
C H A P T E R 4
RURAL INSURANCE SCHEMES

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CHAPTER 4

RURAL INSURANCE SCHEMES

Right from the beginning of planning, agriculture has been given an important berth in India's programmes of growth. The progress of the entire economy crucially depends upon what happens to this sector. Whether it is the supply of foodgrains or raw material for industries, or exporting goods for foreign trade or employment for crores of people living in villages, it is the growth of agriculture that is important.

Recognising this, the General Insurance Corporation has rightly devised various rural insurance policies to help Indian rural help from various uncertainties they face. Initially when this business was started the major thrust was given to collection of maximum premium and in this effort slowly and slowly all the underwriting considerations were put aside. Though there was increase in premium, this landed insurance companies into a very high claim ratio. This perhaps has resulted in shift of thrust from rural insurance to more profitable other portfolios by the insurance companies.

The major distinction between rural insurance and other insurance types is large number of uncertainties which make agriculture an extremely risky enterprise. As a business, agriculture is susceptible to all the social and economic uncertainties which any other similar enterprise, namely mining or industry, is called upon to face.

Again as a mode of living, it has to reckon with all the personal uncertainties arising from death or impairment of health through sickness and accident, and also from the inability to sell labour power. On the top of these, agriculture depends on natural forces and uncertainties like inclement weather, fire, flood, drought, frost and hail. Thus, various uncertainties make agriculture an extremely risky enterprise.

In this chapter an attempt is made to study various types of rural insurance schemes available to the rural folks of India. These schemes are studied from different angles like the objective of the scheme, period of insurance, risks covered and excluded, rates of premium and the problems faced by respective scheme.

4.1 CROP INSURANCE

Crop insurance has been in India for over 50 years. However, by and large, all attempts in this behalf, remained only on paper and could not last long since they were not scientifically conceived and adequate spread of risk could not be secured since the areas covered were too small.

The scheme for grain insurance was prepared in Mysore State in 1930, which however, was never implemented. Various State Governments then introduced various types of crop insurance.

RURAL INSURANCE SCHEMES OF GIC

<u>LIVESTOCK COVERS</u>	<u>BIRD COVERS</u>	<u>SUBANIMALS COVERS</u>	<u>PLANT COVERS</u>	<u>HUMAN COVERS</u>	<u>OTHER RURAL COVERS</u>
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CATTLE INSURANCE POULTRY INSURANCE PLANTATION/HORTICULTURAL

- Milch Animals	- Layer Birds	- Sericulture	- Banana	- Janata Personal	Kisan Agri. Pumpset
- Calves/Heifers	- Broilers	- Honey Bee	- Sapota (chiku)	- Gramin Accident	- Animal Driven cart
- Bulls	- Hatchery Birds	- Inland Fresh	- Citrus	- Composite Rural	- Hut insurance (Financed)
- Bullocks	- Duck insurance	Water Fish insurance		Package Policy	- Hut insurance for poor families
- He Buffaloes	- Quail insurance	- Brackish Water	- Rubber	- Composite Package	Salt Work Insurance
- Exotic Animals		Prawn insurance	- Eucalyptus		for Rural tribes - Failed Well insurance
- Dairy insurance			- Sugarcane	- Personal Accident	Bio-gas Plant insurance
- Sheep/Goat			- Grape crop	Social Security	- Handloom Weavers
- Pig /Rabbit					- Blood Stock Insurance
- Camel / Pet Dog /Donkey/Yak					
- Elephant / Horse/Pony/Mule					

The first ever crop insurance scheme by an insurance company was introduced in the country in 1972 by the General Insurance Department of the Life Insurance Corporation of India on experimental basis. GIC introduced this scheme from 1974 to 1976 on cotton, wheat and potato crops in Gujarat, Andhra Pradesh, Karnataka, Tamil Nadu and West Bengal. However, these schemes were discontinued due to various reasons.

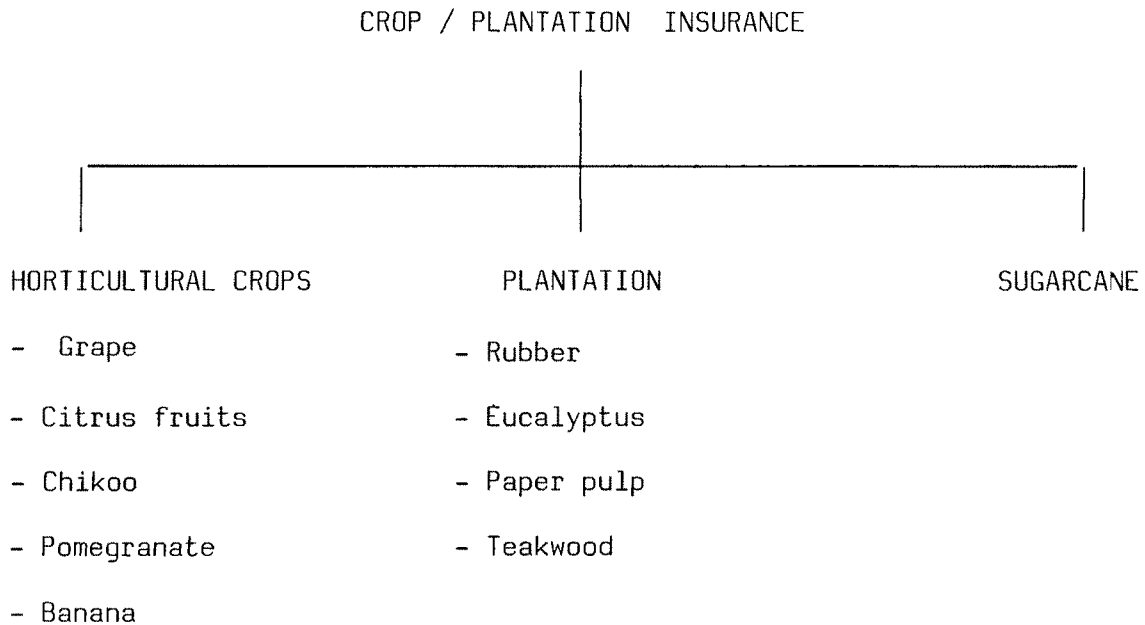
The Central Government has therefore, decided to introduce a countrywide crop insurance scheme commencing from Kharif 1985. The scheme is being then operated through GIC with the active involvement of the State Government concerned.

