

Name: Maitreyi Pawar

Section: B Roll. No: 54

Q1. Big Data Insurance

- **About: Big Data Insurance** is a non-life insurance product. With thriving inclination towards new technology, the size and dependence on big data is also increasing. Many businesses are highly dependent on their big data.
- **Aim of the product:** Big Data Insurance aims to protect big data on cloud or on the host server from the cyber risk of loss of data, piracy, virus infection, phishing attacks.
- **Need of product to the World (including India):** India is in a technological revolution. Every business is trying to implement technology in some way or other to reduce operating costs. In such scenario, if big data of businesses are lost then the business could suffer huge monetary losses. Clouds do offer to keep big data safe through firewalls and encryption yet there have been many frauds and losses of big data since cloud's implementation.
- **Target Class:** Businesses and companies that use high tech and deal with big data partly or fully in their work process. The class of business that consider big data as one of their main assets.
- **Designing:** Designing of the data insurance product involves quantifying the risk involved in the loss of big data and then calculating monetary value of the big data. In this non-life insurance product, the company would pay level premiums and the policy will have to be renewed every year.
- **Underwriting:** An important part of any insurance product is its underwriting.
 1. The underwriters will have to check the security level of the cloud or reliability of host server and they can give cloud ratings just like a credit rating based on the underwriting.
 2. The monetary value of the big data has to be examined which would determine the sum assured in case of happening of the event insured against.
 3. The insurance company has to do claims underwriting as well when the data is lost. They have to quantify the loss that has occurred with respect to the potential future gain from the data.
- **Distribution Channels:** The Insurance product has to be publicised among the target consumers through online platforms. Since the customers buying the policy would be well-versed with technology and online platforms, it would be easier for the insurance companies to reach the customers and expand their customer base.
- **Future Prospects:** With almost no possibility of big data disappearing from businesses, Big Data Insurance can do good by giving risk cover over the security of big data. The Businesses would like to pay for Big Data Insurance Product in addition to cloud services because in case of frauds or loss of big data, they would get a monetary return, maximum upto sum assured, thereby giving them security.
- **Opinion:** I think that this product will work because today, IT sector is booming high. It provides a huge opportunity to youngsters and is also earning good revenue. This makes Big Data Insurance Product attractive for these companies whose vision is to expand and grow with eliminating uncertainty in their main resource: big data.

Q2 Life Happens

Month	What Happened?	Which insurance would cover this?	Did Jamie have Coverage	How much will Jamie have to pay? (If she has insurance, what is copay and deductible)
January	Jamie got sick and visited the doctor. Without insurance, the appointment cost Rs.120 and the antibiotics cost Rs.110	Medical Insurance	Yes	Rs.40 (Copay for doctor visit- Rs.30) (Copay for prescription)- RS.10)
March	Jamie fell on ice while hiking had to get stitches in the emergency room. Without insurance, the procedure cost Rs. 250	Medical Insurance	Yes	Rs.50 (Copay for medical procedures- Rs.50)
July	A kitchen fire in the apartment next door caused the sprinkler system to activate in Jamie's apartment as well. Her couch, her television, her computer, and her bookcase were ruined. The cost of the damage was Rs.2500	Renter's Insurance	No	Rs.2500
September	Jamie hit a deer when driving home from work, she wasn't hurt, but the damage to her car was Rs.3400	Auto Insurance	Yes	Rs.300 (Deductible is Rs.300)
October	Jamie got dirt in her eye while picking fruit at a local farm. She went to the eye doctor when her eye became red and swollen, the doctor prescribed eye drops. Without insurance, the appointment cost Rs.150 and the eye drops cost Rs.90.	Vision Insurance	Yes	Rs.40 (Copay for eye doctor visit- Rs.30) (Copay for prescription- Rs.10)

Q2 1. Summarize the costs

- That year Jamie had to spend Rs.2930 herself that year over copay, deductibles and expenses not covered by insurance policy.
- She was ill in January whose expenses were covered by medical insurance. She had to pay Rs 30 over appointment costs and Rs. 10 over her antibiotics as copay. Over all she spent Rs.40 in January when she was ill.
- In March, she had to pay for her stitches, which is a medical procedure, 20% of total cost which was Rs.50. The remaining costs were covered by her medical insurance.
- There was a fire in next apartment in July, where she had to pay entire Rs.2500 for damage caused in her apartment because she was not insured for it.
- In September, she damaged her car that led to a cost of Rs.300 deductible on her Auto Insurance.
- She had hurt her eyes in October which was covered by her eye insurance. She had to pay Rs.30 as copay over eye doctor appointment and Rs.10. So overall she paid Rs.40 in October.
- As premiums Jamie had to pay Rs.103 per month for medical insurance, Rs.2 per month for eye insurance, Rs.0 for disability insurance, Rs.889 annually for Auto insurance. So, in the entire year she paid a total of Rs.2149.
- Hence, in total payment over insurance premiums as well as over copay, deductibles and expenses not covered by insurance policy is Rs.5079.
- She would have to pay extra of Rs.1541 in case she was not insured by any of the insurance policies.

