How are you today?

S answers

T Today we’re going to speak about the protection against possible financial loss, that is to say risks and insurance.

Click for title

How important is insurance to you?

S I am well aware of the importance of insurance. On the one hand, I consider it as crucial, but on the other hand, insurance is a big business nowadays and some insurance contracts available on the market aren’t really necessary.

T Do you think people have too many insurance policies nowadays?

S According to me, there is no point in having so many insurance policies because some of them are too expensive. Many people don’t read the contracts.

T Do you think people don’t have the right cover that is so say that their insurance cover is inadequate?

S I’m afraid that’s probably the case most of the time.

T All right, let’s go to the heart of the matter.

Click for slide, title and picture 1

What happened?

S There has been a storm or a hurricane and a tree has fallen on a car. The car has been completely destroyed.

Please make sure the student uses the correct tense that is present perfect here.
Look at the man. Can you guess how he feels?

You can use the following words.

He feels annoyed, but he’s quite serene and calm in spite of the trouble.

Why do you think he looks so cool headed?

We understand that the man has lost his car, but he doesn’t really feel pessimistic because he certainly applied for a very good insurance.

Can you guess what kind of insurance cover he has?

Yes of course, I guess his insurance policy covers him against all kind of natural disasters.

Do you think he has a comprehensive insurance or an all-in policy?

He certainly pays high price for the insurance. He’s calm and serene because he has insured himself against many risks.

What can you see on the picture?

The car hit another car. It looks like a minor accident.

Do you think the man looks serene?

Absolutely not. He looks quite panic-stricken. He feels shocked and pessimistic, because he certainly doesn’t have an adequate insurance cover and quite assuredly no comprehensive insurance. Now he feels demoralized because it’s too late to apply for / to take out the right insurance.

Sometimes people make a mountain out of a molehill. Do you think the man will overcome the disaster?
S It depends on his insurance policy. He has to read terms and conditions. He may be wrong when he thinks his insurance won’t pay. It also depends on his ability to pay for the loss.

T So let’s recap, how would you describe the role of an insurance company?

S The role of an insurance company is to protect people or a company against damage and possible financial loss. People are looking for peace of mind. Insurance is about transferring the possibility of loss from one person or entity to another.

Slide 3 Hazards and Perils 7 min

Click for slide and title

T Whenever you think of insurance, you think of hazards and perils. Let's have a look at the picture.

Click for picture 1.

What can you see?

S I can see a tornado/ windstorm/ tempest/ twister.

T What other bad weather conditions do you know?

S Recently, there have been storms across Europe, but also flooding, hurricanes, cyclones, typhoons on other continents.

T What about damage and loss? What can be the consequences of such natural disasters?

S Natural disasters can cause much havoc/ damage and loss across a country. Transport can be heavily disrupted, there may be buildings destroyed and of course, people may be missing or killed.

T What are the impacts on the economy?

S When means of transportations are disrupted, this is always bad for the economy.

T As a general rule bad weather conditions delays production and construction projects. What about power outages?

S Without electricity, it’s impossible for many people to produce and work. There may also be a problem with communications.
S answers.

**Click for picture 3**

**T** What can you see on the picture?

**S** I can see a building on fire in the foreground.

**T** Do you think insurance will cover such a peril?

**S** answers.

**T** What can increase the likelihood of such a peril?

**S** Smoking, a bad maintenance of the electric system.

**T** Do you think that your family or the employees in your company are aware of potential hazards such as fire?

**S** answers

**T** People may be aware of hazards, if they are risk takers they will be exposed to perils. By the way, how would you call this type of damage and loss?

**S** answers

©Educastream
S It’s about damage and loss of capital resources.
T Can you think of other hazards?
S answers

Click for picture 4
S Theft / burglary / robbery. It’s a crime against property. It can affect any households as well as any company.

T What can you say about that? Have you already experienced one?
S answers
T Did you have a good insurance cover?
S answers

Click for next slide and title

Slide 4 Other hazards and perils 5 min
T Apart from natural disasters, fire and theft, which, as we have seen earlier are to be considered as loss of capital, what are the other perils you know of?

