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L.L.B Part- 2nd

Subject- Insurance Act

Paper- 8th

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Topic- Write short notes on the following:
1. Actual total loss and constrauctive total loss , 2. Days of grace , 3. Jettison , 4. Fidelity gurantee insurance , 5. Salary saving scheme , 6. Multipurpose policy , 7. Double insurance

1. Actual total loss and constrauctive total loss

Actual total loss is a loss that occurs when an insured property is destroyed or damaged to such an extent that it can be neither recovered nor repaired for further use. Often, an actual total loss triggers the maximum settlement possible according to the terms of the insurance policy.

Actual total loss is also known as "total loss." Sometimes, people will refer to a piece of property that cannot be salvaged as "totaled."

Occasionally, property covered by insurance can become destroyed or damaged to such an extent that it can no longer be used or reasonably salvaged. Whether it was caused by theft, natural disaster, an accident of some sort or something else, the insured party should qualify to receive a payout from the insurance company for the insured value of the property.

Actual total loss can be contrasted with constructive total loss, which occurs when a property is technically only partly damaged but increasing damage seems unavoidable, or the property has still been rendered unusable and beyond fixing. In such cases, the cost for the repair of an item–a house, boat, or car–is deemed to be more than the current value of that item. As a result, the insurance company may also provide a payout for the insured value of the property.

A constructive total loss is when the cost for repair of an item (e.g., house, boat, or car) is more than the current value of that item. It also refers to the insurance claim that is settled for the full value of the associated coverage.

A constructive total loss for a vehicle means that the damage is so extensive that repairs would equal or surpass the cost of the vehicle or its insurance limit. This type of loss is common in a head-on collision or total wreck. About one in seven car accident claims results in a constructive total loss. A constructive total loss is common when a home is destroyed by a serious fire or another severe calamity. In cases where the property is damaged to this point, the insured could potentially allow the insurer to assume all rights over the material good. Such properties are usually demolished, torn down, scrapped, or recycled for parts after their policies are settled.

2. Days of grace

A **grace period** is a period immediately after the deadline for an obligation during which a late fee, or other action that would have been taken as a result of failing to meet the deadline, is waived provided that the obligation is satisfied during the grace period. Grace periods can range from a number of minutes to a number of days or longer, and can apply in situations including arrival at a job, paying a bill, or meeting a government or legal requirement.

In law, a grace period is a time period during which a particular rule exceptionally does not apply, or only partially applies.

3. Jettison

Act of throwing cargo or equipment (jetsam) overboard in order to lighten the vessel or improve its stability in case of emergency.

4. Fidelity gurantee insurance

A Fidelity Guarantee as issued by the insurers is a contract of insurance and also a contract of guarantee to which the general principles of insurance apply. It does not guarantee the employees honesty but it guarantees that if the employer suffers any direct financial loss arising out of the employees dishonesty the insurers share indemnify the said loss to the employer within the limitations prescribed by the contract.

5. Salary saving scheme

Saving Schemes are launched by the Government of India or public sector financial institutions or Banks. They vary in their interest rates, investment horizons and tax treatments. A saving schemes financially prepares us for unforeseen personal and medical emergencies. It helps you meet your personal aspirations and that of your family’s like - additional educational course to supplement your existing qualifications, child’s higher education and marriage, etc. For some, income from saving schemes also serves as an additional source of income. What’s more? It instils a disciplined habit for regular savings.

The advantage of saving schemes is that they are government backed, thereby, offering complete safety and security of your invested capital. Further, they are low on risk, but at the same time, provide good returns. The interest rates on saving schemes are usually revised every 3-6 months.

6. Multipurpose policy

Essentially, a multi-purpose life insurance policy provides the benefits of a range of disparate policies in one. It can be extremely useful in providing for a whole range of potential outcomes. Premiums are payable for the duration of the policy. Upon its maturation, depending upon the policy, the insured could receive either a lump sum, a monthly pension or choose to have his beneficiaries receive an increased lump sum upon his death.

Because the policy is designed to be flexible, it could either be geared towards pension income or, in the fashion of an annuity or an endowment, be designed to pay out for a child's education or wedding costs.

Should the policy holder die before the term is up, multi-purpose life insurance provides a regular monthly income for the duration of the unexpired term, and an additional monthly income for the two years following the policy holder's death.

The beneficiaries also receive part-payment of the sum assured at the time of death, and payment of the full balance at the end of the selected period.

A multi-purpose policy can provide you with a supplement to your pension or financial help to your loved ones should you pass away. It can also provide a financial fillip to your children should they wish to go on to further education or tie the knot in the future.

Its flexibility is its strength, and if you're looking for a product to tick multiple boxes, it's well worth looking into.

7. Double insurance

Double insurance is a type of insurance where the same subject matter is insured more than once. In such cases the same subject is insured, but with different insurers. The method of double insurance is considered a legal act. In case of loss the insured can claim from both the insurers and the insurers are liable to pay under their respective policies.

The End