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1.1 Introduction:

In this modern time human life has become very dynamic. In this modern times we see great development in the fields of industrial, economic, social and transport. The development in industrial sector, technology and research has made life very happy and cozy on one hand and at the same time has raised many threats. Honestly speaking these threats are difficult to control. Accidents are a part of life and no one can predict disasters and accidents.

The natural disasters like floods, earthquake, tornado, death cause very big loss to human beings or their business. Death is evident but we cannot predict the time of death. We cannot speculate when and which type of calamity would occur. Present era is full of uncertainties. Getting economic protection from various threats is infallible, cure and the cure is known as 'Insurance protection'.

Human life is unpredictable, eventualities can occur. It is very difficult to predict them before hand. Eventualities are of various types being stranded on a highway or running short of cash. It may also mean loss in business due to fire in godown or sinking of cargo in the seas. It can be much more complicated at times. Earthquakes and tornados which may result in loss in property or life or both. Whatever be the reason, one thing is sure that recurring from the loss takes its own the time. There is a help in such a situation and that is what is a 'Insurance', It does not mean we are protected
from eventualities but it does mean that insurance provides the shield to the user to face the situation broadly to ascertain the extent.

Insurance means the protection against losses. It is defined as "using the power of the masses to offset the misfortune of a few." The basic concept of insurance is to protect an individual or company from the effects of financial loss caused by events like fire, floods, tornado or accidents. Insurance removes uncertainties by transferring unknown financial consequences of loss to someone else usually an insurance company.

After this the question that comes in the mind of researcher that, why insurance protection? Because Insurance helps a family after a deceased person by giving economic protection, it helps to develop his business and traditional activities like agriculture. In foreign the business marine insurance is very important. The amount of natural threat in marine transportation is more than other businesses because that businessman draws insurance of products.

Insurance is a boon to industrialists, farmers, international business. Insurance provides extensive scope and protection to all these people.

Insurance was constituted after independence. On 19th Jan 1956 Life insurance and on 13th May 1971 General insurance was nationalized. Both these events are very important in the history of insurance. Insurance business get nationalized. Govt. of India has created a monopoly in insurance business. Govt. of India has established and given rise to Life insurance corporation of India and General insurance corporation of India for making protection and to remove uncertainty.
Today Insurance provides extensive coverage in almost all fields. Insurance company provides Life Insurance, Accidental Insurance, Fire Insurance, Marine Insurance, Crop Insurance so it has become a vital and integral part of life.

India is an agrarian country. Seventy percent of Indians are directly or indirectly dependent on the agriculture. Agriculturist couldn't get the benefit of securities as government employees. The government of India made a provision for their employees in the form of group insurance scheme. The agriculturist couldn't get the benefit of securities as the Govt. employees. The agricultural sector is neglected sector of free India regarding the Insurance.

Insurance is defined as a supportive mechanism to the loss caused by a particular threat over a number of people who are not covered in it and who agree to ensure themselves against that risk. Risk is uncertainty of financial loss.

Every risk involves the loss of one or other kind. The function of insurance is to spread the loss over a large number of persons who have agreed to co-operate with each other at the time of loss. The risk cannot be averted but loss occurring due to certain risk can be distributed amongst the agreed persons.

The Govt. employees agreed to share the loss because the chances of loss. Time and amount to a person are not known anybody of them may suffer the loss to given risk, so the rest of the person who agreed will share the loss. The larger number of persons makes the process easier of distribution of loss.
In olden times the contribution by the person was made at the time of loss. Presently it is has been changed.

Insurance is also defined as a social device to accumulate funds to meet the uncertain losses arising through a certain risk to a person insured against the risk. In modern times the meaning and definition of Insurance has changed.

1.2 Insurance Concept and Meaning:

Human's life and properties are open to risks of various types. Premature death of the family holder may push his family in to deep financial crisis homes and establishments can be ravaged due to flood, earthquake or may be destroyed by fire, a ship may faces sea perils, ornaments stolen by burglars etc. It leads to the losses which is not possible or so easy to an individual to bear. There are many options available to overcome the risks but the best option is Insurance.

Insurance is a best way to protect human beings from uncertainty of nature and risk in his personal as well as business life. Insurance may not avert risk but helps us to minimize the loss.