OBJECTIVES : The objectives of the abovesaid scheme are as under :

- (1) To provide a measure of financial support to farmers in the event of a crop failure as a result of drought, flood, etc.
- (2) To restore the credit eligibility of farmers, after a crop failure, for the next crop season.
- (3) To support and stimulate production of various types of crops.

The crop or plantation insurance can be divided into broad three categories, which are then subdivided in different headings as shown below.

CHART 4.1 CROP INSURANCE SCHEMES



INSURED : An insured person under this scheme is an individual farmer - whether owner or tenant - engaged in cultivation of one or more crops specified in above chart.

PERIOD OF INSURANCE : The period of insurance may be either crop duration or 12 months, whichever is shorter subject to the following :

- a. Period of insurance in respect of sugarcane crop shall be extendable by such period beyond 12 months (upto a maximum of 18 months) as may be necessitated by the variety grown. This will however, entail additional premium on pro-rata basis for such period as may be in excess of 12 months.

- b. In respect of rubber, eucalyptus and paper pulp, where plants are first required to be raised in nurseries and then fields, the period of insurance shall commence after the expiry of 12 months from transplanting.

PERILS TO BE COVERED : The policy shall cover indemnify the insured to the extent of loss or damage to the insured tree/fruits occasioned by operation of any^{one} or more of the following perils either in isolation or in concurrence : fire, lightning, storm, hailstorm, cyclone, typhoon, tempset, hurricane, tornado whilst in direct and immediate operation over insured area, flood and inundation, riot, strike, and acts of terrorism. In addition, perils like unseasonal rains and frost can be included by charging additional premium at the rate of 1.5 per cent of sum insured. The sum insured shall be based on the cost of cultivation i.e. input cost or cost of raising/development of insured trees.

EXCLUSIONS : Loss by theft, war invasion, earthquake, nuclear reaction, due to insect, mite, pests and diseases, act of negligence, drought conditions, wilful negligence, fog, improper selection of site, delay in the onset of monsoon, etc., are excluded.

The cropwise rate of premium is shown in the table below. It should be noted that no claim will be payable under the policy if the amount of claim assessed does not exceed 10 per cent of sum insured/acre or Rs. 1000 per affected acre, whichever is higher.

TABLE 4.1 RATE OF PREMIUM OF CROP/PLANTATION INSURANCE

CROP	RATE OF PREMIUM*
1) <u>HORTICULTURAL CROP</u>	
Citrus fruits (lime, orange, sweetlime)	5.00
Chikoo, pomegranate, banana, grape (Standard cover)	5.00
Grape crop (Optional cover)	1.50
2) <u>PLANTATION</u>	
Rubber, Eucalyptus, Paper pulp, teakwood	1.25
3) Sugarcane	1.25

(* Denotes percent rate of premium of sum insured)

TABLE 4.2 LIMIT OF SUM INSURED

CROP	MAXIMUM SUM INSURED	MAXIMUM AGE INSURED
Banana	2500 to 10000 per acre	1 month to 9 month onward
Chikoo	5500 to 12650 per hectare	1 year to 5 years
Citrus	7450 to 22250 per hectare	1 year to 6 years
Rubber	14000 to 32400 per hectare	1 year to 7 years
Eucalyptus	7000 to 21500 per hectare	1 year to 7 years
Paper pulp	12100 to 36700 per hectare	1 year to 8 years
<u>SUGARCANE</u>		
Plant crop	25000 per hectare	18 months
Ratoon crop	17000 per hectare	18 months
Teakwood	28000 to 42000 per acre	1 year to 3 year

PROBLEMS OF CROP INSURANCE

Although, there is vast need and potential demand for crop insurance in India, there are major basic difficulties in transacting crop insurance as mentioned below.

- (1) Lack of adequate data base for determining premiums and indemnities.
- (2) Wide variety of agricultural practices.
- (3) Great moral and physical hazards.
- (4) Unsatisfactory land tenure and record system.
- (5) Poverty of farmers.
- (6) Lack of trained personnel.
- (7) Lack of adequate infrastructure.
- (8) Limited financial resources.

4.2 CATTLE AND LIVESTOCK INSURANCE

Dairy farming occupies a very important place and has become a whole-time occupation. Cattle insurance is therefore, an essential input of great strategic importance to the development of the dairy industry in India.