Tabular Representation:

Payment Summary	Total cost	Reason	Paid by Jamie	Covered by insurance	Paid by Insurance
January	₹ 120.00	Appointment cost	₹ 30.00	₹ 90.00	₹ 190.00
	₹ 110.00	Antibiotics	₹ 10.00	₹ 100.00	
March	₹ 250.00	Stitches (Medical Procedure)	₹ 50.00	₹ 200.00	₹ 200.00
July	₹2,500.00	Fire in next apartment	₹2,500.00	₹ 0.00	₹ 0.00
September	₹3,400.00	Car damage	₹ 300.00	₹3,100.00	₹3,100.00
October	₹ 150.00	Eye doctor appointment cost	₹ 30.00	₹ 120.00	₹ 200.00
	₹90.00	Eye drop cost	₹ 10.00	₹ 80.00	
	₹6,620.00		₹2,930.00		₹3,690.00

Total premium + cost	₹8,769.00	Total premium+ Jamie's pay	₹5,079.00	Extra Payment if insurance is not taken	₹1,541.00
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Q2 2. Consider insurance in your life

Life Insurance Products

- One of my friends unfortunately lost an earning member of her family. This led the family into financial problems. However, the earning member had himself insured under a **Whole Life Insurance policy** with his wife and my friend as beneficiary. The sum assured helped the family to come out of the financial crisis.

Non-Life Insurance Products

- Firstly, most unexpected event was family members and friends getting infected by Covid-19 in past year. This caused a financial burden as the expense of treatment is high during peak of virus wave. It begins right from Rt-PCR tests, to prescribed medicines and injections. **Health Insurance** would be most helpful to protect in these instances, and thankfully, we had one.
- Another unexpected event was my friend's car bumping into a scooter at a traffic jam. The bonnet was to be repaired and the front part was to be painted which led to high expense. The driver unfortunately lost one of his limbs. His **Car Insurance** helped him with the car repairing expenses while his **Disability Insurance** helps him meet his daily expenses.
- One of my family members had to undergo a medical procedure (operation) that led to costly hospital bill. The **medical insurance** was helpful in paying off the bills.
- One of my family-friend owns land in the outskirts of city where he practises agriculture. Due to sudden unexpected low pressure area formation in Arabian sea in November, unseasonal rainfall was experienced in the area destroying the sowed crops. An **Agriculture insurance (Government's Fasal Bima Yojana)** could have reduced his expenses to great extent.
- I had to undergo unexpected dental re-treatment for a tooth root canal, leading to extra expenses. A **Dental Insurance** could have helped to reduce the cost incurred.
- Therefore, having a life insurance, health insurance and car insurance are most basic necessary insurance products needed by an individual. Other required insurances include Rental Insurance/Owner's Insurance, Disability Insurance etc.

Q2 3. Jamie gives advice

To: john@gmail.com

Subject: Insight into Insurance

Dear John,

This is in response to your question over worthiness of insurance product. I am glad that while you are getting ready to graduate and are going to start your first job, you have asked me about insurance as well as thoughtful insurance choices without having any taboo to open up on this topic.

In my opinion, insurance plays a vital role in personal finance of every individual. Insurance product is an assurance given to the holder wherein the risk of occurrence of an event insured against is covered for a specified period of time in return of regular payments made to the insurance company. The insurance product protects policyholder from financial losses. The premium charged depends on term, product benefit and risk elements involved. There are various insurance products available. However, they can be broadly classified as Life and Non-Life Insurance. We need Life Insurance to cover financial expenses of dependents after death. Non-Life Insurance involves Health Insurance, Car Insurance, Rental Insurance, Owners Insurance, Burglary Insurance, Dental Insurance, Disability Insurance, and a lot more.

I wish to share my experience on this note. I began buying insurance policies from 5 years, since the time I began working. After moving to my new apartment in Illinois, I bought a health insurance. I fell ill in this January month and the doctors visit and prescription expense was Rs.230 and Rs.190 got paid from my insurance policy. I had also taken an Auto Insurance that helped me cover the expenses when a deer out of nowhere came in front of my car and dashed it causing damage to the car. I had not expected that I could face fire issues due to my neighbour and ran into a loss of Rs. 3200 due to safety water sprinklers wetting my interior and appliances. Had I taken rental insurance, I would have saved my hard-earned money. Over the entire year, the expense that I incurred got saved by over Rs.1500 just because I was covered for certain events. I think these instances are enough to convince you how important buying an insurance policy is.

It is equally important to choose the right insurance product. For right choice, firstly you should research a bit about the insurance company from which you wish to buy insurance policy. This must include how reliable the insurance company is, the claim settlement ratio which shows the company's efficiency in claim settlement. Next, you should read through the product details and see which product matches with your requirement. You can do this through an agent of the insurance company or over online mode. Many Insurance products require underwriting which means that they will do a scrutiny of all your details and then tell you the premium rates. You need to give correct information without hiding any important information as this may lead to trouble in claims settlement. You need to understand the

terms and conditions carefully of the policy from the agent before buying the insurance product.

There is a general thought process that instead of we giving premiums to the insurance company, why not save it up for future as an emergency fund and use the emergency fund as and when required in future. However, it is important to consider the value of the money lost over the period. Also, at times when the emergency fund is made, we might not save at all and spent the balance amount into fancy stuffs. When the unforeseen situation occurs, we have to spent lumpsum amount on the expense. So, in such panic situation an insurance cover comes handy. I believe that after deducting daily expenses from your monthly salary, you should pay off the monthly premium and invest, before spending salary over luxury and fancy stuff.

Regards,
Jamie