



# Explaining the importance of insurance

 **BARCLAYS** | LifeSkills



# Module overview

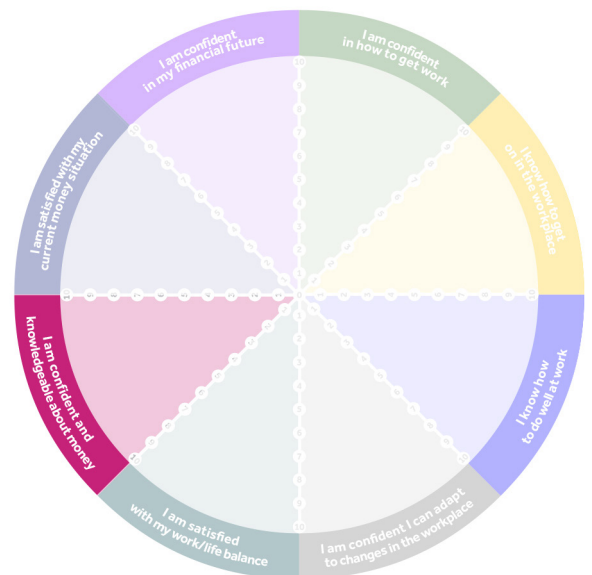
This module will introduce learners to the concept of insurance, and why it is an important part of financial stability and independence.

Time	Key learning outcomes	Which will lead to
30 mins	<p>By the end of the module learners will be able to:</p> <ul style="list-style-type: none"> <li>Understand the benefits and conditions of the main types of insurance available, as well as add-on policies that can provide additional features</li> <li>Apply for quotes based on their needs using a variety of distribution channels, including price comparison websites, brokers, banks and insurers</li> <li>Identify the difference between annual and monthly premiums, including the additional instalment costs involved when paying monthly</li> <li>Understand the benefits of doing research on the insurer they select to ensure they have a good reputation if they need to make a claim</li> </ul>	<ul style="list-style-type: none"> <li>Greater independence and confidence when it comes to arranging insurance cover, so that learners can take out insurance based on their needs, not just affordability, to cover the risks they may face in their daily lives</li> </ul>

## Important

Introduce the activity and theme and remind your learner of the coaching-based approach. Agree the desired outcome of the session with your learner.

Throughout the activity, we have included **'do now'**, **'do soon'** and **'do later'** actions which may help your learner to think about the next steps they could take. Alternatively, you could use the 'do now', 'do soon' and 'do later' headings to help your learner come up with their own actions.



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# Introduction

Time	Educator guidance	Expected outcome
⌚ 2-3 mins	<p>Refer back to your learner's LifeSkills wheel and discuss how they scored themselves in relation to this module.</p> <p>Discuss what they need to know/do to be able to increase how they rate their satisfaction with this area.</p>	<ul style="list-style-type: none"> <li>Learners are reminded of where they are now and what they need to do to reach a higher satisfaction score in this area</li> </ul>

## Core activity one

### What kinds of insurance policies are there?

Time	Educator guidance	Expected outcome
⌚ 17-20 mins	<p>Start your session by asking your learner what they already know about insurance, and to list the different types of insurance that can be bought.</p> <p><b>To gauge understanding, prompt discussion points could include:</b></p> <ul style="list-style-type: none"> <li>The business of insurance is to provide peace of mind and solutions when we are often at our most vulnerable, whether that is dealing with the consequences of an accident, theft or flood</li> <li>Which situations might you need to consider taking out different types of insurance? Probe on common exclusions such as for accidental damage or pre-existing medical conditions</li> <li>How some cheaper contents insurance may not cover policyholders for accidental damage. Ask your learner what that could mean if they knocked over their TV or dropped their phone</li> <li>How some contents insurance policies do not cover gadgets or valuables outside of the home</li> <li>How policyholders should check to see whether any preexisting medical conditions are included when buying travel, life or medical insurance. Reassure them that there are options for ensuring they are covered through declaring them, and that it will be covered in part two</li> <li>How car insurance doesn't always provide cover for driving abroad (even if it does, claims will be dependent on each country's driving laws), and that this may need to be bought as an add-on to the policy, similar to accidental damage cover</li> <li>The differences between comprehensive; third party, fire and theft; and third party only cover</li> <li>What an insurance excess is, and what that means when making a claim</li> </ul>	<ul style="list-style-type: none"> <li>Learners are reminded of which insurance policies they already have and which policies they may need to take out in the future</li> <li>Learners will understand the different types of insurance policies, which risks they cover and which conditions could be included in the policy that may limit the levels of cover available</li> <li>Learners should be aware of the risks they face, and how different types of insurance policies can help protect against these risks</li> </ul>



