<u>R.M.M. Law College, Saharsa</u>

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L.L.B Part- 2nd

Subject- Insurance Act

Paper- 8th

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Topic- Write short notes on:

1. Tariff companies, 2. Exclusion, 3. Forfeiture of fire policy, 4. Group Insurance.

1. <u>Tariff companies</u>

A tariff is a tax imposed by a government of a country or of a supranational union on imports or exports of goods. Besides being a source of revenue for the government, import duties can also be a form of regulation of foreign trade and policy that taxes foreign products to encourage or safeguard domestic industry. Tariffs are among the most widely used instruments of protectionism, along with import and export quotas.

Tariffs can be fixed (a constant sum per unit of imported goods or a percentage of the price) or variable (the amount varies according to the price). Taxing imports means people are less likely to buy them as they become more expensive. The intention is that they buy local products instead, boosting their country's economy. Tariffs therefore provide an incentive to develop production and replace imports with domestic products. Tariffs are meant to reduce pressure from foreign competition and reduce the trade deficit. They have historically been justified as a means to protect infant industries and to allow import substitution industrialization. Tariffs may also be used to rectify artificially low prices for certain imported goods, due to 'dumping', export subsidies or currency manipulation.

2. <u>Exclusion</u>

Exclusions are the cases for which the insurance company does not provide coverage. These are the conditions excluded from the insured event to avoid losses to the company.

Life insurance contracts have certain specified provisions and clauses which have to be fulfilled so that the claim can be considered valid. Generally, the insurance provider is liable to pay the claim amount in case of death of the insured. But to avoid situations of adverse selection, the

insurance companies will not consider provision of benefits for specific conditions like committing of suicide by the insured person.
Such clauses have to be clearly stated in the policy document at the time of commencement of the contract for the information of the policyholder. Waiting period in which the insurance benefits do not apply is also a type of exclusion.

3. **Forfeiture of fire policy**

A forfeiture is the loss of a property without compensation in favor of one party to a contract when the other party defaults or fails to comply with its obligations. In terms of insurance, a forfeiture takes place when the policyholder defaults on the payment of premiums, which is also known as an insurance policy lapse. As a result, the policy is no longer in effect and the premiums already paid are forfeited by the insurer.

A forfeiture occurs when one of the involved parties falls short of meeting their obligation in a contract. For example, in a life insurance policy, the insured is required to declare the truth about his past and present health conditions prior to entering in an insurance contract. If in any case the insured is found to have concealed a material fact, the insurance company may enact a forfeiture of the policy and all the premiums already paid. However, if the insurance contract has a non-forfeiture clause, the insured may still receive benefits, albeit a reduced or limited amount, or the insurer may issue a partial refund of the paid premiums.

4. **Group Insurance**

Group life insurance is offered by an employer or another large-scale entity, such as an association or labor organization, to its workers or members. It is fairly inexpensive, may even be free, and is pretty common nationwide. It has a relatively low coverage amount and is typically offered as a piece of a larger employer or membership benefit package.
Group life insurance is a single contract for life insurance coverage that extends to a group of people. By purchasing group life insurance policy coverage through an insurance provider on a wholesale basis for its members, companies are able to secure costs for each individual employee that are much lower than if they were to purchase an individual policy.

Those receiving group life insurance coverage may not have to pay anything out of pocket for policy benefits. People who choose to take more-advanced coverage alongside it may elect to have their portion of the premium payment deducted from their paycheck. Just as with regular insurance policies, insured parties are required to list one or more beneficiaries before the policy comes into effect. Beneficiaries can be changed at any point during the coverage period.

The typical group policy is for term life insurance, often renewable each year with a company’s open-enrollment process. This is in contrast to whole life insurance, which provides coverage no matter when you die. Whole life insurance policies are permanent, have higher premiums and death benefits, and constitute the most popular type of life insurance.

With group life insurance, the employer or organization purchasing the policy for its staff or members retains the master contract. Employees who elect coverage through the group policy usually receive a certificate of coverage, which is needed to provide to a subsequent insurance company in the event that an individual leaves the company or organization and terminates their coverage.

Group life insurance policies generally come with certain conditions. Some organizations require group members to participate for a minimum amount of time before they are granted coverage. For instance, an employee may need to pass a probationary period before being allowed to take part in employee health and life insurance benefits.

Coverage is normally only valid for as long as a member is part of the group. Once the member leaves, whether through resignation or firing, the coverage ends.

The End