

6**Notes**

RURAL INSURANCE

6.0 INTRODUCTION

Under the provisions of sections 32-B and 32-C of the Insurance Act, 1938, insurance companies are obliged to provide such percentages of business as may be specified by the IRDA, for persons in the rural sector or social sector, workers in the unorganised or informal sector, for economically vulnerable or backward classes of the society and other categories of persons, as may be specified by the IRDA.

The IRDA has, in pursuance of the provisions of the above two sections of the Insurance Act, issued the (Obligations of Insurers to Rural or Social Sectors) Regulations, 2000, which lays down that every insurer transacting general insurance business, shall underwrite business in the rural sector, to the extent of at least 2% of total gross premium in the first financial year, at least 3% of gross premium in the second financial year and 5% of the gross premium in the third and further financial years. The obligations include insurance for crops.

The Rural sector has been defined as any place which, as per the last census, has a population of not more than 5000, density of population of not more than 400 per square kilometer, and at least 75% of the male working population engaged in agriculture.

The Government of India has launched various programmes for the benefit of small farmers, marginal farmers, agricultural laborers, etc. Since 1980, all these programmes have been integrated into Integrated Rural Development Programme (IRDP) which is funded by the Central and State governments

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on 50:50 basis. The objective of the programme is to provide, to the target group of rural families, a package of assistance comprising of income generating assets, working capital, etc. through subsidy, institutional credit, etc.

Special insurance schemes are framed to protect the beneficiaries of IRDP projects. Under these policies, the rates of premium are lower and claims procedure is simplified. Whenever, the word 'scheme' is used hereafter, it refers to these special policies.

Insurers will evolve appropriate strategies and plans to meet these obligations.

6.1 OBJECTIVES

At the end of this lesson, you will be able to:

- Know the various rural insurance policies.
- Know the coverage under various rural insurance schemes.
- Settle the claim.

Know what is not covered under various rural insurance policies

6.2 RURAL POLICIES

Rural policies comprise the insurance of:

1. various livestock, e.g., cattle, sheep, goat, etc.
2. sub-animals e.g., silkworm and honeybee.
3. plantation and horticultural crops, e.g. rubber, grapes, etc.
4. property e.g., agricultural pumpsets, etc.
5. persons e.g., gramin accident.

6.3 CATTLE INSURANCE

The word 'Cattle' for the purpose of the market agreement refers to the following animals, whether indigenous, exotic or cross *bred*, within the age limit indicated.

Milch Cows : 2 years to 10 years

Milch Buffaloes : 3 years to 12 years

Stud bulls (Cow / Buffalo species) : 3 years to 8 Years

Bullocks (Castrated bulls and Castrated male buffaloes) : 3 years to 12 Years

6.3.1 Coverage

Cattle policy prescribed by the agreement provides indemnity for death due to

- (a) Accident (inclusive of fire, lightning, flood, inundation, storm, hurricane, earthquake, cyclone, tornado, tempest and famine)
- (b) Diseases *contracted* or occurring during the period of this policy.
- (c) Surgical operations
- (d) Riot and strike

The policy can also be extended to cover Permanent Total Disability (PTD) on payment of extra premium :

- (a) Permanent Total Disability which, in the case of Milch Cattle, results in permanent and total incapacity to conceive or yield milk.
- (b) PTD which, in the case of Stud Bulls, results in permanent incapacity for breeding purpose.
- (c) PTD in the case of which Bullocks, Calves / Heifers and Castrated male buffaloes, results in permanent and total incapacity for the purpose of use mentioned in the proposal form.

6.3.2 Exclusions

- i. Malicious or wilful injury or neglect, overloading, unskillful treatment or use of animal for purpose other than stated in the policy without the consent of the Company in writing.
- ii. Accidents occurring and/or disease contracted prior to commencement of risk.
- iii. Intentional slaughter of the animal except in cases where destruction is necessary to terminate incurable suffering on human consideration on the basis of certificate issued by qualified Veterinarian or in cases where destruction is resorted to by the order of lawfully constituted authority.
- iv. Theft and clandestine sale of the insured animal.



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- v. Pleuro–pneumonia in respect of cattle in Lakimpur and Sivasagar Districts of Assam.
- vi. Transport by air and sea.