Prior to nationalisation of the General Insurance Industry in 1973, some insurance companies made effort to introduce cattle insurance

on a very limited scale. But due to adverse claims experience, these efforts were abandoned. Cattle insurance was introduced on a regular countrywide basis by the General Insurance Industry in 1974, during which year about 30,000 animals were insured. The main aim was to effectively protect the cattle owners against financial loss due to death of or accident to the cattle. The cattle insurance is classified into five categories namely, milch animals, calves/heifers, bulls, bullocks, he-buffaloes.

VALUATION AND SUM INSURED

The market value of cattle varies from breed to breed, from area to area and from time to time. The examining veterinarian's recommendation shall be considered as the proper guide for acceptance of insurance as well as for settlement of claims. The sum insured will not exceed 100 per cent of market value. In respect of permanent total disablement claims, insurer's liability would be limited to 75 per cent of sum insured.

The premium rates for cattle insurance varies from breed to breed, IRDP scheme or non-scheme, and age group as shown in TABLE 4.3 below.

TABLE 4.3 PREMIUM RATES OF CATTLE INSURANCE

SPECIES	PREMIUM DEATH		RATE (%) P.A. PTD EXTRA PREMIUM	AGE GROUP	MIN. PREMIUM PER ANIMAL	
	NON SCHEME	SCHEME				
Milch Animals (Indigenous/Crossbreed)	7 (Gross)	2.25 (Net)	1 (Gross)	3.1 (Net)	4 months to 1st calving or minimum age limit for adult female animal as under & scheme animal 4 - 32 months	500
Calves/Heifers	4 (Gross)	2.25 (Net)	NO PTD	3.1 (Net)	2-10 years	250
Bulls	5 (Gross)	2.25 (Net)	1 (Gross)	3.1 (Net)	2-8 years	500
Bullocks	5 (Gross)	2.25 (Net)	1 (Gross)	3.1 (Net)	2-12 years	500
He Buffaloes	5 (Gross)	2.25 (Net)	1 (Gross)	3.1 (Net)	3-12 years	500

Longterm discount for 3 years and above for scheme is given to 25 percent

INSURANCE COVERAGE : The policy shall give indemnity for death due to accident (inclusive of fire, lightning, flood, inundation, storm, hurricane, earthquake, cyclone, tornado, tempest and famine.) It also covers diseases (contracted or occurring during the period), surgical operations, strike, riots, theft risk, summer kill, pollution, poisoning, explosion/implosion, loss due to aircraft and other aerial

devices or articles dropped therefrom, impact with any road vehicle, horses and cattle.

COMMON EXCLUSIONS : The following are the exclusions of cattle and other live stock insurance :

- a. Malicious or willful injury or neglect, overloading, unskilful treatment or use of animal for purposes other than specified in the policy without the consent of the company in writing.
- b. Accidents occurring and or diseases contracted prior to commencement of risk.
- c. Intentional slaughter of the animal except in cases where destruction is necessary to terminate incurable suffering on humane consideration on the basis of certificate issued by veterinarian or in cases where destruction is resorted to by the order of lawfully constituted authority.
- d. Transport by air and sea.
- e. Pleuropneumonia in respect of cattle in Lakhimpur and Sibsagar Districts of Assam.
- f. Theft and clandestine sale of the insured animal.
- g. War, invasion, act of foreign enemy, hostilities (whether war to be declared or not), civil war, rebellion, mutiny, tumult military or any consequences thereof or attempt threat.

- h. Any accident, loss, destruction, damage or legal liability directly or indirectly caused by or contributed to by or arising from nuclear weapons.
- i. permanent total disability which in the case of milch cattle results in permanent and total incapacity for breeding purpose and in the case of bullocks and castrated male buffaloes results in permanent and total incapacity for the purpose of use mentioned in proposal.
- j. Consequential loss of whatsoever nature.
- k. Disease contracted prior to and within 15 days of commencement of risk.
- l. Racing, hunting, and blood stock purpose.
- m. Surgical operations other than that required due to accident or disease occurring during the period of cover.
- n. Famine, culling, undergrowth, cannibalism, death during act of vaccination, pasteurellosis.
- o. Permanent and partial disablement of any nature.
- p. Rinderpest, blackquarter, haemorrhagic septicaemia, anthrax and foot and mouth disease, theilariasis, pleuropneumonia.
- q. Mark's disease, Ranikhet disease, Fowl Pox and infectious Bronchitis. These diseases are covered by the policy if animal is inoculated against these diseases and is certified by the doctor.

4.3 OTHER ANIMALS INSURANCE

This covers different types of covers like sheep and goat insurance, pig insurance scheme, camel insurance, elephant insurance, horse/pony/mule/donkey/yak insurance scheme, rabbit insurance scheme, rabbit insurance - bunny cover, and pet dog insurance.

SCOPE OF THE AGREEMENT : All indigenous, cross-breed and exotic sheep and goat, pig insurance will be covered under this scheme. The indigenous animals means whose parents are of Indian breed. Exotic animal means whose parents are of foreign breed. This includes animal both born in India as well as those born abroad. Whereas, a cross-breed animal for the insurance purpose mean one of whose parents is of foreign breed. The premium rates of these various kinds of animal covers are shown in the following table.

