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Types of Insurance

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- ***Life Insurance***
    - Life insurance may be defined as a contract in which the insurer in consideration of a certain premium, either in a lump sum or by other periodical payments, agrees to pay to the assured, or to the person for whose benefit the policy is taken, the assured sum of money, on the happening of a specified event contingent on the human life or at the expiry of certain period.
    - This agreement or contract which contains all the terms and conditions is put in writing and such document is called the policy.
    - The person whose life is insured is called the assured.
    - The insurance company is the insurer and the consideration paid by the assured is the premium.
    - The premium can be paid periodically in instalments

    - **Features of Life Insurance are as follows:**
        - The life insurance contract must have all the essentials of a valid contract
        - The contract of life insurance is a contract of utmost good faith. The assured should be honest and truthful in giving information to the insurance company
        - In life insurance, the insured must have insurable interest in the life assured
        - Life insurance contract is not a contract of indemnity. The life of a human being cannot be compensated and only a specified sum of money is paid

    - **Types of Life Insurance Policies**:
        - **Whole Life Policy**: In this kind of policy, the amount payable to the insured will not be paid before the death of the assured. The sum then becomes payable only to the beneficiaries or heir of the deceased.
        - **Endowment Life Assurance Policy**: The insurer undertakes to pay a specified sum when the insured attains a particular age or on his death whichever is earlier. The sum is payable to his legal heir/s or nominee named therein in case of death of the assured. Otherwise, the sum will be paid to the assured after a fixed period
        - **Joint Life Policy**: This policy is taken up by two or more persons. The premium is paid jointly or by either of them in instalments or lump sum assured sum or policy money is payable upon the death of any one person to the other survivor or survivors
        - **Annuity Policy**: The assured sum or policy money is payable after the assured attains a certain age in monthly, quarterly, half yearly or annual instalments
        - **Children's Endowment Policy**: This policy is taken by a person for his/ her children to meet the expenses of their education or marriage. The agreement states that a certain sum will be paid by the insurer when the children attain a particular age

- ***Fire Insurance***
    - Fire insurance is a contract whereby the insurer, in consideration of the premium paid, undertakes to make good any loss or damage caused by fire during a specified period upto the amount specified in the policy.
    - Normally, the fire insurance policy is for a period of one year after which it is to be renewed from time to time
    - A claim for loss by fire must satisfy the two following conditions:
      (i) There must be actual loss; and
      (ii) Fire must be accidental and nonintentional

  - **Features of Fire Insurance**
      - The insured must have insurable interest in the subject matter of the insurance. Without insurable interest the contract of insurance is void
      - The insured should be truthful and honest (Utmost Good Faith) in giving information to the insurance company regarding the subject matter of the insurance
      - The contract of fire insurance is a contract of strict indemnity. The insured can, in the event of loss, recover the actual amount of loss from the insurer. This is subject to the maximum amount for which the subject matter is insured
      - The insurer is liable to compensate only when fire is the proximate cause of damage or loss.

- ***Marine Insurance***
    - A marine insurance contract is an agreement whereby the insurer undertakes to indemnify the insured in the manner and to the extent thereby agreed against marine losses.
    - Marine insurance provides protection against loss by marine perils or perils of the sea.
    - Three Things involved:
        - **Ship or hull insurance**: Since the ship is exposed to many dangers at sea, the insurance policy is for indemnifying the insured for losses caused by damage to the ship.
        - **Cargo insurance**: The cargo while being transported by ship is subject to many risks
        - **Freight insurance**: If the cargo does not reach the destination due to damage or loss in transit, the shipping company is not paid freight charges