# Core activity one

## What kinds of insurance policies are there? (cont'd)

Time	Educator guidance	Expected outcome
	<p>To extend your discussion, use the <b>My insurance options</b> tool to support your learner to think about their own insurance options in relation to their specific needs. The tool also challenges them to consider what risks they may face if they don't have a particular type of cover, and what that could mean for them.</p> <p>Talk through your learner's answers, referring them to the supporting <b>Facts cards</b>, which include information on the different types of insurance as well as things to look out for such as excesses or exclusions that could make policies inadequate for their specific needs.</p>	<ul style="list-style-type: none"> <li>Learners will be able to identify the types of insurance they need</li> </ul>

# Core activity two

## Requesting a quote and buying insurance

Time	Educator guidance	Expected outcome
🕒 10 mins	<p>Talk about the different ways of buying insurance, asking your learner to name some different distribution channels. Then lead the conversation to cover all different channels, including:</p> <ul style="list-style-type: none"> <li>Insurers and brokers: either through websites, over the phone or face-to-face in high street stores</li> <li>Banks: either through websites, over the phone or face-to-face in high street branches</li> <li>Price comparison websites</li> </ul> <p>Choose one or more of the case studies most relevant to your learner and read them through together. Allow them to update or edit their <b>My insurance options</b> tool as a result of their learning.</p> <p>Reference the information needed to get a quote below which is most relevant to your learner, based on their <b>My insurance options</b> tool:</p> <ul style="list-style-type: none"> <li>The importance of being truthful and accurate when applying for a quote, and not using false information to get a cheaper quote</li> <li><b>Motor insurance information</b> <ul style="list-style-type: none"> <li>Driver's licence</li> <li>Driving history, including how long you've held the licence and any driving convictions</li> <li>Address</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Learners will understand the different ways of buying insurance</li> <li>Learners should be aware of the differences in paying for insurance on an annual or monthly basis</li> <li>Learners should feel confident in being able to apply for a quote and proceed through to taking out an insurance policy</li> </ul>

# Core activity two

## Requesting a quote and buying insurance (cont'd)

Time	Educator guidance	Expected outcome
	<ul style="list-style-type: none"> <li>- Car details</li> <li>- Previous claims</li> <li>- Any additional drivers and their details</li> <li>• <b>Home buildings/contents insurance information</b> <ul style="list-style-type: none"> <li>- Address</li> <li>- Age and construction of home</li> <li>- Number of bedrooms</li> <li>- Type of roof</li> <li>- Types of locks on windows and doors</li> <li>- Previous claims</li> </ul> </li> <li>• <b>Travel insurance information</b> <ul style="list-style-type: none"> <li>- Destination</li> <li>- Travel dates</li> <li>- Medical history</li> </ul> </li> <li>• <b>Life and health insurance information</b> <ul style="list-style-type: none"> <li>- Address</li> <li>- Medical history</li> </ul> </li> </ul> <p>Talk through the differences between paying for insurance policies using either annual or monthly premiums, including any additional costs of paying monthly.</p> <p>Finally, remind your learner to review any existing/future insurance policies so as to ensure adequate cover without paying unnecessary premiums for duplicate cover.</p> <p><b>Do now:</b> Create a list of the different insurance policies you might need, and which risks they would protect you against</p> <p><b>Do soon:</b> Before applying for a quote from providers, research a shortlist of potential providers on <a href="#">Trustpilot</a> to access:</p> <ul style="list-style-type: none"> <li>• Their reputation on customer claims experience</li> <li>• Customer experience</li> <li>• Value for money</li> </ul> <p><b>Do later:</b> Apply for a quote for that insurance policy and decide if you want to take out the policy, or if you are protected in other ways</p>	<ul style="list-style-type: none"> <li>• Learners should feel confident in being able to apply for a quote and proceed through to taking out an insurance policy</li> </ul>

