

Introducing insurance

Age range: 16+



LifeSkills created with Barclays have partnered with Spectra First to support those leaving care to build their employability skills and financial capability. As a signatory of the **Care Leaver Covenant**, alongside other organisations, Barclays has committed to offer a different type of support and expertise from that statutorily provided by local authorities. For more information visit mycovenant.org.uk.

Pages 1-2 of this pack are delivery notes for the facilitator, and pages 3-5 are worksheets for young people. Page 6 has a list of links for further support.

Insuring against risk

10 mins

- Use **Worksheet 1** to introduce the concept of insurance – paying money to a provider who may then pay you compensation if you suffer a loss, damage or injury
- Ask the group/individual to tick the items that insurance can be bought for. Reveal that all these answers are types of insurance. Explain that some insurance is compulsory, e.g. you must have buildings insurance when you buy a home, and car insurance for when you're driving. For other situations you need to think about whether it's worth buying insurance or whether it would be better to put some money aside just in case there's a problem, for example taking out insurance for a washing machine
- Ask them how they would realistically put money aside and be disciplined enough to keep it ringfenced for that type of issue. Discuss and generate a debate if working with a group
- Explain that many local councils will offer services specially designed to support young people leaving care, which can include setting up home contents insurance. They can find out the support services on offer by looking at their local council's website or speaking to their Personal Adviser

Extension


- Challenge the group/individual to consider the benefits of having insurance versus cash savings. Some may not think it's worthwhile to buy insurance when it's not compulsory
- Ask them to consider any situations where being insured would be useful to them. For example, if something gets damaged, the insurance company will often refund them the full value of the product or give them free repairs, which can save more money than buying a new one outright

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Insure or save?


20 mins

- Highlight that before you pay for insurance you must consider if it will protect you from the right risks and if the premium (the cost) will provide you with value for money. Use Worksheet 2 to make sure the individual/group is familiar with the key terms – premium, claim, and excess. Explain that terms and conditions would apply, and not all claims are successful
- Use **Worksheet 3** to explain an insurance policy Melissa has bought for her mobile phone. Melissa's phone was bought new on a pay monthly contract of £28.00 over the course of 12 months



£52
if paid up front

or



£5
x 12 monthly
instalments

Policy details:

- Repair of broken or damaged mobile phone within 10-14 days of making a claim
- Replacing lost or stolen mobile phone with one of the same value at the time of the theft or loss. Replacement to arrive in 7-10 days
- £100 excess (the amount Melissa will have to pay towards any claim she makes)

- Ask the group to consider whether the policy provides Melissa with protection against all the kinds of risks she is likely to face, and if they think the insurance is financially worthwhile by asking the following questions:

Should Melissa pay the one-off fee or monthly instalments?

Does the policy offer value for money? Consider the purchase price and replacement or repair of her mobile phone, alongside the annual premium and excess

Does it matter how quickly she will be provided with a replacement or repair?

- Ask the group to think of other ways Melissa could protect herself against the risks, especially if setting up to live independently with a small budget. Suggest that instead she could put £5 into a savings account every month and use this money to repair or replace her mobile phone when necessary.

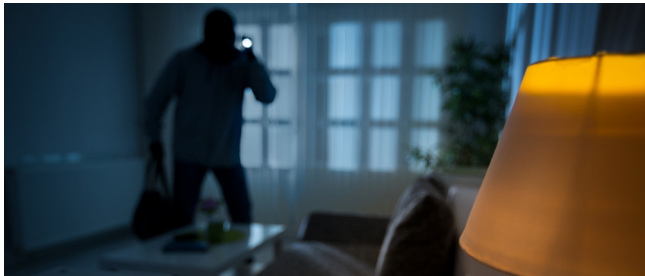
What do they think of this option? How much would she have to save? What could be the disadvantages or challenges? (These might include it being difficult to put money away each month if already working on a tight budget, with lots of other outgoings to consider)

- Ask the group to come up with tips she could use to stay disciplined and ensure her money doesn't get spent on other things
- Summarise by explaining that all actions have some element of risk, and therefore potential consequences (injury, damage or loss). The degree of risk often depends on the circumstances of a situation, and this can influence whether it is worth taking out insurance – you need to balance the risks and consequences with the costs, unless it's compulsory insurance
- Ask the group/individual to reflect on the items they suggested when setting up home and the risk, versus being able to ringfence money, if someone goes wrong
- There are links at the end of this lesson plan and the workbook that provide information on financial protection and staying safe

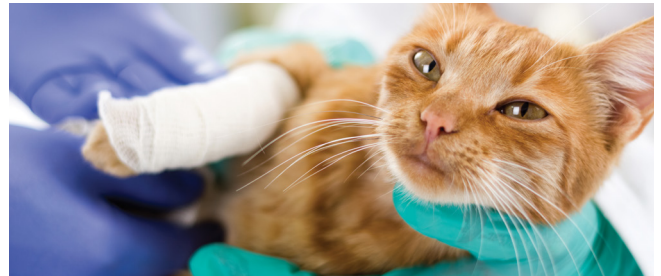
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Worksheet 1: Insuring against risk

There are insurance policies available to cover many different types of situation, but there are some things you cannot insure against. Is it always worth buying insurance to protect yourself against risk?



