CaixaBank
PAYMENTS & CONSUMER

WHAT IS PAYMENT PROTECTION INSURANCE?

It is insurance that helps you to pay your debts
when you have a serious problem
that affects your finances
and you can no longer pay.

For example, if:

- You lose your job.
- You have a temporary or permanent disability.
- You have a serious illness.
- You die.

Thanks to this insurance,
you can continue to pay the instalments
on your credit cards, mortgages or loans.

What does this insurance normally include?

This insurance is normally taken out
with a card, a mortgage or a loan.

And if something happens that you didn't expect,
the insurance will continue to pay the outstanding instalments
on that card, mortgage or loan.

How is the price of insurance calculated?

The price of insurance is called the **insurance premium**.

The price of insurance changes
depending on whether you take it out with a credit card
or a loan.

Normally, the price of insurance is calculated in one of these ways,
although there may be other ways to calculate the price.

If the insurance is for a credit card:

The premium is paid every month.
The price is calculated by applying a small percentage
to the money you have used on the card.

Therefore, the price may change from month to month.

For example:

Imagine you have a credit card
and this month you have used €1,000 on the card.

The contract says that the insurance costs 1%
of the money you have used.

And 1% of €1,000 is €10.
So this month you will pay €10 for the insurance.

But if you use €500 of your card the following month,
1% of the insurance is €5.

So you would pay €5 for the insurance that month.

If the insurance is for a loan:

The insurance premium is also paid every month.
But in this case you will always pay the same amount.

The price of the insurance is calculated as a percentage of the money you borrow.
Excluding interest and other charges.

For example:

You ask for a loan of €8,000.
Payment protection insurance costs 1%.

And 1% of €8,000 is €80.
So every month you will pay €80
for taking out this insurance.

What should you think about when taking out this insurance?

Before taking out payment protection insurance, it is important that you think about the following:

1. WHAT TYPE OF DEBT IT COVERS

You need to know if the insurance covers:

- A mortgage.
- A personal loan.
- A credit card.

2. WHAT IS THE COVERAGE AND HOW LONG DOES IT LAST

You must know for how long
the insurance will pay your debts.

For example: 3 months, 6 months, 1 year.

It is also important to know
whether the insurance pays the whole debt or only part of it.

3. WHAT ARE THE CONDITIONS FOR USING THE INSURANCE

What requirements must you meet
for the insurance to pay?

Is there a waiting period before I can use the insurance?
This time is called the **qualifying period**,
and is stated in the contract you sign.

Do you have to produce documents
to prove what has happened to you?

For example:

- That you don't have a job.
- That you have a disability.

4. WHAT IS NOT INCLUDED IN THE INSURANCE

Some insurance does not cover debts when:

- You resign from your job.
- You are dismissed without just cause.
- You had an illness when you took out the insurance.
- The disability is due to risky activities.

It is very important to read the contract
carefully to know when the insurance will **not** pay your debts
and to avoid unpleasant surprises.

5. WHAT ARE THE COMPENSATION LIMITS

The insurance has a maximum amount
of money to pay your debts.

It is important to know
the maximum amount that the insurance will pay.

This amount is called **maximum compensation**.
It is stated in the contract you sign.

If you pay a high premium,
make sure that this maximum amount
covers all your debts.

Example:

You have taken out payment protection insurance with maximum compensation of €6000.

If you have a debt of €5,000,
the insurance will pay all of the debt.

If you have a debt of €8,000,
the insurance will only pay €6,000.

The other €2,000 will need to be paid by you.

6. ABOUT THE INSURANCE COMPANY

Before taking out insurance,
it is important to know:

- Who the insurance company is.
- If it gives you confidence.

Find out if the insurer
responds quickly when you need it
and if it does what the contract says.

Good service is very important
in difficult times.

Final advice

You do not have to have payment protection insurance.

But it can give you peace of mind
if something happens and you can't pay your debts.

Before taking it out, remember:

- Think about your financial situation.
- Compare various insurance policies.
- Read all the information you are given.

Your peace of mind is the most important thing.