CROP INSURANCE

INTRODUCTION AND HISTORY OF CROP INSURANCE IN INDIA

Far our 50 years crop insurance has been discussed in india in many a forum as an important tool of risk management is crop production.

In 1965, the government introduced a crop insurance bill and a model scheme of crop insurance on compulsory basis, which was circulated to constituent state governments of the india federation for their views. However, none of the states were in favour of the scheme because of very high financial obligations. On receiving the reactions of the state governments the subject was considered in detail by an expert committee headed by Dr. Dharam Narain, Chairman, Agricultureal Price Commission in July 1970 for free examination of the economic, administrative, financial and actuarial implications of the subject.

Different experiments on crop insurance on a limited ad-hoc and scattered scale started from 1972-73. In 1972-73 the general insurance department a crop insurance scheme on H-4 cotton. Later in 1972, general insurance business was nationalized and by an act of parliament the General Insurance corporation of India (GIC) was set up. The new corporation took over the experimental scheme in respect of H-4 cotton grown by small and marginal farmers it continued upto 1978 and covered only 3110 farmers for a premium of Rs. 4.54 lakhs against claims of 37.88 lakhs.

PILOT CORP INSURANCE SCHEME (PCIS) – 1979

Based on the recommendations of agricultural economist Prof. V.M. Dandekar, a pilot crop Insurance Scheme was introduced by GIC from 1979. PCIS – 1979 was implemented in 13 states, till 1984 -1985 and covered 6.27 lakhs farmers for premium of Rs. 196.95 lakhs against claims of 157.05 lakhs.

COMPREHENSIVE CORP INSURANCE SCHEME (CCIS) – 1983

Based on the experience of PCIS, the comprehensive crop insurance scheme was introduced with effect from 1st April, 1985 by the government of India with the active participation of states. The scheme is linked to short term crop credits & implemented on homogeneous area approach.

THE CCIS WAS REPLACED BY A MUCH IMPROVED NAIS W.E.F. RABI 1999-2000 SEASON.

Crop insurance is classified under miscellaneous category of general category of general insurance field, for which it is mandatory to keep aside 50% of premium as reserve.

INDIA AGRICULTURE

Agriculture is backbone of this country which nearly 2/3rd of its population depends on agriculture for their livelihood. Agriculture also contribute nearly 26% to GDP.

RISKS IN AGRICULTURE

The risks in agriculture can be broadly classified as follows:

(A) Natural Risk:
- (i) Natural Elements – Drought, Flood, Cyclone, Earthquake, Hailstosom etc.
- (ii) Plant & Animal Disease – Scab, Smut, Anthran, Black quarter etc.
- (iii) Insects & other Pests – Borers, Mites, Rates etc.

(B) Social Cause/Risks:

(i) Civil Disturbance
(ii) Malicious Damage
(iii) Moral Hazard
(iv) Change in Social Environment.
(v) Technological Changes

(C) Economic Risks:
(i) Price fluctuations of agriculture commodities.
(ii) Loss of investments made in corp production.
(iii) Change in price of farm inputs etc.

(D) Personal Risks:
(i) Accident sickness, old age of farmers and his family member.
(ii) Death & disease of draught cattle used in agriculture.
(iii) Injury to third party and property etc.

CROP INSURANCE

Crop insurance is means of "protecting the farmers against uncertainties of crop yields arising out of practically all natural factors beyond their control." It is a financial mechanism in which the uncertainty of loss in crop yields is minimized by pooling large no. of uncertainties that impact on crop yields so that the burder of loss can be distributed.

Crop Insurance as Risk Management

Crop production involves numerous risks, natural, social, economic and personal and has a great dependence on nature.

Uncertainty of crop yields is one of the basic risks, which every farmer has to face, more or less, in all countries but these risks are particularly high in developing countries like India as the majority of formers are poor and have extremely limited means & resources and are therefore unable to bear the risks of crop failure, facially when they are of a disastrous nature.

