

WHAT IS INSURANCE?

Insurance is an agreement between you and an insurance company.

In this agreement, you agree to pay an amount of money, called a **premium**, for a certain period of time.

In return, the insurance company helps you if any of the following problems occur in the contract you have signed.

For example, these problems can be:

- Accidents.
- Sickness.
- Damage to your home.
- Loss of your vehicle.

In other words, insurance protects you with money. If something unexpected happens, insurance helps you pay for expenses and not to have so many financial problems.

Why is it important to have insurance?

Many situations can happen in life that you don't expect and that can cost a lot of money, such as an accident, illness or theft.

Insurance gives you peace of mind and financial stability.

What you should think about when taking out insurance?

1. BE CLEAR ABOUT YOUR NEEDS

Before choosing insurance, ask yourself:

What do I want to protect?

My health, my car, my house, my business, my life?

Not all insurance is the same.

If you take out insurance that does not meet your needs, you may pay too much or have cover that isn't suitable for you.

2. REVIEW THE COVER

Cover is the situations that the insurance is there for.

It is very important to know what the insurance covers and what it does not cover.

An **incident** is when a problem occurs that the insurance can cover, such as:

- A car accident.
- A fire in your house.

If you want to take out health insurance, the cover must be health-related.

You should make sure it includes:

- Hospitalisation.
- Medical consultations.
- Some medicines.
- Surgeries you may need.

If you want to take out car insurance, you should check that the cover gives you peace of mind if something happens to your car.

For example:

- Theft.
- Harm to other people.
- Accidents.

3. REVIEW THE EXCLUSIONS

Exclusions are situations that are not covered by the insurance.

These exclusions must be written in the contract.

For example, some do not cover:

- Damage due to natural disasters.
- Illnesses that you already had before taking out the insurance.

It is very important to read the exclusions part of the contract carefully. That way you won't think something is covered when it's not.

4. COMPARING THE PREMIUM AND THE EXCESS

Premium and excess are two very important concepts that you need to review and understand well before signing the contract.

The **premium** is the money you pay to the insurance company for having the insurance.

The premium can be paid once a month, every 3 months or once a year.

The **excess** is the money that you pay first when an incident occurs.

Afterwards, the insurance pays the rest.

For example:

You have car insurance with an excess of €200.

If you have an accident and the damage costs €1,000, you pay €200 and the insurance pays the remaining €800.

As a general rule, if the insurance is cheap, the excess is high. Therefore, if something happens, you will have to pay a lot of money.

Look for insurance where the premium and excess are reasonable.

5. KNOWING THE COMPENSATION LIMITS

Each insurance policy has a maximum cash limit that will be paid in the event of an incident.

If the limit is low,
the insurance may not cover the full cost.

Make sure that the limit is enough
for your situation.

6. KNOWING THE RESPONSE TIME AND SERVICE QUALITY

Price is not the only important thing.
You should also think about
the insurance company.

Before taking out insurance, ask yourself:

- Does the insurance company respond quickly if there is an incident?
- Is it easy to contact them?
- Does it deliver what it promises?

Good service is very important in difficult times.

7. READ ALL THE DOCUMENTS AND THE CONTRACT

Before signing the insurance contract
read all the information they give you:

- The pre-contract.
- The full contract, including the small print.

Check that what was explained to you
matches what is in the contract.

If you don't understand something, ask before signing.

Insurance is a legal commitment.
Understanding it well avoids problems later.

8. ASK A PROFESSIONAL FOR HELP

If in doubt, ask a trusted insurance agent or broker for help.

They can help you compare more types of insurance
and choose the best one for you.



Final advice

Now that you know what insurance is
and what to look out for,
you can make a better decision.

Well-chosen insurance is not an expense,
it is an investment in your peace of mind.