance company by paying them the premium.

2. How does insurance work?

When you buy an insurance policy, you make regular payments to the insurance company for the amount of risk cover that you seek. Insurance companies pool the money paid like this by individuals and entities and then use them to compensate for the losses and damages arising out of insured events. Though it may sound simple, insurance is a complex business. To understand insurance contracts, you need to know about its components, jargon and the terminologies used in the contract.

Any individual or company can seek insurance from an insurance company, but the decision to provide insurance is at the discretion of the insurance company. The insurance company will evaluate the application to make a decision. Insurance companies may refuse to provide insurance to high risk applicants.

3. What is insurable interest?

Insurable interest is the prerequisite for every insurance policy. A person or entity seeking insurance has an insurable interest in the subject matter when any damage or loss would result in financial hardship for that person or entity.

For example, you may decide to insure your home or car because major damage to either one would result in expense to you. So, you have an insurable interest in your home or car. On the other hand, damage to your neighbour's car would not impact you financially. Therefore you do not have insurable interest in your neighbour's car.

B. The Insurance Industry

4. Who is an insurer?

An insurer is the party in an insurance contract who underwrites an insurance risk or the one who provides you with the financial coverage during an unforeseen event.

In Guyana, any entity that wishes to underwrite insurance business must first be registered to do so by the Bank of Guyana.

5. Who is a policyholder?

A policyholder is a person or entity in whose name an insurance policy is held and whose interests are protected by the policy.

6. Who is an insurance agent?

An insurance agent is an individual who solicits, negotiates or instigates insurance contracts on behalf of a single insurance company and can be independent or an employee of the insurer. The insurance agent is an intermediary between the prospective policyholder and the insurance company.

Insurance agents offer some or all the products provided by the insurance company they work for to individuals, companies, commercial businesses or other organisations that may require their services. By being a salesperson for the insurance company, an agent must possess extensive knowledge of all the products and policies that they are registered to sell on behalf of their insurance company. They are usually the ones to directly interact with clients and customers and they will evaluate clients' needs and other aspects of their profile in order to offer them the product best suited to their needs from the insurance company.

In Guyana, an insurance agent must be licensed by the Bank of Guyana before carrying on the activities of an agent. Before beginning the process of buying insurance from an agent, it is advisable to check that that agent is registered by the Bank of Guyana.

7. Who is an insurance broker?

An insurance broker is an independent insurance specialist who legally represents the client.

Brokers help clients identify suitable insurance plans that will meet their specific needs. For example, they will meet with a small business client to assess the company's situation, understand the exposure to various risks faced by the company and recommend insurance products based on the needs of the business. Brokers have a fiduciary duty to select insurance products that protect the financial interests of the client.

Insurance brokers don't just work with one insurance company. They can go to the insurance market to compare plans from any or all insurance companies to find the best fit for their client and obtain different price quotes.

Brokers should have comprehensive knowledge of many insurance products offered by different insurance companies and the experience to recognise and handle complex insurance needs. On behalf of their clients, brokers will then prepare applications for insurance policies and submit them to the insurance companies.

In Guyana, brokers must be licensed by the Bank of Guyana to conduct business. Before beginning the process of buying insurance through a broker, it is advisable to check that that broker is registered by the Bank of Guyana.

8. What are the benefits of hiring an insurance agent vs an insurance broker?

Insurance brokers work in the client's best interest to compare insurance products in the market and select suitable solutions. For example, individuals and business owners who do not have the time to understand the specifics and the details of insurance policies can rely on brokers to assist them and save them a significant amount of time. Brokers will also have the knowledge and expertise about which insurance companies provide the best coverage for specific risks.

Insurance agents sell policies for only one insurance company and are more easily able to have specialised knowledge of the policies and keep clients up to date on changes. Although they are not responsible for assessing your risks and helping you to select the best products from the insurance market the way brokers do, they can provide detailed information about the policies they do sell and oftentimes offer better customer service in an ongoing relationship.

Agents also have access to exclusive products from the insurance company that they represent. Some individuals or business owners may already know the insurance company they wish to work with from past experience, positive reviews or referrals and can go straight to an agent to buy the policy. Since agents are representatives of the insurance company, they can also expedite the process of buying the insurance.

9. Who is the regulator of the insurance industry in Guyana?

The Bank of Guyana is the regulator of the local insurance industry. The other stakeholders in this sector are the insurance companies, brokers, agents and of course the policyholders.

The industry is regulated in accordance with the provisions of the Insurance Act 2016 and the Insurance Regulations 2018.

10. Where can I find a list of the registered insurance companies?

A list of registered insurance companies can be found on the Bank of Guyana's website. The list also contains the classes of business that each insurance company is licensed to sell.

The list is updated upon the registration of a new insurance company.

11. Where can I find a list of the registered insurance brokers?

A list of the registered insurance brokers can be found on the Bank of Guyana's website. The list also contains the classes of business that each broker is licensed to sell.

The list is updated upon the registration of a new insurance broker.

12. Where can I find a list of the registered insurance agents?

A list of the registered insurance agents can be found on the Bank of Guyana's website. The list contains the classes of business that each agent is licensed to sell as well as the name of the insurance company that each agent represents.

The list is updated on a quarterly basis.

13. What are the classes of insurance sold in Guyana?

Schedule 2 of the Insurance Act 2016 prescribes the different classes of insurance in Guyana. These are General Life, Health, Annuities and Pensions, Accident and Liability, Auto, Marine and Aviation as well as Fire.

C. Purchasing Insurance

14. Which company should I buy insurance from?

You should buy insurance from a company based on its financial strength and stability, and the assurance that it will be there to fulfil its promise to you.

15. By using a medical examination, are insurers trying to eliminate any applicant likely to develop a serious condition?

A medical examination will provide accurate and current information about an applicant's health that will enable the insurance company to charge premiums that reflect the level of risk an applicant represents. Because some health conditions are easily managed through proper medication, therapy or lifestyle changes, medical information makes it possible for the insurance company to cover applicants with certain health conditions. More serious or incurable conditions present a very significant risk that some insurers may not want to assume.

16. What is the premium?

A premium is a regular payment (for example monthly, quarterly, semi-annually or annually) that the policyholder pays to the insurance company to keep their policy active. All insurance policies require the policyholder to pay a premium to continue receiving coverage. Premiums do not change over the course of a policy but may be subject to change upon the renewal of the policy. If you stop paying your premiums, the policy will lapse and you will not have financial protection against claims.

17. What is a dependent?

A dependent is a person eligible to be covered by you under your insurance policy. For example an individual may choose to add their spouse and/or children as dependents under their health insurance policy. Adding dependents may increase the cost of your insurance.

18. What is the sum insured?

The sum insured is the maximum amount that the insurance company will pay you if the insured event takes place.

19. What is a death benefit?

A death benefit is the amount paid to the beneficiary at the time of the death of the insured.

20. What is the face amount?

The face amount of the policy is the amount of the death benefit as stated in the policy. This does not include additional amounts that the policy may provide.

21. What is an insurance limit?

An insurance limit is the maximum amount of money that an insurance company will pay for a covered claim. You are therefore responsible for any expenses that exceed the limit. A typical insurance policy is a collection of coverages – and each coverage has a limit. So you'll likely have multiple limits within one policy.

For example, if you have a third party motor policy with a limit of $20000 and you get into an accident where the other car is damaged and the cost of the repairs is $50000, your insurance company will only pay $20000 and you will be responsible for the other $30000.

22. What is an insurance rider?

An insurance rider is an add-on to the primary insurance policy, which offers benefits over and above the policy subject to certain conditions. One way to maximise the benefits on your policy and to customise it to suit your specific needs is by opting for riders. There may be an additional cost if the insured decides to purchase a rider.

For example, if you purchase an accidental death rider to attach to your whole life insurance policy and you are later in an accident leading to death, the insurance company will not only pay the stated death benefit but will pay an additional benefit because your death was as a result of an accident.

The amount of additional benefit gained as a result of purchasing a rider will vary by company and by rider.

23. What is a co-payment?

The co-payment or co-pay is a fixed amount or a percentage of the claim amount that the insured needs to pay before the insurance company compensates the remaining amount. It may be defined in the insurance policy.

Co-pays typically vary for different services within the same plan, particularly when they involve services that are considered essential or routine and others that are considered to be less routine or in the domain of a specialist.

For example, under a health insurance policy, co-pays for standard doctor visits are typically lower than those for specialists.

For example, an individual may have a $1000 co-pay when they visit their doctor. So if the doctor's consultation fee is $4000, then the individual will first have to pay $1000 every time they go to the doctor. The insurance company will then pay the rest.

