



# Future Workout Deep Dive

## #03 Insurance Intervals

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## Intro

Insurance not only protects the people and things you love. It helps you live life with confidence.

There are a lot of options out there. We're here to help you understand why it's important, what you need (and what you don't) and things to consider when buying.

Oh – and there's no obligation to be insured by us. But if you do, we're ready to help.

## So, what is insurance?

In practical terms, insurance gives you financial protection for specific events. You may pay a monthly, annual or one-time fee (often called a premium) and in return, your insurer has your back. This could be anything from losing your phone to your luggage going missing while traveling to your holiday, to breaking your leg while skiing.

### **Quick tip...**

Even if you can afford it all, you don't have to buy it all! Speak to the experts, such as insurance agents or brokers, and get the cover you need.

## Why bother?

You've probably heard all the fear-fuelled reasons to get insurance. And that shouldn't be ignored. But also think about the confidence boost of knowing someone has your back, for your plan A. And even plan B. For example...

- You're on a beach holiday and fancy hitting the surf. As you've got the right health insurance in place, you can dive right in – even if you find out you're more suited to land than water.

### **Good to know...**

- Some insurance is a must-have. For example, you need it to drive. Or usually to get a mortgage.

## How to choose

A wise man once said “Life is like a box of chocolates. You never know what you’re gonna get.” And while life is full of exciting twists and turns, it’s important to consider a few things before committing your life savings to every insurance under the sun...

- How much are you prepared to pay? And can you pay monthly or annually (normally cheaper)?
- How many items do you need to cover and how much are they worth (roughly)?
- How much are you willing to pay if something goes wrong (called the excess)?
- What’s the customer service like?
- How strong is the insurance company that you will buy from?

## How to choose

It can be tricky to know where to start. So here are some possible steps...

- Start by comparing insurers. There are plenty of good websites to do so. Just make sure you're comparing apples with apples.
- Get enough insurance. Try to work out what it would cost to replace something if you had to.
- Think about your current life stage. Your insurance needs may change over time, for example if you start a family, buy a house or a car, or start your own company.

## Good to know...

Sometimes, you may be covered for things already. Examples include travel insurance with your bank or health with your employer.



Motor insurance

Travel insurance

Private death/disability coverages

Home insurance

Inheritance/funeral planning



# Types of Insurance

From Hammy the hamster to Zippy the Z3, you can get insurance for just about anything these days. As insurers, we tend to group it into three categories – Life, Health, and Property and Casualty (P&C).

## Life

- Individual or family protection
- Savings and investment solutions



## Health

- Medical
- Dental
- Additional services such as a private room in hospital



# Types of Insurance

## Property & Casualty (also known as general insurance)

- House - buildings and contents
- Car - third party and fully comprehensive
- Travel - includes lost items, illness while away, cancellation
- Personal liability
- Pet insurance
- Accident
- Legal



But let's focus on the things you're most likely to need to get you ready to live life.

## Life

Life insurance offers a wide range of options, so you first have to think about your purpose. Do you want to...

- Save money by investing for retirement, or plan for your long-term goals like purchasing a home, funding your children's education?
- Leave behind money to provide for loved ones?
- Protect yourself against financial loss in the event of illness, disability or injury?

# Protection

Protection life insurance can help support your loved ones after you die, for example funding funeral expenses, debts or other costs. The main risks covered by protection products are death, sickness, disability, long-term care and accident.

Term insurance is your simplest option: you pay premiums to the insurer and in return the insurer promises to pay a specified sum of money if you die within a specified period of time – for example, if you want to have cover until your youngest graduates from university or can look after themselves financially. Such products are often quite cheap, as the risks covered have a fairly low chance of happening. For example, you can buy a term-life policy as a 30-year old, which will pay out EUR 100.000 if you die in the next 10 years for a premium as little as EUR 5 per month – the cost of a coffee and bagel in your local coffee shop.

Protection benefits may also be combined with savings and investment products. The protection benefits may be an integral part of the product, or optional benefits that you choose when buying the policy. These benefits are often called riders.



30-year old

EUR 5 / month x 10 years



EUR 100.000



Insurance  
company

## Savings and investment solutions



Although this costs more and means you have an investment risk, it gives you confidence for life.

For savings and investment products, you pay premiums which are invested and the resulting amount is offered back as a one-off benefit or as a series of payments over a certain duration (for example annuities paid during retirement).

Remember to be aware that there is a wide range of investment options which can be offered, with different underlying investment risk and correspondingly different earning potential. For example, if you're more cautious, you might prefer a safe, stable insurance product such as a with-profits product. If you want to take more of a risk, you may prefer the potentially higher – but more volatile – returns offered by a unit-linked product.

You should make a choice towards the product that best suits your personal expectation and risk appetite.

## Good to know...

You may need to fill out a medical form, before your contract is reviewed by the insurer.

### Purpose

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For your dependants or yourself

For your savings and investment

For a regular income during retirement

### Examples

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- Term life
- Whole life
- Disability/ income protection
- Critical illness
  
- Endowment policies
- Investment-linked policies
  
- Annuities
- Pension fund

# Health

Sometimes, you need a little extra TLC (Tender Love Care). Here's where health insurance comes in.

