

Savings Account in Commercial Bank

Banks become part of our life. Banks are the safest place to keep our surplus money in the form of savings. Banks are implementing many schemes and products in order to attract more and more deposits. Savings account is the first of its kind.

A Savings Account is an interest-bearing deposit account held at a bank or other financial institution that provides a modest interest rate. The financial institutions may limit the number of withdrawals you can make from your savings account each month. They also may charge fees unless you maintain a certain average monthly balance in the account. In most cases banks do not provide checks with savings accounts.

To do any kind of deposit we need to open a savings account with respective bank. The procedure for opening may be same with all banks but minimum balance conditions may vary from bank to bank. Most of the banks provide around 4% interest rate on savings. Banks will provide pass book to deposit or withdraw the money and keeps all our transactions in that book.

There are many other saving options being provided by banks to depositors. People can deposit their surplus money in fixed deposit account (which earns more interest than savings account) and also invest in different products offered by banks like bonds, shares, mutual funds etc.

Insurance

Human life is mixed with full of uncertainties. Uncertainty could be positive or negative. Getting money in a lucky draw is a positive uncertainty. But most of the uncertain cases involves risk of loss or damage.

Examples for Risks:

- A farmer may loss his entire crop due to heavy rainfall. Due to this he losses everything. Then, Suicide is the final solution to the farmer.
- We all fall ill and incur expenditure on medical treatment. Nobody can predict when illness will come and how much it will cost.
- Automobiles become very common in everyday life and their number has gone up. At the same time number of accidents occurring every year is also raising. Because of accidents we are losing both lives and vehicles.
- Production activities involve a dangerous environment. There is huge scope for equipment failure and fire accidents. Because of those accidents huge losses are incurring to manufacturing companies.
- We can observe the theft of properties and valuable goods in many households.

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All these uncertain activities may not be avoided completely but we can reduce the loss of risk by "Insurance".

Insurance:

Insurance is a financial product and a commercial contract agreeing to compensate one for loss in the event of specifically named or described risks. The contract is between Insurer and Insured.

Insurer: An entity which provides insurance is known as Insurer

Insured: A person or entity who buys insurance by paying premium is called Insured (or policy holder).

How does insurance policy works:

Money is pooled from different people who are willing to get insurance for similar activity. The insured will pay premium regularly for specified period of time (also called maturity period- may vary based on kind of insurance). If any loss occurs during this period insured need to claim the loss, to get compensation from insurer. If there is no such loss occurred to the insured, paid premium will be given back to the insured along with some interest.

Kinds of Insurance:

Basically there are two kinds of insurance available.

 Image of Kind of Insurance

Image of Kind of Insurance

Life Insurance: Life insurance guarantees payment of a death benefit to named beneficiaries upon the death of the insured. If no such death occurs money will be given to the policy holder along with predetermined interest rate on maturity.

Examples: Life insurance provided by LIC (Life Insurance Corporation of India), Birla Sun Life Insurance, HDFC standard life insurance etc.

General Insurance: General insurances are to provide security again any other losses except life. General Insurance includes Fire insurance, Marine insurance, Health insurance, Vehicle insurance, Travel Insurance, Home insurance, Property Insurance etc.

Examples: National Insurance Company Ltd, Bajaj Allianz General Insurance,

Bharti Axa General Insurance Co. Ltd., New India Assurance etc.

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