# Wrap up

Time	Educator guidance	Expected outcome
⌚ 5-mins	<p><b>Ask your learner:</b></p> <p><b>Thinking about what you have covered in this session, what steps can you take next to move forward in this area?</b></p> <p>Agree an action or next step that your learner can take to consolidate what has been covered in the session, for example:</p> <ul style="list-style-type: none"> <li>Set aside time to review their existing insurance policies and establish any gaps in cover</li> <li>Apply for a quote for a policy that will protect against any risks they aren't currently covered for</li> </ul> <p>Discuss any gaps that your learner feels they have in knowledge, skills or confidence in taking out insurance and agree how these might be addressed.</p> <p>Encourage learners to take away the handouts they have been given.</p>	<ul style="list-style-type: none"> <li>Learners should set themselves a target for addressing their insurance needs, and understand the steps needed to achieve it</li> </ul>

# Optional extension

Time	Educator guidance	Expected outcome
⌚ 10-20 mins	<p>Use the <b>Quote role play script</b> to help your learner practise a simplified telephone quote process for home buildings insurance, including questioning water leak cover, to build their confidence on the topic. Allow your learner to take the role of the person calling to get a quote, using the <b>Quote scenario card</b> as the basis for their answers.</p>	<ul style="list-style-type: none"> <li>Learners will understand more about the application process, including what information they may need to provide in order to obtain a quote</li> </ul>

# Explaining the importance of insurance

## My insurance options

Life insurance	Health insurance		Travel insurance	Home contents insurance
Benefits to me:	Benefits to me:		Benefits to me:	Benefits to me:
My needs to consider:	My needs to consider:		My needs to consider:	My needs to consider:
What could happen if I didn't have cover?	What could happen if I didn't have cover?		What could happen if I didn't have cover?	What could happen if I didn't have cover?

	Your name		Car insurance	Home buildings insurance
			Benefits to me:	Benefits to me:
			My needs to consider:	My needs to consider:
			What could happen if I didn't have cover?	What could happen if I didn't have cover?

# Explaining the importance of insurance

## Fact cards

### Home contents insurance

**Benefits:**

- Provides cover against damage caused to items stored within the home, such as in the event of a flood or fire
- Provides cover against the theft of items from the property

**Things to consider:**

- An excess may be charged if a claim is made
- Accidental damage might not be automatically covered
- Valuables and gadgets may not be covered if taken outside of the home
- Expensive items, such as valuable jewellery, may not be covered unless specified during the application process
- Items might not be covered for theft if doors are left unlocked or open
- Does not provide cover for deliberate damage
- Does not provide cover for appliances breaking down or general wear and tear

### Travel insurance

**Benefits:**

- Provides cover for illnesses and injuries that occur while on holiday
- Provides cover for certain events, such as cancelled flights or hotels
- Provides cover for damage or loss of items taken on holiday

**Things to consider:**

- An excess may be charged if a claim is made
- Accidental damage may not be covered
- Most pre-existing medical conditions can be covered, as long as they are declared. You may have to pay a premium to cover some conditions
- Missed flights may not be covered unless something specific happened that caused the flight to be missed (such as cancelled trains)



# Explaining the importance of insurance

## Fact cards

### Car insurance – compulsory by law if you own a car

#### Benefits:

- Provides cover for damage caused to your vehicle and other people's vehicles if there is an accident
- Provides cover for if your car is stolen or damaged by someone else
- Provides cover for if any items are stolen from your car
- Provides cover for injuries caused to others, including your passengers, as the result of an accident

#### Things to consider:

- If you own a car, it is illegal not to have car insurance
- An excess may be charged if a claim is made
- Does not provide cover for own damage if driving under the influence of drugs or alcohol. Please note, damage incurred by an innocent third party as a result of a drunk driver is always covered by the drunk driver's insurer, even though they are in breach of these conditions. This is an established legal statute and is why people with drink drive convictions command very high insurance premiums
- Does not provide cover for own damage if driving without a licence
- Does not provide cover for own damage if driving without a valid MOT
- Does not provide cover for own damage if driving illegally, such as over the speed limit
- Third party only policies do not provide any protection for your car
- Third party, fire and theft policies do not provide any protection for your car, unless there is an attempted theft, theft or a fire
- Claims may be denied if the car is regularly kept in a different place to that stated on the policy
- Cover limits for personal items (e.g. laptop) stolen from cars are usually very low, if covered at all