House being burgled



Cat needing an operation



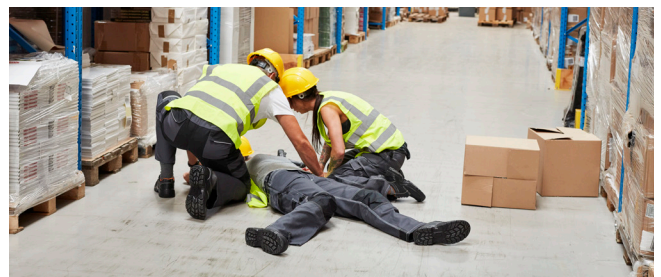
Spilling coffee on the carpet



House damage e.g. floods



Car breaking down



Injuries at work



What types of insurance can you think of?

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Worksheet 2: Insure or save?

Before you pay for insurance you must consider if it will protect you from the right risks and if the premium (the cost) will provide you with value for money.

Premium

The amount you pay to the insurance provider annually or monthly for your cover

Claim

Requesting that your insurance provider compensate you for loss, damage or injury that is covered by the premium that you have paid

Excess

A contribution you make towards your claim above your premium – a smaller premium usually means a larger excess

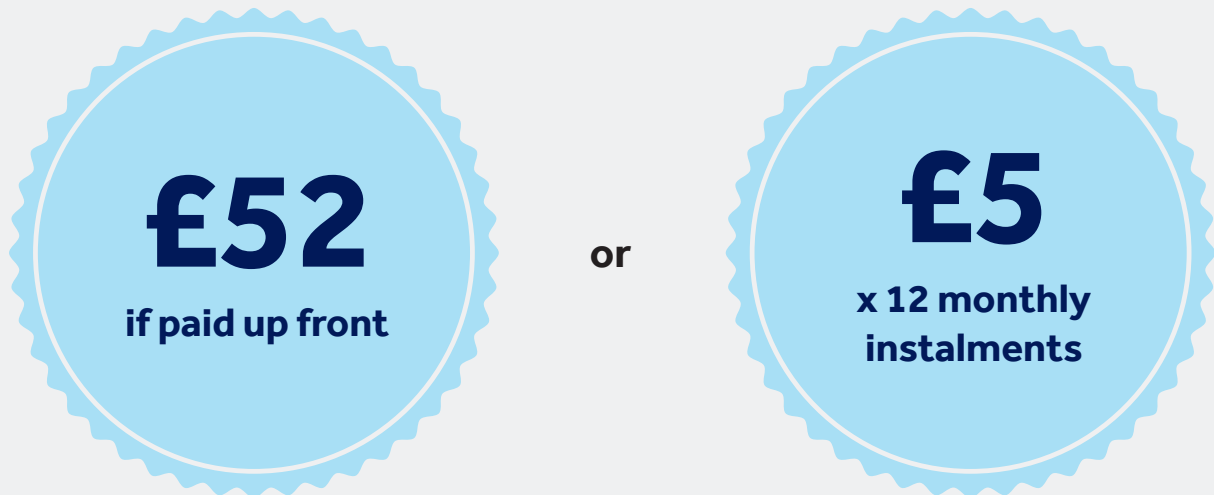
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Worksheet 3: Melissa's insurance policy

Melissa's mobile phone was bought on a monthly contract for £28.00 per month.
The contract runs for 12 months.

Melissa's policy

The annual insurance premium is:



- Paying by monthly installments will sometimes end up costing more than paying up front, and some insurers will require the policy holder to enter a credit agreement
- There may be a cancellation charge if canceling any annual policy mid term, but this should be disclosed in the sales process

Policy details:

- Repair of broken or damaged mobile phone within 10-14 days of making a claim
- Replacing lost or stolen mobile phone with one of the same value at the time of the theft or loss. Replacement to arrive in 7-10 days
- £100 excess (payable when a claim is made)

Further support

The following links can be explored to get further advice on a number of topics around managing finances and living independently:

The Childrens Commissioner (general advice for those up to 25)

childrenscommissioner.gov.uk

The Rees foundation (general support for Care Leavers of any age)

reesfoundation.org

Care Leaver Covenant (help finding job opportunities)

mycovenant.org.uk

The Association of British Credit Unions (help finding the right credit unions and general information about these)

findyourcreditunion.co.uk

Propel (support for those going to university, including financial advice)

propel.org.uk/UK

Citizens Advice Bureau (general legal and financial advice)

citizensadvice.org.uk

Step Change (debt management advice)

stepchange.org

Money Helper (general financial advice)

moneyhelper.org.uk

Debt Advice Foundation (free, confidential debt advice charity)

debtadvicefoundation.org

Benefit calculator (free tool to help find estimates for benefits entitlements)

entitledto.co.uk/help/better-off-calculation

Experian (free tool for credit score checks)

experian.co.uk

If you are a young person and want to know more about money and work, register at

<https://barclayslifeskills.com/help-myself/>

If you are working with young people who have experienced care, explore more adapted content at

barclayslifeskills.com/help-others/lessons and select 'Care leavers'.

Many other LifeSkills lessons are also suitable for use with care leavers to support them on their employability journey. To find out more, go to barclayslifeskills.com/help-others/lessons and select the 'Building key skills to do well at work' category.