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New Insurance Products And Awareness Of Insurance

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Abstract;

The insurance industry plays a vital role in the promotion of sustainable development both socially and economically. All industries are facing growing pressures to put climate and environmental issues at the forefront of their business dealings, and the insurance sector is no different. In prediction of last year, 2023 has been a tough year for insurers, characterized by hard market conditions that have led to higher claims rejection rates for customers. In 2024, insurers will have to make efforts to restore customers faith in the industry, as well as minimizing customer losses in the wake of premium rises. Insurers will no doubt focus on improving the customer experience by increasing transparency and simplifying the claims process in order to boost retention rates and strengthen consumer brand loyalty. As customer expectations change, insurers will have to adapt their business model to meet new demands. Insurers focusing on delivering customer-centric products and services will fare well in 2024.

INTRODUCTION

INSURANCE- Insurance is a form of risk management in which the insured transfers the cost of potential loss to another entity in exchange for monetary compensation known as the premium.

INSURANCE PRODUCTS- Insurance Products means any product provided by an insurer or service contract provider in its insurance or warranty business whereby such insurer or service contract provider undertakes to pay or indemnify another as to loss from certain specified contingencies or perils called “risks”.

The awareness around need for protection has increased by many folds since the onset of the pandemic. The need for insurance has become ubiquitous with maximum people investing in insurance products as per their requirements. Interestingly, demand for insurance products for a plethora of risks that were usually not covered by insurance companies has started gaining traction. These covers range from protection against a pandemic to protection against seasonal illnesses like dengue. Though they would prefer to pay a decently priced premium for these policies. For instance, the Corona Rakshak plan, that is available for a time period of 3.5 months to 9.5 months and is available for a premium as low as Rs. 100/month. With the availability of such products digitally as well, these will rightly cater to the digitally-savvy generation of people.

OBJECTIVE

The objective of the study is that, to increase the knowledge of insurance in peoples minds of literate as well as illiterate people. And also give awareness about new insurance products to the rural as well as urban peoples.

METHODOLOGY

The present study is based on secondary data and the secondary data has been collected from various published sources such as research paper, published material and online websites and insurance blogs.

GENERAL INSURANCE;

- A policy or agreement between the policyholder and the insurer which is considered only after realization of the premium.
- The premium is paid by the insurer who has a financial interest in the asset covered.
- The insurer will protect the insured from the financial liability in case of loss.

How does the concept of General Insurance work?

Insurance is a concept that applies to a large group of people which may suffer the same risk in the same conditions or region. The money collected as the premium can be called as a pool and when anyone faces a loss, the person is paid from that pool.

Still perplexed at how does a general insurance policy come into play? Consider that your mother suffered a heart attack suddenly and she needs a transplant.

At the same time, your daughter’s college fee was due. It definitely is a huge expense to be made at the same time and none can be preferred over the other.

In this time of stress, the family’s health insurance policy can save your burden and the fees can be paid from the savings. A General Insurance Policy here works to save your burden for money.

TYPES OF GENERAL INSURANCE

- Health Insurance
- Travel Insurance
- Motor Insurance
- Marine Insurance
- Home Insurance
- Commercial Insurance

Digit Insurance also offers insurance policies for Mobile, Bicycle, Shop Protection, and others.

1. Health Insurance

The Health Insurance cover from Digit offers protection for the medical expenses incurred due to hospitalization caused because of an accident or illnesses.

Although every policy is different, based on who it's being purchased for, it mainly covers:

- Accidental Hospitalization (pre & post)
- Accidental illness and hospitalization
- Daycare procedures
- Psychiatric Support
- Annual Health Checkups
- Daily Hospital Cash

The cover can be extended to cover the following with some predefined conditions:

- Maternity benefit with Infertility benefit
- Critical Illness
- Organ Donation
- AYUSH (Alternate Treatment)

The premium for the health insurance is charged on the basis of:

- Age
- Pre-existing illness
- Lifestyle Habits
- Type of coverage
- Your family health history

2. Travel Insurance

Travel Insurance covers your financial liability, if any, when you travel within or beyond the Indian boundaries. The financial liability may arise due to medical or non-medical emergencies.

The duration of the travel for one time can be 180 days at the maximum. The policyholder can take more than one trip in a year. Your Travel Insurance will cover:

- Loss of Baggage
- Loss of Passport
- Hijacking
- Medical Emergencies
- Delayed Flights
- Accidental Deaths
- Adventure Sports

Digit's Travel cover comes with worldwide support and special features like:

- Zero Deductibles.

- Smartphone enabled claim process.
- Customized Travel Plan Cover.
- Missed call claim facilitation.

3. Motor Insurance

A Motor Insurance Policy is mandatory to be able to drive legally in India. Broadly there are two types a) Third-Party Liability b) Comprehensive Package Policy.