### Life insurance

#### Benefits:

- Provides financial payment in the event of death caused by any means
- Some policies also provide payments for the diagnosis of certain serious conditions, such as terminal or extremely serious cancers
- Some policies also provide payments for life-changing injuries such as blindness, paralysis or loss of limbs

#### Things to consider:

- All life insurance claims are paid if you die of an illness. However, not all serious illnesses are covered if diagnosed (also called Critical Illness Cover) which is different to life insurance
- Not all injuries are covered
- Most pre-existing medical conditions, including cancer, are covered. Be truthful and declare any conditions to ensure needs are covered

# Explaining the importance of insurance

## Fact cards

### Health insurance

#### Benefits:

- Provides financial or private medical cover for different medical conditions and injuries

#### Things to consider:

- Not all medical conditions are covered
- Not all injuries are covered
- Different policies provide different types of cover. Some provide access to private medical care, while others make cash payments under certain conditions
- Pre-existing medical conditions may not be covered
- May not be a priority because of what you might be able to access through the NHS

### Home buildings insurance

#### Benefits:

- It covers the cost of rebuilding your home or repairing damage to its structure or its fixtures and fittings. While cover varies between providers, you'll generally be able to claim if your home is damaged by:
  - Vandalism
  - Subsidence
  - Fire, smoke and explosions
  - Water from leaking pipes or from external flooding
  - Falling trees
  - Vehicle collisions into your property
  - Storms and adverse weather
- 88% of homeowners have buildings insurance. You'll need it if:
  - Your home is mortgaged – it'll usually be a condition of the mortgage
  - You live in a flat and own the freehold – this could be individually or jointly with other tenants in the block. If you only own the leasehold, it's usually the landlord's responsibility
  - You're a landlord renting out a property that you own

#### Things to consider:

- If you're renting, you won't need buildings insurance, though you may want to consider taking out home contents insurance
- The amount of cover you need. How much would it cost to rebuild your home? This isn't the same as the value of your home were you to sell it, so you'll need to work it out. Use the Association of British Insurers' rebuild calculator – individuals need to register with them but it's free to use
- What exclusions should I look out for? The majority of home insurance policies will have things that aren't covered. To avoid having a claim turned down, read the policy wording to see what's covered and what's not before choosing your policy. For example, garden fences blown down in a storm and fitted kitchen appliances, particularly boilers, may be excluded – some policies cover these while others won't or will have them as an optional extra

# Case studies

## Home buildings insurance



Unfortunately, due to the very heavy rain over a weekend, the drains in Gabby's home were unable to cope with the vast amounts of rainwater. This resulted in her kitchen being flooded, a small electrical fire and the water subsequently destroying the electrics on her boiler and washing machine.

Gabby contacted her buildings insurance provider first thing on the Monday morning to report the incident. The insurance provider didn't insist on the completion of complex claims forms and merely wanted a report from a qualified plumber/ electrician confirming that the boiler and the washing machine were beyond repair, together with a quote for their replacement.

The insurer also said that if any other of Gabby's contents fail to respond to drying, they would need a list with a note of each items and its replacement value.

## Car insurance



While on a beach holiday in the UK, Rich's family vehicle was damaged in a service station by a French large goods vehicle. Due to a language barrier the third party was unable to provide his insurance details and initial efforts to identify the third party insurers proved unsuccessful.

Luckily, Rich had taken photos not only of the driver but the logo on the lorry. His car insurance provider was able to use their examining skills to locate the company in France who then informed them of their insurers, enabling Rich's provider to deal with the claim.

Taking photographs of road incident damage helps in numerous ways; it can confirm the involvement of 'forgetful' third parties and counter injury claims from phantom passengers or other untruths.

\* Please note that the numbers used in these case studies are indicative only and based on this specific example, which is shown for information purposes only.



# Case studies

## Life insurance



Bhaves, a 66 year old non-smoker contacted an insurance broker as he wanted life insurance to ensure funds would be available for his partner to repay their mortgage, should he pass away.

