

Good Morning Students

This lesson is for class 10th for the subject of 'Commercial Studies'. The topic for today is 'Meaning, features and importance of Insurance' which is covered in chapter 13 titled 'Logistics and Insurance' of your book.

This lesson is being submitted to you on 11/11/24.

All the students now please open page number 190 of your book.

Insurance:-

Insurance may be defined as a contract in writing whereby one party (known as the insurer) undertakes (promise) to indemnify the other party (called the insured) in consideration for a certain sum of money (called premium) against any loss or as a result of some uncertain event (called risk). The contract providing for insurance is known as 'insurance policy'.

"Insurance is a form of contract under which one party agrees in return of a consideration to pay an agreed amount of money to another party to compensate for a loss, damage and injury as a result of some uncertain event."

Features of Insurance:-

- (1) Insurance is a contract between two parties.

- (2) One party (insured) agrees to pay premium in lump sum or in instalments at periodical intervals.
- (3) The other party (insurer) undertakes to compensate the insured against loss upto the specified limit.
- (4) It is a contract of indemnity.
- (5) It covers the risk of uncertain event in future.
- (6) It is based on the principle of 'cooperation' whereby one person's loss is shared by many persons.
- (7) It is a social device for spreading the risk a large number of persons.
- (8) Insurance involves no pooling of risks.

It should be noted that insurance does not prevent the risk of loss but only helps in distributing the loss over a large number of persons.

Importance of Insurance:-

i. Benefits to businessmen:-

Insurance is of paramount importance to business because business operates in the midst of uncertainties and risks of several types. Some of the benefits of insurance to businessmen are given below:-

- i) Protection against risk.
- ii) Increase in business efficiency.
- iii) Financial assistance.

- (iv) Insurance of key employees.
- (v) Continuity of operations.
- (vi) Employee welfare.
- (vii) Expert advice.

2. Benefits to Public:-

Insurance offers the following benefits to the public.

- (i) Protection
- (ii) Financial Aid
- (iii) Tax Relief
- (iv) Savings.
- (v) Provision for old-age

3) Benefits to Country:- Insurance plays an important role in the growth of economy in following ways:-

- (i) Mobilisation of savings
- (ii) Economic Growth
- (iii) Employment Generation
- (iv) Rural Development.

4) Benefit to Government:-

Insurance offers following benefits to the Government:-

- (i) Investment in Priority Sector.
- (ii) Investment in Government securities
- (iii) Foreign Exchange Earnings.
- (iv) Tax Revenue.

For explanation refer to page 191-192 of your book.

With this, I am ending my topic here. Write the answers of following questions.

- 1) Define Insurance.
 - 2) Explain the benefits of insurance to the Government and businessmen.
- Last Page