A Third-Party Policy covers for losses faced in a situation where your vehicle damages any third-party such as a public property, person or third-party vehicle. The same is the minimum requirement to be able to drive legally in India, as stated by the Motor Vehicles Act.

A Comprehensive Package Policy covers both third-party damages and liabilities and damages/losses caused to you and your own vehicle. The losses may arise due to an accident, theft, fire, natural calamities, and others. Digit Insurance provides some add-ons under its Comprehensive Package Policies for Cars and Bikes that act as additional shields to your vehicle, such as:

- Tyre Protect Cover
- Zero Depreciation Cover
- Return to Invoice
- Engine and Gearbox Protection
- Breakdown Assistance Cover

4. Home Insurance

You build your home with your toil and hard earned money. Everything you buy is a priceless possession for you and hence it needs to be protected.

A Home Insurance Policy protects your valuable and other assets. It is a comprehensive package policy that covers all valuables.

Digit Insurance gives protection for Home against Burglary, Loss/Damage of Jewelry, Fire and Natural Disasters.

5. Commercial Lines

The lines of insurance that affects the business operations in the real terms are categorized under the Commercial Lines of Insurance. Type of the insurance covers that one can buy may include:

- Property Insurance
- Engineering Insurance
- Liability Insurance
- Marine Insurance
- Employees Benefit Insurance
- Business Interruption

Depending on the type of occupation, risk exposure, and the money involved, the insurance could be different for each industry or business.

For example; an insurance that is specific to a cement plant, versus one for an IT company will be different. The premium charged for a cement plant will be higher than a showroom of air conditioner.

Therefore, Insurance is completely based on the level of the risk exposure. A worker in the cement plant is more prone or susceptible to injury than to the one who is working in the showroom.

6. Mobile Insurance

Simple as it reads. A mobile insurance protects the phone from accidental damage. Under the mobile protection cover, Digit Insurance compensates for repair of accidental screen damage to your phone.

The buyers can have mobile insurance for both an old or new phone. Very affordable insurance protection for the most expensive phones you buy.

7. Bicycle Insurance

Not just the cars and two wheelers, people are now passionate for expensive bicycles also. Call it a fashion or change of lifestyle, Bicycle Insurance is another sought product these days. Digit Insurance offers cover against Personal Accident, Theft, Accidental Damage, and Hospital woes.

Life Insurance

Life Insurance is defined as a contract between the policy holder and the insurance company, where the life insurance company pays a specific sum to the insured individual's family upon his death. The life insurance sum is paid in exchange for a specific amount of premium. Life is beautiful, but also uncertain. Whatever you do, however smart and hard you work, you are never sure what life has in store for you.

It is therefore important that you do not leave anything to chance, especially ‘life insurance’. As death is the only certain thing in life, apart from taxes, it pays to insure it well in advance.

Life Insurance Premium

life insurance premium”is the amount of money you pay your life insurance company in exchange for your coverage. Life insurance premium can either be a regular monthly/annual payment or a one-time payment as the case may be. The payout (called a death benefit) is the amount of money the life insurance company would pay your beneficiaries if you died unexpectedly during the term period. Calculate your premium by clicking below for a better understanding:

Benefits of Life Insurance

1. Liability Free

Life insurance gives your family the power to be independent and self-reliant. A good term plan can help them repay financial liabilities like home loan, auto loan, personal loan, or a loan on credit card. The term plan may also cover hospitalization charges and critical illness treatment, giving you a comprehensive protection package

2. Income Replacement

If you are the sole breadwinner in your family, a life insurance plan becomes can provide a guaranteed income to your family every month, making sure that their everyday life is not disrupted and they remain financially stable.

3. Education and other expenses for dependents

The payouts from life insurance can help to pay the bills for the education of your children, as well as expenses for their wedding or medical costs if any.

4. Immediate Expenses after Demise

It will also help your family cover a part of essential expenses immediately after your demise, such as funeral costs and/or medical bills.

Types of life insurance

1. **Traditional Life Insurance**

2. **Market linked or ULIPs**

1. Traditional Life Insurance

Traditional Life Insurance plans offer multiple benefits in terms of life cover and returns, thus providing safety and security to the insured. These policies are considered risk-free. This is because they provide a fixed benefit (Cover Amount) in case of death of the insured person or at end of the term. Following are the three types of Traditional Life Insurance plans:

- ***Term Insurance Plans***

Term policies are considered largely risk-free, low cost and usually with the highest coverage. These plans are purchased for a fixed period of time (such as 10 years or 20 years). They provide a fixed payout in case of death of the insured person or at the end of the term. These plans have evolved to also provide survival benefits so customers get double protection – for family and regular income for retirement needs.