Insurance companies typically use co-payments to share health costs to prevent moral hazard.

24. What kinds of questions should I be expected to answer when I'm applying for an insurance policy?

When you apply for an insurance policy, you will be asked numerous questions. The insurance representative may ask you for basic information such as your name, age, address and occupation.

You may also be asked questions that will be used to determine how likely you are to make a claim. For example, when applying for motor insurance, you may be asked questions on your driving record and whether or not you have gotten into accidents or received tickets recently.

In addition to information on your age, gender and driving record, you will also be asked for information about the vehicle you drive and how you drive it. This will help the insurance company to determine a fair price to charge you for the insurance.

In Guyana, insurance companies may also ask prospective policyholders for some financial information such as their sources of income. This will help to convince the insurance company that the individual is capable of paying their premiums if the application is approved.

Persons applying for insurance policies with a large sum insured, for example some life insurance policies, may be asked to provide additional information. Some persons applying for life insurance may also be asked to undergo a medical examination as part of the application process.

25. What is a deductible?
The deductible is the pre-decided portion of the loss that is paid by the insured on a yearly basis.

For example, if you're involved in an accident that causes $120000 in damages to your car and your deductible is $50000, then you will have to pay $50000 towards the repair and the insurance company will pay the remaining $70000. If you get into another accident in the same policy year and get $75000 in damages, the insurance company will pay the entire $75000 because the deductible has already been satisfied for that year.

Insurance premiums are usually cheaper when they involve a higher deductible.

26. What is co-insurance?
Co-insurance is the percentage of costs of a covered health care service that an individual pays after they've paid their deductible.

For example, if an individual with a health insurance policy that includes dental benefits with a co-insurance of 20 percent and a deductible of $10000 gets $120000 in dental work done, the individual first has to satisfy the deductible. Then the individual and the insurance company have to share the remaining $110000 in a 20:80 ratio; that is, the individual will pay 20 percent of the $110000 ($22000) and the insurance company will pay the remaining $88000.

In Guyana, we typically see co-insurance applied for dental and optical benefits under health insurance policies.

D. Life insurance

27. Who should buy life insurance?
Anyone who wants to prepare for their future or that of their spouse or children should buy life insurance. Everyone (as long as they are eligible) should buy life insurance.

It's a good idea to talk with an insurance agent or broker or you can go into an insurance company and talk to a representative. They will help you to better understand your life insurance options. They can help you review your personal situation and long-term goals and help you to choose a policy that's a good choice for you and your family.

28. Why should I buy life insurance?
Life insurance provides guaranteed protection that other financial products do not and cannot provide. More so, life insurance is virtually risk free and its returns are immediate and adequate the moment you need it.

29. What kind of life insurance do I need?

It's impossible to say because the kind of coverage that's necessary for you depends on your purpose for buying the life insurance, whether it is for financial protection, investment, education or estate preservation.

Generally speaking, term life insurance offers the greatest coverage for the lowest premium and is a great solution for people with temporary needs or on a limited budget.

Permanent insurance may make more sense if you anticipate a need for lifelong protection or if the option of accumulating tax deferred cash values is attractive to you.

Also, it doesn't have to be one or the other. Often a combination of term and permanent insurance is the right answer. That's why it's important to fully disclose all of your needs to the insurance representative so that they can give you the best advice.

30. How much life insurance should I buy?

A 'rule of thumb' suggests an amount of life insurance equal to 6 to 8 times your annual earnings. However, many factors should be taken into account when determining the right amount of life insurance for you, your spouse or children.

Important considerations include:

- Income sources (and amounts) other than salary/earnings;
- Whether or not you are married and if so, your spouse's earning capacity;
- The number of individuals who are financially dependent on you;
- The amount of death benefits payable from the National Insurance Scheme (if you contribute) or from an employer-sponsored life insurance plan; and,
- Whether any special life insurance needs exist. For example, mortgage repayment, education fund or estate planning need.

Calculating the correct amount of life insurance to buy is not an easy task. When you approach an insurance company, agent or broker to buy life insurance, it is important to fully disclose all pertinent details and to answer all questions asked correctly and to the best of your ability. This will ensure that you get the best advice.

Remember that all information disclosed during the process will be kept strictly confidential.

31. I already have life insurance. Do I need to buy more?

Over time (due to inflation and currency devaluation), the value of your life insurance reduces in real terms. One way of making sure your coverage always remains adequate for the protection of your family is to upgrade your life insurance coverage every few years.

32. What is term life insurance?

Term life insurance guarantees the payment of a stated death benefit if the insured person dies during the term of the policy. If the person survives to the end of the policy, no benefit is paid.

Term life insurance is usually the least expensive and most immediate way of providing your financial dependents with a cash pay-out upon your death. It may be possible to purchase a term policy and then convert it to a permanent policy a few years later.

33. What are the most common uses of term life insurance?

Most often, term life insurance is purchased:

- To provide short-term protection, either to pay off a loan or provide a death benefit during peak earning years while children are young;
- By individuals or families who cannot afford a permanent policy now but need temporary protection until it is possible to convert to a permanent plan; or,
- To add a large amount of coverage to complement an existing permanent policy at the lowest possible cost.

34. What are the advantages of term life insurance?

Term life insurance pays a death benefit to the named beneficiary that will cover your final funeral expenses and provide a lump sum that can be invested to meet your dependents' on-going needs. You are covered for the full amount of life insurance that you choose for a specified period of time.

The insurance can be both convertible and renewable, depending on the policy.

Term insurance traditionally works well to meet temporary insurance needs. Since the initial premiums are generally lower than those of permanent life insurance, you can buy higher levels of coverage at a younger age when the need for protection is usually greatest.

Term insurance is also an excellent way to cover specific needs that will disappear in time, such as mortgages or car loans.

35. What are the disadvantages of term life insurance?

As its name implies, term life insurance only provides you with life insurance protection for a short period of time. Like other types of life insurance, term life insurance premiums gradually increase as you get older. Coverage terminates at the end of the term and may sometimes become too expensive to continue on a permanent basis.

The policy does not help you to accumulate money for use sometime later in life. Also, if you miss a premium, the policy lapses.

36. How does mortgage protection term insurance differ from other types of term life insurance?

The face amount under mortgage protection term insurance decreases over time, consistent with the projected annual decreases in the outstanding balance of the mortgage loan. Mortgage protection policies are generally available to cover a range of mortgage repayment periods for example, 5, 15 or 25 years. Although the face amount decreases over time, the premium is usually level in amount. Furthermore, the premium payment period is often shorter than the maximum period of insurance coverage. For example, a 20 year mortgage protection policy may require that level premiums are paid over the first 17 years.

In Guyana, the financial institution will usually incorporate the premiums for the mortgage protection policy into the repayments on the mortgage loan.

37. Do I have to take out a term life insurance policy to provide for the repayment of an outstanding mortgage loan?

No. A lender will usually require that the outstanding mortgage loan is insured but it is not mandatory to purchase a term life insurance policy.

A borrower who already has a life insurance policy, may choose to assign it to the mortgage loan. Lenders usually recommend the term life insurance simply because it is the cheapest option to ensure that any outstanding mortgage loan balance is paid off in the event of the insured's death.

38. What is an endowment policy?

An endowment policy is an insurance policy that offers guaranteed benefits in the shape of total sum assured along with various bonuses to the policyholder upon the maturity of the term of the policy or to the beneficiary in the event of the policyholder's demise before the end of the term of the policy.

Endowment policies are basically insurance products that offer the added advantage of providing a savings option to the investor. An endowment policy will pay the death benefit to the beneficiary if the insured dies within the term of the policy and will also pay a maturity bonus to the policyholder if the policyholder survives to the end of the policy.

A with-profit endowment policy comes with a range of reversionary and terminal bonuses (that will vary by insurance company and by policy) that add to the main sum assured upon the maturity of the plan and thus, offers extra fund benefits. A without-profit endowment policy has no such benefits and can be seen as a traditional insurance policy.

Endowment policies differ from term insurance policies in one critical aspect; that is, the maturity benefit. Unlike term insurance policies which pay out the sum assured only if the policyholder does not survive to the end of the term, endowment policies will pay out under both scenarios – death and maturity. As a result of this, endowment plans charge higher fees and expenses (this is reflected in higher premiums) for paying out the sum assured along with profits.

