INSURANCE EXAM · IC-78

IC-78 Miscellaneous Insurance

Revision book

13	2	151
chapters	master tables	numbered sections

FREE SAMPLE: Chapter 1 of 13

CHAPTER 1

Personal Accident Insurance

1.1	Principles	1.2	Key terms
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MUST KNOW

1. **PA = benefit policy:** fixed sum on death or disablement by accident. Not strict indemnity.
2. Contribution and subrogation do not apply to capital benefits. They do apply to weekly TTD (overall limit on the life) and medical expenses.
3. Means must be external, violent, visible. Result need not be.
4. **Chart:** death **100%**, two limbs or eyes **100%**, one limb or one eye **50%**, TTD **1%** a week up to **104 weeks**.
5. Cumulative bonus **5%** a year, max **50%**. Education fund **10%**, individual only.
6. Notice of death within one calendar month. Post-mortem report in **14 days**. No interest. Suit in **12 months**.
7. **Occupation is the main rating factor:** Group I Normal, II Medium, III High. Age 5-70, renew to 80.
8. **Group:** discount above **100 persons**; on-duty **75%**, off-duty **50%**; all or none.
9. **PMSBY:** age 18-70, **Rs 20**, **Rs 2 lakh** death or full loss, **Rs 1 lakh** partial, 1 June to 31 May.

1.1 Principles

- **Utmost good faith:** whole policy period; tell changes (job change)
- **Interest:** own life unlimited; spouse; creditor up to debt; employer
- **Indemnity:** not strict; sum insured follows gainful earnings (rent left out); about 6 times annual earnings
- **Employer repaying compensation:** exact amount (indemnity)
- **Medical expenses extension:** strict indemnity
- **Contribution:** not for capital benefits; yes for weekly TTD and medical expenses
- **Subrogation:** not for capital benefits; insured can also claim from liable party
- **Proximate cause:** most effective cause; excluded peril = no cover

TRAP

Weekly TTD limit is on the life overall, not per policy; insurers share pro rata.

1.2 Key terms

- **Bodily injury:** not natural disease; disease caused by accident counts; dengue not an accident
- **Shock alone:** not covered unless physical injury
- **Solely and directly:** no break in the chain of causation
- **Accident:** unexpected, not intended, not designed; not cumulative
- Table:

Event	Accident?
Pneumatic drill bent hand	No
Jump from burning building	Yes
Suicide	No
Murder after grave provocation	No
Murder without provocation	Yes
Frostbite, snakebite, drowning	Yes

- **Disablement:** cannot do any occupation or business; not loss of earning capacity

> **TRAP**
> Means external, violent, visible. Result may be internal.

1.3 Disablement types

- **PTD:** permanent, no gainful work (paralysis)
- **Equal to PTD:** both eyes; two hands/feet or one of each; one eye plus one hand or foot
- Loss of sight total and irrecoverable; loss of limb at or above wrist or ankle; loss of use = loss
- **PPD:** partial (toe, finger); table of % of capital sum (little finger **4%**, four fingers **35%**, hearing both ears **75%**); not in table = doctor's assessment
- **TTD:** limited time; weekly benefit; max weeks

Contingency	Compensation
Death	**100%**
Two limbs / both eyes / one limb + one eye	**100%**
One limb or one eye	**50%**
PTD other	**100%**
PPD	table %
TTD	**1%** weekly, **104 weeks**

> **FORMULA AND WORKED SUM**
> - **Capital Rs 5,00,000:** TTD 1% = Rs 5,000 a week, max 104 weeks, subject to insurer weekly cap

- Capital benefits = death, limbs, eyes, PTD, PPD. Weekly = TTD.

1.4 Added benefits (no extra premium)

- **Carriage of dead body:** up to a limit (example **2%** of sum, max **Rs 2,500**)

- **Education fund:** death or PTD; children under 25; **10%** of capital sum; capital sum only; individual PA only
- **Cumulative bonus:** **5%** per completed year; max **50%**; kept if renewed within **30 days**

1.5 Provisos

- One item only for the same period of disablement
- No claim after death, limb or PTD claim settled
- Total limited to capital sum plus bonus
- No weekly payment before total ascertained (malingering); lump sum

1.6 Exclusions

- Suicide or self-injury; liquor or drugs; aviation or ballooning (not licensed passenger); venereal disease or insanity; criminal breach of law; armed forces; childbirth or pregnancy; war, nuclear
- **Suicide vs accident equal evidence:** accident presumed
- **Liquor, venereal disease, crime:** public policy

> **TRAP**
> Traffic offence is not "criminal intent". Licensed aircraft passenger is covered.