It can:

- Cover services your regular health care plan doesn't
- Give you some income if you get unwell or injured
- Cover you if you become unwell while on holiday

Here are some examples:

- Private/additional health insurance – this gives you extra cover on top of whatever your government may provide. This could include cover for prescription drugs or dental treatment.
- Disability or long-term care insurance – if you can't work, either short or long term, due to an illness or injury.
- Travel medical insurance – if you get ill abroad.

## Good to know...

- Underwriters calculate the risk of a claim and then how much to charge to cover this. Generally, the larger the risk of a claim, the larger the cost.
- They use data like age, location, health, claims history and more to work out your price.
- This can really vary from person to person. So be up front about your current situation to let the experts help you best.



# Property & Casualty

P&C is the ABC of insurance. The essential insurance that covers you and the things you love.

The P includes:

- your home or personal belongings
- your car
- your business (excluding liability)

The C can cover against legal liability for:

- injury to other people
- damage to the property of others

## Home (property)

Home insurance helps you pay for things that can go wrong with your house or your stuff.

- This is one of the must-haves, especially if you're moving into a new house.

## Car

Another must-have if you want to drive. Normally split in two:

- Comprehensive – covers repairs and replacements due to damage, no matter who is at fault eg theft.
- Third party – if you damage someone else's car.

## Liability (also called third party)

- The biggest difference here is the insurer pays other people and not the policyholder (you).
- It covers you for claims that against you that led to injuries/damage to other people or properties. This includes legal costs.
- It can also help you pay for things that go wrong with other people's houses or stuff because of you. And it can help you pay if someone gets hurt on your property – eg they fall in your driveway.

## Business

Make sure your business-related items are covered, especially if you work from home.

- Consider **business liability insurance** if people are regularly coming to and from your business, as in case someone takes a tumble, you're covered if they claim for damages.

## Travel

- You're hopefully familiar with this already – covering for things like cancellations, delays and lost baggage.

## Legal

- Legal expenses insurance (LEI) is to cover potential legal costs.
- LEI can be taken out on a before the event (BTE) basis either as a stand-alone product, or as an optional add-on cover to a home, motor or commercial insurance policy.

## Accident

- Unless an accident happens at or on the way to work, you'll usually be left empty-handed.
- While statutory health insurance covers the costs of acute treatment, it doesn't necessarily cover additional costs caused by the accident. This could include expenses for medical aids, necessary alteration or rebuild to your home, or pension benefits as a result of permanent disability.

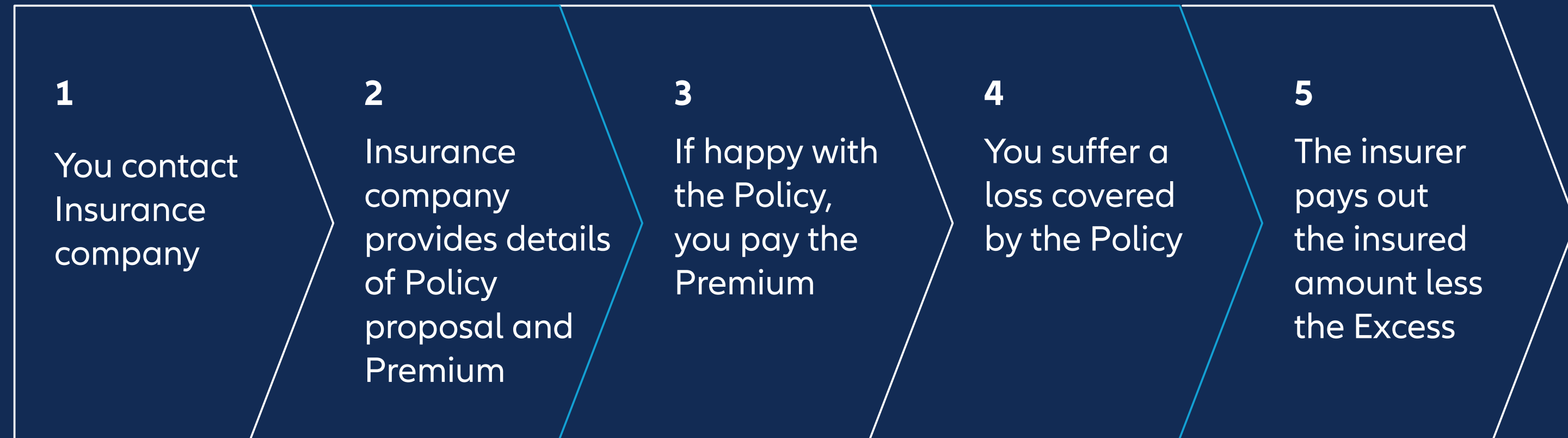
## Good to know...

- Car insurance generally doesn't cover loss of your personal items. This should be covered in your home insurance.
- You can often get a discount for claims-free driving (called a No Claims Discount). Do consider this when renewing your policy.
- Insurance policies vary, so do check what's included, if you need to pay an excess (eg £50 up front) and if there's a limit eg 80% of costs / two times per year.

## Top 3 takeaways

- Take the time to find out what you need and don't be afraid to shop around!
- Not all insurance is the same, so check you're covered for the things you really need.
- Think about whether you can do little things to help the cost of your policy, like having a telematics device in your car.

## How it works:



**Policy:** A contract between you and the insurer setting out details of what losses are covered by your insurance and will include any Excess, Exclusions, limit on claims etc