6.3.3 Special conditions provide as follows :

- a. The company is not liable to pay the claim if death is due to disease occurring within 15 days from the commencement of risk.
- b. Claim is not entertained unless the ear tags are surrendered to the Company. If the ear tags are lost the insured is responsible for notifying the Company and getting the animal retagged.
- c. In addition to other details, i.e animal’s number or mark, species / breed, sex, colour and distinguishing mark, age, height, purpose for which used and sum insured.

6.3.4 Claim Procedure

Non Scheme Animals

In the event of death of an animal immediate intimation should be sent to the insurers and the following requirements should be furnished :

- i. Duly–completed claim form
- ii. Death Certificate obtained from qualified Veterinarian on Company’s form.
- iii. Postmortem examination report if required by the Company
- iv. Ear Tag applied to the animal should be surrendered. The Companies follow the principle of “No Tag - No Claim”. Generally claim is not be paid if tag is not submitted. However, in cases of genuine hardship, the higher competent authority may consider the claim if the identity of the animal is established.
- v. The value of the animal should be established properly keeping in view age, etc.

Scheme Animals

Intimation of loss / death of animal should be given to the Company or Financing Bank immediately, within 7 days. Claimant has to furnish the following requirements within 30 days:

- (a) Duly-completed and signed claim form along with ear tag.
- (b) Certification of death from Veterinary surgeon or a Certificate jointly by any two of the following:
 - (i) Sarpanch of the Village
 - (ii) President or any other Officer of Co-op. Credit Society.
 - (iii) Official of the Milk Collection Centre, or others specified.

Subject to their declaration that they have seen the carcass and ear tag intact in the ear mentioning number thereof.

- (a) Post mortem report, if conducted.

6.3.5 Sum Insured

The market value of cattle varies from breed to breed, from area to area and from time to time. The sum insured is based on market value as recommended by a Veterinarian. Indemnity is based on sum insured or market value whichever is less. In case of scheme animals, the policy is issued as agreed value policy and claims are settled for 100% of sum insured.

6.3.6 Premium

The premium rates are lower for scheme animals than for non-scheme animals. This applies to indigenous / cross-bred animals. Higher rates are charged for exotic animals. Group discounts and long-term discounts are available. There is provision for percentage increase in renewal premium for adverse claims experience.

6.3 SHEEP AND GOAT INSURANCE

The policy provides indemnity (sum insured or market value, whichever is less) against death of sheep and goats due to

- Accident (including fire, lightning, flood, cyclone, famine, strike, riot and civil commotion) or
- Disease
- Occurring or contracted during the period of insurance.

The exclusions are more or less the same as under the cattle insurance policy. These relate to wilful neglect, intentional slaughter, theft, etc.

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However, the following exclusion is specific to this policy:

- Death due to Enterotoxaemia, Sheep Pox, Reinderpest, Anthrax, Foot and Mouth disease, Haemorrhagic Septicaemia, Blackquarter.

These diseases are covered only if the animal is successfully inoculated and the Veterinary Certificate is supplied to the company.

The conditions are the same as under cattle insurance policy.

The market agreement applies to all indigenous, cross-bred and exotic sheep and goats in the age group of 6 months to 6 years (4 months to 7 years in the case of 'scheme' animals)

The market value of sheep and goats varies from breed to breed, area to area and time to time. The Veterinarian's recommendation is a guide for acceptance of risk and settlement of claim. No salvage value is deducted from claims.

The premium rates are separately applied for:

- (a) Indigeneous animals
- (b) Cross-bred animals
- (c) Exotic animals

Animals should be identified by metal ear tagging and / or tattooing method. Natural marks should be noted in the proposal and Veterinary certificate.

Group discount is available depending upon the number of animals covered (minimum 101 to 500 animals).

The salient features of insurance for other animals which fall under separate market agreements are outlined in the table below:

| | Animals | Sum insured | Indemnity | Rate |
|----|---|----------------------|------------------------------------|----------------|
| A. | Draught horses, ponies, mares, mules. yaks - used for cart work, farm work etc. (Age limit 2 to 8 years) (Note: Long term Master Policy for 3,4 or 5 years with 25% discount) | 100% of market value | Death - 80% of S.I. P.T.D. - 75% " | 4% 1% extra |

| | | | |
|---|---|---|------------------------------------|
| B. Camels male and female (Age limit 3 to 12 years) | Bank finance schemes Max - Rs. 3000 Individual cases - Market Value | Death - 80% of S.I. or Market value whichever is less P.T.D. - 75% of S.I. | 4 % to 6% PTD- 1% extra |
|---|---|---|------------------------------------|

The agreement prescribes rules for identification, claims procedure etc. as in cattle and sheep and goat insurance.

