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International Conference on Multi-disciplinary Research & Studies

Certificate

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Insurance in the International Conference on Multi-disciplinary Research & Studies (ICMRS23) on 21St January 2023.

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Certificate of Publication

The editorial board of IJFMR is hereby awarding this certificate to

Dr Tai Babarao Uke

for the publication of the research paper titled

Insurance

in the **International Conference on Multidisciplinary Research & Studies 2023** held on **21st January, 2023** at **S.P.M. Science & Gilani Arts, Commerce College, Ghatanji.**

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Insurance

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Abstract:

Insurance is a means of protecting against financial loss by agreeing to indemnify the other party in the event of certain loss, damage or injury. It is a form of risk management used primarily to hedge the risk of potential or uncertain losses.

Entities that provide insurance are known as insurers, insurers, underwriters, or under writers. The person or entity that purchases the insurance is called the policy holder, and the person or entity covered by the policy is called the insured person. In an insurance transaction, the policy holder provides a guaranteed known value in the form of a payment to the insurer (premium) in exchange for the insurer's promise to compensate the insured in the event of covered loss. accept a relatively small loss of Losses may or may not be monetary, but must be reducible in monetary terms. In addition, it is usually something to which the insured has rights based on ownership, ownership, or preexisting relationship.

The insured is given a contract called an insurance policy. The contract sets out the terms and circumstances under which the insurance company will indemnify the insured or designated beneficiary or assignee. The amount an insurance company charges a policyholder for the coverage specified in the policy is called the premium.

Keywords: insurance, assurance, risk, factor, loss, premium, threat

Introduction:

A multitude of different types of insurance policies is available, and virtually any individual or business can find an insurance company willing to insure them—for a price. The most common types of personal insurance policies are auto, health, homeowners, and life. Most individuals in the United States have at least one of these types of insurance, and car insurance is required by law.

Businesses require special types of insurance policies that insure against specific types of risks faced by a particular business. For example, a fast-food restaurant needs a policy that covers damage or injury that occurs as a result of cooking with a deep fryer. An auto dealer is not subject to this type of risk but does require coverage for damage or injury that could occur during test drives.

To select the best policy for you or your family, it is important to pay attention to the three critical components of most insurance policies: deductible, premium, and policy limit.

There are also insurance policies available for very specific needs, such as kidnap and ransom (K & R), medical malpractice, and professional liability insurance, also known as errors and omissions insurance.

Insurance - Meaning and Definition

The literal meaning of insurance would be an assurance against unforeseen and unfortunate loss. This means, that if you encounter a less than normal event in your normal course of life, and happen to incur a financial loss because of it, you can be compensated.

For example, you met with an accident on your way to the office in your car and the car suffers damage. Your insurer can reimburse the repair expenses in this case. However, the insurer will not reimburse normal wear and tear like a headlamp stopped working.

Legally insurance has been defined as a contract where the insurer agrees to compensate the insured against the losses incurred due to any unforeseen contingency. The contract also involves a consideration which is called a premium. The maximum available benefit amount is called sum assured or sum insured.

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What is insurance?

Insurance is a way to manage your risk. When you buy insurance, you purchase protection against unexpected financial losses. The insurance company pays you or someone you choose if something bad happens to you. If you have no insurance and an accident happens, you may be responsible for all related costs.

Key Features of Insurance:

Listed below are the key features of an insurance plan that you should consider:

1. Insurance is a tool for risk transfer.
2. Insurance is a community solution as several people, who are exposed to the same risk, pool their funds together to bear the loss.
3. The contract is based on the 'utmost good faith' principle unlike other business contracts.
4. Insurance cover does not affect the chance of loss or minimize the magnitude of loss.
5. As a party to the insurance contract, you should always try to avoid, mitigate and minimize the losses.
6. You can only insure against risks which are unpredictable in occurrence and magnitude.
7. Speculative, financial (betting) and business risks cannot be insured.