39. What is permanent life insurance?

Permanent life insurance is life insurance that lasts from the time you buy a policy to the time you pass away, provided that you pay the required premiums. Some common forms of permanent life insurance are:

- Whole Life Insurance
- Universal Life Insurance
- Variable Universal Life Insurance
- Indexed Universal Life Insurance

40. What is whole life insurance?

Whole life insurance is a type of permanent life insurance, in which the insured person is covered for the duration of their life as long as the premiums are paid on time.

Because whole life insurance gives you fixed premiums and a fixed death benefit, you don't have to worry about increased premiums as you get older. And your loved ones will know how much to expect when the death benefit is paid out.

A whole life policy can serve as a source of emergency funds for you if something goes wrong, or you may be able to take out a loan against the policy. That's because a portion of each premium payment you make is channelled into a savings component of the policy called the 'cash value'.

Over time, the cash value of your policy increases and you may have the option to withdraw funds or borrow against it. The rules on how and when you do this vary by insurance company and policy. Your insurance company may also offer guidelines to follow so that you don't inadvertently reduce the policy's death benefit, create a tax burden or even cause the policy to lapse.

41. What is universal life insurance?

Universal life insurance is a type of permanent life insurance where the insured person is covered for life as long as they pay their premiums and fulfil any other requirements of their policy to maintain coverage. Like many other permanent life insurance policies, universal life insurance combines a savings component (called the 'cash value') with lifelong protection. When you pass away, the policy's death benefit is paid out to your beneficiary.

When you pay your premium on a universal life insurance policy, a portion of each payment goes toward paying for the death benefit. Another portion goes toward building up the policy's cash value. Over time, after it has accumulated, you may be able to withdraw or borrow against the cash value (the available amount will vary by company). The rules on how and when you can do so vary by company and by policy. However, it is important to know that this may reduce your death benefit, create a tax implication or worse, cause your policy to expire so it is important to get guidance from the insurer on how to best manage the cash value.

The cash value of a universal life policy generally earns interest that's in line with current money market rates. But it should be noted that the rate may fluctuate along with the market so the rate that you receive at the beginning of the policy may go up or down later on. Some companies may also offer a guaranteed minimum interest rate.

With a universal life policy you may also be able to lower or stop paying your premiums for a certain time. This can be very helpful if money becomes tight and you're looking for ways to lower your monthly expenses. The insurance company can use from the cash value to pay the premiums. But be careful that you don't deplete the cash value or the policy will expire.

The flexibility of a universal life insurance policy also extends to the death benefit. It is possible to increase your death benefit during the lifetime of the policy. Not all insurance companies will offer this option and you will need to pass a medical examination. Similarly, you may also reduce the death benefit. Remember if you increase the death benefit, you may need to increase your premium.

42. Who should buy universal life insurance?

If you're looking for coverage to last your entire life and you have long-term savings goals, a universal life policy may be suited to your needs. If you keep up with your premiums, universal life insurance pays a death benefit to your beneficiary whenever you pass away.

If you want to build tax deferred savings and don't expect to tap into the funds for a long time, universal life may be a suitable option for you. The cash value option may be available for you to withdraw or borrow against in an emergency.

43. What is variable universal life insurance?

Variable universal life insurance is a variation of universal life insurance where a policy typically includes a variety of investment options that may help to increase the cash value of the policy.

It is important to note that investment losses can also reduce the policy's cash value and subsequently, its death benefit.

44. What is indexed universal life insurance?

Indexed universal life insurance is a type of permanent life insurance so it has a cash value component as well as a death benefit. The money in the cash value account will earn interest based on a stock market index chosen by the insurance company (the index chosen will vary by company) such as the S&P500 or the FTSE100. Funds don't earn a fixed rate of interest but may come with an interest rate guarantee. Interest rates may also be subject to a 'cap' or upper limit.

Like other universal life insurance policies, the cash value is available for you to withdraw or borrow against in an emergency, although you will likely be charged interest. It is also possible to adjust the death benefit but remember you may need to undergo a medical examination and your premium may change.

Indexed universal life insurance offers both potential for growth based on the market as well as protection from losing value if the market fails.

45. What is group life insurance?

Group life insurance is a type of life insurance where a single contract covers an entire group of people. Typically, the policyholder is an employer or an entity such as a trade union or a professional organisation and the policy covers the employees or the members of the group.

A group life insurance policy can be any type of permanent insurance policy such as a whole of life policy or an indexed universal life policy.

Coverage under a group life policy will continue as long as you're employed with that employer or a member of the trade union or professional organisation and your premiums are paid on time. However, if your employer changes or you are no longer a member of the trade union or professional organisation that sponsors a group life policy, it may be possible to convert your coverage to an individual life policy. The rules on doing so vary by insurance company so it is best to consult with an agent or broker before you leave to find out your options.

46. Who is a beneficiary?

A beneficiary is an individual who is eligible to receive the proceeds of the life insurance policy if the insured person dies.

There is no limit on the number of beneficiaries who may be named under an insurance policy. The policyholder may choose to define what portion of the proceeds will go to each beneficiary or the proceeds may be shared equally amongst the beneficiaries. For example, a married man with 2 children may choose to leave 60 percent to his spouse and 20 percent to each child or he may decide to leave one-third to each family member.

It is also possible for the policyholder to amend their beneficiaries during the life of the policy as many times as they'd like. For example, a divorced person may wish to remove their ex-spouse as a beneficiary on their life insurance policy.

Make sure your beneficiary knows that you've purchased a policy, how much it's for and where they can find the details of the contract in the event of your death. This will help to ensure a smooth process and allow the beneficiary to receive the death benefit quickly.

It is also possible to name a charity or a trust that you've set up (with the proceeds administered by a trustee) as your beneficiary.

If no beneficiary is named on an insurance policy or if the named beneficiary is deceased, the death benefit will be paid to the estate of the deceased person.

47. Must my beneficiary have an insurable interest?

No. If you buy a policy on your own life, you become the owner of the policy. As the owner, you can name anyone as your beneficiary.

48. What is the cash value?

Cash value is a savings component under a permanent life insurance policy. The cash value accumulates over time and can become a significant financial asset that can be withdrawn or borrowed against during your lifetime.

You may be able to get a bank loan by using your policy's cash value as collateral or borrow against the policy's cash value to put a down payment on a house to help to pay education costs. You may also ask the insurance company to pay your premiums from the cash value while you're going through some financial hardship.

It's important to note that the rules for accessing your cash value may vary by policy and by insurer. Read you policy contract and any additional information provided by the insurance company carefully before you decide to access your cash value.

E. Health Insurance

49. What is health insurance?

Health insurance is an insurance product which covers medical and surgical expenses of an insured individual. It reimburses the expenses incurred due to illness or injury or pays the care provider of the insured individual directly.

For an individual who hasn't saved much money, arranging for funds at an eleventh hour can be quite daunting. This is particularly so for seniors given that most ailments strike at an advanced age.

One way to provide health-related or medical emergencies is by taking out health insurance. Health insurance offers considerable flexibility in terms of disease or ailment coverage.

In Guyana, basic health insurance usually covers medical expenses. Surgical benefits are usually covered under a major medical rider and dental and optical coverages are usually riders.

50. What is group health insurance?

Similar to group life insurance, group health insurance consists of a single health insurance contract which covers an entire group of people. Typically, the policyholder is an employer or an entity such as a trade union or a professional organisation and the policy covers the employees or the members of the group.

Under a group health insurance policy, individuals may also choose to insure their dependents. This may increase the premium.

51. What is a family health insurance plan?

A family health insurance plan is a type of health insurance policy that provides medical insurance for all the members of a family under a single policy. You can include yourself, your spouse, your kids and also your parents in such a cover.

This is a helpful health insurance scheme that allows you to manage the healthcare requirements of all your loved ones under one policy.

52. I'm covered under my employer's group health policy. Can my spouse benefit?

Yes, under any health insurance policy – whether group or individual- it's possible to add dependents. Of course, this may result in increased premiums. With group health policies, it is possible for the employer to limit the number of dependents who may be added to the policy.

53. Who pays the premiums for my group health insurance?

For a group health policy, some employers may pay some or all of the premiums. This will vary by employer and your payslip will usually tell you what portion you contribute, if any, to the premium.

54. Is it possible for an individual to have multiple health insurance covers?

Yes, it is. You can have coverage under an employer health insurance policy and you can also get an individual medical insurance policy. Then, you can also opt for riders such as a critical illness insurance cover, a personal accident cover, etc. In short, you can have more than one health insurance coverage at any time.