6.4 POULTRY INSURANCE

'Poultry' for the purpose of the market agreement refers to (a) layers (b) broilers and (c) parent stock (exotic and cross-bred only).

The agreement prescribes age limits and minimum number of birds to be insured.

The policy provides indemnity against death of birds due to accident (including fire, lightning, flood, cyclone / storm / tempest/earthquake, strike, riot, act of terrorism) or disease contracted or occurring during the period of insurance.

Some examples of exclusions are:

- (a) Transit by any mode of transport.
- (b) Improper management (including over crowding).
- (c) Loss / death due to natural mortality, non-specified or unknown diseases or reasons.
- (d) Theft and clandestine sale of birds
- (e) Intentional slaughter of the birds except in cases where destruction is necessary to terminate incurable suffering on human consideration and to protect remaining healthy flock to reduce additional losses on the basis of certificate issued by qualified Vet. Surgeon or in cases where destruction is resorted to by order of lawfully constituted authority, under intimation to Insurance Company.

The sum insured has to be fixed as per the valuation chart for layers and broilers. For parent stock birds the valuation chart has to be fixed in consultation with the Hatchery owners.

Premium rates vary for a) broilers b) layers and c) parent stock and according to a) IRDP scheme and b) non-IRDP scheme.

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The agreement prescribes 'no-claim' discount and discount for good features some examples of which are:

- (i) Farms having resident / own Veterinary officer or farms managed by Veterinary doctors.
- (ii) Farms having good dead bird disposal system, i.e. farms with incinerator.
- (iii) Farms with standard layout such as good distance between sheds etc.

Underwriting Considerations

- (a) All birds in the farm should be insured
- (b) The minimum number of birds prescribed should be maintained and all the birds are covered on flock basis and hence no identification is necessary.
- (c) Farms should have veterinary facility of their own or on consultancy basis.

Claims

Claims are admissible only if the mortality due to insured-peril in the flock exceeds the 'excess' limit prescribed. For example, for broilers 5% of the population in each batch is the 'excess' limit.

Daily mortality details should be submitted on weekly basis, failing which reports will be treated as 'nil' for that week. In the case of alarming death / out break of epidemic nature, notice within 12 hours should be given and all birds segregated and produced for inspection. Also, the insured should arrange emergency sale of live birds in the presence of Company's representative. This is for the purpose of averting or minimising the loss.

The claim documents required are

- a) Claim form.
- b) Vet. P.M. Report for sample birds
- c) Daily record of mortality, feeding etc.
- d) Purchase invoices for the birds.
- e) Any other proof as may be required e.g., photographs, medical bills etc.

INTEXT QUESTIONS 6.1

1. What is the minimum age for insurance for the milch cows?
2. What is the meaning of 'Poultry' under Poultry insurance?

**Notes****6.5 AQUA CULTURE (SHRIMP / PRAWN) INSURANCE**

The insurance scheme under the agreement is applicable to licensed farms, in accordance with the Government notification, growing Brackish-Water shrimp / Fresh-water prawns by adopting extensive / modified extensive / semi intensive system only.

The insurance covers only total loss or destruction of shrimp/ prawns and is available as under:

Section I: Basic Cover

Only Total Loss of the Shrimp / Prawns due to the following:

- (a) Summer Kill
- (b) Pollution (from external source only).
- (c) Poisoning.
- (d) Riot and Strike.
- (e) Malicious acts of Third Parties
- (f) Earthquake.
- (g) Explosion/Implosion.
- (h) Storm, Tempest, Cyclone, Typhoon, Hurricane, Tornado, Flood, Inundation, Volcanic eruption and / or Other convulsions of nature.
- (i) Aircraft and other aerial devices or articles dropped therefrom, impact with any road vehicle, horses and cattle.
- (j) Terrorism Section II: Comprehensive Cover

Covering all perils as listed in basic policy and death due to disease excepting diseases caused by bad management and/ or which are due to nutritional deficiencies.

