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### **Assigment Insurance management and Practics**

**Answer No#1:**

Insurance in some form is as old as historical society. So-called [bottomry](https://www.britannica.com/topic/bottomry) contracts were known to merchants of Babylon as early as 4000–3000 BCE. Bottomry was also practiced by the Hindus in 600 BCE and was well understood in ancient [Greece](https://www.britannica.com/topic/Greek-law) as early as the 4th century BCE. Under a bottomry [contract](https://www.britannica.com/topic/contract-law), loans were granted to merchants with the provision that if the shipment was lost at sea the [loan](https://www.britannica.com/topic/credit) did not have to be repaid. The interest on the loan covered the insurance [risk](https://www.britannica.com/topic/risk-finance). Ancient [Roman law](https://www.britannica.com/topic/Roman-law) recognized the bottomry contract in which an article of agreement was drawn up and funds were deposited with a [money](https://www.britannica.com/topic/money) changer. Marine insurance became highly developed in the 15th century.

In Rome there were also burial societies that paid funeral costs of their members out of monthly dues.

The insurance contract also developed early. It was known in [ancient Greece](https://www.britannica.com/place/ancient-Greece) and among other maritime nations in commercial contact with Greece.

[**England**](https://www.britannica.com/place/United-Kingdom)

Fire insurance arose much later, obtaining [impetus](https://www.merriam-webster.com/dictionary/impetus) from the [Great Fire of London](https://www.britannica.com/event/Great-Fire-of-London) in 1666. A number of insurance companies were started in England after 1711, during the so-called bubble era. Many of them were fraudulent, get-rich-quick schemes concerned mainly with selling their securities to the public. Nevertheless, two important and successful English insurance companies were formed during this period—the London [Assurance](https://www.merriam-webster.com/dictionary/Assurance) Corporation and the Royal Exchange Assurance Corporation. Their operation marked the beginning of modern [property](https://www.britannica.com/topic/property-legal-concept) and [liability insurance](https://www.britannica.com/topic/liability-insurance).

**United States**

The first American insurance company was organized by [Benjamin Franklin](https://www.britannica.com/biography/Benjamin-Franklin) in 1752 as the Philadelphia Contributionship. The first [life insurance](https://www.britannica.com/topic/life-insurance) company in the [American colonies](https://www.britannica.com/topic/American-colonies) was the Presbyterian Ministers’ Fund, organized in 1759. By 1820 there were 17 stock life insurance companies in the state of New York alone. Many of the early property insurance companies failed from speculative investments, poor management, and inadequate distribution systems. Others failed after the [Great Chicago Fire](https://www.britannica.com/event/Chicago-fire-of-1871) in 1871 and the San Francisco [earthquake](https://www.britannica.com/science/earthquake-geology) and fire of 1906. There was little effective regulation, and rate making was difficult in the absence of cooperative development of sound [statistics](https://www.britannica.com/science/statistics). Many problems also beset the life insurance business. In the era following the U.S. Civil War, bad practices developed: dividends were declared that had not been earned, reserves were inadequate, [advertising](https://www.britannica.com/topic/advertising) claims were exaggerated, and office buildings were erected that sometimes [cost](https://www.britannica.com/topic/cost) more than the total assets of the companies. Thirty-three life insurance companies failed between 1870 and 1872, and another 48 between 1873 and 1877.

After 1910 life insurance enjoyed a steady growth in the [United States](https://www.britannica.com/place/United-States). The annual growth rate of insurance in force over the period 1910–90 was approximately 8.4 percent—amounting to a 626-fold increase for the 80-year period. Property-liability insurance had a somewhat smaller increase. By 1989 some 3,800 property-liability and 2,270 life insurance companies were in business, employing nearly two million workers. In 1987 U.S. insurers wrote about 37 percent of all premiums collected worldwide.