There will always be a high uncertainty, as an imaginable measure could make crop production completely independent of natural hazard and also the physical measures are to be justified by their cost benefit ratio. For eg. : there may be many places where flood is preventable, but the cost of production measures would be far out of proportion to meet their benefit in such cases it would not be a prudent decision do spend more capital in preventing a risk than would be lost by the risk itself (especially where capital is so scarce)

Secondly with a growing population constantly no part of the land could be given up for cultivation simply because it is subject to periodical of failure. An imp measure for overcoming these difficulties crop insurance against all natural spans crop failure gap.

BENEFITS OF CROP INSURANCE

(1) It aeshions the shock of disastrious crop loss by assuring farmers a maximum of protection.
(2) Crop Insurance spreads the crop losses over space and time as agricultural income is an important factor in national income crop insurance also has an effect on the prosperity of the country.
(3) It gives farmers greater confidence in making greater investments in agriculture.
(4) It improves the position of farmers in relation to agriculture credit.
(5) The government is relieved of present irregular financial burden of providing relief.
(6) It can help formalize the availability of supplies and stabilize prices.
(7) It will help maintain dignity of farmers.
(8) It enables maintenance of systematic records of crop production.

TYPES OF CROP INSURANCE

Crop insurance may be different types according to different criteria. The types as per criteria used is as follows:

(A) According to Perils insured:
   (i) Single peril Insurance – eg- Hail Insurance
   (ii) Named peril Insurance upto four perels are covered
   (iii) Multi Peril Insurance – at least five or more perils are covered.
   (iv) All Peril Insurance – covers all natural and non – preventable perils.

(B) According to Object Insured:
   (i) Single Crop Insurance – A scheme covers a single crop eg – Apple insurance against hail & forest.
   (ii) Multiple crop Insurance – a single scheme cores a host of crops eg – CCIS & NAIS

(C) According to Basis of Administration:
   (i) Public Insurance – Predominantly government run schemes.
   (ii) Private Insurance – private insurers without government support.
   (iii) Cooperative Insurance – Both government and private agencies are involved.

(D) According to scope and Application:
   (i) Voluntary Insurance - scheme optional for states and or farmers.
   (ii) Compulsory insurance – scheme compulsory for states and/or farmers
   (iii) Optional Local Application of Compulsory Insurance – Scheme compulsory for certain crops groeon in cortain pockets.

(E) According to Basis of Unit size –
   (i) Individual Farm Basis – assessment and settlement of claims will be on individual farm/plot basis.
   (ii) Individual Farm Basis – assessment and settlement of claims will be on household basis, covering all forms owned or cultivated by a farmer.
   (iii) Homogenous Area Approach – Assessment and settlement of claims will be on area approach basis, covering group of farmers growing crops under similar conditions.
   (iv) Combinations – A combination of form or area bases assessment depending on nature of perets.

NATIONAL AGRICULTURAL INSURANCE SCHEME (NAIS):

On 22nd June 1999 the Honble prime Minister dedicated a broad based "National Agricultural Insurance Scheme (NAIS)" to the nation. The new scheme replaced the existing comprehensive. Crop Insurance Scheme w.e.f. Rabi 199 – 2000. The Scheme was operationalizee by insurance of administrative instructions by the government of India on 16th July 1999.

PREMIUM RATING IN CROP INSURANCE

Premium rating technique in the commercial insurance industry are intended to develop a price structure adequate to cover claims and the operating costs of the insurer and provide a reasonable profit while not being so high as to be non competitive.

MAJOR PROBLEMS OF CROP INSURANCE

1. Lack of adequate data base for determining premiums and indemnities – Majority of farmers do not maintain any record of yield and losses and hence, there is no reliable data base for determining premium and indemnity rates at individual farmer level.