1.7 Conditions

- Notice at once; death: before burial/cremation and within one calendar month; sight loss or amputation: one calendar month
- **Post-mortem report:** **14 days** of written demand
- Paid on delivery of policy for cancellation and discharge; TTD when disablement ends
- No interest; fraud = no claim
- Tell change of occupation at once; tell new disease or defect at renewal
- Renewal by mutual consent; insurer need not remind
- **Cancellation:** insurer pro rata; insured short period scale, only if no claim; effective from dispatch date
- **Assignment:** Insurance Act no, Transfer of Property Act yes; on policy = no stamp duty
- **Arbitration:** amount only, award before suit
- **Disclaimer:** suit in **12 months**
- Cover **24 hours**, worldwide

1.8 Rating and groups

Group	Examples
I Normal	accountants, doctors, lawyers, teachers, bankers
II Medium	manual workers, drivers of heavy vehicles, mechanics, sportsmen, supervising builders
III High	underground miners, explosives, high-tension, jockeys, circus, polo, skiing, rafting

- Age 5 to 70; renewal to 80 with loading; fresh 70-80 higher loading; no medical

1.9 Family package

- **Spouse not earning:** **50%**; children **5-25 years**: **25%**; **5%** discount

- **Non-earning members:** death and permanent disablement only

1.10 Extensions

- **Medical expenses:** endorsement; not need hospital; actual basis
- **War (civilian duties abroad):** peace time **50%** extra (**150%**); abnormal period **150%** extra (**250%**)
- **Proposal form:** **15%** over or under average height-weight = inquiry
- Lost limb or eye = special terms; diabetes slows healing; valvular heart disease uninsurable
- **Sum insured:** **72 months** earnings; weekly TTD sum up to twice annual income; housewife, student = capital only

1.11 Group PA

- Needs common relationship and a central point
- Insured = employer or association; insured persons = members; claim paid to insured
- Discount above **100 persons**; 25 possible but no discount; actual number, not expected
- **Seven categories:** employer-employee; Government-paid group; co-operative society; service clubs; credit cards; deposit certificates (banks, NBFCs); shareholders
- No cumulative bonus or education fund; medical and war extensions allowed
- All or none; pro rata additions and deletions

Cover	Premium
On-duty only	**75%**
Off-duty only	**50%**

- **Without death cover:** group life exists + **100 persons** or more + discount for death premium
- Bonus (good claims) and malus (bad); normal rates at **70%** claims
- **Proposal:** one document by employer; may be waived with endorsement

1.12 Claims

- Onus on insured
- **Claim form:** personal details, policy no., accident details, injury and disability, earlier injuries, other insurances, attending doctor, insurer's doctor visit, declaration, medical certificate
- **Occupation change:** claim can be refused; usually paid if oversight and job acceptable; higher premium = percentage paid
- **Physical defect not told:** claim can be refused; risk acceptable on other terms = ex gratia

Pattern	Result
Disease first, accident causes new condition	Covered
Cause unknown (heart disease, thrown from cart)	Not admitted
Disease follows accident naturally	Covered
Disease causes accident	Covered

> **TRAP**
> New disease (hospital infection) breaks the chain.

- **Documents:** claim form; medical certificate; examiner's report; discharge; death certificate; probate or letters of administration
- **Disability:** authority certificate of %, bills, leave certificate, fitness certificate
- **Presumed dead:** each case on facts; proper authority documents

FORMULA AND WORKED SUM

- **Two policies Rs 1 lakh + Rs 2 lakh, death:** Rs 3 lakh

1.13 Special covers

- **Flight coupons:** regular airline, scheduled route, travel time only; specific flight or declaration (deposit, adjust)
- **JPA:** weaker sections; death and PTD only; **3-5 years**; **Rs 1 lakh**; old four-PSU market agreement rules (ended; insurers now file own JPA terms)

Term	Discount
1 year	Nil
2	**5%**
3	**10%**
4	**15%**
5	**20%**

- **Old JPA market-agreement rules:** lump sum premium; no refund; no renewal if loss ratio **70%**+; no death-only cover; claims to insured or legal heirs
- **Student Safety:** policy in institution's name; students insured; money to parent or guardian; all students; additions yes, deletions no
- **Rasta Aapathi Kavach:** road or rail; Section I PA, Section II medical; **Rs 25,000** / 50,000 / 75,000 / 1,00,000; annual
- **Suhana Safar:** domestic trips; any transport; PA + baggage; about **Rs 1,000** emergency expenses
- **Amartya Shiksha Yojana:** education of student if parent or guardian dies or PTD; surgery death within **7 days** = accident

1.14 Social schemes

- **Saral Suraksha Bima:** IRDAI standard PA from **1 April 2021**; **Rs 2.5 lakh** to **Rs 1 crore**; age 18-70; one year; base death, PTD, PPD; optional TTD, hospitalisation, education grant
- **Insurance Products Regulations 2024:** insurers file own PA wordings
- **Rajarajeshwari (older scheme):** women 10-75; **Rs 25,000** PTD; **Rs 12,500** one limb or eye; husband's death **Rs 25,000**; TTD **Rs 500** a month up to **Rs 1,500**; divorce expenses **Rs 2,000**; household goods **Rs 2,000**; childbirth, surgery within **7 days**; premium **Rs 15** / **Rs 23**
- **Bhagyashree (older scheme):** girl up to 18; parents not above 60; one girl per family; parent dies within **6 months**; **Rs 25,000** deposit; payouts **Rs 1,200** (0-11), **Rs 2,400** (12-17), balance at 18; premium **Rs 15**
- **PMSBY:** **Rs 20** since **1 June 2022**; 18-70; bank account; auto-debit by 31 May; cover 1 June-31 May; **Rs 20**; **Rs 2 lakh** death or full loss; **Rs 1 lakh** one eye or one hand or foot; one account only; cover ends at 70

FORMULA AND WORKED SUM

- **Bonus:** Rs 2 lakh x 8 years x 5% = 40% = Rs 80,000; claim Rs 2,80,000
- **Six times earnings:** Rs 4 lakh x 6 = Rs 24 lakh
- **Group Janata, 4 years, Rs 10,000:** 15% off = Rs 8,500