Insurance was derived; to get protection from unexpected danger. Insurance is a contract that states something is protected if it is damaged, hurt or stolen. Due to Generally any unexpected but specific form or any incidence occurred in future and someone dies or get handicapped then they should have to face some financial loss and to get out from the situation to fill up that loss from the medium of money or any kind of help at that time you need to get
assured. Insurance is a mechanism that helps to reduce the effect of such adverse situation. The risks associated with unexpected events that is said to protect some financial loss and to act as financial safeguard to the family after something happens to any family member these type of insurance is useful. Insurance is protection from financial loss or risk management or to take care of unexpected eventualities. When the question is asked about insurance to an insurer by the researcher, then he said "Insurance is subject matter of solicitation." Solicitation means" to ask for ". It means that Insurance is not for sale it is to be promoted because the instance you want to purchase any product you will get so many alternatives and by paying money you will get the same material immediate by knowing alternatives you will purchase the product. Insurance is not purchasing a product. Basically insurance is risk management, so Insurance is subject matter of solicitation that means risk is associated with certain events. Insurance comes after damage to cover the loss or to get the death benefits.

Following are some terms related with Insurance:

1. Insured: Someone or any product covered by insurance.

2. Insurer: A person or a party in an insurance contract takes responsibility to pay compensation to the insured person

3. Insurance premium: An insurance premium means the amount that a person who has availed the insurance policy must pay for an insurance policy
4. Insurance contract: It is a promise or written contract in between insurer and the insured to fill up the loss.

5. Insurance policy: After the demise or any loss occurred to the insured then insurer agrees to pay the amount as mentioned in the policy to the nominee or insured.

Definitions:

Following definition of insurance consider for the purpose of the study.

1) **According to Prof. Hansell:**

"Insurance is a social device providing financial compensation for the effects of the misfortune, the payment being made by from the accumulated contributions of all participating in the scheme".  

2) **According to Prof. Riegal and Miller:**

"Insurance is a social device where by uncertain risks of individuals may be combined in a group and thus made more certain, small periodic contribution by the individuals providing a fund out of which those suffer the losses may be reimbursed."
3) According to Justice Lawrance:

"Insurance is a contract by which the one party in consideration of price paid to him adequate to the risk becomes security to the party that he shall not suffer lost, damage or prejudice by the happening of the perils specified to certain thing which may be exposed to him".

4) According to Prof. Mayerson:

"Insurance is a device for that transfer of an insurance of certain risks of economic loss that would otherwise be borne by the insured".

5) Dr. W. A. Dinsdale defines:

"Insurance is a device for the transfer of risks of individual entities to an insurer, who agrees, for consideration (called the premium), to assume to a specified extent losses suffered by the insured".

6) Dictionary of business and finance states that

"Insurance is a form of contract or agreement in which one party agrees in return for a consideration to pay an agreed amount of money to another party to make good for a loss, damage, or injury, to something of value in which the insured has a pecuniary interest as a result of some uncertain event."

1.3 History of Insurance:

Insurance probably made a beginning in the ancient land of Babylonia in the 18th century B.C., Babylonia king Hammurabi developed a code of law, known as the Code of Hammurabi, which codified many specific rules governing the practices of early risk-sharing activities. For example, the
code concluded that merchants who trade in merchandise would not have to repay their debt, until the thief transit was stolen.

This was similar to the system of insurance known as bottom which existed in Phoenicia in 1200 B.C. In this system, backers loaned money to 56 merchants to finance voyage. Merchants offered their ships (the hull was known as the ship's bottom') as collateral for such loans. When a trip succeeded, the merchant would pay the trip's backer the original loan plus interest, the equivalent of a premium. If a ship went down on its journey, the trip's financier would cancel the merchant's loan.

The Greeks and Romans developed the earliest systems of life insurance. They formed societies which paid dues that went towards paying for the burial of members. Sometimes these societies also paid for the living expenses of deceased members' of the families. During the Middle Ages (5th to 15th centuries A.D.), workers joined together for helping the families in the group in the event of death or illness of the group members.