2. Small holding size and wide variety of agricultural practices – Average farm holding size of mere 1.5 hectares with a farming community as big as 106 millions spread over in 28 states and (7) union Territories is a tragic situation
3. Unsates factory land tenure and record system – Absentee landlord system and verbal land lease system and verbal land lease system are major problem.
4. Poverty & Illiteracy of Farmers – In india most of the farmers are illiterate and poor and this weaknes effectiveness of the best of the schemes.
5. Lack of adequate infrastructure – in a big country like India, strong, huge infrastruecture and extensive organizational network is required for the successful implementation of schemes.
6. Limited Financial Resources – catastrophic losses are common in agriculture and the government has been providing limited resources, subsidies etc which are not adequate to cover all crops and all farmers.
7. Political interference – political interference loss adjustment etc. creates obstacles in implementation of crop insurance.
8. Great Moral and Physical Hazards – Insurance contract is based on “utmost good fouth.”

Cattle Insurance

INTRODUCTION

In India Agriculture provides only seasonal employment and most of the farmers still adept traditional farming practices and 80 crop yields are poor even during sesames when climate is favorable therefore, government of India has encouraged small, marginal and landless formers.

Among such subsidiary occupations dairy forming occupies a very important place. This industry does not require much capital and whatever capital is required is provided by way of loans by banks and by way of subsidies to poor farmers by different government agencies.

NEED OF CATTLE INSURANCE

Cattle in India have been mostly kept to meet the agriculture draught power requirements of the farmers. Therefore over the year the draught power qualities in these animals took over their milk production capacities the authorities of the prial development project and well organized dairy co-operatives in the country have realized the valuable support that cattle insurance can provide to their dairy development programmes. If the milch animal financed by them dies or becomes disabled due to accident or disease or natural calamites like floods or cyclone, then all their efforts are set at naught unless the animal is injured. In such a context, the uninjured farmers indebtedness increases, whereas the injured farmer can purchase another promptly with the insurance claim proceeds. It is in this sense that cattle insurance is considered an essential input of great strategic importance to the development of the of the dairy industry in India.

The main aim of cattle insurance was to effectively protect the cattle owners against financial loss due to death of or accident to the cattle (subject to certain exclusions). The werd “accident” induces fire, lighting, flood, cyclone or other natural calamities occurring during the period of liability to pay compensation to the insured is subject to receipt of satisfactory proof of the cause of loss etc., but it shall not exceed the sum insured.

Market agreement on cattle insurance the market agreement came into force from 1.476 under the agreement uniform premium rates, policy terms and conditions and procedures were adopted by all the insurance companies liability to pay compensation to the insured is subject to receipt of satisfactory proof of the cause of loss etc., but it shall not exceed the sum insured.

Market agreement on cattle insurance the market agreement came into force from 1.476 under the agreement uniform premium rates, policy terms and conditions and procedures were adopted by all the insurance companies. Basic premium rate was 4% gross. A central cattle committee consisting of representatives of GIC and companies was set up –

(a) To ensure smooth implementation of the market agreement.
(b) To fix special rates and terms for cattle within the purview of major co-operative dairies and these owned by well managed dairy farmers.

Exclusions

The following risks are excluded –

(i) Accident occurring and / or diseases contracted prier to commencement of risk.
(ii) Transport by air and sea.
(iii) Theft and clandestine sale of the insured animal.
(iv) 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 qualified veterinarian or in case where destruction is regarded to by the order of a lawfully constituted authority.
(v) Malicious or willful injury or neglect, overloading, unspeillful treatment or use of animal for purpose other than stated in the policy without the consent of the company in writing.
(vi) War and kindred risks.
(vii) Any accident, loss, destruction, damage or legal liability directly or indirectly caused by or contributed to by or arising from nuclear weapons.
(viii) Consequential loss of whatsoever.