TABLE 4.4 PREMIUM RATES OF ANIMAL COVERS

TYPE	AGE	PREMIUM		MINIMUM SCHEME (Rs. per policy)	PREMIUM NON-SCHEME
		SCHEME (% per annum)	NON-SCHEME		
Sheep & Goat					
Indigenous	4 months to	2.75	4	30	20
Cross-breed	7 years	2.75	5	30	20
Exotic animals		2.75	7	30	20

TABLE 4.4 continued

TYPE	AGE	PREMIUM		MINIMUM PREMIUM	
		SCHEME (% per annum)	NON-SCHEME	SCHEME (Rs. per policy)	NON-SCHEME
Pig Insurance					
Exclusive	2 months to 3 years	2.75	5 + 1 for cross breed & exotic		
Long term Max. Rs.1050		25 % discount for period 3 years or more			
Camel Max. 3000	3-12 months	Basic 2.5 PTD + 0.85	Basic 4 (Gross) PTD + 6 (Gross)		25
	Aged above 10 years		0.5 % extra		
Elephant	5 to 60 years				
Commercial purpose			5		
Temple purpose			4.5		
Market value 5000-150000	61-65 years		0.5 % additional		
Horse/Pony/ Mule/Donkey/Vak	2-8 years	Basic 2.75	Basic 4		
100% of bank loan or Market value whichever is higher	for every year for nonscheme upto 12 years	PTD 0.85	PTD 1 + 0.5 extra		
Rabbit	1 day to 4 years	2.75 (Net)	4.25 (Gross) on bank loan		
Rabbit Bunny cover Breed rabbit Bunny	1 day to 4 months Rs. 70 each Rs. 45 each		4.25 (Gross) on bank loan		
Pet Dog	2 months to 8 years		5 % (Gross)		
Breeding risk & Whelping cover		0.5 % (Gross)			
Third Party cover Max. value Rs. 10000		Rs 20 additional			

GROUP DISCOUNT ON SHEEP & GOAT

Upto	100 animals	No discount
From	101 - 500 animals	5 % of total premium
From	501 - 1000 animals	7.5 % of total premium
Above	1000 animals	10 % of total premium

4.4 DAIRY INSURANCE PACKAGE POLICY

This scheme is designed primarily to cater to the insurance requirements of the corporate sector who are entering the dairy industry. The package insurance extends full coverage of the basic infrastructure of a modern dairy plant. The scheme covers cattle insurance, permanent structures, pumpsets, mechanical gadgets, machinery breakdown, money in transit and personal accident to the farm labours and staff. Since this is a package, discount is given for covering various aforesaid sections. The sum insured, indemnity, claims procedure are as per respective schemes. No long term policy is however, issued.

4.5 BIRD COVERS

Bird covers include poultry insurance, duck insurance and quail insurance. Poultry insurance cover is being offered to the owners of layers, broiler chicken and hatcheries, by all the four subsidiaries of GIC. A scheme for insurance of layer chicken under IRDP was finalised in 1984.

APPLICABILITY

- 1) The scheme is applicable to poultry farm consisting of all types of exotic, indigenous and cross-breed birds.
- 2) All birds in farm should be covered.
- 3) The scheme is applicable to poultry farms consisting minimum of
 - a. 500 layer birds
 - b. 100 broiler per batch
 - c. 2000 breeding birds in hatchery
 - d. 100 or more ducks
 - e. 200 or more quails

PROBLEMS OF BIRD COVERS

- (1) The main problem faced by insurers is selling birds insurance is to collect premium at rates which are considered economic by poultry owners, but which would be adequate to meet losses, which can be catastrophic at times, and to take care of the element of moral hazard which operates since it is not possible to indentify each bird separately in a fool-proof manner and at an economic cost.
- (2) Due to steep rise in the price of bird feed, which is the main element in the cost of production, many farmers are in financial difficulties.