55. How do I choose the best health insurance coverage?

There are many excellent health insurance plans available these days, but not all are ideal for you. To find the best health for yourself you need to identify the policy that matches your requirements. Look for the following factors in a plan:

- The scope of cover – it should be large enough to cover you and all your family members sufficiently.
- The correct form of health insurance – Individual, family floater, senior health insurance, etc.
- List of network hospitals – Your preferred hospital should feature on the list offered by your insurance company.
- Insurer's reputation – Look to buy your plan from one of the good health insurance companies. If the insurance provider is sub-standard, you will not get the maximum value out of the medical insurance cover.

56. What are the requirements to sign up for health insurance?

The requirements to sign up for health insurance may vary from insurer to insurer but usually includes the following:

- A form of identification;

- A proof of address;
- The height and weight for the prospective policyholder;
- The height and weight for the spouse, if applicable; and,
- Copies of any birth certificates if dependent are to be covered.

Generally, if the prospective policyholder and their spouse are at least 50 years old, they are required to complete some medical tests, such as:

- Fasting Blood Sugar Test;
- Lipid Profile; and,
- Micro Urinalysis.

57. Can I increase the sum insured of my health insurance policy?

If you feel that the sum insured you opted for while buying your health insurance policy is insufficient, you can have it increased. You may also choose to increase some of the individual limits under your policy or the limits under a rider attached to the policy.

However, you cannot do so once the healthcare policy period has commenced. You need to wait for the policy duration to end, after which you can get the sum insured increased or make any other changes before you renew the policy.

It should be noted that increasing the sum insured may result in increased premiums.

58. What are the common health insurance exclusions?

Every health insurance policy comes with a fixed set of exclusions. It is very important for you to read the list of exclusions and then choose the medical insurance policy. The common exclusions in health insurance include:-

- Pre-existing illnesses;
- Waiting period clauses;
- Treatment due to substance abuse, self-harm, etc.; and,
- Injuries due to adventurous sports.

59. Is it compulsory to spend a night in the hospital to make a health insurance claim?

No, you can initiate a health insurance claim even when you have not been hospitalized for a night. Day care procedures are recognized by all of the local health insurance companies. You can make claims on the day care procedures, OPD (outpatient department) expenses, etc.

OPD expenses are those expenses that are incurred where the health problem does not require hospitalisation. The person may visit any associated facility such as a consultation room at a hospital for diagnosis and treatment. The expenses may not be significant, and yet, you may not realise how it may impact your monthly budget. OPD expenses include those incurred during:

- Diagnostic tests;
- Doctor consultations;
- Investigative fees; and,
- Pharmacy expenses.

60. Is a maternity cover available in a standard health insurance plan?

In most cases, you may not have a maternity cover under your health insurance policy. However, some insurance providers do include this advantage, albeit after a waiting period (the waiting period differs from insurer to insurer). You can also buy a maternity rider or a specific maternity insurance plan to stay covered.

61. What is a pre-existing condition?

Most people suffer from one or another disease before a policy is bought. So a pre-existing condition is broadly defined as a condition or a disease which existed before the health insurance plan was bought.

It is important because most health insurance plans do not cover pre-existing conditions, for a period of time from purchase of the first policy. The period of time before an insurer will cover a pre-existing condition usually varies from insurer to insurer.

62. What is a waiting period for claims?

When you opt for a new policy, there will be a waiting period from the date of inception of the policy. The length of this waiting period usually varies from insurer to insurer.

Any type of hospitalization whether planned or emergency will not be covered by the insurance company during the span of this waiting period. However, this is not applicable to any emergency hospitalization occurring due to an accident. This waiting period will not be applicable for subsequent policies under renewal.

63. Can my health insurance policy expire if it's not renewed on time?

Usually most companies use a grace period of about15 to 30 days available to pay the premium after the date of expiry of the policy. However, coverage would not be available for the period for which no premium is received by the insurance company. The policy will lapse if the premium is not paid within the specified grace period.

64. What are the requirements for making a health claim?

The following documents are usually required when making a health claim:

- A completed original Health Claim Form from your insurer which must include your signature as well as the doctor's signature, stamp and diagnosis; and,

- Original receipts if the claim is being made to your insurer before NIS. If you are claiming from NIS first, then you should photocopy the receipts and retain them. When you receive your NIS reimbursement, then the NIS schedule of benefits paid and the photocopies of the receipts should be submitted to your insurer.

F. Annuities and Pension

65. What is an annuity?

An annuity is an insurance product that provides a fixed income stream for a person's lifetime or a specified period of time. An annuity can be purchased with a lump sum or a series of regular payments and begin paying out almost immediately or at some specified point in the future. Annuities are often used as a way to fund retirement.

66. Why should I buy an annuity?

People buy annuities to create long-term income. While most often considered financial solutions for older persons close to retirement, annuities can benefit investors of any age with a variety of financial goals, including:

- Long-term security
- Tax-deferred growth
- Principal protection
- Probate-free estate distribution
- Inflation adjustments
- Death benefits for heirs

Immediate annuities are generally suited for persons who are within a year of retirement and want the security of guaranteed income. Single premium immediate annuities begin paying out within a year of purchase. For this reason, single premium immediate annuities are beneficial for younger people who have inherited a large sum of money and wish to protect the windfall from poor financial management.

In contrast, deferred annuities are generally not recommended for persons who have short-term financial needs or younger people with more aggressive investment strategies.

67. What are the benefits of purchasing an annuity?

One of the key benefits of an annuity is that it allows an investor to save money without paying taxes on the interest at a later date. Annuities have no contribution limits.

Another significant benefit is the creation of a predictable income stream to fund retirement. With an annuity, you don't have to worry about outliving your savings.

68. What are the disadvantages of purchasing an annuity?

Some consumers see sacrificing liquidity in return for lifetime financial security as a disadvantage. Indeed, if your financial status or short-term goals limit the amount of cash you have on hand, then an annuity is probably not the right option for you now. It wouldn't make financial sense to purchase a valuable viable product if it's not viable and valuable for you.

For questions on pensions, please see the Bank's FAQs – Pensions

G. Accident and Liability Insurance

69. What does liability insurance cover?

General liability insurance, also called small business liability insurance or commercial liability insurance, provides insurance coverage for your business against claims made by others including bodily injury, damage to property or personal injury.

If someone comes to your place of business and is injured, a general liability insurance policy could cover their medical costs. If someone else's property is damaged and you are found to be responsible, the repair or replacement cost could be covered. And if someone's reputation is damaged by something you or an employee said or wrote about them, the associated costs could be covered.

70. Why do I need liability insurance?

As a business owner, you may be legally responsible if another person gets hurt or if their property is damaged while at your business or because of something you did. You should consider liability insurance if you or your employees:

- Interact with clients face to face – if you visit a client's place of work or if clients visit yours, there is always the possibility that someone could get hurt and require medical treatment. For example, an individual visiting an insurer's office to buy a policy may fall down the stairs or be harmed in some other manner and if the insurance company has liability insurance, the policy could cover the costs associated with the individual's medical treatment.

- Have access to customer's property – if a customer's property is damaged at your location or at a job site, general liability insurance could cover the cost to repair or replace it.

- Use advertising to market your company – If you promote your company and accidently use wording that is copyrighted or trademarked, liability insurance could cover you f a claim occurs. For example, a well-known brand Canada Dry was sued by an individual over the Company's use of the slogan 'made with real ginger'. This suit was eventually settled out of Court but if the Company had a liability insurance policy, the insurer may have paid out the settlement to the individual.

- Use third-party locations for business related activities – If someone (other than you or an employee) is injured on a job-site where you are responsible, liability insurance could cover their medical costs. For example, if a photographer is doing a photoshoot at a heavy duty worksite and one of the models is injured by a crane, the model could be covered under the photographer's liability insurance policy.

- Require coverage in order to be considered for a project – If you propose or bid on certain contracts, liability insurance could be a condition of the contract award. For example, in Guyana if an entity is awarded a contract to build a new school, the government will require that entity to take out liability insurance. This policy would pay out to the government who will be affected if the contract is not completed on time.

71. How much liability insurance do I need?

The amount of liability insurance you need depends on factors such as the type and size of your business, the number of employees and the type of customers that you typically work with. The insurance agent or broker would be best able to offer advice on the amount of needed coverage based on your unique circumstances.

72. What does liability insurance cover?

A general liability insurance policy may cover some or even all of the following perils.

- Bodily Injury – If you meet with clients face-to-face or you do your work in an office or storefront, or at your client's location, liability insurance coverage can protect you from different types of claims and lawsuits.

