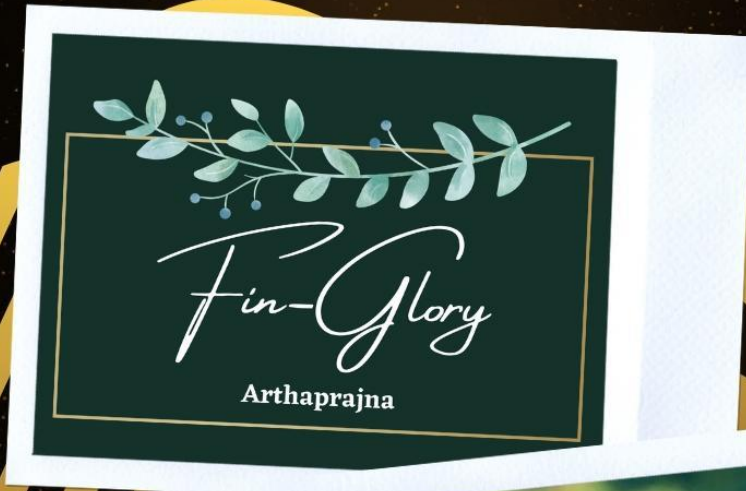


Poornaprajna Institute of Management, Udupi

Volume 13, Issue 9
Date: 19-04-2022

arthaprajna



“Rule No. 1: Never lose money.

Rule No. 2: Never forget Rule no. 1.”



FROM THE EDITORS DESK....

Greetings from PIM Family...!

A warm welcome to you all to the 9th issue of volume 13th of ARTHAPRAJNA. This issue has an assortment of articles that gives a glimpse of knowledge and realities to our readers.

The first article in Fin-trend column talks about Umbrella insurance, which is an inexpensive investment option that gives protection from costly liability claims.

The second article is on a full featured accounting software for small business named QuickBooks having tools useful for financial management. Fin-tech column speaks about Artificial Intelligence and Machine Learning that automates trading activities, advises the investors, detects frauds and much more.

“It’s not your salary that makes you rich, it’s your spending habits.”

-Charles A. Jaffe

Fin-personality unveils the vibrant personality of Mr. Basanth Agarwal, pioneer of Basan Equity Broking Limited which assists in stock broking, stock buy and sell, advisory and etc. This issue gives a descriptive analysis of Micro Insurance, a special category of insurance policies created by IRDA.

And at the end we have Fin-toon and Fin-quiz for you to solve and win prizes.

We look forward for your valuable feedback and suggestions at arthaprajna at arthaprajna@pim.ac.in

FIN-TREND
FIN-SURANCE

Umbrella Insurance

An umbrella insurance policy is extra liability insurance coverage that goes beyond the limits of the insured's homeowners, auto, or watercraft insurance. It provides an additional layer of security to those who are at risk of being sued for damages to other people's property or injuries caused to others in an accident. It also protects against libel, vandalism, slander, and invasion of privacy.

How an Umbrella Insurance Policy Works

The added coverage provided by an umbrella insurance policy is most useful to high-net-worth individuals who own a lot of assets—or very expensive assets—and are at a significant risk of being sued.

Small businesses also use an umbrella insurance policy to guard against potential monetary damages arising due to claims.

The premium for an umbrella insurance policy may be less expensive if the policy is purchased from the same insurer that provided the original auto, home, or watercraft insurance. Depending on the provider, the policyholder who wants to add an umbrella insurance policy is required to have a base insurance coverage of \$150,000 to \$250,000 for auto insurance and \$250,000 to \$300,000 for homeowners insurance.

Umbrella insurance is often referred to as excess liability insurance. If a policyholder is sued for damages that exceed the liability limits of car insurance, homeowners insurance, or other coverage types, an umbrella policy

helps pay what they owe. In other words, if the dollar limit of the original policy has been exhausted, the umbrella policy acts as a fail-safe, so the insured person doesn't have to dip into savings and other assets.