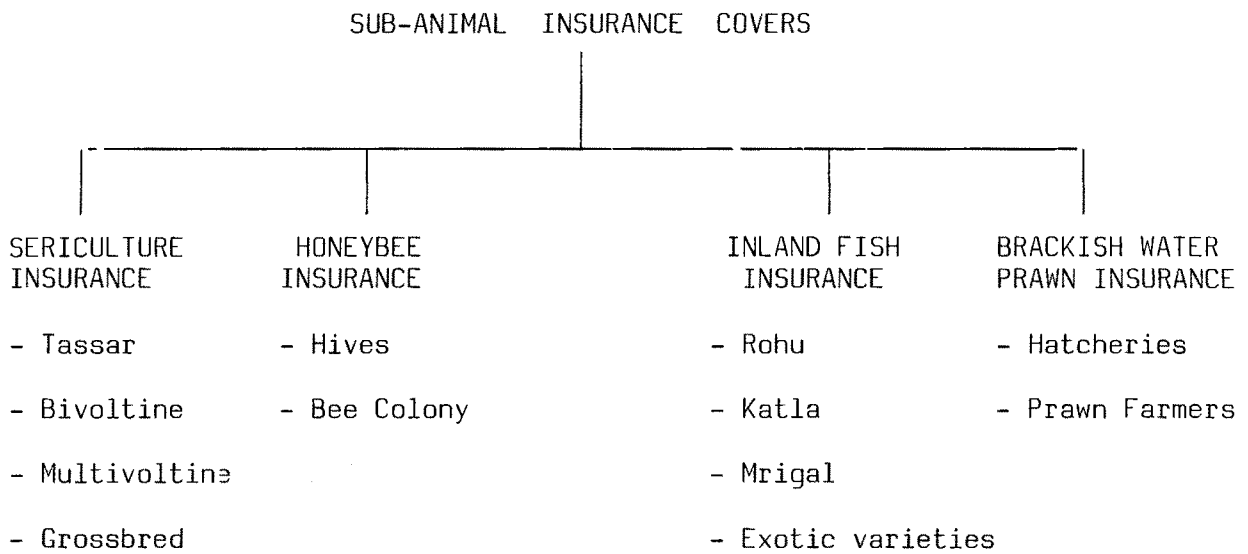
TABLE 4.5 PREMIUM RATES OF BIRD COVERS

TYPE	AGE	PREMIUM (per bird)	
		IRDP SCHEME	NON-IRDP
Broiler	1 day to 8 weeks	0.25	1.20
		1.00 P.A.	
Layers	1 day to 20 weeks	0.80	3 %
	21 weeks to 72 weeks	0.80	3.33 %
	1 day to 72 weeks	0.80	4.50 %
Hatchery	1 day to 72 weeks	0.25	4 %
		1.00 P. A.	
Duck Govt. Subsidy on SFDA/MFAL schemes	6 months to 2 years	0.80 (For migrating birds)	
		0.70 (For non-migrating)	
Non-scheme (100-1000) ducks	6 months to 2 years		0.85
1001-2000 ducks	6 months to 2 years		0.75
2001-5000 ducks	6 months to 2 years		0.70
Over 5000 ducks	6 months to 2 years		0.65
			Excess 5 %
Quail	1 day to 6 weeks	0.20 for broiler	
	1 day to 6 months	0.60 for breeding bird	

(Excess 5 % in case of a unit of 100 ducks, company is not liable for first 5 ducks which die out of accident/disease)

4.6 SUB-ANIMAL COVERS

The sub-animal covers are broadly divided into four classes. These in turn are sub-divided into different insurance covers as shown in chart given below.



(A) SERICULTURE/SILKWORM'S INSURANCE

COVERAGE : Only disease free lying purchased from licensed feed prepares or Govt. grained.

SCOPE : Destruction or death of silkworms due to accident or diseases during the policy period is covered.

PERIOD : The policy is for one year.

AGE : Egg stage to cocoon stage.

PREMIUM RATE

Tassar	:	10 % Gross P. A.
Bivoltine	:	8 % Gross P. A.
Multivoltine (Cross bred)	:	7 % Gross P. A.
Extra Premium	:	To cover loss during transit from farm to market due to accident additional premium @ 0.2 % of value of cocoon.

(B) HONEYBEE INSURANCE

<u>COVERAGE</u>	:	Bee hives and/or colony belonging to cooperative societies
<u>SCOPE</u>	:	All accidental losses/damages to the bee hive/colony covered, theft risk can be covered on additional premium
<u>PREMIUM</u>	:	3 per cent on the insured value. If the theft is covered it is 5 per cent. Minimum premium is Rs. 10 per policy
<u>LIABILITY</u>	:	The company will bear 80 % of the claim amount and insured should bear 20 per cent.

The framewise valuation table of cost of hive and bee colony along with the total insured value is shown in the table below.

TABLE 4.6 VALUATION TABLE FOR HONEYBEE INSURANCE

PARTICULARS	8 FRAMES ^{\$} (Rs.)	8 FRAMES ^{\$} (Rs.)	8 FRAMES [£] (Rs.)	7 FRAMES [*] (Rs.)	7 FRAMES [#] (Rs.)
Cost of hive	140	120	70	40	20
Cost of Bee Colony	50	50	50	50	50
TOTAL VALUE	190	170	120	90	70

\$ ISI Hive (Teak)

£ ISI Hive Punnai country wood

* Janata Punnai Wood

Janata in packing Wood

(C) INLAND FISH INSURANCE

COVER : The scheme is applicable to fish farms consisting of fishing/fingerlings, etc., in pond & fresh water projects. This scheme is not applicable to Brackish water & Marine fisheries. All fisheries in a farm are to be covered.

BREED : All kinds of fishes reared in fish farms/tanks are covered (e.g. Rohu, Katla, Mrigal, Exotic varieties)

AGE : The entire rearing period from egg to mature fish ready for harvest may vary from 12 to 15 months in 3 stages.

PERIOD OF COVER :

Rearing Ponds	:	3 months
Stocking Ponds	:	12 months
Breeder Ponds	:	12 months

SUM INSURED : There is no fixed sum insured. It should be the mean value of cost of prawn/fry/fingerlings and value of catch.

MINIMUM PREMIUM : Rs. 30 per policy
 For fish rearing ponds, policy can be extended to cover fire, lightening, storm, tempest, flood, malicious damage, explosion, earthquake, aircraft damage and riot by charging 0.5 per cent additional premium for non-flood prone area and 1 per cent in flood prone area.

TABLE 4.7 TYPES OF INLAND FISH SCHEMES

TYPE	BASIC RATE	ADDITIONAL PREMIUM FOR OPTIONAL COVER
1) For bank finance & other projects for fish in stock (Ponds/breeders/fry to fingerlings)	2.4 %	+ 2 % on peak value
2) For schemes through FFDA/IRDP & other similar subsidised projects	2 %	1.70 %

(D) BRACKISH WATER PRAWN INSURANCE SCHEME

OBJECTIVES OF THE SCHEME

- a. To provide insurance cover against total loss of prawn nursed seeds in hatcheries owned by State Govt., FFDAS, State Fisheries Corporations, MPEDA, etc.
- b. To provide insurance cover to those engaged in Brackish water prawn farming against total loss of seedlings/Juveniles/prawns of all species raised in Brackish water after being transferred to the farms.
- c. To provide insurance cover to financial institutions to protect their interests and recover loans advanced for such Brackish water prawn farming in the event of loss.