- Medical Expenses – Bodily injury can occur on the job in many different industries including construction, electrical work and carpentry. For example, a client could trip and fall over a ladder, resulting in a broken bone. Injuries could also occur in therapy professions that offer massages, for example if a client falls off the massage table, resulting in injury. Or a gym instructor could place their gym bag on the ground before class and a student trips over it and strains a muscle.
  In all of these hypothetical situations, a small business could be sued for the medical expenses that result from injuries. Medical expenses can soar to millions of dollars, even for injuries that appeared minor when they occurred.

- Damage to someone else's property – As a business owner, property damage, whether caused by you or one of your employees, can create huge expenses that you may be responsible for. Liability insurance could offer coverage for damages to the property of another person or business. Note that covered claims are for damages to someone else's property that you are legally liable for and not damages to your own property.

  Liability insurance coverage can be useful in situations such as:

  - A building inspector accidentally knocks over an artisan glass window pane while making their way back to their truck. If the piece shatters and the client demands reimbursement plus delivery costs, it is important for the building inspector's employer to have liability insurance coverage.

  - A personal trainer is conducting an at-home workout session for a client and accidentally knocks over a laptop while teaching a new routine. Third-party property damage coverage may protect the personal trainer from a claim by the laptop's owner for the damage to their property.

- Personal Injury – If you run a construction business, for example, and have employees who are out to lunch and talking about one of your clients in a false and unflattering manner, you could be sued for slander. Whether you personally commit the act of libel or slander or your employee does, your business could suffer significant financial loss from having to defend or pay for a claim that arises out of the situation if you don't have liability insurance.

- Advertising Injury – A liability insurance policy may provide coverage against the unintentional use of a third party's idea if it was used as part of your business' idea. The policy may also offer protection if your advertisement or marketing materials infringe upon a third party's copyright or trade slogan.

- Electronic Data Liability – Property damage can occur in many forms, including to electronic data and to physical property. Suppose an IT technician damages a computer server while working for a client. The client's electronic data is damaged and cannot be recovered. In this case, a liability insurance policy could cover any damages up to the IT technician's limits of liability. It is important to note that in some cases, electronic data can be just as valuable as or even more so than office furniture, supplies and infrastructure in a business environment.

- Defence Costs – Legal fees may easily soar into millions of dollars if you are sued for a liability insurance claim and don't have a plan in place for your defence. If you have a liability insurance policy, it may provide cover to appoint a lawyer if necessary, even if the lawsuit is without merit.

73. Does liability insurance cover theft?

It is a common misconception that liability insurance covers theft of one's own business property. However, liability insurance typically covers only third party losses for which your business may bear some form of negligence. Since theft is considered a first party loss, liability coverage does not extend to the theft of your own business property.

74. How much does liability insurance cover cost?

The cost of effecting a liability insurance policy depends on a number of factors, including the size, industry and location of your business and the amount and type of desired coverage. Employing strong risk management strategies can help to reduce the cost of lability insurance, as can having a home-based business or purchasing additional insurance products.

75. What is an additional insured on liability insurance?

An additional insured is any person or company that is added to the business' liability insurance policy. They are named on the certificate and must be different from the policyholder. While individuals are usually named as additional insured, groups may also qualify for this title. The additional insured coverage may not be as extensive as that of the policyholder.

However, significant protection, such as defence coverage and coverage for third party lawsuits usually applies to additional insured entities. Coverage for additional individuals or groups run for as long as the additional insured is performing services for the policyholder.

76. What is the duration of a liability insurance policy?

In Guyana, liability insurance policies are active for up to one year and can be renewed thereafter.

77. What documents do I need to file a liability insurance claim?

In order to file a liability insurance claim, the claimant will be required to complete the insurer's Claim Form. Upon completion of the Claim Form, the insurance representative will then be able to advise you on the supporting documents (for example, a medical certificate in the case of injuries) that would have to be submitted in support of the claim.

H. Auto Insurance

78. How does auto insurance work?

Auto insurance helps you to recover from damage, injuries and expenses related to a collision or other incident. It is not designed for you to come out ahead financially but is designed to keep you from suffering major financial hardship due to an accident, whether it's your fault or not.

Auto insurance is about risk transfer. If you don't have insurance, the financial risk is on you in the event of an accident. Buying auto insurance mitigates some of that risk. For the cost of your premium, the insurer will take on some of that risk for you.

79. What kinds of motor policies are available in Guyana?

In Guyana, the basic motor insurance covers offered are as follows:

- Third Party Motor Insurance – covering the liabilities in respect of bodily injuries, death or property damage to third parties but not the first party, which is you.

- Comprehensive Motor Insurance – covering the loss or damage to the insured's vehicle as a result of accidental damage or other covered perils (this may vary by insurance company) along with liability to third parties.

80. What types of motor vehicles can I insure?

For the purposes of motor insurance in Guyana, vehicles may be classified as:

- Private – these are vehicles that are kept for private or individual use and are not available for commercial use. For example, a family car.

- Public – these are vehicles that available for use by the public. For example, minibuses and hire cars.

- Commercial – these are vehicles that are used for transporting goods. For example, sand trucks and delivery buses. Commercial vehicles also include company vehicles.

81. Do I need to buy motor insurance?

Yes. Motor Insurance in Guyana is regulated by the Motor Vehicle Insurance (Third Party Risks) Act 1937 which requires all registered motor vehicle owners to maintain certain minimum coverage levels.

82. How long does it take to get motor insurance?

Typically, it takes less than a day to get motor insurance and then you can drive the vehicle. This is of course dependent on the policyholder providing all of the necessary documents to the insurer for the vehicle to be insured.

83. What is the duration of a motor insurance policy?

In Guyana, a motor insurance policy can last for up to one year and can be renewed thereafter.

84. What are the important things I should bear in mind while insuring my vehicle?

- Fill up the proposal form yourself, answering all the questions correctly and sign it. The information provided on this form plays a vital role in deciding the premium and the admissibility of any claim. Incomplete or incorrect information may result in your claim being denied later on. Therefore, never leave it to any other person to fill up the form.

- Ensure that your vehicle details are correctly recorded in the policy schedule. Make sure that every digit of the vehicle registration number, engine, etc. are fully and correctly entered. Any error should be immediately recorded.
- Any changes in the policy can be effected by an Endorsement issued by the insurer.

85. What happens if I don't provide complete and accurate information about my driving record, past accidents or claims when applying for motor insurance?

Failing to provide complete and accurate information to the insurer when applying for motor insurance is a serious offence. It may result in the insurer denying a claim later on or even cancelling the current policy. The insurer may also decide to increase the policyholder's premium before renewing the policy or opt to not renew the policy at all.

It is important to know that insurers share information on declined risks at meetings of the Accident Section Committee at the Insurance Association of Guyana. Thus, an individual whose policy is refused by one insurer, for any such reasons, may face higher rates at another insurer.

86. Does the kind of car I drive influence the motor insurance rates?

The local insurers use their own particular rating and deductible guidelines. Common rating factors include:

- The level of insurance cover required;
- The class/use of the vehicle (private use, commercial use or public transportation);
- The size of the engine;
- The seating capacity;
- The number of vehicle drivers (public transportation only).

87. What happens if the details on my policy documents are wrong?

If you notice that the details on your policy document are incorrect, it is important to bring it to the attention of the insurer right away who can then advise how the correction may be made. Any changes in the policy can be effected by an Endorsement issued by the Insurer.

88. For how long is my motor insurance policy valid?
Motor insurance policies are valid for one calendar year in Guyana.

89. Will my motor insurance allow me to drive abroad?
To know if your motor insurance will allow you to drive abroad, you need to check the details of your policy. This convenience varies across insurers and policies.

90. Can other people drive my car under my policy?
Yes, it is possible for other persons to drive your car. For private or commercial vehicles, for the insurance to be valid, the vehicle must be driven by a licensed authorised driver. In the case of public vehicles, the names of any drivers must be named on the policy.

91. Can I get motor insurance without a driver's license?
Yes, it is possible to own and obtain motor insurance for a vehicle if you are not a licensed driver.

92. Can I adjust my level of motor insurance cover?
Yes, it is possible to adjust your level of motor insurance cover. This can usually be done just before the expiration of the current policy. You should contact your insurer who would be able to give you more information. Note that a change in the level of insurance cover may result in a change in the premium.

Remember that the law mandates a minimum level of coverage so you may not adjust your level of cover below that point.

93. What do I do in case of an accident involving the vehicle?
If you get into an accident with the vehicle, register a claim with your insurer immediately. An immediate report to the Police is also mandatory in the case where third party injury/death/property damage is involved.