Insurance as we know it today took its shape in 17th century England. The policy of life of William Gybbons on June 18, 1633 was the first recorded evidence. There was a place called Lloyd's Coffee House in London, owned by Edward Lloyd, where merchants, ship-owners and underwriters met to discuss and transact business. In 1871, members of the Lloyd Act of the organization were integrated into a single corporate body with permanent heritage and corporate seals. It extended from marine insurance to other insurance and guarantee business.
Today, Lloyd's has become the world's best known insurance brand. It is usually a misconception that Lloyd is an insurance company. Actually, it is a cluster of members, known as underwriters', both corporate and individual, who underwrite in syndicates on behalf professional underwriters accept risk. In this way, basic investment is provided by investment organizations, specialist investors, international insurance companies and individuals.  

1.4 History of Indian Insurance:

In "Rigiveda" we find the term "Yogakshema Bahamayam" which is less or more parallel to the well being and protection of people. This makes it clear that the traces of sharing the upcoming losses were available even in ancient India. This suggests that a form of "community insurance" was common around 1000 BC and practiced by the Aryans.

Life insurance was first set up in India through a British company called the Oriental Life Insurance company in 1818 followed by the Bombay Assurance company in 1823, the Madras Equitable Life Insurance Society in 1829, the Bombay Mutual Life Assurance Society 1871 and the Oriental Life Assurance Company in 1874. All of these companies operated in India but did not insure the lives of Indians. They were insuring the lives of Europeans living in India.

The General Insurance Company i.e., Triton Insurance Co. Ltd., was found in Calcutta in 1850 whose shares were held mainly by the Britishers. Insurance business was carried out in India without any precise regulation for the insurance business. They were subject to Indian companies Act 1866. After
the start of the "Be Indian Buy Indian Movement" (called Swadeshi Movement) in 1905, indigenous enterprises sprang up in many industries. Not surprisingly, the Movement also touched the insurance industry leading to the formation of dozens of life insurance companies along with provident fund companies (provident fund companies are pension funds). The first original general insurance company was the Indian Mercantile Insurance company Limited set up in Bombay in 1907.

In 1912, two sets of legislation were passed: 1) The Indian Life Assurance Companies Act and 2) The Provident Insurance Societies Act. The features of the legislation:

(a) They were the first legislations in India that particularly targeted the insurance sector.

(b) They left general insurance business out of it. The Government did not feel the necessity to regulate general insurance.

(c) They restricted activities of the Indian insurers even though the model used was the British Act of 190913.

1.5 History According to IRDA

In India, insurance has an inbuilt history. It finds cite in the writings of Manu (Manusmriti), Yagnavalkya (Dharmasastra) and Kautilya (Arthasastra). The writings converse in terms of pooling of resources that could be reallocated in times of calamities such as fire, floods, epidemics and famine. This was probably an ancestor to modern day insurance. Ancient Indian history has conserved the earliest traces of insurance in the form of
'marine trade loans and carriers' contracts. Insurance in India has evolved over time heavily drawing from other countries, England in particular.

1818 saw the advent of life insurance business in India with the establishment of the Oriental Life Insurance Company in Calcutta. This Company however failed in 1834. In 1829, the Equitable had started transacting life insurance business in the Madras Presidency. 1870 saw the endorsement of the British Insurance Act and in the last three decades of the 19th, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were begun in the Bombay Residency. This was however conquered by foreign insurance offices which did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance and the Indian offices were up for hard fight from the foreign companies.

In 1914, the Government of India started publishing returns of Insurance Companies in India. The Indian Life Assurance Companies Act, 1912 was the first legal measure to legalize life business. In 1928, the Indian Insurance Companies Act was enacted to permit the Government to collect statistical information about both life and non-life business carried out in India by Indian and foreign insurers including provident insurance society. In 1938, with a view to defending the interest of the Insurance public, the earlier legislation was combined and amended by the Insurance Act, 1938 with comprehensive provisions for effective control over the activities of insurers.

The Insurance Amendment Act of 1950 eliminated Principal Agencies. However, there were a large number of insurance companies and the
level of contest was high. There were also assertions of unfair business practices. The Government of India, therefore, decided to nationalize insurance business.

An ordinance was issued on 19th January, 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The LIC soaked up 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. The LIC had domination till the late 90s when the Insurance sector was reopened to the private sector.