Special Considerations

People who regularly purchase umbrella insurance will usually own expensive property or have significant savings. Or they may own dangerous things that can cause injury (swimming pools, trampolines, dogs, etc.). They might also engage in activities that increase their chances of lawsuits, such as:

- Being a landlord
- Coaching kids' sports
- Serving on the board of a non-profit
- Volunteering
- Regularly posting reviews of products and businesses
- Participating in sports where you could easily

injure others (skiing, surfing, hunting, etc.)

Example of an Umbrella Insurance Policy

To understand how umbrella insurance can help, consider the following scenario. If a driver runs a red light and accidentally hits another car, there might be significant damage to the vehicle and several people might be injured.

With car repairs totalling \$50,000 and the treatment of the injuries eclipsing \$500,000, the driver at fault may be liable for expenses that go far beyond the coverage limits of their insurance. An umbrella insurance policy will pick up the additional liability costs beyond the limits of car insurance coverage.

Source: Investopedia

By:



Suraj Shet
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QuickBooks

QuickBooks is a full-featured business and financial management suite complete with tools for accounting, inventory, payroll, tax filing, invoicing, bank account tracking and reconciliation, expense management, budgeting, payment processing, and accounts receivable and accounts payable management.

9 Ways Small Businesses Use QuickBooks

Small business owners typically use QuickBooks to manage their invoices, pay their bills, and track their cash flows. They also use it to generate month- and year-end financial reports as well as prepare for quarterly or annual business taxes. Some business owners manage QuickBooks themselves while others prefer

to use an in-house or outsourced bookkeeper.

1. Create and Track Invoices

You can create **invoices** easily and either print them or email them to customers. QuickBooks will record the income and track how much each customer owes you automatically. You can view the amount of your outstanding invoices—known as your accounts receivable (A/R)—as well as how many days they're overdue by running an A/R aging report.

2. Keep Track of Bills & Expenses

QuickBooks keeps track of your bills and expenses automatically by **connecting your bank** and credit card accounts to QuickBooks so that all of your expenses are downloaded and categorized. If you need to track a check or cash transaction manually, you can record it directly in QuickBooks in a few minutes.

3. Print Financial Statements for Your Business

By managing all of your cash inflow and outflow activities in QuickBooks, you can print financial statements that provide useful information about how your business is performing.

Lenders often require financial statements when you apply for a small business loan or line of credit.

You can produce these three primary financial statements in QuickBooks with a few clicks:

- Profit and Loss Report
- Balance Sheet Report
- Statement of Cash Flows

4. Track Employee Hours and Run Payroll

Payroll is an area that you don't want to skimp on by trying to do it manually. Mistakes made in calculating pay checks can result in steep penalties and unhappy

employees. QuickBooks has its own payroll function that can calculate and run payroll as often as you need it automatically.

QuickBooks can track your employees' hours. The hours tracked then flow to both your customer invoices (if billable) and your payroll. This ensures that every hour you pay your employees for is considered for billing to a customer.

The best thing about using QuickBooks payroll is that it's integrated with QuickBooks so that your financial statements are always up to date as of the latest payroll run. The purchase of a **QuickBooks payroll subscription** is required to run payroll, but you have several levels of service to choose from to fit your needs.

Running your payroll through QuickBooks will allow you to:

- Pay employees with a check or direct deposit

- Calculate federal and state payroll taxes automatically
- Have QuickBooks fill in the payroll tax forms for you
- E-pay your payroll taxes directly from QuickBooks

5. Track Inventory

QuickBooks can track the quantity and cost of your inventory. As you sell inventory, QuickBooks will allocate a portion of your inventory to cost of goods sold (COGS) automatically, which is an expense account that reduces your income. This allocation is a requirement for calculating taxable income and very cumbersome to do by hand. QuickBooks can also remind you to order inventory automatically when quantities are low.