For the purpose of the market agreement on cattle insurance, the ward refers to –

(i) Milch cows and buffaloes.
(ii) Calves/heifers,
(iii) Stud bulls
(iv) Bullocks and male buffaloes (castrated) whether indigenous or exotic or cross-bred.

Risk Covered

The insured animals are covered against death due to –

(i) Accident i.e. (fire, lighting, flood, inundation, sterm, hurricane, earthquake, cyclone, tornado, tempest and famine),
(ii) Diseases contracted or occurring during the period of the policy
(iii) Surgical operations.
(iv) Riat & strike.

On payment of extra premium the policy can be extended to cover permanent total disability which –

(i) In case of milch cattle results in permanent and total incapacity to conceive or to yield milk.
(ii) In the case of stud bulls results in permanent and total incapacity for breeding purposes.
(iii) In the case of bullocks male buffaloes, results in permanent total incapacity for the purpose of use mentioned in the proposal form.

PACKAGE POLICY FOR PRIVATE CAR & TWO WHEELERS

Motor insurance in India is governed by India motor tariff. The revised India Motor Tariff is effective from 1/7/2002

DIFFERENCE BETWEEN THE LIABILITY ONLY POLITY & PACKAGE

The liability only policy covers 3rd party liability for bodily injury and/death property damage as provided in the motor vehicles act 1988. Amended from time to time. The package policy covers loss or damage to the vehicle insured (own damage) in addition to the 3rd party cover.

The package policy wordings general exceptions and editions are mostly identical for private car & two wheeler policies.

That the proposal & declaration shall be the basis of the contract & that the insured has applied to the insures for insurance and has paid the premium for consideration for the insurance afforded by the policy for the period specified.

RISK COVERED –SECTION 1(OWN DAMAGE)

PRIVATE CAR	TWO WHEELER
the co. will indemnify the insured against loss or damage to the vehicle insured here under and/or its accessories whilst thereon- 1)By fire explosion, self ignition/ lighting, 2)By burglary, house breaking or theft 3)By riot, strike, 4)By earthquake (fire and shock damage) 5)By flood, typhoon, hurricane, storm, tempest, inundation, cyclone, hailstorm, frost 6)By accidental external means 7) By terrorist activity. 8)While in transit by road, rail, inland, waterway, lift, elevator or air 9)By land slide or rock slide 10) By malicious activity	Same as in private car policy.

<table>
<tr><th colspan="2">DEDUCTION FOR DEPRECIATION</th></tr>
<tr><td>Subject to a deduction for depreciation at the rate mentioned below in respect of parts replaced:
All rubber / nylon/ plastic parts/tyres & tubes, batteries & air bags - 50%
For fiber glass components – 30%
For all parts made of glass- nil
Rate of depreciation for all other parts including wooden parts will be as per the following schedule:
<table>
<tr><td>age of vehicle</td><td>% of depreciation</td></tr>
<tr><td>not excluding 6months</td><td>nil</td></tr>
<tr><td>6 months but >1 year</td><td>5%</td></tr>
<tr><td>1 year but > 2 years</td><td>10%</td></tr>
<tr><td>2 year but > 3year</td><td>15%</td></tr>
<tr><td>3 year but >4 year</td><td>25%</td></tr>
<tr><td>4 year but >5 year</td><td>35%</td></tr>
<tr><td>5 year but >10 year</td><td>40%</td></tr>
<tr><td>exceeding 10 year</td><td>50%</td></tr>
</table></td><td>Same as in private car policy.</td></tr>
<tr><th colspan="2">EXCLUSIONS</th></tr>
<tr><td>Under own damage sec.1 insure is not capable to make any payments in respect of:
a) Consequential loss, depreciation,wear & tear, mechanical or electrical break down ,failure or breakages
b) Damage to tyres and tubes unless the vehicle is damaged at the same time in which case the liability of the shall be limited to 50% of the cost of replacement.
c) Any accident loss or damage suffered which the insured or any person driving the vehicle with the knowledge and consent of the insured is under the influence of intoxicating liquor or drugs.</td><td>Same as in private car policy.