Sometimes, an independent loss adjuster may be appointed to look into the circumstances of the loss. When the investigation is completed, the insurer will usually make an offer to settle the claim against a signed claim discharge form.

94. Does auto insurance cover theft?
If your vehicle is stolen, a number of things need to happen for you to be compensated for your loss. First, you'll need to file a police report and wait while there is an attempt at recovery. If your car is not recovered, you can file a claim with your insurance company if you have comprehensive coverage.

Because of the risk faced by insurers with fraudulent claims, you will need to complete some paperwork to file your claim. But providing you have documentation for the stolen vehicle, your insurer will compensate you for the value of the vehicle up to the limit of your comprehensive coverage.

95. Will I have to pay an excess if I make a claim on my motor insurance?
It is possible for a motor insurance policy to have an excess. However, this varies by insurer and policy. Read your policy contract or contact your insurer to confirm.

96. Can my motor insurer reject my car insurance claim?
Yes, there are cases where insurers reject your motor insurance claim including:

- Filing a fraudulent claim exaggerating or fabricating an accident or loss;
- Filing a claim under coverage you don't have;
- Filing a claim for a loss that is not included in your policy – for example if you suffer an accident while using your private car as a hire car;
- Making improvements to your vehicle, such as putting in a fancy music system without notifying your insurer. The insurer may deny your claim or compensate you based on the original value of the vehicle.
- If you miss a premium payment, you may have your coverage suspended until you catch up on your payments, or if you file a claim while your insurance is suspended it will be denied.

There are other reasons why your insurer may deny your claim so it is important to read and understand your policy contract.

97. What should I do if I sold or deregistered my motor vehicle during my insurance policy period?
If you sold or deregistered your vehicle before the policy expired, you should contact your insurer who will then advise you of the available options regarding the remaining portion of your premium. For example, if you sold your vehicle and you are planning to purchase a new one, the insurer may be able to credit the remaining premium to your new motor policy.

98. Will I receive a refund if I cancel my motor vehicle insurance mid-term?
This will depend on the terms of your motor policy. Read your policy carefully or contact the insurer to find out more.

99. Can the insurance and vehicle ownership be in different names?
Yes, it is possible for the insurance and vehicle ownership to be in different names. For example, if I am buying a vehicle from another individual and I have not fully paid off for the vehicle but I have assumed possession, this would occur. In this case, the agreement of sale would need to be submitted to the insurance company.

100. If I change my private car to a hire car, will this affect my motor insurance?
Yes, this will affect your motor insurance since motor rates vary between private cars and hire cars. Contact your insurer to find out the exact cost of the change in the insurance.

101. Does motor insurance cover broken windscreens?

Windscreen cover and loss of use are usually offered as optional extensions (riders) to your motor policy. Read your policy document carefully or contact your insurance representative to see if you opted for this cover.

102. Does my policy come with roadside assistance?

If your policy cover is on a comprehensive basis and your vehicle is a private car, you may be entitled to roadside assistance. This varies by insurer. Read your policy document or contact your insurer to find out more.

103. How long does an accident stay on your motor insurance?

For the purposes of determining the level of premiums to be charged, an accident stays on your driving record for up to two years.

104. Does motor insurance cover medical bills?

In Guyana, the medical expenses incurred as a result of a motor accident are usually covered under a rider or extension to your motor insurance policy. Check the details on your policy contract or contact your insurance representative to confirm.

105. Will my auto insurer give me a pay-out equal to the full value of my vehicle?

No, an auto insurer will not give you a pay-out equal to the full value of the vehicle because all comprehensive motor vehicle policies have an annual deductible that would have to be borne by the policyholder in the event of claims.

106. I've lost my certificate of insurance, can I get another one?

Yes, it is possible to get a copy of the certificate of insurance. Contact your insurer to find out how you may do so. You may need to pay for the replacement.

107. What happens if I miss my premium payment?

If you miss your premium payment, coverage ceases immediately. There is no 'grace period' for motor insurance.

108. What happens if my motor insurance expires?

Cover ceases upon the expiry of your motor insurance so it is important to renew the insurance before the expiry date to ensure that your coverage continues. There is no 'grace period' for motor insurance.

In Guyana, coverage ceases at 12pm (noon) on the expiry date and it is an offence to drive the vehicle without insurance.

109. How many vehicles can be insured under one policy?

There is no limit to the number of vehicles that can be insured under one motor insurance policy, provided that the vehicles are of the same kind. For example, if a delivery company has a fleet of 15 buses that are used in its business, the company can insure all 15 buses under one policy. On the other hand, if I have a private car and a minibus, they would need to be insured under two different policies.

110. If I rent a car, am I covered?
This would depend on whether the person or company that you are renting the vehicle from has Renter's Insurance.

111. Can you back-date motor insurance?
No, you cannot back-date motor insurance. When your policy expires, there is a 15 day grace period during which you can pay your premium. If you pay your premium after the renewal date, the effective date of the policy will be the date on which you made the payment. However, it is important to note that if you get into an accident during the period between the expiration date and the renewal date, then you cannot make a claim because you do not have coverage.

112. What is a 'no claims bonus'?
A no claims bonus is a special discount given for every claim-free year. So, if your policy includes a no claims bonus and you do not make any claims this year, you will receive a discount on your premium next year when you renew the policy.

113. What is salvage?
Salvage is the sale of damaged goods for which the insured has been indemnified by the insurer. For example, you get into an accident and the car is written off. After your insurance pays out, the title for the car will be transferred to the insurer who may then choose to sell the remains of the car in order to recoup some of its losses.

114. What is subrogation?
Subrogation is the collection by the insurance company of the amount of a paid claim from a negligent third party or their insurer. For example, you get into an accident with a truck and the driver of the truck is at fault. You claim from your insurer and receive a pay-out. Your insurer approaches the driver of the truck or their insurer to recover some or all of the pay-out that was made to you. There are cases where subrogation may take several years to be completed because the case is taken to court.

This is a clear example of the benefits of insurance because you have already received your pay-out and the insurer has to await the subrogation process.

I. Marine and Aviation Insurance

115. What is marine insurance?
Marine insurance covers cargo losses or damage caused to ships, cargo vessels terminals, and any transport in which goods are transferred or acquired between different points of origin and their final destination. A marine insurance policy protects shipping companies and couriers from costly potential losses while transporting goods by water.

Despite following laws and safety regulations, transporters are unable to control natural occurrences that might disrupt the cargo or the vessel. Things like weather hazards, encounters with pirates and cross-border conflicts are very common in water transportation and the damages associated with these situations can cause a significant financial hardship for ship owners. This is where it is beneficial to have a marine insurance policy – to protect the interests of shipping corporations and transporters, providing them with coverage needed to defend against possible losses.

116. What are the different features of a marine insurance policy?

Insurance policies are well-defined contracts and marine insurance has strict policy requirements. These requirements should always be followed because minor discrepancies or any violations can lead to claims being rejected. The general features of a marine insurance policy include:

- Open Policy – an inland marine insurance policy provides coverage for inland movement of a consignment for a specific duration of time, usually up to one year. This policy is applicable for shipping companies with numerous transactions within one year as it offers continuous coverage during the active policy period. Inland marine insurance, in the context of extended coverage for marine insurance, covers goods shipped by land, such as after the goods have arrived onshore and are being transported to a storage facility;
- Comprehensive Protection – this provides expansive coverage against different types of loss or damage, protecting the value of your merchandise against total loss of goods, partial loss of goods, and other related expenses while your cargo is still in transit;
- Customisation – for businesses with varying needs, obtaining customised marine insurance is generally recommended. You can choose your policy coverage limits as well as policy options that would be useful to your business and your specific needs;
- Mark up Value – this type of policy allows a portion of your profit to be included in the insured value.

117. Does a typical marine insurance policy have exclusions?

Yes, a typical marine insurance policy may have the following exclusions:

- The loss was caused by wilful negligence;
- The loss was caused by improper packing;
- There was contamination as a result of radioactive rays;
- The loss was caused by attack or damage from biological, biochemical, chemical or electromagnetic weapons; or,
- The loss was as a result of strike, riot or civil commotion.

This list is not exhaustive. Other exclusions may apply so check your policy document to confirm.