6. Simplify Taxes

Perhaps the most important thing QuickBooks can do for your small business is to simplify tax time. By far, the

largest headache in preparing a tax return is compiling your income and expenses. If you use QuickBooks during the year, all you need to do at tax time is print your financial statements. Better yet, with QuickBooks Online, you can invite your tax preparer to access your account directly so they can review your numbers and print whatever information they need to prepare your return.

7. Accept Online Payments

One of the best ways to improve your cash flow is to offer customers the option to pay their invoices online. You can add **QuickBooks Payments** (formerly known as Intuit Merchant Services) so that customers can pay online directly from their emailed invoice. QuickBooks Payments is similar to other merchant services. However, because it's integrated completely within QuickBooks, the sale, credit card fee, and cash deposit are

all recorded automatically as they occur.

8. Scan Receipts

Another key to making tax time a breeze is being able to organize your receipts in QuickBooks. All QuickBooks Online subscribers can download the QuickBooks app to their mobile device for free, take a picture of a receipt, and upload it to QuickBooks Online in just a few minutes—no more lost receipts or manually matching up receipts with downloaded banking transactions. QuickBooks allows you to attach a receipt to the corresponding banking transaction. You can upload an unlimited number of receipts to QuickBooks Online; the receipts are stored in the cloud along with your data.

9. Track Mileage

Many self-employed and employee/owners use their personal vehicles for business purposes. This provides a generous tax deduction of 56

cents per mile for 2021. However, to receive the deduction, you're required to keep a record of the date, miles, and purpose of your trip.

QuickBooks Online makes this incredibly easy. Their mobile app will use the GPS in your phone to automatically sense every time you're in a moving vehicle. Then, you can review your trips and add a note with the purpose of each business trip.

Source: Fitsmallbusiness.com

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FIN-TOON



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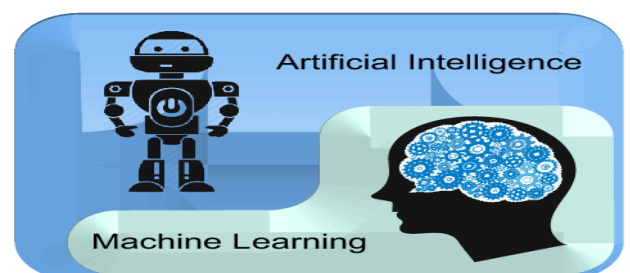
“With a good perspective on history, we can have a better understanding of the past and present, and thus a clear vision of the future.” – Carlos Slim Helu

FIN-TECH

Artificial intelligence and Machine learning

Artificial intelligence and machine learning are the part of computer science that are correlated with each other. These two technologies are the most trending technologies which are used for creating intelligent systems.

Although these are two related technologies and sometimes people use them as a synonym for each other, but still, both are the two different terms in various cases.



Artificial Intelligence

Artificial intelligence is a field of computer science which makes a computer system that can mimic human intelligence. It is comprised of two words "**Artificial**" and "**intelligence**", which means "a human-made thinking power."

The Artificial intelligence system does not require to be pre-programmed, instead of that, they use such algorithms which can work with their own intelligence. It involves machine learning algorithms such as Reinforcement learning algorithm and deep learning neural networks. AI is being used in multiple places such as Siri, Google's AlphaGo, AI in Chess playing, etc.

Machine learning

Machine learning is about extracting knowledge from the data. It enables a computer system to make predictions or take some decisions using

historical data without being explicitly programmed. Machine learning uses a massive amount of structured and semi-structured data so that a machine learning model can generate accurate result or give predictions based on data.

Machine learning works on algorithm which learn by its own using historical data. It works only for specific domains such as if we are creating a machine learning model to detect pictures of dogs, it will only give result for dog images, but if we

+provide a new data like cat image then it will become unresponsive.

Machine learning is being used in various places such as for online recommender system, for Google search algorithms, Email spam filter, Facebook Auto friend tagging suggestion, etc.