The history of general insurance dates back to the Industrial Revolution in the west and the resultant growth of sea-faring business and commerce in the 17th century. It came to India as a legacy of British occupation. General Insurance in India has its roots in the establishment of Triton Insurance Company Ltd., in the year 1850 in Calcutta by the British. In 1907, the Indian Mercantile Insurance Ltd was set up. This was the original company to transact all classes of general insurance business.

1957 saw the formation of the General Insurance Council, a division of the Insurance Association of India. The General Insurance Council enclosed a code of conduct for ensuring fair conduct and sound business practices.

In 1968, the Insurance Act was modified to regulate investments and set smallest amount of solvency margins. The Tariff Advisory Committee was also established then.
In 1972 with the granting of the General Insurance Business (Nationalization) Act, general insurance business was nationalized with effect from 1st January, 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was included as a company in 1971 and it inaugurates business on January 1st 1973.

This millennium has seen insurance come a complete circle in a journey extending to nearly two hundred years. The process of re-opening of the segment had begun in the early 1990s and the last decade and more has seen it been opened up substantially. In 1993, the Government established a committee under the chairmanship of R.N. Malhotra, former Governor of RBI, to suggest recommendations for reforms in the insurance sector. The objective was to complement the reforms initiated in the financial sector. The committee submitted its details in 1994 wherein, among other obsessions, it suggested that the private sector be permitted to enter the insurance industry. They affirmed that foreign companies be permitted to enter by hovering Indian companies, preferably a joint venture with Indian partners.

Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) were formed as an independent body to control and develop the insurance industry. The IRDA was integrated as a statutory body in April, 2000. The key objectives of the IRDA comprise promotion of competition so as to develop
customer satisfaction through increased customer choice and lower premiums, while making sure the financial security of the insurance market.

The IRDA opened up the market in August 2000 with the invitation for appliances for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to enclose regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations collecting from registration of companies for carrying on insurance business to protection of policyholders’ interests.

In December, 2000, the subsidiaries of the General Insurance Corporation of India were reorganized as independent companies and at the same time GIC was altered into a national re-insurer. Parliament passed a bill de-linking the four subsidiaries from GIC in July, 2002.

Today there are 31 general insurance companies including the ECGC and Agriculture Insurance Corporation of India and 24 life insurance companies operating in the country.

The insurance sector is a massive one and is growing at a fast rate of 15-20%. Together with banking services, insurance services add about 7% to the country’s GDP. A well-developed and evolved insurance sector is a boon for economic growth as it provides long-term funds for infrastructure expansion at the same time strengthening the risk taking ability of the country.

1.6 Objectives of Insurance:

Following are some of the objectives according to an individual and the insurance company.
1. **To cover the losses:**

   The first main objective of insurance is to indemnify the losses caused due to any bad incident to anybody or any expensive product. The time of threat is not sure, we are not able to give guarantee about the threat but we are able to give the compensation after the loss has occurred.

2. **Transfer of risks:**

   Human life is full of different types of uncertainties, some dangers can be avoided and can be predicted. Because of insurance we are able to transfer the threat and get compensation. We will get the remuneration money in exchange of transferring the risks towards insurance company.

3. **To Facilitate the future:**

   The next objective is to secure the assets from the danger and for the well being of the next generation. Insurance reduces the anxiety of the future.

4. **Savings:**

   Till a certain age man can work and earn money. As a person grows old his capacity to earn diminishes. Insurance provides savings for a happy old age.

5. **To obtain the protection:**

   Insurance gives us protection against calamities. We get security if anyone or any asset gets damaged in the form of returns from the insurance company.
6. **Tax benefit:**

   To encourage life insurance and cultivate a habit of saving, government of India has given tax benefit. They get benefit in the proportion of the premium installment and that is why people purchase the insurance policy.

7. **To keep consistency in business:**

   By taking the insurance policy it is very easy to have consistency in business. If the businessman buys a the policy then he should know if the loss incurs then there is no need to close the business. He should run the business by availing the benefit of insurance; he is able to compensate the loss.