118. What types of marine insurance exist?

Ocean marine insurance is a broad term that is usually applied to a group of coverages to provide protection against certain losses or damages. Generally, there are three types of marine insurance that provide different protection:

- Hull insurance – offers protection for physical damages to the boat or vessel along with its operating equipment, including machinery. This policy is applicable for all water vessels and limited to commercial based ocean craft. Barges, tugboats, oil rigs located offshore, floating equipment and other similar installations can benefit from this type of insurance;

- Cargo insurance – provides coverage for physical damage to cargo that is being conveyed or travelled as part of the shipment process. Depending on the chosen coverage, some policies offer theft protection or coverage for other forms of losses besides physical damage;

- Marine liability insurance – also called protection and indemnity (P&I), this coverage offers protection against third-party liabilities that owners and corporations are exposed to during water operations. It includes coverage for illnesses, injuries or even loss of life caused by vessel operation. Medical expenditures, damage to other vessels and cargo, collision incidents and related expenses as a result of quarantine may also be covered.

119. What is the duration of a marine insurance policy?

In Guyana, marine insurance policies last for up to one year and can be renewed thereafter.

120. What documents are needed to file a claim under my marine insurance policy?

In order to file a marine insurance claim, the claimant would be required to complete the insurer's Claim Form. The insurance representative will then be able to advise you as to what supporting documents would need to be submitted to complete the application.

121. What is aviation insurance?

Aviation insurance is insurance coverage that is geared specifically to the operation of aircraft and the risks involved in aviation. Aviation insurance policies are distinctly different from other insurance policies and tend to incorporate aviation terminology as well as terminology, limits, and clauses specific to aviation insurance.

122. What are the types of aviation insurance?

Aviation insurance is divided into several types, as follows:

- Public liability insurance – this coverage is often called third party liability and covers aircraft owners for damage that their aircraft does to third party property such as houses, cars, crops, airport facilities and other aircraft struck in a collision. It does not provide coverage for damage to the insured aircraft itself or coverage for passengers injured in the aircraft.

- Passenger liability insurance – this type of policy protects passengers riding in the accident aircraft who might be injured or killed. Coverage is often sold on a "per-seat" basis, with a specified limit for each passenger seat.

- Combined single limit – this coverage combines public liability and passenger liability insurance into a single coverage with a single overall limit per accident. This type of coverage provides more flexibility when paying claims for liability, especially if passengers are injured but little damage is done to third party property on the ground.

- Ground risk hull insurance not in motion – this provides coverage for the insured aircraft against damage when it is on the ground and not in motion. This provides protection for the aircraft for events such as fire, flood, theft, vandalism, mudslides, animal damage, windstorms, hangar collapse or for uninsured vehicles or aircraft striking the insured aircraft.

- Ground risk hull insurance in motion (taxiing) – This coverage is similar to Ground risk hull insurance not in motion, but provides coverage while the aircraft is taxiing, but not while taking off or landing. Normally, coverage ceases at the start of the take-off roll and is in force only once the aircraft has completed its subsequent landing. Due to disputes between aircraft owners and insurance companies about whether the aircraft was taxiing or attempting to take-off, this type of coverage has been discontinued by many insurance companies.

- In-flight insurance – this coverage protects an insured aircraft against damage during all phases of flight and ground operation, including while parked or stored. Naturally, it is more expensive than not-in-motion coverage since most aircraft are damaged while in motion.

123. What is the duration of an aviation insurance policy?

In Guyana, an aviation insurance policy can last for up to one year and can be renewed thereafter.

124. How do I read my aviation insurance policy?

Below is a breakdown of the important parts and what you need to know:

- Declarations – after the cover pages of the policy (if applicable) are the declarations, essentially a breakdown of the coverages in your policy. Here you will find information on who the policy is issued to, the policy number and effective dates. The declarations also usually contain the liability limits of the policy, aircraft information, and the aircraft hull value if physical damage coverage was purchased. Any applicable deductible will be listed here along with when physical damage coverage is offered (Ground & Flight, Ground Not in Flight, or Ground Not in Motion).

- Insuring Agreements – the insuring agreement section of your aircraft insurance policy lists the insurer's promises to you. This is what the insurance policy will pay in the event of a loss. This area summarizes the protection provided to you for liability, medical expenses and physical damage. It also goes over the defence provided if you were to become liable for injury to a person or property.

- Conditions – your obligations are covered under the conditions section of the insurance policy. These paragraphs list requirements for coverage to be provided. How to file and document a claim are described in the conditions of your policy.

- Exclusions – this area of your policy is exactly the way it sounds. It lists what is specifically excluded from coverage in your policy. If your aircraft is for pleasure and business use only, you'll often notice that operations for commercial use and hire are often listed under the exclusion area.

- Definitions – throughout your policy you will notice words highlighted in bold. This signifies that this word has a specific meaning to the insurance carrier and its definition within your policy. This section of the policy will define important words in your policy such as:
    - Insured – who qualifies as an insured under this policy?
    - In flight – what is required for the aircraft to be considered in flight?
    - In motion – what is required for the aircraft to be considered moving?
    - Passenger – who qualifies as a passenger?

- Endorsements – usually placed towards the end of your policy are endorsements specific to your particular aircraft policy. They contain information such as the pilots allowed to fly the aircraft and any training requirements, lienholder information if there is a loan on the aircraft, list any additional insureds such as an airport and special expanded coverages. These endorsements amend policy wording which can delete or greatly add coverage. For example, non-owned aircraft coverage is usually found within these endorsements.

125. Does an aircraft with good safety record mean lower rates for aviation insurance?

Each insurance provider has its own perspective on the "safety record" of different aircraft, and the "cost to repair" associated with each. So, a good safety record combined with low repair costs can have a favourable influence on insurance costs. If you are considering the purchase of an aircraft, it's important to discuss your choice with an aviation insurance specialist before you buy to avoid any surprises after the fact. You don't want to complete a purchase and subsequently learn that the cost to insure your new aircraft is higher than you expected.

126. Does my aircraft insurance policy include aviation premises coverage?

Premises coverage affords insurance for property damage or bodily injury that occurs on a portion of an airport that a pilot or operator occupies as allowed under a written or oral agreement with the airport owner. Many light aircraft policies include some form of premises coverage, which is often required by the airport. You can determine if you have this coverage by reviewing your policy documents or talking with your insurance representative.

127. Does my aviation insurance policy have a deductible?

Modern light aircraft policies usually include no physical damage deductible. However, if your aircraft is a seaplane, a deductible should be expected. You should review your policy documents or check with your insurance representative to determine if you have a physical damage deductible.

128. What is Breach of Warranty in aircraft insurance?

Breach of warranty provisions are often required by a financial institution that holds a lien on an aircraft. They are often added by endorsements that revise the basic policy, and provide a mechanism for the bank to be compensated for its financial interest in the insured aircraft if a loss is otherwise excluded by the policy. For example, if a pilot who does not meet the pilot experience requirements of your policy flies and damages your aircraft, your insurer might deny compensation to you but still provide compensation to the financial institution.

129. What is a "combined single limit of liability" or "smooth" limit?

Aircraft insurance policies may have liability sub-limits applicable to each passenger. These sub-limits are the most that the insurer will pay for each passenger's claim for bodily injury. A combined single limit of liability-sometimes referred to as a "smooth" limit-means that no sub-limits apply and the full policy limit is available.

130. I own an aircraft but sometimes borrow or rent other planes. Does my owner's policy include non-owned coverage?

Non-commercial aircraft policies often include insurance coverage for flying rented or borrowed aircraft. If you were liable for a claim for property damage, bodily injury, or physical damage to a non-owned aircraft, coverage may extend to that claim. (Physical damage coverage would only be covered if your owned policy included physical damage).

Since aircraft policies are not standardised, the terms of coverage usually vary by policy. Sometimes you may have to read several parts of your policy to determine to what extent you are covered for flying non-owned aircraft. The first place to start is in your basic policy under a section entitled "use of another aircraft". Then look for an expansion endorsement for a broadening of coverage

Some policies include verbiage limiting non-owned coverage such as "if the Named Insured is one individual or one individual and a spouse". If your policy is in an LLC, there may not be coverage for non-owned aircraft. From there, you will have to refer to the definitions pages of your policy to determine what qualifies as a named insured on your policy. Often, non-owned coverage extends only to the named insured of the aircraft and not the other named pilots (non-owners) listed on the policy.

131. Can my friend fly my airplane?

Many airplane owners are generous enough to want to share their aircraft with their pilot friends.

There are several ways to answer this question, starting with the Open Pilot Warranty. Many policies have an open pilot warranty or an open pilot clause stating what pilots are approved to fly the aircraft. The warranty will state the minimum rating and hours required for a pilot to fly the aircraft without underwriter approval.

