

### What is insurance?

Insurance helps pay for your expenses or to replace property when things go wrong. You make regular payments for insurance, so that if something happens you can make a claim for some money.

### Types of insurance

There are many different types of insurance:

- ▶ **Car insurance** – different types of car insurance cover your car for theft or accidents and can also cover you if your car hits people or damages someone else's property.
- ▶ **Home insurance (building insurance)** – covers the cost of replacing your home if it is damaged.
- ▶ **Contents insurance** – covers the cost to replace or fix the things in your home like furniture, if they are stolen or damaged.
- ▶ **Life or funeral insurance** – pays a set amount of money when you pass away.
- ▶ **Health insurance** – covers some of your medical costs if you are sick or injured.

Insurance is not savings, so:

- ▶ You don't get the money back.
- ▶ If you stop paying, you don't get a refund of the money you have paid so far.
- ▶ Over time, you may end up paying more than you will receive from any claim.

### Tip - Check what's covered



You can only claim on your insurance if the thing that goes wrong is covered in your insurance policy. You should check what is covered and what is not.

### Danny needed insurance

Danny decided not to get insurance when he bought a secondhand car.

A month later, Danny had a car accident. Because it was his fault, it cost him \$3,000 to pay the owner of the other car for the damage and \$1,000 to fix his own vehicle.



Danny had to get a loan to pay for the damage and was left with no car to drive while his car was getting fixed.

If Danny had car insurance, he could have claimed the cost of repairs to both cars.

### Some insurance terms

Here are terms from insurance documents:

- ▶ **Premiums** – the price your insurance company charges for your insurance.
- ▶ **Claim** – when you ask your insurance company to pay for something covered by insurance.
- ▶ **Exclusions** – events or property that are not covered by insurance.



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