Click for picture 1 (judge)
S You may have problems related to laws.
T What is the main problem here?
S Basically it’s a problem of money.
T Would you say it’s a problem related to capital or to financial resources?
S Financial resources can be exposed to perils such as legal judgments.
T Let’s move to another type of peril.

Click for pic 2 (first aid kit)
S Human resources are exposed to perils such as illness or death.
T How many sorts of resources are there?
S There are three different sorts: capital resources which are exposed to perils such as natural disaster, fire, but also theft and vandalism.

T What else?

S Financial resources which are exposed to legal judgment. And last but not least, human resources which can be exposed to injury, illness or death.

Click for box 3 (slippery road)

T I'd like you to consider this picture. What can you see?

S I can see a car driving on a road and I know it's a slippery road.

T What kind of hazard is this for an automobile owner?

S It could be viewed as a financial hazard,

Click for the first line in blue text box

And also a capital hazard,

Click for the second line

or human hazard by automobile owners,

Click for the third line,

since this condition increases the likelihood of an automobile accident that might result in an unfavorable legal judgment, automobile damage, and bodily injury.

Slide 5 Different types of insurance

Click for slide and title.

T What are the different types of insurance you know?

How many insurance policies do you have for you and your family?

Click for picture 1

S Well basically, insurance covers all the things you do. It can cover every aspect of your life. I can think of car, travel, home insurance, property insurance, credit is also very important, and there are many more.
So you can see that you can insure yourself against almost any loss. There are some insurance policies that insure against some fairly unbelievable things – like singers can insure their voices; dancers can insure their legs; the unlikely list goes on. Still, are there any risks you can insure yourself against?

If my phone or my company’s computer is stolen, I can probably get money to buy another one, that is to say that I would be covered for the loss of capital but I my data and my work would be lost, and as far as I know I can’t take out insurance for that!

Can you explain how it works? How much can insurance cost? Let’s take as an example household insurance. How can the price of the premium be calculated?

Generally speaking the more you have, the most expensive is the premium.

Do you know any other insurance related to your company? What insurance does your employer or company have?

There is health insurance, property insurance, fire and natural disasters seems also to be very important. There is also the legal part. Of course it depends on your domain.

How important is the domain?

Each company must have insurance because its survival depends on it but a doctor won’t take out the same insurance as a builder or a transportation company.

What about liability insurance?

It is a type of insurance which covers policyholders against the potential costs of legal action or legal claims.

Imagine your company is planning to send you to the United States outside your country of normal residence, as an expatriate.

What insurance would you need to apply for?

If I am planning to live abroad, I guess my government or regular health insurance plan will not cover me and my family. So I guess I would need an expatriate health insurance plan to protect me and
my family in the event of an accident or illness, up to the limits of the policy.

**Slide 6 Putting in a claim**

Click for slide title and picture.

**T** I’d like you to imagine you the premises of your company have burnt. That’s a very sad event. You have to face the situation and take action. What is the first thing you do?

**Click for box “insured” + text in the arrow**

**S** I think the first thing to be done is to call the insurance to claim for compensation.

**T** Right the most important thing to be done is to call your insurance and put in a claim very quickly. As a general rule, claims have to be notified within 24 hours. Have you ever been through this process?

**S answers**

**T** What information is necessary? What will you be asked?

**S** I guess I’ll need to stay cool-headed and find my policy number. I have to make a list of the damage and loss. I’ll also need to send police reports.

**T** Would you request compensation from the insurer? Who’s in charge of assessing the loss?

**Click for box “insurer” + text in the arrow**

**S** I guess the insurer and more precisely an expert will assess the amount of money to be paid. The insurer will then indemnify or compensate my company.

**Slide 7 Signing a contract**

Click for slide and title.

**T** Whenever you buy insurance you sign a contract or a policy. As we’ve seen earlier it is to be viewed as an exchange between two parties.

**Click for picture 1 (contract)**
Let’s take an example with household insurance. What sort of details can you find in the policy?

As in any contract or agreement, which details the conditions and circumstances under which the insured will be indemnified.

Who are the signatory people?