Insurance Policy Components:

When choosing a policy, it is important to understand how insurance works.

A firm understanding of these concepts goes a long way in helping you choose the policy that best suits your needs. For instance, whole life insurance may or may not be the right type of life insurance for you. Three components of any type of insurance are crucial premium, policy limit, and deductible.

Premium:

A policy's premium is its price, typically expressed as a monthly cost. The premium is determined by the insurer based on your or your business's risk profile, which may include creditworthiness.

For example, if you own several expensive automobiles and have a history of reckless driving, you will likely pay more for an auto policy than someone with a single midrange sedan and a perfect driving record. However, different insurers may charge different premiums for similar policies. So finding the price that is right for you requires some legwork.

Policy Limit:

The policy limit is the maximum amount that an insurer will pay under a policy for a covered loss. Maximums may be set per period (e.g., annual or policy term), per loss or injury, or over the life of the policy, also known as the lifetime maximum.

Typically, higher limits carry higher premiums. For a general life insurance policy, the maximum amount that the insurer will pay is referred to as the face value, which is the amount paid to a beneficiary upon the death of the insured.

Deductible:

The deductible is a specific amount that the policyholder must pay out of pocket before the insurer pays a claim. Deductibles serve as deterrents to large volumes of small and insignificant claims.

Deductibles can apply per policy or per claim, depending on the insurer and the type of policy. Policies with very high deductibles are typically less expensive because the high out-of-pocket expense generally results in fewer small claims.

Types of Insurance:

There are many different types of insurance. Let's look at the most important-

Health Insurance:

With regard to health insurance, people who have chronic health issues or need regular medical attention should look for policies with lower deductibles. Though the annual premium is higher than a comparable policy with a higher deductible, less expensive access to medical care throughout the year may be worth the tradeoff.

Home Insurance:

Homeowners insurance (also known as home insurance) protects your home and possessions against damage or theft. Virtually all mortgage companies require borrowers to have insurance coverage for the full or fair value of a property (usually the purchase price) and won't make a loan or finance a residential real estate transaction without proof of it.

Auto Insurance:

When you buy or lease a car, it's important to protect that investment. Getting auto insurance can offer reassurance in case you're involved in an accident or the vehicle is stolen, vandalized, or damaged by a natural disaster. Instead of paying out of pocket for auto accidents, people pay annual premiums to an auto insurance company; the company then pays all or most of the costs associated with an auto accident or other vehicle damage.

Life Insurance:

Life insurance is a contract between an insurer and a policy owner. A life insurance policy guarantees that the insurer pays a sum of money to named beneficiaries when the insured dies in exchange for the premiums paid by the policyholder during their lifetime.

Travel Insurance:

Travel insurance is a type of insurance that covers the costs and losses associated with traveling. It is useful protection for those traveling domestically or abroad. According to a 2021 survey by insurance company Battle face, almost half of Americans have faced fees or had to absorb the cost of losses when traveling without travel insurance.

Is insurance an asset?

Depending on the type of life insurance policy and how it is used, permanent life insurance can be considered a financial asset because of its ability to build cash value or be converted into cash. Simply put, most permanent life insurance policies.

How does an Insurance Policy Work?

To understand how insurance works, you should know below terms:

1. **Premium:**
   Premium is the money you pay to the insurance company to avail of insurance policy benefits.
2. **Sum Insured:**
   Sum insured is applicable for a non-life insurance policy like home and health insurance. It refers to the maximum cap on the costs you are covered for in a year against any unfortunate event.
3. **Sum Assured:**
   Sum assured is the amount the life insurance company pays to the nominee if the insured event happens (death of insured).