8. **Protection from seizing of property:**

   If a businessman fails to settle the loan then creditor seize the property of businessman, and by selling the seized property creditor fulfill the loan amount by doing like this businessman losses his goodwill in market. And if the businessman having the insurance policy mentioned the property then no one can seize the property.15

1.7 **Importance of Insurance:**

1. **Insurance for General People:**

   Nowadays insurance is becoming a trend all over in the world. Life has become very busy and so is human life. We are developing our standard of life. We are at the advanced age of this era; we are progressing in technology, inventions and in agriculture sector. With that we are also facing the problems like disasters, earthquake floods and very danger terrorism, everybody wants to secure his life; want the security and economic protection. So by taking in mind
the threats like this we have made a provision Insurance. Insurance helps us by giving the security and economic protection; if losses occurred then doesn’t be afraid we have insurance protection.

2. **In Professional Life:**

   The people those who provide products and services are facing several threat like accidents, fire, earthquakes and floods and because of that they have to go through the big losses. Because of that most of the businessmen have to close their businesses. If they are worried then they shall not able to run their business properly. And that is the reason term Insurance is gaining importance day by day.

3. **Industrialists:**

   The development of country depends on industrial business. With the development of industries the threats have also increased and it is effecting on the existence of industry. The industrial sector is one of the most important sectors that generates employment in large scale but according to laws like labor law, industrial law and the social organizations become hindrances to the industrialist. By keeping in mind we have a perfect solution in the form of "Insurance". To keep business in running condition industrialists insures business. Insurance helps to come out from danger and secure the industry and its employees.

5. **International Business:**

   International business is of great importance. Transportation of material overseas by marine and air transportation plays significant role in
international business. This transportation faces constant threats, due to weather condition. There two types of transportation are very perilous than other transportation types that is why it is very dangerous to transport expensive material from one place to another. By taking in mind the threats like there we can use the insurance protection. Insurance helps to get economic protection against such losses.

6. **Medical Protection**:

   Insurance covers all the losses due to illness. This insurance gives protection and takes responsibility to pay all the medical charges. These types of insurance are very helpful to the chemical industries, pharmaceutical companies, and Pesticide companies. They insure the life of employees by taking policies to reduce the effect of risks.

7. **Deposits**:

   Insurance is helpful to all the bankers. The business of the bank is dependent upon the deposit of the bank. These deposits are used to provide the loans. When banks fail to recover the loan, then this thing goes very harmful to the bank. Sometimes banks gets bankrupt insurance helps to run the business to the bank by giving insurance back up to them.

8. **Development of Business**:

   It is not only important for a securing a person's life or his assets but also important in the progress of businesses of country. Insurance plays an important role in development of country. Every year collection of funds through the insurance installment is very huge. Government invest that fund in infrastructural development like generation of power, construct dams and to regulate the different types of schemes.
1.8 The birth of the Insurance Act 1938:

In 1937, the Government of India constituted a consultative committee. Mr. Sushil C. Sen, a well known solicitor of Calcutta, was appointed the chair of the committee. He consulted a wide range of interested parties including the industry. It was debated in the Legislative Assembly. Finally, in 1938, the Insurance Act was passed. This piece of legislation was the first inclusive one in India. It enclosed both life and general insurance companies. It clearly defined what would come under the life insurance business, the fire insurance business and so on. It covered deposits, supervision of insurance companies, investments, commissions of agents, directors appointed by the policyholders among others. General insurance business is defined as fire, marine and miscellaneous insurance business whether carried on alone or in amalgamation with one/more of them. To implement the 1938 Act, an insurance branch was first set up in the Ministry of Commerce by the Government of India. Later, it was handed over to the Ministry of Finance.

1.9 Types of Insurance:

From the very beginning insurance has become prevalent to everybody. The importance of timely insurance is increasing. We are progressing in different fields such as Technology, farming, shipping, etc it has also been developing and with this the possibility of hazards are also increased. We have to face losses due to criticism, insurance works to protect the financial loss arising from various factors. The threats are of different types. There are different polices are available for every different threat, following are the category of insurance.

Basically Insurance can be classified in to two parts:

a) Life Insurance
b) Non-life Insurance.

The non-life insurance is also classified into General insurance and Miscellaneous insurance.

