Unit 3- Accidental Insurance

Various kinds of accidental insurance are as under:

1. **Personal Accidental and Sickness Insurance**
2. **Motor Insurance**
3. **Burglary Insurance**
4. **Fidelity Insurance**
5. **Employer's Liability Insurance**
6. **Cattle Insurance**
7. **Crop Insurance**
8. **Medical Reimbursement Policy**

The detail discussion of these types of insurance is as under

1. **Personal Accidental and Sickness Insurance:** Personal accident insurance is a provision to compensate the insured against losses caused by accidental injuries, sickness, disability and death. ***It is an insurance contract according to which in consideration of premium received the insurance company agrees to pay the insured or his legal heir a stated sum of money if he is killed or disabled by accident.*** Following are the features of such insurance:

i) **Contingent Contract:** Personal Accident Insurance is a contingent contract and not a contract of indemnity because to measure and indemnify the value of man's life in terms of money is not possible.

ii) **Risk covered:** Accidental insurance covers the risks due to death or disability of insured, sickness caused by accident and effects of accident. It compensates the medical expenses of insured due to accident and illness.

iii) **Principles applicable:** Principles of utmost good faith and insurable interest are applicable hence the insured must provide the correct information while filling up the proposal form. He should not give any wrong information or hide the important information.

iv) **Female Insured:** Generally female housewives are not insured under this insurance except for the small amount.

v) **Benefits to Insured:** In the event of accident the insured gets full sum assured on accidental death or total disablement. He also gets 1% of sum assured per week in case of partial disablement and 3% of sum assured per week in case of total disablement for 104 weeks.

Sickness Insurance: Sickness insurance is an insurance contract according to which insurance company in consideration of premium paid agrees to pay a substantial part of earnings lost through disability of insured due to accident or sickness. This policy is suitable for professional persons like lawyers, chartered accountants, doctors etc. whose income depends mainly on their personal work. The premium payable depends on the age of insured. The risk commences from the date of payment of premium. The benefits of insurance begin from the day the insured is disabled due to accident or sickness. No benefits are payable if the disability is for less than seven days. But if the disability is for more than seven days benefits are paid the first day of disability. Insured has to give the notice of disability along with the details of medical expenses incurred. The insurance company can examine the insured at any time during the period of disablement.

2. **Motor Insurance:** Motor Vehicle or Automobile Insurance is a contract according to which the insurance company covers the vehicle of insured form specified risk on payment of premium by him. The vehicle includes private motor cars, trucks, trollies, auto-rickshaws, motorcycles, scooters, mopeds, and such two wheelers and other vehicles. The motor insurance provides the cover to the vehicles from the following three kinds of perils:
   - **a) Peril to vehicle:** The insured vehicle is open to the various kinds of perils such as accident, theft, burning of engine, breakdown of machine, collision (dashing), lightening, fire etc. Loss caused to the vehicle due to these perils is compensated by the insurance company.
   - **b) Dangers to property:** The vehicle can also cause damage to the property of third party if the driver of vehicle loses the control of vehicle. Such loss to the property of the third party can also be compensated under the insurance contract.
   - **c) Dangers to the life of third party:** The vehicle can also cause injury or death of some persons if the driver of the vehicle loses the control. Such loss to the life of third party can also be covered by the motor insurance.

   Motor insurance covers all such risks related to the vehicles. ***Comprehensive insurance policy*** indemnifies covers perils to the vehicles as well as the dangers to the life and property of third party. ***Third party liability insurance*** covers the dangers to the life and property of the third party. According to the Motor Vehicles Act 1939 owner of the vehicle has to take out Third Party Liability Insurance.