BASIS OF VALUATION : The scheme will cover either input cost or fixed value of the produce as follows :

- a. FOR HATCHERIES : In case of prawn seeds/Juveniles/Fry of a hatchery owned by State Govt./State Fisheries Development Corporation, MPEDA, etc., the cover will be only for the input cost.
- b. FOR PRAWN FARMERS : In the insured wants to cover the risk on input cost basis only then the premium will be charged on the input cost only and fixed by a nominated officer of FFDA/Fisheries Dept./CIFRI/MPEDA issued at the time when the proposal is made for insurance. This

will be treated as part of the policy and shall form the basis for claims settlement.

However, if the insured wants to cover the risk of the produce on the fixed value basis, cover will be provided on the basis of the certificate issued by any one of the above mentioned competent authority indicating the valuation of crop at each stage during a crop period.

PERIOD OF COVER :

- a. FOR HATCHERIES : From the stage of prawn seeds being sown in the hatcheries for rearing till the post-larva are removed from the hatcheries.
- b. FOR FARMS : From the stage of transferring of post larvae to the brackish water till actual harvesting (usually starts from 4th month or as per local practice 5 to 6 months).

RATE OF PREMIUM : 2.4 per cent on the certified maximum peak value declared for insurance for each crop period, subject to minimum premium of Rs. 30 per policy.

4.7 HUMAN COVERS

1) JANATA PERSONAL ACCIDENT INSURANCE

APPLICABILITY : Age of 10 to 70 years

SCOPE OF COVER

- a. When death occurs within 6 months after injury provided it is the sole and direct cause of death - Rs. 25,000
- b. If within six months the injury results in irrecoverable loss of sight or actual loss by physical separation of two hands, two feet or one hand and one foot or loss of sight on one eye, loss of entire hand or entire foot - Rs. 25,000
- c. If within six months, the injury results in irrecoverable loss of sight of one eye or loss of one limb - Rs. 12,500.
- d. Permanent total disablement within 6 calander months of the injury which is sole and direct cause of such disablement - Rs. 25,000

PERIOD OF INSURANCE : One year

EXCLUSIONS

1. Any existing disability.
2. Death, injury or disablement due to intentional self injuries, suicide or attempted suicide.

3. Disablement or death under influence of liquor/drug.
4. Death or disablement during racing, shooting, big game hunting, mountaineering, ice hockey, winter sports.
5. Insanity, breach of law with criminal intent.
6. War group^{of} perils, nuclear group of perils.

SPECIAL PROVISIONS

The GIC has permitted the issue of longterm Janata Personal Accident Policies from 1 year to 5 years with the following premiums.

TABLE 4.8 PREMIUM FOR LONG TERM JPA POLICY

YEARS	PREMIUM
1	15
2	28
3	40
4	51
5	57

2) GRAMIN PERSONAL ACCIDENT INSURANCE

This policy is applicable to persons between the age group of 10 to 70 years living in rural areas. The benefits are Rs. 10,000 at death or permanent disablement due to accident or Rs. 5,000 at the loss of two eyes or two limbs or one eye and one limb due to accident. Sterilisation risk and claims arising out of racing on wheels, big game hunting, mountaineering whilst engaged in winter sports, skiing or ice hockey. The premium amount is Rs. 5 per annum. The nominee is required to submit death certificate, original policy and form at the death claims and medical certificate and bills in other cases.

3) COMPOSITE RURAL PACKAGE POLICY

Composite Rural Package covers all the families in rural areas. It is a very comprehensive cover issued on first loss basis and intended to cover two types of farmers viz. agricultural farmers, landless labourers, artisans and small and marginal farmers. The policy covers four sections as mentioned below.

SECTION I : The Personal Accident benefit is for all the family members which includes spouse and two dependent children.

SECTION II : This covers dwellings, contents, agricultural implements, farm produce/agricultural inputs, stores whilst in

the premises of the farmer either at the residence and/or farm house, excluding open storage, intended to cover the risk of fire, lightning, riot and strike, malicious damage, earthquake, flood and inundation, and other natural calamities.

SECTION III : Agricultural pumpset, if available and belonging to the insured, is also held covered under Kisan Agricultural Pumpset policy subject to the limits specified under the category.

SECTION IV : Bullocks/carts used both for ploughing or for carrying produce to the market are also held covered under Bullock Cart Policy Accident cover only.

INDEMNITY LIMITS

Category 1 Section I to IV indemnity Rs. 3000.

Category 2 Section I to IV indemnity Rs. 6000

Category 3 Section I to IV plus hospitalisation indemnity
Rs. 9000.

Hospitalisation insurance, incase the insured chooses to opt for hospitalisation, the policy is also extended to cover hospitalisation within the cover all limit of Rs. 5,000 for covering self, spouse and two dependent children (one and all).

MAXIMUM SUM INSURED UNDER DIFFERENT SECTIONS

UNDER SECTION I

P. A. for self	Rs. 12,000
P. A. for spouse	Rs. 8,000
P. A. for 2 dependent children (between 5 to 18 years)	Rs. 5,000
<hr/>	
TOTAL	Rs. 25,000

UNDER SECTION II

Dwellings	Rs. 25,000
Contents	Rs. 5,000
Agricultural implements (farm implements)	Rs. 1,000

UNDER SECTION III

Agricultural Pumpsets	Rs. 4,000
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UNDER SECTION IV

Bullock/Carts	Rs. 3,000
Hospitalisation/Mediclaim	Rs. 5,000

PREMIUM

Category 1, the overall liability under policy indemnity restricted to Rs. 3,000 at a premium of Rs. 75.