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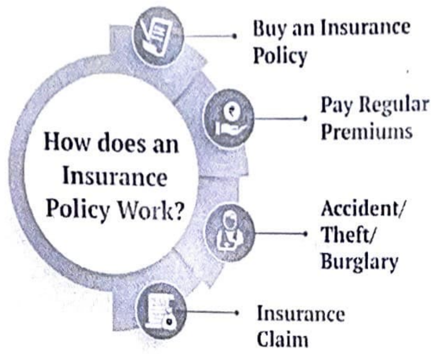

As discussed above, insurance is a legal contract between the insurer and the insured. The insurance policy lists all the policy's conditions and circumstances under which the insurance company is liable to pay you or the nominee the insurance amount.

When you buy an insurance policy from the insurance company, you will have to make regular payments (premium) for a specified period towards the insurance policy.

The insurance company collects the premium from all the clients. They pool the money for losses that may arise out of an insured event. If you don't claim during the policy tenure, you may or may not receive any benefits. It depends on the policy type and the conditions.

Benefits of Insurance:

There are a lot of benefits of buying insurance and listed below are some of them:

1. **Financial Safety for Family:**
   They provide cover against life's uncertainties and protect you against losses arising from different unexpected events in life.
2. **Safety of Financial Status:**
   Certain events like medical emergencies can have a significant impact on your cash flow management. Insurance ensures you don't have to pay out of pocket for such situations.
3. **Wealth Creation Goals:**
   Insurance policies like ULIPs give you investment opportunities and help you fulfil your essential financial goals.
4. **Wealth Preservation:**
   Life insurance policies like endowment and money back plans are some of the safest long-term investments possible. These plans help you preserve your wealth from inflation and taxes for long periods.
5. **Wealth Distribution:**

Few investment plans offer the kind of safety offered by life insurance pension plans. After retiring at the age of 60, you can live up to 100. Only life insurance pension plans can guarantee a regular income for that period.

Tax Benefits of Insurance:

Along with providing financial security, insurance also offers tax benefits. Here are some of the tax benefits offered by insurance:

1. You can claim a life insurance premium of up to Rs 1.5 lakh under Section 80C.
2. Under Section 80D, you can claim a medical insurance premium of up to Rs 25,000 for self and family and additional Rs 25,000 for parents. The deduction limit rises to Rs 50,000 if the insured are senior citizens.
3. Under Section 10(10D), the life insurance benefits you or the nominee receives from the insurance company are tax-exempted. This means both maturity value and death benefit received from a life insurance policy will be tax-free.

However, the maturity benefit is tax-free only if your annual premium for the policy does not exceed 10% of the base life cover in the policy.

Must-Have Life Insurance Policies

Insurance plays an important role in our lives. Be it a life insurance policy, or a motor insurance, having insurance coverage helps us financially in different stage of our lives.

Listed below are different types of insurance coverage that one should have:

1. **Term Insurance Plan:**

   This is the purest form of life insurance where in you pay a premium towards the policy, and in case of your death during the policy tenure, the nominee receives the sum assured. With term insurance, you can receive high coverage against a lower premium. Select Smart360 Term Plan by Canara HSBC Bank of Commerce Life Insurance offers critical illness cover against 40 listed illnesses.

2. **Health Insurance Plan:**

   Knowing the rising cost of healthcare and the number of diseases you can have, it is wise to have a financial cushion against health contingencies. A health insurance plan will cover the expenses of your healthcare expenses as per the health policy that you have.

3. **Motor Insurance:**

   A motor insurance is mandatory for those who own a vehicle in India. It is compulsory to avail of a third-party liability motor insurance. However, you can have a comprehensive package – personal accident cover that offers coverage against the risks of damage.

4. **Home Insurance:**

   Your home is exposed to various kinds of risk like theft, damage due to natural calamity, etc. Hence to protect your home against such damages, you must avail of home insurance.

   Such insurance plans will help you stay afloat even after a costly mishap or calamity.

Conclusion :-

1. Insurance involves risk
2. Every person is thinking about his future risk in the present
3. Insurance provides a sense of security
4. Every person does something to avoid or minimize harm

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