Well on the one hand, you have the client or the policy holder and on the other hand you have the broker or the agent or the insurer.

Who is the person who will indemnify or compensate in case of disaster?

The insurer is the person who will compensate.

What’s the role of the broker or the agent?

their jobs only consist in selling insurance.

A broker generally holds contracts with many insurers, thereby allowing the broker to shop around for the best rates. A broker typically counsels the buyer on appropriate coverage and policy limitations.

It should be noted that in the vast majority of cases a broker’s compensation comes in the form of a commission as a percentage of the insurance premium. What is the problem linked to that according to you?

If the broker works on commission, then there might be a conflict of interest insofar as the broker's financial interest is towards encouraging a client to purchase more insurance than might be necessary at a higher price.

Speaking about premiums, what can make your premium increase? Let’s take a home insurance for example, or your company’s insurance for the premises in which you’re working.

Click for picture 3 (golden percentage)

Click for picture 4 (increase)
Do you think the price of policy excess, that is to say the amount of money you pay from your own pocket in the event of a claim can reduce premiums?

S Absolutely. Generally, the cheaper your policy excess, the more expensive your premium. Increasing it can be good deal as long as you don’t have any accident and claim.

T What else?

S For a home insurance, what can make the premium increase is the value of equipment, furniture and computers. Location seems to be quite important as well.

T Can you think of something linked to car insurance? What happens if you never claim any compensation? Are you rewarded as a good policyholder? What do most companies offer to drivers at the end of a claim-free year?

S As far as I know, they can be offered a “bonus”, which is in fact a discount on the price of their premiums. It can then rise steadily up to the usual maximum of around 60% for five years of careful driving.

T Recently we have witnessed quite a lot of natural disasters. Do you think it impacts the amount of regular payments? What happens if the damage to property increases?

S I personally think it must have an impact. I guess that’s it’s really logical that if claims for damage to property seems to be increasing, this will lead to higher insurance premiums.

Slide 8 Insurer and liabilities 6 min

Click for slide and title.

T Now let’s consider the insurer and his/her insurance.

Click for subtitle “reinsurance”.

Can you guess what a reinsurance company is?

S I guess it’s an insurance insuring insurance companies.

T What happens if an insurance company consider that they have underwritten too many risks?

S answers.
They can sell some of the risk to another company, a reinsurance company. The two companies exchange the risk.

Can you be more precise?

The company will receive some of the premium paid by the insured and also bear, or take some of the risk.

What about the liability and responsibility?

It seems logical that they also have liability or responsibility for damage and losses.

What about their profit?

They can earn a lot of money if the clients never claim for compensation. If there’s no damage/ no disaster.

As we’ve seen earlier, there are many types of insurance. Some people also decide to insure their lives. What do you know about life insurance?

It’s a sort of savings account.

Do you make regular payments such as premiums?

Can you explain it? Is it exactly the same as insurance?

It’s not because it’s like an investment.

Why is called insurance?
S It’s called insurance because the insurance will pay a sum of money to your beneficiaries, for example your children or your wife, if you die before a certain age.

T What about savings?

Click for cash value

S People also use life insurance policies as a way to save for the future; you can buy a policy that pays a certain sum on a specific date.

T Can you explain how this sum of money is calculated?

S It depends on contracts, but generally speaking it’s the capital plus the interest generated.

T Why are life insurances so popular?

Click for box Tax shelter box

S They are very popular because it’s a tax shelter: the tax law provides that the interest on this cash value is not taxable under certain circumstances.

T Do you think it’s a tax-efficient method of saving?

S Yes but it’s also a good protection for your family in case of death.

---

Slide 10 putting in a claim 8 min

Click for slide title

T Now I’d like you to write an email to your insurance to put in a claim.

Click for questionnaire

Please mention:

1. Date & Time of Loss :  
2. Who noticed the loss and when? :  
3. Detail the Circumstances leading to the Loss and its cause. :  
4. Whether Loss has been intimated to:
a. Police : 

b. Fire Brigade : 

If yes, also attach copies of their report.

_Tutor helps and corrects when necessary_

Thank you very much for your work!

Bye for now!

See you soon.