Category 2, the overall policy indemnity restricted to Rs. 6,000 at a premium of Rs. 125.

Category 3, including hospitalisation, apart from Personal Accident, the overall liability is restricted to Rs. 9,000 per annum. The premium rate is Rs. 225.

4) COMPOSITE PACKAGE COVER FOR POOR FAMILIES (TRIBALS)

This policy also covers three sections as shown below :

		SUM INSURED	PREMIUM
SECTION I	Hut	2,000	Rs. 3/Mille P.A.
	Contents	1,000	Re. 1/Mille P.M.
SECTION II	Personal Accident	10,000	Re. 1/Mille Rs. 10 P.A.

In case of 3 years, the premium is proportionately multiplied.

SECTION III	Hospitalisation	1,000
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At a premium rate of 3 per cent with specific diseases as specified in the scheme, premium works out to Rs. 30 for 3 years. In the event of the insured opted for all diseases cover, 4 per cent premium of Rs. 40 for 3 years.

5) PERSONAL ACCIDENT INSURANCE SOCIAL SECURITY SCHEME

In metropolitan cities, the accident hazard is very much and realising this situation, the general public who can afford to pay some premium take Personal Accident Insurance cover. Though, the rural side is not subjected to such accident, there is very possibility of any person getting insured by other means. Most of the rural employment is of a casual nature and the villagers do not go in for any Personal Accident Insurance. Considering their plight, the Central Govt. thought of introducing some scheme for covering such poor people. This was done in the year 1985 by introducing a scheme called Personal Accident Insurance Social Security Scheme for Poor Families. The GIC was advised to operate the scheme through its four subsidiaries, with the active involvement of the State Govt. and the Union Territories. Initially, the scheme was introduced in 214 districts in the country and in phases it was extended to other areas. With effect from 15th August, 1988 this scheme has been extended to all districts in the country.

The main objective of this scheme was to provide a survivor benefit cushion for the rehabilitation of a poor family affected by accidental death of its earning member who is not covered for compensation under any insurance scheme or any law/statute.

SCOPE : Any person in the age 18 to 60 and who is earning member of the poor family would be eligible for this scheme.

The 'poor family' for the purpose of the scheme is purported to include all landless labour households, households of small farmers having 5 acres of irrigated or 10 acres of unirrigated land or an equivalent combination of the two, families of traditional craftsmen, households of those engaged in urban informal sector in petty production or trade or transport or in domestic and other services whose total annual family income from all sources does not exceed Rs. 7,200. The income limit of Rs. 7,200 will be computed in respect of the income of the family consisting of wife, husband and dependent children.

CONDITIONS : The eligibility for claiming the amount is that the accidental death should have occurred within 6 months from the date of accident and it should have caused by outward, violent and visible means. The term 'accidental death' would include such deaths due to snake bite, drowning, food poisoning, lightning, fall from tree, killing by armed criminals or wild animals. The amount payable for such death is Rs. 3,000. It is to be noted that the policy will not grant any other benefit than death benefit indicated above.

EXCLUSIONS :

- 1) Death arising or resulting from breach of any law with criminal intent.
- 2) Where compensation higher than Rs. 3,000 is receivable by virtue of any law/statute. If the compensation is less than Rs. 3,000, the total compensation from all sources should not exceed Rs. 3,000.

TABLE 4.9 PREMIUM RATES FOR PUMPSETS
(Premium in Rs.)

ELECTRICAL MOTOR H. P.	MOTOR PREMIUM	DIESEL OIL H. P.	PUMPSET PREMIUM	REWINDING CHARGES
3.0	40	N.A.	N.A.	600
5.0	45	5.0	55	800
7.5	65	7.5	70	1000
10.0	70	10.0	80	1300
15.0	95	15.0	100	1900
17.5	95	17.5	110	2000
20.0	110	20.0	125	2100
25.0	130	25.0	140	2400

TABLE 4.10 GROUP DISCOUNT FOR PUMPSETS

NUMBER OF PUMPSETS	DISCOUNT (%)
2,500 to 5,000 sets	10
5,000 to 25,000 sets	15
25,001 to 50,000 sets	20
Above 50,000 sets	25

TABLE 4.11 PREMIUM FOR SUBMERSIBLE PUMPSETS

H. P.	SUM INSURED	PREMIUM	REWINDING CHARGES	LIABILITY TOTAL
3 - 5	15,000	250	1,500	7,500
7.5	18,000	250	2,000	9,000
10.0	22,000	275	2,500	11,000
12.5	25,000	315	3,000	12,500
15.0	28,000	350	4,000	14,000
20.0	30,000	375	4,500	15,000
25.0	45,000	565	5,000	22,000

2) INSURANCE FOR ANIMAL DRIVEN CART/TONGA

- SCOPE : The scope is covered in following three sections.
- SECTION I : Death of animal, loss or damage to cart/tonga and its accessories.
- SECTION II : Third party liability can be covered upto Rs. 5,000 per accident and Rs. 10,000 for all accidents in a year without any extra premium.
- SECTION III : Personal accident cover to the driver of the cart whether owner or otherwise is also available with ^{no} additional premium, cover is as per Gramin Policy.