loss or damage to accessories by burglary, housekeeping or theft unless the unless the vehicle is stolen at the same time.</td></tr>
<tr><th colspan="2">PROTECTION AND REMOVAL COST</th></tr>
<tr><td>IN the event of vehicle being disabled by reason of loss or damage covered under this policy the co.will bear the reasonable cost of protection or removal to the nearest repaired and their delivery to the insured but not exceeding in all rs.1500 in respect of any one accident.</td><td>the amout is rs. 300 for two wheeler.</td></tr>
<tr><td colspan="2"></td></tr>
</table>

AUTHORIZATION FOR REPAIRS	
Insured may authorize the repair of the vehicle necessitated by damage for which the co. may be liable under this policy provided that- Estimated cost of such repair included replacement if any does not exceed rs.500/- The co. is furnished forth with a detailed estimate of cost of repairs. The insured shall give the co. every assistance to see that such repair is necessary & changes are reasonable.	Estimated cost of such repair not to exceed Rs.150/- same wording same wording
INSURED- INSURED'S SCHEDULED (LDV)	
The insured declared value of the vehicle will be deemed to be the "sum insured" to the purpose of the policy which is paid at the commencement of each policy period for the insured vehicle. The IDV of the vehicle (& accessories if any fitted to vehicle) is to fixed on the basis of the manufactures listed selling price of the brand & model as the commencement of insured/ renewal and adjusted for depreciation. the schedule age wise depreciation as shown below is applicable for the purpose of total loss/ constructive total loss (claims only) **age of vehicle** — **% of vehicle** not exceeding 6 months — 5% 6 months but > 1 year — 15% 1 year but > 2 year — 20% 2year but > 3year — 30% 3year but> 4year — 40% 4year but > 5 year — 50%	

Beyond 5 year, IDB is to be determined on the basis of an understanding between the insured & insurer IDB shall be treated as the market value throughout the policy period.	same provisions

The insured vehicle shall be treated as CTL if the aggregated cost of retival & of repair of vehicle,subject to terms and conditions of the policy exceed 75% of the IDV of the vehicle less value of the reck in “as is where is condition”

EXCLUSIONS UNDER OWN DAMAGE SECTIONS

(i) Consequential loss: the policy covers only direct loss caused by an accident to a car the insured may suffer loss of use of the car during repairs in the form of cost &expenses of alternate transportation.

(ii) Depreciation wear and tear- these are not in the nature of accidental fortuitous event ordinary wear and tear dep. Is inevitable, it can’t be insured against.

(iii) Mechanical or electrical breakdown, failure, breakage- it is associate with W & T as such a breakdown caused by metal fatty .however subsequent damage following mechanical breakdown is covered.

SECTION II LIABILITY TO THIRD PARTY

(BOTH FOR PRIVATE & TWO WHEELAR)

1] The co. will indemnify the insured in the event of an accident caused by or arising out the use of vehicle against all sums which the insured shall become legally liable to pay in respect of :-

a] Death of or bodily injury to any person including occupants carried in the vehicle (provided such that occupants are not carried for higher or recorded) ,but expect so far as it is necessary to meet the requirement of the motor vehicle at the co. shall not be liable where such that injury or death arise out of and in the course of the employment of such person by the insured.

b) Damage to property other than property belonging to insured or held in trust or in the custody or in the control of insured.

2] The insured will pay all legal cost and expenses incurred with its return consent. The limits of liability are as follows:

Limits of Liability Under Sec. II - I

a] As per motor vehicle act-1988(the act providing for unlimited liability in respect of third party death or injury)

b] rs.6000 in respect of any claim or series of claim arising out of one event(this is limit provided by the act by 3rd party property damage. The tariff however provide for increased liability for third party property damage on payment of additional premium)

3] the co. will indemnify any driver who is driving the vehicle on the order of insured ‘s permission providing that such driver shall as through he /she was insured observed fulfill be subject to the terms. ecepltions and conditions of the policy in so far as they apply.