Some examples of exclusions are :

- Malicious or wilful injury, poisoning, negligence, error or omission by the insured or his family members or employees.



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- Improper and incompetent management and rough handling.
- Infidelity of any person, burglary, poaching and theft.
- Transit by any means.
- Flood and inundation due to the action of normal tides.
- The agreement provides for a formula for fixing the sum insured. Policy period is for four and half months (culture period).

Claims

The insured shall, upon the occurrence of any event giving rise to or likely to give rise to a claim under this policy, give immediate notice within 24 hours to the Company, and shall, within fourteen (14) days thereafter, furnish to the company fully the completed claim form, and death certificate with details certified by an official of the Department of Fisheries / MPEDA or any marine biologist, etc.

All dead shrimp / prawns should be produced before the representative of the Company.

Various insurance schemes for which there are no market agreements are now outlined. The coverage, rates of premium, underwriting practice, etc. may vary among the companies. The notes which follow are designed to provide an idea of the general approach adopted.

Insurance policies are available to cover the following animals:

Elephants used for commercial / religious purposes in the age group 5 to 60 years. Sum insured should exclude the value of tusk. The rate is 4.5% for temple elephants and 5% for other *animals*. In the event of claims, 80% of the market value is paid.

Pigs (indigenous / cross bred / exotic, in the age group of 6 months to 3 years. Sum insured varies according to age of the animal. The limit of liability for a claim is 80% of the sum insured. The rate is 5% on peak value during the rearing stage.

Rabbits - All breeds in the age group of 1 day to 4 years. The sum is 100% of market value and the rate is 7%, Claim payment is at 70% of the sum insured or market value, whichever is less.

Zoo and Circus animals and birds. (All or none basis). Sum insured is based on valuation done by curator and health certificate by Veterinary doctor. The coverage is as per cattle / poultry policy. The rate of premium is as follows :

- Zoo - 5 % sum insured
Circus - 7.5% of sum insured

The common features of the insurance schemes are :

- a) Coverage is against accident or disease. The exclusions are generally the same as under the cattle policy but there may be additional exclusions relevant to the specific animal covered.
- b) Basis of sum insured is the Veterinarian Certificate.
- c) Appropriate identification marks on the animal are to be incorporated in the policy.
- d) Claims procedure is generally the same as under cattle policy or poultry policy, as applicable.

6.6 SERICULTURE (SILK WORM) INSURANCE

The insurance scheme is applicable to Univoltine, Bivoltine and Multivoltine breed of silkworms fed on mulberry leaves only.

Indemnity is in respect of total loss or destruction of the cocoons, following the death of the silkworm due to accident or disease during the period of insurance.

Some of the important exclusions are :

- a) Diseases contracted prior to or within 5 days from the date of commencement of risk.
- b) Loss due to natural mortalities and / or normal trade loss.
- c) Loss due to improper management and / or rough handling.
- d) Theft or clandestine sale.

The policy may be extended at extra premium, to cover loss of cocoons due to accident during transit from the insured's farm to the cocoon market.



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The crop period varies from 3 weeks to 5 weeks, that is from the stage of plantation of eggs to the final stage, i.e. harvesting of cocoons. Thus, the policy may be issued for 12 months or the duration of the crop period, as is required.

The value of cocoons at each stage till the harvest period, is to be certified by the Sericulture Department of the State Government. In view of the variation in the value of cocoons, the policy is not issued with fixed sum insured. The sum insured therefore, is equivalent to the cost of inputs only. A certificate from the Sericulture Department regarding the cause of loss and the value of cocoons at the time of loss is the basis for the settlement of claim.

The important terms of the policy are:

- Measures to be taken for prevention of disease and pest attacks.
- The eggs should be healthy.
- Cocoons should not be sold in any place other than the notified market.
- The insurance cover ceases once the cocoons leave the rearing premises.
- A technical report-cum-certificate of the Government Sericulture Department approving the method adopted by the sericulturist and identifying the areas where Silk worms are reared.
- Only disease-free supply of layings for rearing, obtained from licensed seed suppliers or the Government Sericulture Department, are insurable.

6.7 HONEY BEE INSURANCE

The insurance applies to hives and / or bee colony belonging to the cooperative society. The cover is in respect of all accidental loss or damage to the hive and/or bee colony. Theft risk can be covered on payment of additional premium.