If a pilot does not meet the open pilot warranty or if the policy is written for named pilots only, it is best to prepare your friend's pilot history to submit for approval to be a named on the policy.

132. What insurance coverage is available for my aviation maintenance facility?

There are a number of scientific principles that go into an aircraft to keep it in the air. Aside from aerodynamics and the physics of flight, there are actually people and companies dedicating their careers to keeping your aircraft flying. Those are the people at your local aviation maintenance centre. And just like properly insuring an aircraft to protect your investment and liability exposures, aircraft maintenance facilities need the appropriate coverage to protect them from potential claims and financial hardship.

These are some insurance options available for such facilities:

- Premises Liability - any business can be liable for simple bodily injuries such as a slip and fall on the sidewalk to more dramatic bodily injury and property damage. Premises liability is first priority for aviation businesses such as aviation maintenance facilities. Premises coverage protects the company and the claimant in cases of bodily injury and property damage in and around the insured property.

- Products /Completed Operations Liability - a client has a new engine installed and expects all to be in working order when departing with their newly upgraded aircraft. What happens if something were to go wrong? Completed Operations/Product liability provides protection for losses or injuries arising out of a service you provided or product you have sold.

- Hangar Keepers Liability - aircraft owners take comfort in placing their aircraft in capable hands. However, sometimes accidents do happen. Perhaps an employee moved an aircraft to fit another aircraft in the maintenance hangar and the aircraft suffered some hangar rash. Hangar Keepers liability insurance protects a maintenance shop from liability when a non-owned aircraft is damaged while in your care, custody or control whether for storage and repair.

- Building/Contents Insurance - every maintenance shop needs a home base and a location to store valuable tools and equipment. Building and Contents insurance is exactly what it sounds like; it covers your structure and tools in the event of a loss.

- Worker's Compensation - worker's compensation covers you in the event one of your mechanics is injured while on the job. An employee injury on the job can lead to costly medical expenses and loss of work. Aviation businesses such as maintenance shops, flight schools, and corporate flight departments depend on aviation workers compensation insurance to properly safeguard the aviation related exposures of their business.

- Safety First - a proper safety and training plan in the workplace can reduce the chance of a preventable mishap and claim. Discussing your plan for training with your aviation insurance specialist can help you secure the best terms for your department.

133. How do I add a pilot to my policy?

In order to add a pilot, you should contact your insurance representative who will advise you on what documents would need to be submitted. Remember that changes to the original policy may result in changes to the level of premium charged by the insurer.

134. What documents are needed to file a claim under my aviation insurance policy?

In order to file an aviation insurance claim, the claimant would be required to complete the insurer's Claim Form. The insurance representative will then be able to advise you as to what supporting documents would need to be submitted to complete the application.

J. Fire Insurance

135. Do I need fire insurance?

Yes, if you are a homeowner. No matter how stringent risk management measures are in place in your home, the possibility of a fire exists. When a fire occurs, it can cause millions of dollars in damage which would be a huge financial burden on the homeowner. Purchasing fire insurance ensures that you have financial protection should the event ever occur.

136. How much fire insurance do I need to buy?

The amount of fire insurance that you need depends on a number of factors including the size of your home, the neighbourhood in which you live and the materials used to construct your home.

It is advisable to have an estimate of the value of your home done which will ideally provide you with a starting figure for the sum insured.

137. What are some tips for estimating the value of my building?

Here are some tips to help you estimate your building's value:

- Every year, take the time to check the value of your insurance policy against rising local building costs. Your insurance representative will be available to help you with a review of your coverage.

- Check the latest building codes in your community. If your home is severely damaged, you may have to rebuild it to comply with local building code standards which may require a change in design or building materials. This may result in significantly higher costs.

- Some banks require you to get fire insurance to cover the amount of your mortgage. It is advisable to make sure that the amount of coverage is enough to cover the mortgage and the cost of rebuilding.

- Increase the coverage under your policy if you make improvements or additions to your building. You may upgrade features in your home to fit your tastes and lifestyle. These enhancements may significantly increase the replacement cost of your building. Your insurance representative or agent or broker will be available to help you to determine if additional coverage is needed.

138. What does fire insurance cover?

Fire insurance typically covers mishaps due to accidental fire, lightning, implosion or explosion. It may also cover perils such as bursting or overflowing of water tanks or pipes, leakages, floods, etc.

The list of perils covered under a fire insurance policy varies by insurer so be sure to check your policy contract or contact your insurance representative to confirm your coverage.

Coverage for household contents may also be covered under extensions to your policy.

In Guyana, a typical fire insurance policy provides coverage for your home. It does not provide coverage for your household contents. Thus, it is advisable to purchase contents insurance which would provide coverage for your belongings.

Contents insurance may be purchased as a separate policy or may be available as a rider to your fire insurance policy.

139. What type of household contents can I get coverage for?

If your policy includes coverage for household contents, you will be covered for items such as:

- Furniture;
- Domestic appliances;
- Crockery and utensils;
- Clothes;
- Audio and visual equipment such as TVs and music systems;
- Cameras;
- Jewellery and watches; and,
- Laptops and desktop computers.

Please note that jewellery and watches may be subject to a single article limit and aggregate limit for valuables as shown on the policy documents.

140. What documents do I need to purchase fire insurance?

If you wish to purchase fire insurance for your home, you need to provide the insurance representative with:

- A form of identification;
- Proof of your address; and,
- A copy of the Transport or Title or Agreement of Sale for the property that you wish to insure.

Note that when you go to the insurance company, you will also be required to complete a Customer Verification Form.

If you would like to purchase contents insurance, representatives from the insurance company will visit your home to conduct an appraisal of the contents that you wish to insure.

141. What is the duration of my fire insurance policy?

In Guyana, fire insurance policies are active for up to one year and can be renewed thereafter.

142. What happens if I underinsure my home?

A fire can have a devastating financial effect and thus, fire insurance is necessary. However, it is also important to ensure that you buy sufficient coverage. If you underinsure your home and you need to make a claim, the insurance company will only be able to reimburse you up to a proportion of your claim.

Let's say that you insure your home for 50 percent of its value and there's a fire. When you make a claim, the insurer can only reimburse you up to 50 percent of your claim.

143. How much would it cost to rebuild my home at today's prices?

Your home is probably the single largest investment you'll ever make. By insuring your home, you're helping to protect your investment.

Estimating the cost to rebuild your home will help you to decide how much fire insurance you need to buy. The primary factors that will determine the cost to rebuild your home include:

- Local construction costs;
- The square footage of your home and the number of bedrooms and other rooms;
- The type of exterior wall construction, for example, concrete or wood;
- The type of roof;
- The number of floors , that is, one to four storeys or bi-level or split level;
- Special features like attached garages, and exterior trim; and,
- Quality of materials and finishes throughout the home.

144. Does my fire insurance policy cover other perils?

A typical fire insurance policy may also include damage caused as a result of floods, power failure, riots, etc. It is important to note that these other perils vary by insurer. To know the full list of perils covered under your fire insurance policy, check your policy document or contact your insurance representative for further information.

145. What is replacement cost?

Replacement cost, for contents that you own, such as furniture, means the value of that property on the date of loss of similar kind, usefulness and quality without any deduction for depreciation. With respect to repairs to damaged structural property, replacement cost means the cost of repairing or replacing the property with materials of similar kind and quality, whichever is less.

146. What is actual cash value?

Actual cash value is the cost of replacing damaged or destroyed property with property of similar kind, quality and usefulness, minus depreciation. In calculating depreciation, factors such as the condition and age of the item, its resale value and normal life expectancy are taken into consideration. Some policies only provide actual cash value settlements and this will be noted in your policy.

147. What happens to my fire policy if the insured house is sold?

From the official date of the transfer of ownership, the policy stands cancelled and the policyholder ceases to be insured under the policy. The insurance company will then refund the premium for the balance of the insured period.

148. Can I get fire insurance for my home in Guyana if I live abroad?

Yes, you can still purchase fire insurance for your local home if you live abroad. Though the requirements may vary from insurer to insurer, the insurer will typically require you to provide them with assurance that the house is being lived in continuously or if not, assurance that the house has a regular caretaker.

149. How documents do I need to make a claim on my fire insurance policy?

To file a claim on your fire insurance policy, you need to submit a completed Claim Form to your insurer. The insurer will obtain the Fire Service Report or Police Report if necessary.

150. Is there a time limit on my claim?

If you need to file a claim on your fire insurance policy, it is advisable that you do so as soon as possible. In Guyana, a claimant has up to 15 days after the date of the loss or damage to make a claim on their fire insurance policy.