4] in the event of death of any person sntitled to indemnify under the policy the co. will in respect of liability insured by such person indemnify by his or her personal representative in terms of the subject to the limitation of the policy.

5] the co. as its own option –

A] Arrange for any representative at any inquest or fall inquiry in respect of any death which may be the sub. of identify under this policy.

B] Under take the defense of proceeding any court of law in respect of any act or allied offence causing or relating to any event, which may be the sub. of indemnity under the policy.

AVOIDANCE OF CERTAIN TERMS AND RIGHTS OF RECOVERY

The insured whose indemnified by the policy can recover an amt. under or by virtue of provisions of the motor vehicle act but the insured shall repay to the co. all sums paid by the co. which the co. would not have been liable to pay ,but for the said provision.

APPLICATION OF LIMITS OF LIABILITY

IN the event of any accident involving indemnity to move than one person any limitation by the terms of this policy and one or of any endorsement there on of the amt. of any indemnity to all persons indemnified shall apply in priority to insured.

The only difference between private car and two wheeler policy as per as sec.11 is concerned is in the limit of liability for private car the maximum limit TPPD (third party property damage) is rs.7.5 lakhs, under two wheeler policy the maximum limit is 1 lakh.

SECTION-III-

Personal accident cover for owner and driver (this is new cover introduced with effect from 1july 2002)

The co. under stakes to pay compensate for death/ bodily injury sustained by the owner/ driver of the vehicle caused by violent accidental external and visible means which independent of any other cause shall within 6 month of such injury result in.

NATURE OF INJURY:

1] DEATH -100%

2] LOSS OF 2 LINES OF SIGHT OF 2 EYS OR ONE LIMB AND SIGHT OF 1 EYE- 100%

3] LOSS OF 1LIMB OR SIGHT OF ONE EYE-50%

4] PERMANENT TOTAL DISABLEMENT FROM INJURIES OTHER THAN NAMED ABOVE -100%

PROVIDED ALWAYS THAT-

A] compensation shall be payable under only one of the items (i) to (iv) above in respect of the owner driving arising out of any one occurrence and the total liability of the insured shall not in the aggregate exceed the sum of rs.2 lakhs during any/ period of insurance

B] no compensation shall be payable if –

1] Intentional self injury suicide or attempted suicide physical defector infirmity or

2] an accident happening whilst such person is under the influence of intoxicating liquor or drugs

C] such compensation shall be payable directly to the insured or his or her legal representatives whose receipt shall be the full discharge in respect of the injury to the injured

This cover is subject to-

D] the owner driver is the registered owner of the vehicle insured here in policy

E] the owner driver holds an effective license at the time of the accident

While the private car policy provides the limit of liability of 2 lakh,2 wheeler policy provides a limit of Rs.1 lakh.

GENERAL EXCEPTIONS

Applicable to all sections of the policy the co. shall not be liable under this policy in respect of-

1] Any accidental loss or damage and/ or liability caused sustained or incurred outside the geographical areas

2] Any claim arising out of any contractual liability

3] Any accidental loss / damage and /or liability caused sustained or incurred whilst the vehicle insured here in is-

a) Being used otherwise than in accordance with the “Limitation as to use”

b) Being driven by or is for the purpose of being driven by him/ her in the charge of any person other than the driver as stated in the drive’s clause.

4 (I) any liability of what so ever nature directly or indirectly by or contributed to by or arising from ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combination of nuclear fuel.

(II) Any accidental loss or any damage to any property whatsoever resetting or arising there from or any consequential loss.

5] Any accidental loss or damage or liability directly or indirectly caused by or contributed to by or arising from nuclear weapon material.