The important exclusions are:

- Neglect or improper management and / or rough handling.
- Natural mortality.
- Any destruction as required by any order of Government / municipal authority.

Value for (a) cost of hive and (b) cost of bee colony will be taken as insured value. An agreed valuation based on the figures provided by the State Khadi and Village Board or Khadi and Village Industries Commission is accepted.

The respective boxes should be identified with the company code and number. Assessment of loss is based on the certificate given by an authorised officer of the concerned Government Department. The liability under the policy is 80% of the assessed amount, the insured bearing the balance 20%.

6.8 HORTICULTURE / PLANTATION INSURANCE SCHEME

The Scheme applies to the following:

- a) Horticulture crops :
- Grape
 - Citrus (Orange, Lime, Sweet lime)
 - Chikoo (Sapota)
 - Pomegranate
 - Banana
 - Mushroom
 - Papaya
 - Coconut
- (**Note:** The subject matter covered is fruits)
- b) Plantation:
- Rubber, Eucalyptus, Poplar, Teakwood
 - Oil Palm
 - Betelvine
- c) Sugarcane
- d) Tea
- e) Floriculture
- f) Polyhouse / Glass House
- g) Nursery
- h) Tissue culture
- (**Note :** The subject matter covered is trees)



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**Notes****The Insured**

The insured is the individual farmer whether owner or tenant. However, a policy may be issued in the name of a registered body of farmers formed for the purpose of procurement of input, marketing of produce etc. Particulars of each member must be recorded in a schedule to the policy, so that claims can be settled on individual basis.

The Salient Features of the Policy**Coverage**

Damage to the Horticulture / Plantation crop described in the schedule by

- 1) Fire, including forest fire and bush fire.
- 2) Lightning
- 3) Terrorism
- 4) Riot and strike
- 5) Storm, hailstorm, cyclone
- 6) Flood and inundation

Exclusions

Some examples are:

- 1) Loss by theft.
- 2) Earthquake.
- 3) Drought conditions.
- 4) Cold waves & heat waves.
- 5) Natural mortality of plants.
- 6) Delay in the onset of monsoon.

Further, the insurance does not cover loss or damage to

- Fertilisers, manures, etc., stored in the insured's field.
- Crop after ripening / harvesting is done or whilst in storage or transit.

Period of Insurance

Crop duration (one season) or twelve months whichever is shorter.

Sum Insured

The sum insured shall be based on the cost of cultivation on *Input Cost or Cost of Raising / Development of trees*, depending on the crop which is insured.

The cost of inputs is defined in the policy to meet the recurring expenses incurred to raise the crop and some examples are:

- Pruning, deweeding, planting / seeding.
- Soil tillage
- Fertilizers and insecticides
- Maintenance of soil structure
- Watering plants
- Use of synthetic hormones
- Plant protection
- Labour charges for the above

The total cost of inputs per acre / hectare is stated in the policy.

Note : Separate sum insured is fixed for the following property, if covered under the policy

- Structure supporting the plants / crops.
- Irrigation system.
- Agricultural *equipments*.

Settlement of Claims

The policy includes a specific crop-wise clause which provides a percentage scale of costs of inputs corresponding to various stages of cultivation.

The amount of claim payable is in respect of cost of inputs and is determined with reference to this scale and subject to the following:

Franchise: No claim is payable, if the amount of the assessed claim does not exceed 10% of the total sum insured per acre or Rs. 1,000/- per affected acre, whichever is lower.

Excess: The insured shall bear first 20% of the claim as determined above, that is, only 80% of such claim shall be payable.

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Deductions. Losses due to any or all of the excluded perils and / or improper maintenance shall be quantified and deducted to arrive at the loss payable.

Rates of Premium

Some indications of rates are provided for general information only.

| Crops | % on Sum insured |
|--|-------------------------|
| 1. Horticulture crops | 5.00 |
| 2. Plantations | 1.25 |
| 3. Floriculture, Poly-House, Glass House | 0.50 |
| 4. Betelvine | 10.00 |
| 5. Plant supporting structures | 0.25 |

6.8 AGRICULTURAL PUMP SET POLICY

The insurance is granted on *Centrifugal Pump* sets (electrical and diesel) upto 25 H.P. capacity of approved makes used for agricultural purposes only.