**Eastern Europe**

After the breakup of the Soviet Union, countries in eastern Europe developed insurance systems of considerable variety, ranging from highly centralized and state-controlled systems to Western-style ones. Because of recent political and economic upheavals in these countries, it seems likely that the trend will be toward decentralized, Western-style systems.

A few generalizations about insurance in eastern European countries may be made. Although state insurance monopolies are common, they are losing some business to private insurers. Insurance of state-owned property, which was considered unnecessary in socialist states, has been established in several countries.

[**Japan**](https://www.britannica.com/place/Japan)

Insurance in Japan is mainly in the hands of private [enterprise](https://www.britannica.com/topic/business-organization), although government insurance agencies write crop, livestock, [forest fire](https://www.britannica.com/science/forest-fire), fishery, export [credit](https://www.britannica.com/topic/credit), accident and health, and installment sales credit insurance as well as [social security](https://www.britannica.com/topic/social-security-government-program). Private insurance companies are regulated under various statutes. Major classes of [property](https://www.britannica.com/topic/property-legal-concept) insurance written include automobile and [workers’ compensation](https://www.britannica.com/topic/workers-compensation) (which are compulsory), fire, and marine. Rates are controlled by voluntary rating bureaus under government supervision, and [Japanese law](https://www.britannica.com/topic/Japanese-law) requires rates to be “reasonable and nondiscriminatory.” Policy forms generally resemble those of Western nations. Personal insurance lines are also well developed in Japan and include ordinary life, group life, and group pensions. Health insurance, however, is incorporated into Japanese social security.

Japan’s rapid industrialization after [World War II](https://www.britannica.com/event/World-War-II) was accompanied by an impressive growth in the insurance business. Toward the end of the 20th century, Japan ranked number one in the world in [life insurance](https://www.britannica.com/topic/life-insurance) in force. It accounted for about 25 percent of all insurance premiums collected in the world, ranking second behind the [United States](https://www.britannica.com/place/United-States). The number of domestic insurers is relatively small; foreign insurers operate in Japan but account for less than 3 percent of total premiums collected.

**Worldwide operations**

Because of the great [expansion](https://www.britannica.com/topic/expansion-economics) in [world trade](https://www.britannica.com/topic/international-trade) and the extent to which business firms make investments outside their home countries, the [market](https://www.britannica.com/topic/market) for insurance on a worldwide scale expanded rapidly in the 20th century. This development required a worldwide network of offices to provide brokerage services, underwriting assistance, claims service, and so forth. The majority of the world’s insurance businesses are concentrated in [Europe](https://www.britannica.com/place/Europe) and [North America](https://www.britannica.com/place/North-America). These companies must service a large part of the insurance needs of the rest of the world. The legal and regulatory hurdles that must be overcome in order to do so are [formidable](https://www.merriam-webster.com/dictionary/formidable).

In 1990 the 10 leading insurance markets in the world in terms of the percentage of total premiums collected were the United States (35.6 percent); Japan (20.5 percent); the United Kingdom (7.5 percent); Germany (6.8 percent); France (5.5 percent); the [Soviet Union](https://www.britannica.com/place/Soviet-Union) (2.6 percent); Canada (2.3 percent); Italy (2.2 percent); [South Korea](https://www.britannica.com/place/South-Korea) (2.0 percent); and Oceania (1.8 percent).

Major world trends in insurance include a gradual movement away from [nationalism](https://www.merriam-webster.com/dictionary/nationalism) of insurance, the development of worldwide insurance programs to cover the operations of multinational corporations, increasing use of reinsurance, increasing use by corporations of self-insurance programs administered by wholly owned insurance subsidiaries (captive companies), and increasing use of mergers among both insurers and brokerage firms.