   Losses Not Covered: Motor Insurance does not cover the losses if-
   - **i)** Vehicle is driven by a person other than a driver with driving licence, or driver in intoxication of liquor or drugs.
   - **ii)** Vehicle gets damaged out of due to natural calamities, war, riots, strikes.
   - **iii)** Damages relate to depreciation, attrition, breakdown etc

3. **Burglary Insurance:** Burglary includes theft, house breaking, plundering (loot), dacoit (***daroda***), shop lifting etc. Insurance covering such losses is called burglary insurance. Burglary insurance is an insurance contract according to which an insurance company undertakes to indemnify the loss incurred by an insured to his property due to burglary in return of the premium paid by the insured. The insured has to fill the form declaring the full value of the property to covered under the insurance. The property may include the valuables such as gold, silver, jewelery, and furs. The rate of premium is fixed by considering the safety measures taken by the insured.The burglary insurance is of following types:
   (1) Theft in business premises (2) House breaking theft (3) Theft of valuables (4) Theft of cash from the custody (5) Theft of documents (6) Money in transit etc.

4. **Employer's Liability Insurance:** It is an insurance contract that covers the liability of employers for the bodily injuries or diseases caused to the employees during the course of employment .It is the responsibility of the employer to provide the safe place of work to the employees. If an

employee is injured or disabled or dead during the course of employment or if he suffers from the occupation disease the employer has to pay compensation to such employee as per the Workers Compensation Act. By taking liability insurance the employer can make a provision for such compensation payable by him in case of injury or death of employees during work. Liability insurance is an agreement under which the insurance company under takes to pay the compensation to the employees getting diseased, injured, disabled or dead at work place in return of the premium paid by the employer.

5. **Fidelity Insurance:** Fidelity insurance is an insurance contract that provides cover to the employer against the losses due to the dishonesty of employees. Many employees of business enterprises are assigned the work of collecting the dues of the customers, carry out cash and bank transactions. Some employees are appointed in the godown to collect, store and issue goods. Sometimes such employees may misappropriate the cash or goods and business may suffer a loss due to the dishonesty of employees. Fidelity insurance indemnifies the loses to the firm from such dishonesty of employees.

   Types of Fidelity Insurance Policies:

   1. **Individual Policy:** This policy gives the fidelity guarantee of only one employees handling the financial transactions of firm whose name is mentioned in the contract.
   2. **Collective Policy** : This policy gives the fidelity guarantee of many employees whose names and designations are mentioned in the policy.
   3. **Floating Policy:** This policy does not mention the names of employees and the amount of guarantee for each employees. It states the total amount of guarantee.

6. Cattle Insurance :

Cattle include cattle, sheep, goat, horse, pig, camel, duck, rabbit, dog, elephants etc. Cattles insurance is a contract according to which insurance company undertakes to indemnify the loss to the insured due to the death of cattle owned him from specific risks, in consideration of the premium paid by him. This type of insurance is useful to the rural farmers who own and rear cattle. Cattle insurance is also called *live stock insurance*. Normally this insurance is taken out for one year. Risk Covered: This policy covers the risks of death of cattle in accident or disease, inability of reproduction, inability of yielding milk etc. In the event of cattle death the insured has to inform the insurance company about the same within 12 hours from death. He has to produce the following document with the claim form: (1) certificate of death of his cattle from veterinary doctor or Sarpanch, (2) autopsy report of veterinary doctor, (3) proof of medical treatment, and (4) proof of vaccination.

Cattle insurance include following schemes:

(1) Cattle insurance scheme (2) Sheep and goat insurance (3) Horse insurance (4) Pig insurance (5) Camel Insurance (6) Rabbit Insurance (7) Elephant insurance (8) Dog Insurance (9) Live stock insurance master policy.

7. Crop Insurance:

Crop insurance is an insurance contract according to which insurance company undertakes to indemnify the losses suffered by the insured due to the damage to the standing crops from specified perils, in return of premiums paid by the insured. The General Insurance Corporation of India has started the crop insurance since 1985. It has set up Crop Insurance Fund in collaboration with the state government and the risk has been distributed between the GIC and the State Government in the ratio of 2:1. This insurance is applicable for Kharip and Rabbi crops. Crop insurance scheme is implemented through the banks and agencies that provide the finance to the farmers. They collect the premium from the farmers and send to the crop insurance fund. The premium is very low. In India crop insurance scheme is implemented in many states like Andhra Pradesh, Haryana, Himachal Pradesh, Gujarat, Karnataka, Kerala, Maharashtra, Orissa, West Bengal etc. Crop insurance covers the risks like famine, excessive rain, natural calamity, plant disease, low yield etc.