The cover is in respect of unforeseen and sudden physical damage to pump sets (including starters) by

- a) Fire, lightning.
- b) Riot, strike, malicious damage, terrorism.
- c) Mechanical, electrical breakdown.
- d) Burglary (by violent forcible entry and provided the pump set is kept in a locked enclosure).

Flood risk can be granted on a selective basis at extra premium.

Some important exclusions are :

- a) Cost of dismantling, to and from transport to workshop and cost of erection.
- b) Faults existing at the time of commencement of policy and known to the insured
- c) Damage for which the manufacturer or supplier is responsible.

The sum insured should represent 100% of new replacement value.

The rates of premium vary according to type of set, i.e. electric or diesel / oil and horse power.

There is excess applicable to machinery—breakdown claims only and the amount of the excess varies according to the type of set and horse power.

There are discounts for group policies, long term policies and for 'no claim'.

6.9 FAILED-WELL INSURANCE

The insurance applies to dug wells, bore wells or dug-cum-bore wells used for developing ground water and financed by Cooperative / Commercial banks and sponsored by National Bank for Agriculture and Rural Development (NABARD).

The policy indemnifies the insured to the extent of cost of all civil construction, less the cost of pumping equipment, and its accessories, or the sum insured, whichever is less, if the well fails to yield specified quantity or water.

The proposal form countersigned by the bank has to be accompanied by:

- a) Site plan of place of land on which well is to be dug. (site selection has to be done by a qualified hydrologist / geophysicist)
- b) Permission of the local municipal authority.

A group policy may be issued to the bank covering a number of farmers provided the required details are supplied for each well.

Failure of well is determined with reference to prescribed parameters and certified by the District / Block Certifying Agency constituted by the State Government.

6.9.1 Lift Irrigation Insurance

The lift irrigation system comprises : Intake well, Delivery chambers. Jack well. Pump house. Water storage tank, Pipeline cables, Switch gears, Starters and Electric motors of capacity from 3 H.P. to 200 H.P.

Coverage

The policy provides indemnity against unforeseen and sudden physical loss and / or damage by:



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- a) Fire
- b) Riot, strike and malicious Damage
- c) Storm, flood etc.
- d) Earthquake
- e) Landslide
- f) Theft
- g) Bursting of pipelines
- h) Mechanical and / or Electrical breakdown.

There is an excess of Rs. 1000/- on each and every claim. For machinery breakdown the excess is 1 % of the value of the machinery or Rs. 1000/- whichever is higher.

The sum insured shall be equal to the cost of replacement of insured property by new property, of the same kind and capacity, subject to terms and conditions laid down in the policy.

6.11 CYCLE RICKSHAW POLICY

The policy provides similar cover as under a pedal-cycle policy. Accidental damage is subject to excess of Rs.25/-.

It includes legal liability for death or injury of passengers with a limit of Rs. 500/- each for 2 passengers and damage to their goods of Rs. 500/-.

6.12 ANIMAL-DRIVEN CART INSURANCE

The cover is provided under three sections.

- a. Loss or damage to cart or tonga by accidental, external means, fire, lightning, storm, flood, burglary, theft, riot, strike, malicious act., terrorism and when in transit by rail, road or inland waterways.
- b. Death or permanent total disablement of the insured animal arising during and out of an accident to the cart/ tonga.

The animals used for driving / pulling are:

- Male buffaloes, bullocks, bulls
- Horse/Mule
- Donkey
- Camel

2. Third party liability upto Rs. 5,000/- per accident and Rs. 10000/- for all accidents in a year
3. Personal accident cover (as per Gramin Policy) to the driver, whether owner or otherwise.

Sum insured should be 100% of the market value of the cart / tonga and animal to be declared separately. The policy is subject to excess of Rs. 100/- (cart) and Rs. 200/- (tonga) for each claim. In case of damage to rubber tyres, the liability is limited to 50% and in case of total loss to 75%.

INTEXT QUESTIONS 6.2

1. What type of elephants are insured?
2. Which animals are insured under Animal Driven Cart Insurance?

6.13 GRAMIN PERSONAL ACCIDENT INSURANCE

The Sum insured is fixed at Rs.10.000 for death, loss of two eyes/two limbs and permanent total disablement and Rs.5,000/- for loss of one eye or one limb.

The premium is fixed at Rs.5/- per policy. Group discounts and long term discounts are available.

