

Summary

Personal Insurance

In this session, you learnt about the importance of personal insurance. This type of insurance insulates an individual from losses that might arise from risk to property, asset or capital. You also explored the different aspects of personal insurance that include **travel insurance, homeowners policy, renters insurance and calamity or insurance against natural disaster.**

Types of Personal Insurance

First, you learnt about **travel insurance**, which provides coverage against loss pertaining to —

1. Luggage,
2. Missed flight,
3. Stolen/lost credit card,
4. Medical treatment, and
5. Injury.

Next, you learnt about **homeowners insurance**, which provides indemnity from harm due to weather- or non-weather-related threats to properties that you own and **personal liability protection** from damages to rented properties. Similarly, **renter insurance** protects assets in the rented space by covering any loss that might happen due to unprecedented perils.

There exist different types of insurance policies that protect assets from damage due to calamities or natural disasters. For example, '**Earthquake Insurance Policy**'. Such weather-related threats call for an add-on cover or a supplemental policy. In this case, the cost of insurance is directly proportional to the mitigation strategies that the insurance holder might deploy in order to minimise damage.

Another popular asset insurance is **automobile insurance**, which is created specifically to cover for damages to the car, in case of —

1. Theft,
2. Legal or physical damage,
3. Medical expenses in case of accidents,
4. Wage loss due to accidents, and
5. Funeral costs, in case of accidental death.

Usage-based Insurance Policies

In today's world, we realise that the technology to track asset usage has made modern insurance policies extremely robust.

First, **pricing of policies** has undergone a major change, where insurance offerings, like an automobile insurance, have a base price for all plans, and then, surcharges are applied based on asset usage. For example, automobile driving patterns of different car owners are tracked and then, based upon the riskiness of their usage behavior, a customised plan is offered. Difference in usage patterns leads to differential pricing of the same policy for different people.

Another major **shift from traditional to modern insurance** lies in the fact that people nowadays are using such a wide variety of assets and are exhibiting increased mobility, which has led them to move from long-term to short-term policies.

Lastly, you learnt that modern insurance policies are based on convenience and are available for a wide variety of assets and can be accessed anytime, anywhere with a single swipe.

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