General insurance and miscellaneous insurance further classified into different kinds as shown below:

**General Insurance:**
1. Marine Insurance
2. Fire Insurance
3. Personal accidental insurance
4. Vehicle Insurance.

**Miscellaneous Insurance:**
1. Crop Insurance
2. Fidelity Guarantee insurance
3. Burglary Insurance
4. Flood Insurance
5. Cattle Insurance
6. Transit insurance

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Now we will discuss the terms of insurance

1. **Life insurance:**

   Life insurance is a contract in between an insurance policy holder and the assuror, where the insurer promises to pay sum of cash in exchange for a premium upon the demise of an insured person. Policy holder pays premium regularly or as desired at the time of contract. Life insurance is different from other insurance in the sense that the subject matter of insurance is life of human being. At present Life insurance enjoys maximum range because each and every person needs insurance. Life insurance helps the family at the premature death or gives adequate amount at the old age when earning capacities are reduced.

2. **Marine insurance:**

   Marine insurance is contract whereby the insurer undertakes to cover the insured against losses incidental to marine adventure. Marine insurance envelops the loss of damage of ships, cargo, terminals and any transport or cargo by which assets are transferred between one places to another. It is also classified in two types

   1. Ocean marine insurance
   2. Inland Marine insurance

3. **Fire insurance:**

   Fire insurance is a contract of agreement between the insurer and the insured against the destruction or damage of property caused by fire during the agreement time.
4. **Motor vehicle insurance:**

It is an insurance that protects us from losses due to accidents, fire, and theft. Insurance Company will pay for the damages that are caused to others during an accident such as bodily injury, death, and damage to their property and insure against third party claims. The damage to own vehicle due to, fire or theft is also considered.

5. **Personal Accident Insurance:**

It is a contract of insurance. It gives protection against death or disability arising exclusively and directly from accident caused by outside and noticeable means.

6. **Group insurance:**

Group life insurance is a plan of insurance under which the lives of many persons are covered under one life insurance. However, the insurance on each life is independent of that on the other lives. Usually, in group insurance, the employer secures a group policy for the benefit of his employees. Insurance provides coverage for many people under single contract.

7. **Crop insurance:**

It is a contract of crop insurance to provide a financial support to farmers against the failure due to drought or flood. It covers all risks of loss or damage relating to production of crops.

8. **Fidelity Guarantee Insurance:**

It is a type of contract of insurance and also a contract of guarantee. It guarantees the employer for any damages or loss resulting from the
employer's dishonesty. The insurer is liable to compensate the said loss to the employer as per the contract.

9. **Burglary insurance:**

The losses that affect personal due to theft, larceny, burglary are covered under this type of insurance.

10. **Cattle insurance:**

It is a contract whereby a sum of money secured to the assured in the event of death of animals like bulls, buffaloes and cows. It is a contract against death resulting from accidents or any disease as the case may be. The insurer usually undertakes to pay the excess sum in the event of loss.

11. **Transit insurance:**

The insurance organization has developed the transit insurance. Transit means the duration of the journey from the beginning to the end. For example if a person is to go for 15 days to America from Mumbai, then he can get fifteen days' insurance for his own safety is known as transit insurance\(^\text{18}\). It is to be noted from the above discussion that there is no insurance for farmers.

1.10 **Insurance as a Risk Cover:**

First and foremost, insurance is all about risk cover, protection and financial protection, to be more specific to help survivors life's impulsive losses. Insurance is designed to defend against losses experienced on account of any unexpected occurrence; insurance provides you with that unique sense of security that no other form of investment provides.
By buying insurance policy you get ready to face any financial crisis that would helps the family in case of an untimely death. To provide such a protection insurance companies collects the contribution from so many peoples who faces the same risk. A loss claim is paid out of the total premium collected by the insurance companies, who act as trustees to the dues.

Insurance also provides protection in case of accidents or crash in income after retirement. An accident or disability can be overwhelming and an insurance policy can provide timely support to the family in such a times.

It also comes as a great help when you retire, in case no unpleasant incident happens during the terms of the policy. With the entry of private sector groups in insurance, you have a extensive range of products and services to choose from further, many of these can be further customized to fit individual/group specific needs. Considering the amount you have to pay now, it's worth buying some extra sleep.