Key differences between (AI) and (ML):

+

Artificial Intelligence	Machine learning
<p>Artificial intelligence is a technology which enables a machine to simulate human behavior.</p>	<p>Machine learning is a subset of AI which allows a machine to automatically learn from past data without programming explicitly.</p>
<p>The goal of AI is to make a smart computer system like humans to solve complex problems.</p>	<p>The goal of ML is to allow machines to learn from data so that they can give accurate output.</p>
<p>In AI, we make intelligent systems to perform any task like a human.</p>	<p>In ML, we teach machines with data to perform a particular task and give an accurate result.</p>
<p>Machine learning and deep learning are the two main subsets of AI.</p>	<p>Deep learning is a main subset of machine learning.</p>
<p>AI has a very wide range of scope.</p>	<p>Machine learning has a limited scope.</p>
<p>AI is working to create an intelligent system which can perform various complex tasks.</p>	<p>Machine learning is working to create machines that can perform only those specific tasks for which they are trained.</p>
<p>AI system is concerned about maximizing the chances of success.</p>	<p>Machine learning is mainly concerned about accuracy and patterns.</p>

<p>The main applications of AI are Siri, customer support using chatbots, Expert System, Online game playing, intelligent humanoid robot, etc.</p>	<p>The main applications of machine learning are Online recommender system, Google search algorithms, Facebook auto friend tagging suggestions, etc.</p>
<p>On the basis of capabilities, AI can be divided into three types, which are, Weak AI, General AI, and Strong AI.</p>	<p>Machine learning can also be divided into mainly three types that are Supervised learning, Unsupervised learning, and Reinforcement learning.</p>
<p>It includes learning, reasoning, and self-correction.</p>	<p>It includes learning and self-correction when introduced with new data.</p>
<p>AI completely deals with Structured, semi-structured, and unstructured data.</p>	<p>Machine learning deals with Structured and semi-structured data.</p>

Source: www.javapoint.com

By:



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FIN-PERSONALITY

Basanth Agarwal: Disrupting Financial Ecosystem

Successful leaders are known for their perseverance, forward-looking approach, strategic thinking and passion to create a splash in the business world. In the context of the professional world, the leader leads by examples, putting hard yard when nobody expects them to. An ever-complex international business world has highlighted the importance of strong leader in every vertical of business.

Basanth Agarwal is one such leader who has been a frontrunner in a finance space. He has been consistently providing best-in-class financial services through his endeavor: Basan Online.

Under his tutelage, the company offers personalized and tailored financial solutions to every entity, who contributes to India's success story.



Basan Online is providing personalized and tailored financial solutions to its clients. By understanding each and every individual's requirement in the industry, the company is dedicatedly offering flexible services. Apart from Equity Broking Services and Mutual Funds, the company also offers – Portfolio Management Service, Market Making Activities, Merchant Banking,

and Financial Consultation services.

Compliance is the strength of the company. It is highly complied as per SEBI guidelines, bye-law and regulation to make investors feel safe and secure. The company provides user-friendly, robust with new features, and technically advanced application for hassle-free trading.

Apart from providing technical and fundamental research reports, the company also has launched the concept of small investments – systematic investments planning on a monthly basis for serious investors who are planning to keep investing for a period of 10-15 years. The company helps its clients to identify the companies who are debt-free and are giving CAGR returns on at least 14%, increase in sales growth and an increase in revenue on a periodic basis. The company is

giving free credit-rating CIBIL reports to its existing customers. Basan online is helping clients in getting loans against their shares, through NBFC company.

Basan online's objective is to build a long-term relationship with its customers by offering competitive business terms, the latest software, and well researched information.

Source: insightssuccess.in

By:



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Micro-Insurance: A lifeline For the Future

INSURANCE covers are a part of life and are taken for granted in the developed world but its coverage is patchy and woefully inadequate in the developing world.

However, with several recent innovations, what was a luxury for the poor has now become a reality. Insurance coverage is now dramatically expanding with millions of more low-income households accessing insurance products and services.

A new class of insurance, that is more inclusive than the conventional one, has emerged for low income populations. It is popularly known as micro-insurance.