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SUM INSURED : 100 per cent of the market value of the cart/tonga/animal

ANIMALS : The animals which are covered under this policy with their age is shown below :

ANIMAL	AGE
1) Male buffaloes, bullocks	2 to 12 years
2) Horse/mule	2 to 8 years
3) Donkey	2 to 8 years
4) Camel	3 to 14 years

PREMIUM RATE : 2 per cent gross applicable for section I and no extra premium will be charged for section II Section III.

MINIMUM PREMIJM : Only for cart/tonga Rs. 10 per cart/tonga
For animal and cart against accident Rs. 20
For animal & cart against accident & disease Rs. 30.

3) HUT INSURANCE

This policy is under market agreement effective from 1-2-85. Those huts used for dwellings and constructed in rural area with financial aid from Co-op. bank/Govt. institutions only are to be covered under this scheme. This would be an agreed value policy with maximum sum insured Rs. 6,000 and a premium rate of Rs. 3 per mille per year, subject to a minimum of Rs. 15 per hut.

Normally huts numbering not more than 200 situated in one contiguous are to be covered. Any proposals of larger size relating to congested areas, has to be rated separately and reference to be made to GIC for processing the same. In this scheme 50 per cent of the premium is shared by Government. In practice, Government pay the premium in full in advance and recover 50 per cent of the premium from hut owner. Group discount is also available for huts more than 15,000 in number.

TABLE 4.12 PREMIUM RATES FOR HUT INSURANCE

NUMBER OF HUTS	PREMIUM (%)
15,001 to 1,00,000	2.25
1,00,001 to 5,00,000	2.20
5,00,001 to 25,00,000	2.05
25,00,001 to 50,00,000	1.95
50,00,001 to 100,00,000	1.75
Above 100,00,000	1.75

4) NEW WELL INSURANCE

The new well insurance is applicable to dig wells or borewells which are being newly installed. It does not apply to existing well. The cover is given to financing banks or individuals. The sum insured shall be limited to a minimum of Rs. 15,000 per well. The 75 per cent

of sum insured is settled for complete failure and 50 per cent is paid for partial failure. Premium is charged to 8 to 15 per cent or more depending on terrain or as agreed by the Head Office.

5) INSURANCE OF BIO-GAS/GOBAR-GAS PLANT

This insurance is applicable to all khadi and village industries workers/artisans, IRDP beneficiaries, scheduled castes, and scheduled tribes.

The sum assured is inclusive of digester, gas holder and cost of construction depending on type and cubic capacity. The rate of premium is Rs. 1.03 per mille sum insured for widest cover. Minimum premium is Rs. 15.

6) SALT-WORKS INSURANCE

SCOPE : The policy covers earth works/mudworks and salt stored on platforms. Salt brine i.e. salt in process of production cannot be covered under the policy. The perils covered are storm, cyclone, flood allied perils and unseasonal rainfall.

SUM INSURED : It should be the actual cost of construction and indemnity would be restricted to the cost of repair and/or reconstruction. For salt stored on platform, it is the actual cost of production excluding anticipated or prospective profit.

EXCESS : The policy is subject to following excess :

- i. Salt works/earth works - 20 % of the S.I. on the property affected.
- ii. Salt stored - 10 % of the S.I. on each platform affected.

PREMIUM RATE

Earth work/mud work	15 per 1000
Salt stored on platform	30 per 1000
Agency commission	10 per cent

7) FAILED WELL INSURANCE

APPLICABILITY : The scheme is applicable only to those wells financed by banks where refinancing by NABARD is involved. However, in other cases where wells are financed by a nationalised bank but not refinanced by NABARD, the scheme is treated separately.

- SCOPE :
- 1) Shallow tubewell
 - 2) Filter points
 - 3) Dugwells
 - 4) Borewells
 - 5) Dug-cum-bore wells

EXCLUSIONS : The scheme excludes cessation of work whether total or partial, wilful act or wilful negligence of the insured or of his employees, faulty design, defective material

or casting, bad workmanship, war and allied perils, confiscation, etc.

SUM INSURED : The sum insured includes cost of all civil construction excluding the cost of pumping equipments and its accessories. It is limited to Rs. 15,000.

RATE OF PREMIUM : 17.5 per cent of sum insured.

INDEMNITY : The compensation payable will include the expenditure actually incurred by farmers towards boring/digging of the well, net of margin money and/or subsidy received/receivable from any other source or the amount of loan outstanding in the loan account, whichever is lower.

EXCESS : The liability of the company shall be 80 per cent of the amount admissible claim and the rest should be borne by the insured.

8) INSURANCE SCHEME FOR HANDLOOM WEAVERS

This scheme is applicable to handloom weavers of Tamil Nadu. The insured have to insure with United India as per the rates and terms given below.

TABLE 4.13 PERILS & LIABILITY OF HANDLOOM WEAVERS INSURANCE

ITEM COVERED	PERILS COVERED	MAX. LIABILITY
1) Dwelling house of the weaver	Fire, riot, strike, malicious damage, storm, flood and inundation	2,000
2) Loom belonging to weaver, yarn supplied by the society, semifinished fabrics in weaver's possession	fire, riot, strike malicious damage, storm, flood & inundation, burglary & house breaking	1,500
3) Pecuniary loss to the society in the event of the weaver misappropriating the stock entrusted to him	(Infidelity of the weaver)	750
Weaver	Personal accident cover providing compensation (capital sum for accidental death insured) or permanent total disablement	10,000