

INSURANCE

Insurance is a **contract** between you and an insurance company. You agree to pay the company a certain amount of money every year and they agree to pay you a certain amount of money if something unfortunate happens to the things you own (**possessions**), for example if things get lost, damaged or stolen.



Some people say - Insurance gives you '**Peace of mind**'

Read and discuss the questions below with your tutor.

1. Have you ever had an accident?
2. What happens in your country if you have a car accident?
Who pays for the repairs?
3. Do many people have insurance on their home/car/possessions?
4. Do you have insurance in NZ? Why/why not?
5. Do you think it is important to have insurance? Why/why not?
6. What do you think 'peace of mind' means?

- In New Zealand, most people have some kind of **insurance cover**, especially if they own a house or car. Even if you are renting, you should still insure the things inside your house, such as your furniture and personal belongings. This insurance is called '**contents insurance**'.



- Someone may steal your car or you may be involved in an accident or your house might catch fire. The insurance company will pay you most of the money you need to fix things.
- Most insurance companies will happily give you advice and information about insurance and the best cover to suit you and your family.



Insurance companies and insurance cover

Do you know *AA Insurance, AMI, AMP, NZI, State Insurance, and Tower*? They are insurance companies. They are in the *Yellow Pages* phone book. There are many different kinds of insurance cover you can get such as: *motor vehicle, home, business, life, travel and medical*.

Buying insurance cover

Read and discuss the 7 points below with your tutor:

1. When you buy insurance from an insurance company, you pay some money each year to '**cover**' you for accidental loss or damage to things you own. The money is called a '**premium**'.

2. You decide how much you want to insure your things for and the insurance company tells you how much it will cost. This agreement between you and your insurance company is a '**contract**'. They send you a copy of your '**insurance policy**' and you become the '**policyholder**'.

3. If something bad happens, you can ring the insurance company and ask them for money to fix things. This is called '**putting in a claim**'. They will send a person to talk to you and to check on the damage before they decide how much money to give you. This person is called the '**assessor**'. Sometimes the claim can be made by phone which is very quick and easy.

4. Some insurance companies offer you a special price if you have many things insured with them, for example if you insure your house, contents and car with the same company, your premium will be cheaper. Unfortunately the cost of insurance is not cheap but you need to think about the risks of **not** having insurance too.

5. There are many things you need to find out before you start to pay insurance such as what is the '**excess**', the extra money you sometimes have to pay when you put in a claim.

6. If you get **comprehensive insurance** this will cost more but it will give you the best protection.

7. If you cannot afford that, you can get **third party insurance** which is a bit cheaper. It will cover any damage you do to someone else, but it will not cover you.



Advantages and disadvantages of insurance

Add 3 more advantages and disadvantages to the 2 lists.



Advantage = something good or positive which may benefit you.

1 Some of the advantages of having insurance are:

- to pay for repairing something if it gets damaged.

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Disadvantage = something negative which may not benefit you.

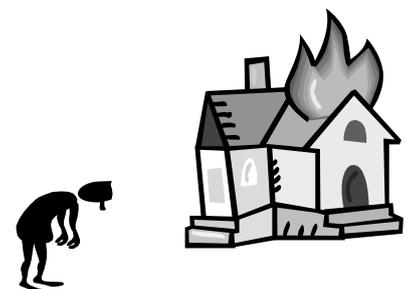
2 Some of the disadvantages of not having insurance are:

- If your possessions get stolen you have to pay to replace them yourself.

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Two insurance stories

Read the following true stories with your tutor and answer the questions. Decide which story shows the disadvantage of not having insurance

The Burglary

One day a family came home and found their house had been burgled. The thieves smashed a window, climbed in and stole many of the family's possessions. Fortunately the family had insurance cover on their house and contents. First they informed the police, then they contacted their insurance company and put in a claim for the stolen items. The insurance company paid them \$1500 to replace the stolen things. Of course the family was not happy about the burglary, but they were happy to use the insurance money to replace the stolen things.



1. *What did the family discover when they came home?*
2. *Who did they call first - the police or the insurance company?*
3. *What does 'put in a claim' mean?*
4. *What would have happened if the family had not had insurance?*
5. *Think of another word which means the same as 'possessions'?*
6. *What does 'house and contents' mean?*

The Car Accident

One day a young man was in a hurry to go out to lunch. His car was in the staff car park. He jumped into it and started the motor. When he was backing out, he didn't look properly and he hit a parked car. The young man made a huge dent in the side of the car. The accident was his fault. Unfortunately he had no insurance cover on his car so he had to pay for the repairs to the other car.



The repair bill cost \$600 which was a lot of money for the young man. He was just a student on work experience. He also had to pay for the damage to his own car, so it was a hard lesson to learn. Sometimes people do not have insurance and cannot pay for repairs if they have an accident. This is very upsetting for everybody.

1. *Think of another word which means the same as 'backing out'?*
2. *What is a 'dent'?*
3. *Why did the young man pay for the damage to the other car?*
4. *With the help of your tutor, find out the name of the place where damaged cars go to be repaired.*