Micro-insurance has emerged in response to the inadequacy

of regular insurance to provide protection to the bottom tier of the population.

MICRO INSURANCE FOR THE POOR

Micro-insurance is specifically designed for the protection of low-income people, with affordable insurance products to help them cope with adverse consequences of risks. It is a market-based mechanism that promises to support sustainable livelihoods by empowering people to adapt and withstand stress. Micro-insurance ensures the protection of people against specific perils in exchange for regular monetary payments in the form of premiums proportionate to the likelihood and cost of the risk involved. As with all insurance, risk pooling allows many individuals or groups to share the costs of a risky event.

RISKS FOR THE POOR

Although poor households often have informal means to manage risks, such strategies provide inadequate protection. They need insurance more than well-heeled people because the poor have no financial cushion and are more vulnerable to risks. If you can put a safety net – a floor – under those people, you can literally end the cycle of poverty.

Low-income communities live on the edge; just a tiny misfortune away from disaster—an injury, illness, or natural calamity can precipitate them falling ever deeper into poverty as their limited resources get depleted. These events often have very grave financial consequences. Many get drawn into debt traps as they borrow beyond their means, sell productive assets, take children out of school or put them to work, compromise on food, or leave

sickness untreated. The vulnerability of poor people is exacerbated each time they incur a loss, creating a vicious cycle that precludes improvements of their economic welfare.

The poor usually face two types of risks — idiosyncratic (specific to household) and covariate (in which the entire community suffers loss; the most common, for instance, are drought and epidemics).

Insurance contracts are most easily offered if risks within the relevant population are not covariate — so that only some put in a claim at the same time. Furthermore, insurance for rare and infrequent events is also typically more difficult to offer.

IS MICRO-INSURANCE THE SOLUTION?

Micro-insurance is an important service to help poor households protect their

fragile lives and livelihoods against inevitable risks and unexpected economic shocks. It has shown to deliver on the promise of what insurance is all about: Building resilience of households against the adverse consequences of risks. This is true for reducing economic shocks, and hence often impoverishing, as well as reducing average as well as expenses on medical treatment or rehabilitation in the event of a catastrophe. Financial protection however is limited by the limited coverage inherent to micro-insurance.

POTENTIAL OF MICRO-INSURANCE

Digital financial inclusion could be a game-changer.

Already it is transforming business models in the insurance sector by improving access and targeting, as well as reducing, administrative

overheads. The global revolution in mobile communications, along with rapid advances in digital payment systems, is creating opportunities to connect poor households to affordable and reliable financial tools through mobile phones, and other digital interfaces.

Micro-insurance can piggyback on the exploding reach of cellphone banking and the infrastructure created by microcredit institutions.

Insurance coverage can be also widened by coupling services with existing mobile financial products or creating new solutions that bring insurance services straight to a consumer's phone. Digital developments could also make the services affordable. However, a degree of caution is essential in order to protect consumers from the potential risks of new technologies.

There are countries that have witnessed a large

improvement in product design and availability of a range of insurance products. Micro-insurance products tailored for the farmers' community like crop insurance, health insurance, rural accident, personal accident, irrigation, animal cart, aqua-culture, agri-allied and cattle insurance are now available.

Even niche products such as insurance covers are available for snake bites, livestock welfare, failed wells, damage caused by thunderstorms, health issues, funerals and even covering the birth of twins.

Conclusion

Micro-insurance can unfold a myriad of effects that not only improve the household's ability to cope with and recover from catastrophes after they happened but also importantly change the

behaviour of households and can thus even generate positive effects even before the shock happens.

The whole capacity to take risks, changes. Thus, apart from just being a safety net, micro-insurance promises something that earlier generations could never imagine: Hope for the future.

Source: theleaflet.com

By:



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FIN-QUIZ

**CLICK HERE TO
ANSWER**

**WINNER of
Previous issue**

SHREYA PRABHU

1st MBA

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