- ***Endowment Plans or Guaranteed Returns Plan***

Endowment Plans provide financial protection through life cover along with guaranteed returns. The policyholder will receive a lump sum amount if he or she survives until the date of maturity of the policy. With these plans the life cover amount is much lower and people generally buy these plans for the maturity benefit. These plans are great if you are saving for a big purchase.

- ***Money Back Policy***

In a money back policy, the customer gets a certain percentage of the sum assured as guaranteed payouts at fixed intervals. In short, money back plans are endowment plans with liquidity.

2. Market Linked Plans or ULIPs

ULIPs (Unit Linked Insurance Plans) provide both protection and savings combined with flexibility to the covered person. As these products are linked to capital markets, they may have the potential to deliver better returns than traditional plans. However, with high returns there is a risk of low returns as well, which will depend on the market's performance.

INNOVATIVE INSURANCE PRODUCTS;

1. **Splitsurance:**

Allianz Suisse used KASKO's cloud-based insurance lifecycle platform to create and run a new type of insurance product – *splitsurance*. The offering targets university students in Switzerland, who live in a 'flatshare'. Customers can get a liability cover, insure up to three high-value items of their choosing and also get discounts if their flatmates decide to join. Users can manage and update their cover autonomously through an after-sales customer portal.

2. **CUVVA:**

Cuvva provides hourly car insurance. In the mobile app, you simply enter the registration number and approximate value of the car you are borrowing from a friend or family member, choose the time you want to be covered for, take a picture of the car and Cuvva will get you an instant quote. Cuvva integrates with Facebook so that you can see which of your friends have cars to borrow. Cuvva queries various data sources to check driving license data, the Claims and Underwriting Exchange and automated fraud protection to verify coverage quicker than legacy players can.

3. **Digital Risks:**

Digital Risks is an insurance specialist built for tech companies, offering a flexible, pay monthly Insurance-as-a-Service model. A founder could start out by protecting their laptop and end up with employer liability insurance and insurance against data breaches as the company grows.

4. **Back Me Up:**

Back Me Up is an offshoot of Ageas. Their unique proposition is to be a parental-like cover for young people and students. For £15, one can insure their three most valuable items (eg: laptop, mobile), that also includes theft loss and worldwide travel insurance, plus there are no annual contracts.

5. **Mango:**

The Mexico-based life and retirement insurance intermediary, allows users to obtain life insurance "in minutes." They are pioneers in Mexico, who use technology to streamline every interaction you have with your insurance, avoiding unnecessary paperwork and confusing coverages. They have intelligent bots at work to answer insurance related queries, plus their UI is outstanding.

6. Bought By Many:

The UK-based startup is a free, members-only service that helps users to find insurance for the not so common things in life. They offer pet, travel, car, bike, shoes, gadgets, home insurance covers and more. Members save an average of 18.6%. The company negotiates discounts directly with insurers for the clients' unique situations.

7. Dad Cover:

The product is uniquely propositioned for Dads looking to get life insurance and financially protect their families. They're full-sized professional financial planning firms, working with life insurance specialists. Using a streamlined service, one can get a free quote after a quick chat with their DadBot, then one of their associated FCA registered advisers will talk you through your needs, answer all your questions and give you proper independent advice on what's best to help protect your family.

8. Go Girl:

Go Girl is a woman-only drivers insurance, that rewards good drivers with lower premiums. The insurance cover also includes a free courtesy car when your car is in for repairs, legal cover, child car seat, personal accident and windscreen cover. The company also insures your handbag and its content if it is stolen from the car. A free quote is available in minutes, and the whole transaction can be completed online.

9. Safety Wing:

The "Insurance for Nomads" via SafetyWing is travel insurance that's creating a safety net for online freelancers and entrepreneurs. The company offers coverage – up to $250k via Tokio Marine HCC – for unexpected illness or injury, including eligible expenses for the hospital, doctor or prescription drugs. They plan to extend their products to medical travel insurance in the near future.

10. Vlot:

The Vlot platform provides life risk analysis and coverage solutions that smoothly adjust to your changing life situations. If you meet unexpected changes in your life, such as moving to a new city, getting married, or loss of a job – you can adjust your life risk coverage accordingly and never be over or underinsured. You only pay for what you really need in your current life situation, and control the premiums as and when dynamic changes occur.

CONCLUSION;

The insurance industry is undergoing profound change. But this disruption is not just digital –harsh market conditions, demanding customers and innovative new market entrants are just some of the forces transforming the insurance industry. But where there is a challenge, there is an opportunity. And all the sources of disruption mentioned above can be harnessed to become a source of growth. As the traditional business model of insurance firms is disrupted by both external and internal forces, insurers are facing increasing pressure to innovate and adopt new technologies.

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