**Answer No#2:**

**1:Code of Hammurabi**, the most complete and perfect [extant](https://www.merriam-webster.com/dictionary/extant) collection of [Babylonian](https://www.britannica.com/place/Babylonia) laws, developed during the reign

of [Hammurabi](https://www.britannica.com/biography/Hammurabi) (1792–1750 BCE) of the 1st [dynasty](https://www.merriam-webster.com/dictionary/dynasty) of Babylon. It consists of his legal decisions that were collected toward the end of his reign and inscribed on a diorite [stela](https://www.britannica.com/topic/stela) set up in Babylon’s temple of [Marduk](https://www.britannica.com/topic/Marduk), the national god of [Babylonia](https://www.britannica.com/place/Babylonia). These 282 case laws include economic provisions (prices, tariffs, trade, and commerce), [family law](https://www.britannica.com/topic/family-law) (marriage and divorce), as well as [criminal law](https://www.britannica.com/topic/criminal-law) (assault, theft) and [civil law](https://www.britannica.com/topic/civil-law-Romano-Germanic) (slavery, debt). Penalties varied according to the status of the offenders and the circumstances of the offenses.

The background of the code is a body of Sumerian law under which civilized [communities](https://www.merriam-webster.com/dictionary/communities) had lived for many centuries. The existing text is in the [Akkadian](https://www.britannica.com/topic/Akkadian-language) (Semitic) language, but, even though no Sumerian version is known to survive, the code was meant to be applied to a wider realm than any single country and to [integrate](https://www.merriam-webster.com/dictionary/integrate) Semitic and Sumerian traditions and peoples. Moreover, despite a few primitive survivals relating to family solidarity, district responsibility, [trial by ordeal](https://www.britannica.com/topic/ordeal), and the [lex talionis](https://www.britannica.com/topic/talion) (i.e., an [eye for an eye](https://www.britannica.com/topic/eye-for-an-eye-law), a tooth for a tooth), the code was advanced far beyond tribal custom and recognized no [blood feud](https://www.britannica.com/topic/feud-private-war), private [retribution](https://www.merriam-webster.com/dictionary/retribution), or marriage by capture.

The principal (and only considerable) source of the Code of Hammurabi is the stela discovered at [Susa](https://www.britannica.com/place/Susa) in 1901 by the French Orientalist Jean-Vincent Scheil and now preserved in the [Louvre](https://www.britannica.com/topic/Louvre-Museum).

**2:GENERAL AVERAGE:**

In the marine insurance industry claims are divided into two categories, particular average and general average. General average claims relate to losses directly related to a sacrifice made as a result of a catastrophe at sea, all other losses are known as particular average losses.

There is a lot of misconception that for a general average to be declared, cargo has to be jettisoned.   this is not the case. There can be any type of incident where the master of the vessel has to take action to make an extraordinary sacrifice for the common safety of the vessel, and all that is within her.

The extraordinary sacrifice could be having to cut a hole in the side of the ship and then fighting a fire through that hole.  Any cargo which may be damaged as a direct result of this fire fighting will be considered an extraordinary sacrifice, but that which is burnt from the fire will not be considered a sacrifice but will be a particular average claim against insurers.

There can also be the cost of running the engines at high speed to remove her from being aground.  The extra fuel which is used plus the extensive damage which this can cause the engines for running at these high speeds will all be considered as a sacrifice in terms of a general average as if it were not for the engines running at the high speed using the excessive fuel plus the resulting damage to the engines, the voyage would not have been saved.

It must be remembered that the voyage has to be saved.  In the event of a shipping sinking, no general average will be declared as the voyage was not “preserved from peril”.  Should there have been the successful salvaging of cargo from the vessel prior to her becoming a total loss, there can be declared a salvage award to the salvors as was the case with the “MSC Napoli” back in January 2007 when she was purposely run aground to save her.

Cargo was discharged with the help of barges and salvors.   There was the successful salvaging of a large portion of the cargo.  The ship later sank off the coast after splitting in two but the salvors claimed a 60% salvage award for the successful salvaging of the cargo.

Whenever a general average is declared there are numerous documents which need to be completed by the cargo owners.  No cargo will be released to any party without the authorisation from the ship’s agent or owners representative at the following ports of call.