Bhaves's repayment mortgage had an outstanding balance of £50,000 over a remaining term of 12 years. The broker informed him the most cost effective way of doing this was via a Decreasing Term policy. However, Bhaves was concerned of the impact that declaring his Type 1 Diabetes and Celiac Disease with the broker would have on the likelihood of securing affordable insurance. He had issues in the past with a different provider for this very reason.

Bhaves was upfront about his conditions and informed the broker that he had experienced problems in arranging life insurance on his own in the past. Whilst this combination of conditions may mean a decline from some major providers, others could provide cover but required Bhaves to pay a monthly premium of over £120 (standard premium plus 125%) that he just couldn't afford.

On behalf of Bhaves, the broker contacted each insurance provider to find the best solution. The broker found one insurer that was able to offer cover with a 125% increase on top of the standard premium.

Bhaves and his partner were relieved to be able to arrange a decreasing term life policy, with a terminal illness provision, to cover the initial sum assured of £50,000 over a term of 12 years, for a monthly premium of £70.25 per month.

\* Please note that the numbers used in these case studies are indicative only and based on this specific example, which is shown for information purposes only.

# Explaining the importance of insurance

## Quote role play script

### Introduction

Hello and thank you for calling Eazee Insurance. What type of home insurance are you after?

### Questions

**Ok great. I'd like to start with a few questions about you:**

- When would you like your cover to start?
- What's the address of the property you want to insure?
- Is this your main home?
- Is your home solely occupied by you and your family?
- What's your current employment status?
- If employed, what occupation most closely describes what you do?
- Would you like to add an additional policyholder?
- How many buildings or contents claims have you and anyone else living at the property made within the last five years?
- How many years have you been with your current home insurer?

**Next, I'd like to ask some questions about your home:**

- To the best of your knowledge, has any flooding occurred in your home or it's grounds?
- Do you carry out any business activities from your home?
- Is your home unoccupied overnight more than 90 days in total during the period of insurance?
- What type of property is it?
- What's the ownership status of the property?
- Approximately what year was the property built?
- How many floors is the property?
- What are the walls built out of ?
- What is the roof made up of ?
- Does the property have a security alarm?
- Are you planning any building work to your home in the next three months?
- To your knowledge, what is the accurate market value for the property?
- Is more than 50% of the roof flat?

### Quote

Thank you. We provide unlimited cover for general home contents. For jewellery, watches, gemstones, gold, precious metals and other valuable items we ask you to specify how much cover you need and we provide cover up to that amount.

- What's the approximate total value of all your valuable items?

Ok, thank you very much for that. The annual price for your buildings and contents insurance is £81.50. Have you got any questions? [Learners asks clarifying question regarding water damage]

Good question, claims for the latter would be declined as claims caused by lack of maintenance are excluded from this particular policy.

### Wrap up

Would you like to take out this policy now?

No problem at all, I'll email you the quote, which includes details of how you can take out this policy with us in the future. The quote is valid for 30 days.

# Explaining the importance of insurance

## Quote scenario card

### About you:

- You would like your cover to start from Friday next week
- Your main house address is 21 Church Road, Old Town, England, OT1 2EG
- Your home is solely occupied by you and your family. You would like to add your partner as an additional policy holder
- Your work part-time or full-time, outside of your home
- You have made no contents claims within the last five years
- You've been with your current insurance provider for two years

### About your home:

- To the best of your knowledge, no flooding has occurred in your home or its grounds
- Your home is never unoccupied overnight for more than 90 days in total
- You live in a ground floor flat, owned through a mortgage, built in 2001. Its current value is £225,000
- Your understanding of the building is that it has brick walls and a slate roof (only 20% of which is flat)
- You have a security alarm, but it's not connected to any sort of security service
- You're not planning any building work in the next three months

### About your contents:

- The total value of all valuable items within your home is £4,500

### Once you have your quote, ask a clarifying question regarding water damage:

On this policy, please can you tell me the difference between the likelihood of claiming for a leak caused by a sudden incident such as cutting through a pipe, compared with a leak caused by gradual wear and tear such as worn away tile sealant. Are both water damage scenarios covered under this particular policy?

### In response to taking out the policy now:

I'm not ready to take this policy out now, I'd like to read the finer details of the quote first, as well as getting some other comparative quotes from different providers. Please can you email me the quote and full details and I'll get back to you in due course. Thank you for your help today.