1.11 Agriculture Sector and Insurance:

In our country several businesses are dependent on agriculture. Agriculture sector provides raw material to the industries like cotton, sugarcane etc. Agriculture and industrial sectors generate employment on a large scale, more than other sectors in India, that’s why we need to concentrate on farming sector. Agriculture sector depends on monsoon. Monsoon is unreliable as a result farmers face heavy rainfall and sometimes drought. This uncertainty of monsoon leads farmers to the worthless condition. So we have the insurance as
a solution for it. Crop insurance recovers the losses. Insurance helps farmers by providing economic protection.

1.12 Concept of Farmer Public Accidental Insurance Scheme:

The protection of the farmers against the specific calamities is the base of the study and the scheme. As we know, In India most of the population is directly or indirectly dependent on the agriculture. Majority of the people from the country live in rural area. Farming is the main occupation of majority of people in Maharashtra. Farmer's security is covered in the insurance business as a major concern towards stability and the growth of business. The need of farmer's security is to be addressed.

Maharashtra government is the only state after Gujrat which has made a provision of insurance for farmers. The government of Maharashtra has developed the insurance scheme known as "Farmer public accidental insurance scheme "for welfare of the farmers and their family after deceased person.\(^{20}\)

Agriculture sector is very significant in to the growth of the Indian economy. Agriculture faces various types of natural calamities and the only remedy to minimize the risk is known as Insurance. Insurance is an important tool to give the protection under risky activities. It is to be noted that farmers are those who are always facing the uncertainty. They are uncertainty bearer. So, the Maharashtra government has developed the “Farmer public accidental insurance scheme”. The scheme plays an important role in for the safety of the farmers and their family after the death of family holder .Farmer public accidental insurance scheme covers accident and accidental death of farmer.
The scheme was launched in 2005-2006, by the Government of Maharashtra, with the help of insurance company, in cooperation with the finance and planning department and agriculture department of the state.

The Maharashtra government made it compulsory to insure all the 7/12 holders from the state. The base of the scheme is to give protection to the farmers against the risks and secure them from natural calamities and from other risks. Risks like Road accidents, Railway accidents, Snake bite, Scorpion bite, Death by falling from heights, being killed by naxalite, animal attacks, riots; diseases such as rabies are covered under the scheme.

The department of agriculture is tied with the insurance agencies in six regions of Maharashtra. The government allocated the premium to be paid to the insurance companies on behalf of more than one crore farmers, The state also pay the service tax on the premium.

The families covered under the scheme will get Rs.1 lakh on accidental death of the farmer and Rs.50, 000 to meet an accident and get handicapped for life. The scheme has been drafted after taking in to account the high number of accidents in rural area. The government of Maharashtra has given the responsibility to agriculture department to make the scheme more effective and popular.21

1.13 Objectives of the Scheme:

1. To cover all the farmers holding 7/12 (document) from Maharashtra.
2. To compensate all the farmers in accordance with adversity.
3. To maintain the security of the farmer.
4. To support all the family members after the deceased person.
5. To maintain the stability of the farmers family.

1.14 Features of the Scheme:

1. Farmers automatically covered under the scheme.
2. No need to fulfill the insurance premium.
3. Scheme is implemented by the government.
4. Even if you are insured by other insurance companies, you can still avail of this insurance.
5. To take the benefit of the scheme, there is no need to spend money for it.
6. Nominees will get the benefit after deceased person.

**Benefits of the scheme**

<table>
<thead>
<tr>
<th>Sr.No</th>
<th>Particular</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Accidental death</td>
<td>100000/-</td>
</tr>
<tr>
<td>2</td>
<td>Permanent disability</td>
<td>100000/-</td>
</tr>
<tr>
<td>3</td>
<td>Two eyes diminished</td>
<td>100000/-</td>
</tr>
<tr>
<td>4</td>
<td>Two organs fall apart</td>
<td>100000/-</td>
</tr>
<tr>
<td>5</td>
<td>One eye and one organ</td>
<td>100000/-</td>
</tr>
<tr>
<td>6</td>
<td>Loss of one eye</td>
<td>50000/-</td>
</tr>
<tr>
<td>7</td>
<td>Loss of one organ</td>
<td>50000/-</td>
</tr>
</tbody>
</table>