Age limits for acceptance are : minimum 10 years and maximum 70 years.

A policy-cum-proposal form has been devised and the claims procedure simplified. Death claims are settled expeditiously through the provision of nomination. Post-mortem report is not insisted upon where clear evidence of accident is available.

6.14 HUT INSURANCE

This insurance is under market agreement. Dwelling huts in rural areas, constructed with financial aid from Banks / Cooperatives / Government institutions, are covered against the risk of fire, earthquake, inundation, storm, impact damage, riot, strike and malicious damage for a maximum sum insured of Rs. 6000/- (agreed value policy) comprising Rs. 5000/- for structure and Rs. 1000/- for contents.

Maximum 200 huts, situated in one contiguous area are covered. Larger size is considered and rated separately. Huts have to be identified by description and number allotted.

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The rate is Rs. 3/- per mile. Group discounts are available.

Hut Insurance (Group)

The group cover is given to the State Governments only in respect of huts in rural / semi-rural areas of the state, provided all huts are covered.

The risks covered are: Fire, lightning, explosion, riot, strike, malicious damage, impact by rail / road vehicle or animals, storm, cyclone, flood and inundation, earthquake subsidence, landslide, rockslide, and terrorism.

The sum insured should not be more than Rs. 5,000/-. The rate of premium is Rs. 3/- per mile with provision for lower rates for number of huts ranging from 15,000/- to Rs. 1 crore and over Rs. 1 crore on a slab basis.

The total aggregate claim shall be limited to

- a) Rs. 2 crores per event
- b) Rs. 10 crores in any one year during the currency of the policy

The business is shared with the state government on 50% co-insurance basis. Ordinary claims are processed by claim enquiry-cum settlement officers.

Major claims, e.g. flood and fire are surveyed and assessed by a Task Force constituted by the insurer.

6.15 FARMERS' PACKAGE INSURANCE

It provides multiple covers under one policy

The details of cover are as follows :

| | Risks | Sum Insured |
|-------------------------------------|---|--|
| a) Dwelling hut / house and content | Fire, lightning, natural perils, impact damage, riot, strike, malicious damage | Rs.5000/- (Dwelling) Rs.1000/- (Contents) |
| b) Cattle (Indigenous) | Death (accident / disease) Permanent Total Disablement, Breeding / Calving risk | 2 cattle heads @ Rs. 2,000/- each |

| | | |
|--|--|--|
| c) Agricultural Pumpset (up to 5 HP) | Fire, theft, machinery breakdown | 100% of market value |
| d) Bullock Cart | Death / Permanent disability of animal due to accident, Damage to cart (accident), Third party liability, Personal Accident to cart driver | Rs.2,000/- (2 bullocks) Rs.1,000/- (Cart) |
| e) Gramin Personal Accident (Insured and Spouse) | Death / Permanent Total Disablement | Rs.6,000/- each |

INTEXT QUESTIONS 6.1

- 1) How can cattles be insured?
- 2) Explain the Farmers' Package Insurance.
- 3) Discuss the Agricultural Pump Set Policy.

6.17 OBJECTIVE TYPE QUESTIONS

1. Which of the following risks is excluded under cattle policy?

| | |
|--------------------|---------------|
| a. Theft of animal | b. Earthquake |
| c. Flood | d. Cyclone |
2. Which of the following limits affect the claim amount payable under Horticulture/Plantation policy

| | |
|--------------|------------|
| A. Franchise | B. Excess |
| a. Both | b, Neither |
| c . A | d. B |
3. Poultry Insurance is not underwritten for birds under the following categories

| | |
|------------------|-----------------------|
| a. Broiler | b. Layers |
| c. Hatchery unit | d. One day old chicks |
4. Under Honey Bee Insurance the liabilities for loss is — % of the loss assessed amount and the insured bearing the balance of the loss.

**Notes**

6.2

1. The elephants used for charitable and commercial purpose are insured.
2. Male buffaloes, bullocks, bulls, horse/mule, donkey, camel.



Notes

6.19 ANSWERS TO OBJECTIVE TYPE QUESTIONS

- | | | | |
|------|-------|------|------|
| 1. a | 2. a | 3. c | 4. a |
| 5. b | 6. a | 7. d | 8. d |
| 9. a | 10. b | | |