6] Any accidental loss damage and /or liability directly or indirectly or proximately or remotely occasioned by contributed to by or traceable to or arising out of foreign enemies hostilities or war like operations (whether before or after declaration of war) civil war mutiny rebellion military or usurped power or by any direct or indirectly consequences of any of the said occurrence.

DEDUCTABLE

The co. shall not be liable for [loss or damage to the vehicle insured] of this policy in respect of the deductable stated in the schedule.

CONDITIONS OF THE POLICY

1] Nature of loss- notice shall be given in writing to the co. immediately upon the occurrence of any accidental loss or damage in the event of any claim & thereafter insured give a information and assistance as the co. shall required.

2] No admission offer, promise or payment- no admission offer promise payment or indemnity shall be made or given by or behalf of the insured without the written consent of the co.

3] Indemnity-

The co. may at its own option repair reinstate or replace the vehicle or part therefore and/ or its accessories or may pay in cash the amt. of the loss or damage & the liability of co. shall not exceed the sum insured.

A] For total loss/constructive total loss of the vehicle the insured ‘s declared value[IDV] of the vehicle [including accessories thereon] less the value of the wreck.

B] For partial losses, i.e. losses other than total loss / constructive total loss of the vehicle actual and reasonable costs of the repaire and /or replacements of parts lost / damaged subject to depreciation as per limits specified.

Safe guarding the vehicle from loss or damage the insured shall take all reasonable steps to safe guarding the vehicle from loss or damage and to maintain it in efficient condition and the co. shall have at all items free and full access to examine the vehicle or any part thereof or any desire or employee of the insured.

The co. may cancel the policy by sending 7 days notice by record delivery to the insured at the insured ‘s last known address and the premium return will be based on the prorate basis for the period the policy has enforced. The policy can be cancelled at any time by the insured by giving 7 days notice by recorded delivery provided no claim has arisen during currency of the policy the insured shall be untitled to a return of premium – less premium at the co. short period rates for the period the policy has been enforced with the retention of the minimum policy of Rs.100

CONTRIBUTION

IF at the time of occurrence of an event that given rise to any claim under this policy there is in existence any other insurance covering the same liability ,the co. shall not be liable today or contribute more than its rotable proportion of any compensation, cost or expenses.

ARBITRATION

IF there is any difference in quantum to be paid it can be referred to the decision of sole arbitrator to be appointed in writing by the parties to the dispute and if they cant’ agree a single arbitration, within 30 days of any party invoking arbitration ,the same shall be referred to a panel of 3 arbitrators comprising 2 arbitration.1 to be appointed by each of parties disputes and the 3rd arbitrator to be such appointed by such 2 arbitrator who shall act as prevailing arbitrator.

OBSERVANCE OF CONDITION AS PRECEDENT TO LIABILITY

The due observance and fulfillment of the terms and condition& endorsements of this policy in so far as they relate to anything to be done or complied with by the insured and the truth of the statements & answers in the said proposal shall be conditions precedent to any liability of the co. to make any payment under this policies.

TRANSFER TO POLICY IN THE EVENT OF DEATH OF THE SOLE INSURED

Transfer of policy in the event of the death of the insured the policy will not immediately lapse but will remain valid for a period of 3 months from the date of the death of insured or until the expiry of the policy [whichever is earlier]

PREMIUM COMPUTATION

The premium computation is normally done in the following manner-

Own damage	LIABILITY ONLY
1. Basic premium 2.(+)electronic electric items 3.(+) CNG/LPG % of value of kil 4. Trailer 5. Extension of geographical area 6.30% loading for imported car 7. Fiber glass fuel tanks 8. Loading for driving tuitions 9. (-) Discount for antitheft devices 10(-) Discount for vehicles Specially designed/modified for blind handicapped or mentally challenged person 11. Any other discount 12. Deduct: no claim bonus.	Liability premium Bifuel system Trailer P.A. owner driver driver & unnamed passenger legal liability to paid driver any other / extra