1.15 Beneficiary of the Deceased Farmer:

2. Children son/Daughter: in their absence
3. Parent Father/mother: in his/her absence
5. Unmarried/widow/Divorcee Sister: otherwise
1.16 Insurance Protection Components:

1. Droughts, floods, cyclones, storms, landslides and earthquakes.
2. Road or Railway accidents
3. Snake or scorpion bite, animal attacks
4. Death by falling from heights.
5. Killed by naxalite
6. Riots.
7. Diseases
8. Natural fire, Squeeze the lights

Items not Included in the Insurance Cover:

1. Disability before insurance period.
2. Suicide, attempt to suicide and Make you wounded.
3. Accident of violating law for the purpose of crime.
4. Profanity.
5. Accidents after the consumption of alcohol.
6. Death at the delivery time.
7. Blooding in body.
8. Accident in Race.
9. War.
10. Murder from nearby beneficiary
11. Natural death
1.17 Formulation of Research Problem:

In a developing country like India, majority of the population is still engaged in agriculture and related activities. Hence the development of regions within such a country is dependent on agriculture. Agriculture is the backbone of Indian economy. Farming has been the main occupation of majority of people since ancient times. 68% (Census 2011) of the Indian population lives in rural area and rest of the people live in urban area. 13.48% population lives in urban area in Maharashtra.

According to census 2011, the population of Maharashtra is 11,23,74,333 from those 35.55% peoples main business is agriculture. The population of Parbhani district is 1632886. 70% of the people are directly or indirectly depend on agriculture. Parbhani district consists of 9 Taluka places. There are 347918 (document) 7/12 holders residing in Parbhani district. According to total population of sub-districts (taluka) there are in Parbhani 62100, Jintur 57014, Sailu 39176, Manvat 25295, Pathri 30637, Gangakhed 41342, Sonpeth 22698, and Palam 30669, Purna 38987 farmers. Rest of the people is non agriculturist. But their life depends upon agricultural business and the activities

With the recent developments agriculture has also developed. Climate of Maharashtra is supportive for agriculture but due to global warming we can see changes in the environment which affects the agriculture sector. The uncertainty of environment has lead the government and people towards industrialization and that’s why the development of farmers has slowed down.
Due to uncertainty of environment, natural calamities, disasters agriculture sector has grown risky. By reason of uncertainty of natural calamities, weather, farmers face many problems and their economic condition gets poor. It is very hard to farmers to come out immediately from such situations occurred to them.

Government as well as Different organizations at different levels are working for the farmers. Government is trying to improve the poor conditions of the farmers. Government has been implementing various schemes for the farmers. There are number of schemes such as crop insurance, National agriculture insurance scheme, Pradhan Mantri Fasal Bima Yojna, comprehensive crop insurance schemes, experimental crop insurance scheme, farm income insurance scheme, pilot weather based insurance scheme for horticulture crops, weather based pilot fruit crop insurance scheme. The life insurance corporation and private organizations provides the insurance schemes like life insurance, Accidental insurance schemes but the amounts of premium of the policies are a huge obstacle for the farmers. They are not capable to fulfill the installment amount due to their poor economic condition and other problem. The researcher did not find any scheme for farmers insuring their lives against threats. The researcher found that Government of Maharashtra is the state to run the farmers accidental insurance scheme. Gujrat government is also having the scheme parallel to Farmer Public Accidental insurance scheme.

This scheme provides protection against natural calamities and accidents like falling from heights, snake or scorpion bite and diseases such as
rabies. The first thing was to check awareness of the scheme. Secondly when the government is spending near about Rs.15,80,75,945 crore as premium to be paid to the insurance companies on behalf of 1.06 crore farmers every year, The amount which is paid as premium is not a small amount; do they utilize all the money for farmers? And to know how much is the scheme is beneficial for the farmers. To find out all the answers of above questions, the researcher decided to take the topic for study.

In this topic, the basic terms of insurance are presented and discussed. The term Farmer Public Accidental Insurance Scheme is taken for the study. The efforts are directed towards to review of literature and research methodology.
References: