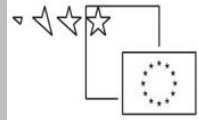




REPUBLIKA SLOVENIJA  
MINISTRSTVO ZA ŠOLSTVO IN ŠPORT



*Naložba v vašo prihodnost*  
OPERACIJO DELNO FINANCIRA EVROPSKA UNIJA  
Evropski socialni sklad

# TUJI JEZIK ZA ZAVAROVALNO STROKO – ANGLEŠČINA

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Vsebina tega dokumenta v nobenem primeru ne odraža mnenja Evropske unije. Odgovornost za vsebino dokumenta nosi avtor.



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## PREDGOVOR

Delovno gradivo, ki je pred vami, je namenjeno študentom višješolskega strokovnega študijskega programa Ekonomist (modul Zavarovalništvo) kot osnovno vodilo pri spoznavanju specifičnega besedišča stroke. Področje zavarovalništva je strokovno precej obsežno, zato je namen tega gradiva predvsem v tem, da študentom zavarovalne stroke z izvirnimi strokovnimi besedili približamo zavarovalno terminologijo v angleškem jeziku.

Na osnovi predelanih besedil in vaj bodo študenti usvojili dovolj angleškega strokovnega izrazja v zavarovalni stroki, da bodo lahko v svoji stroki brez večjih težav tudi pisno in ustno komunicirali v angleškem jeziku oz. da lahko svoje znanje preverijo pri razumevanju strokovnih besedil – branje člankov, sledenje novostim na spletnih straneh tujih zavarovalnic ... Priporočljivo je, da si pri razumevanju strokovnih besed s področja zavarovalništva pomagate s slovarjem iz zavarovalne stroke (avtorice Helena Krašovec) in z drugimi enojezičnimi (npr. The Free Dictionary – <http://www.thefreedictionary.com>) in dvojezičnimi slovarji.

Ker je zavarovalništvo kot stroka prav specifično področje tudi za predavatelja jezika stroke, se razlage nekaterih pojmov seveda ne da domisliti brez pravih pripomočkov in ljudi iz stroke. Za strokovna pojasnila in pomoč pri gradivih v tujem jeziku se moram torej predvsem zahvaliti predavateljici in recenzentki ge. Manji Rudolf in študentom zavarovalništva, ki so mi pomagali razjasniti marsikateri zavarovalniški pojem. Posebna zahvala je namenjena še zlasti predavateljici in lektorici Živi Trstenjak, ki je s svojimi bogatimi izkušnjami pri poučevanju strokovnega tujega jezika, pa tudi sicer z metodološkega vidika, precej pripomogla k temu, da so besedila didaktično in strokovno uporabna.

Pri uporabi gradiva vam želim veliko strokovnih užitkov.

Martina Belšak

## LEGENDA



branje



poslušanje



govorjenje



pisanje



# 1 INSURANCE

After this chapter you will be able to:

- learn the meaning and importance of the word insurance;
- acquire the vocabulary that is used in insurance business;
- find the definition of insurance on the website or in the dictionary.



## Discussion in pairs:

- + Insurance? Why do you need it?
- + Many people take it as a nuisance. They think insurance companies only want the money. But what about the benefits?
- + How many risks are you really exposed to in your life?
- + Many have never made a claim on their insurance. Do you agree that paying the premium month after month feels as you were pouring money right down the drain?
- + Is insurance really there to protect you, your property, leisure and your investment?
- + Banks lend money because they know that there is a very good chance that they will get their money back. Do you agree?
- + Is it true that you can buy insurance to cover almost any risk — the risk that you will die, or that you will become ill and require medical attention, or that you will have a car accident, etc.?
- + Is there any difference between the expressions *insurance* and *assurance*? Are they synonyms?

synonym [ˈsɪnənɪm]

1. (Linguistics) a word that means the same or nearly the same as another word, such as *bucket* and *pail*

2. (Literary & Literary Critical Terms) a word or phrase used as another name for something, such as *Hellene* for a *Greek*

3. (Life Sciences & Allied Applications / Biology) *Biology* a taxonomic name that has been superseded or rejected

(Adapted from: <http://www.thefreedictionary.com/synonym>, 15. 5. 2011)

## 1.1 WHAT IS INSURANCE?



Read the text *An Introduction to Insurance* and answer the questions.

a) What is the text about?

\_\_\_\_\_

b) Who wrote it? An insurance agent or a client?

\_\_\_\_\_

c) Name at least three types of insurances mentioned in the text.

\_\_\_\_\_

d) Find and write down the options to pay a premium.

## An Introduction to Insurance



The options for purchasing insurance are plentiful with choices ranging from choosing the insurance company, searching for an agent, deciding on the deductible, amount of coverage, beneficiaries and dependent coverage. Once you have a child the offers start pouring in on insuring your new arrival. Does the child need a policy or can he or she be added to an existing policy?

For couples planning on marrying they need to decide which employer offers the best coverage. When you merge your belongings into one household as cohabitants the need for a renter's policy, if one is not already in place, becomes an issue. When settling into your new residence you immediately start photographing the big-ticket items, and create a notebook recording the model and serial numbers. I prefer analysis pads that have columns for easy record keeping. You can also keep this data on the owner's manual with all manuals in one location for easy access.

Several months ago my home was burglarized. I received from the police a *Victim's Supplemental Property Loss Report*. The categories on this report include quantity, article, serial number, brand, model number, miscellaneous description – color, size, etc. and fair dollar value. I have been renting for seven years a house that is a duplex and was not insured. I now have *Renter's and Earthquake Insurance*.

I learned while serving on a jury this summer that a robbery occurs with force while a burglary is the unlawful entry of premises. It was alarming to learn the number of members on the jury panel that answered yes to being a victim of a crime. Not one of these crimes ended with the capture of the culprit. This is another reason why insuring one's property is a must in this day and age.

When a family member turns 15 or 16 in most states they are eager to obtain a driver's license or student permit. A few months before this event takes place the family needs to look over their automobile policy and make changes to the coverage to cover the additional driver in their household.

On some policies when a child turns the legal age of eighteen they may no longer qualify to be on their parent's insurance policy. If the graduate is going onto college the health and auto policies need to be consulted to determine coverage options.

With many insurance companies you have the option of paying the entire premium in one payment, or make monthly payments. You can have the payments deducted from your checking account or pay at your agent's office, mail in a check to the company or use their automated telephone system and perhaps even pay online.

Feel free to visit often and subscribe to the weekly insurance newsletter. The forum is open for visitors to check in and discuss topics of interest and current events. Should you have specific needs do not hesitate to submit questions or suggestions.

(Adapted from: <http://www.bellaonline.com/articles/art32673.asp>, 14. 11. 2009)

## 1.2 INSURANCE DEFINITION AND VOCABULARY

### 1.2.1 Insurance definition



**Read the two definitions of *insurance* and find the Slovenian words and phrases for the underlined ones.**

The concept of insurance is fairly simple – it involves paying someone (the insurance company) to take on a certain risk. When you buy an insurance policy, you agree to pay a premium (the cost of the insurance) to an insurer. The insurer, in turn, agrees to pay a specified amount of money in case something covered by your insurance is damaged, lost, or stolen. For example, those of us who own cars are required to carry automobile insurance. We pay the premiums, whether or not we have accidents. When we do have an accident, our insurer is responsible for paying the bills related to the accident, in whatever amount is specified in the insurance policy.

You can buy insurance to cover almost any risk – the risk that you will die, or that you will become ill and require medical attention, or that you will have a car accident, among others.

When you buy insurance, there are lots of things to think about – specific risks you are actually facing, where you are in your life, how much insurance coverage you can afford, and other factors. So before you get started making decisions about buying insurance, it's helpful to know something about each of the types of insurance that are available to you.

(Adapted from: [www.panamericanlife.com/learn/what-is-insurance.aspx](http://www.panamericanlife.com/learn/what-is-insurance.aspx), 15. 7. 2010)

Insurance, in law and economics, is a form of risk management primarily used to hedge against the risk of a contingent loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium, and can be thought of as a guaranteed and known small loss to prevent a large, possibly devastating loss. An insurer is a company selling the insurance; an insured or policyholder is the person or entity buying the insurance. The insurance rate is a factor used to determine the amount to be charged for a certain amount of insurance coverage, called the premium. Risk management, the practice of appraising and controlling risk, has evolved as a discrete field of study and practice.

(Adapted from: <http://en.wikipedia.org/wiki/Insurance>, 15. 7. 2010)



**Read the two definitions again and answer the questions.**

- + What is insurance?
- + Explain the expressions *insurance*, *insurer*, *the insured*, *insurance agent* and *insurance company*.
- + What risks should be considered when buying insurance?
- + Discuss the relation between the expressions *premium* and *insurance rate*.



**Find another definition of *insurance* and put it down (use The Insurance Dictionary, online dictionaries, encyclopedia etc.).**

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### 1.2.2 Insurance vocabulary

There are many words, often quite similar and ambiguous, that denote insurance business. Both, the one selling insurance and the other buying it, should be well acquainted with their meaning.



**Match the words and phrases on the left with the appropriate definition on the right.**

auto insurance	insurance that provides protection against flooding or excessive water damage
claim	insurance that protects you in case of a tooth emergency or expensive dental work
co-payment	the amount you have to pay for services before your insurance policy begins to pay
coverage	the amount you have to pay at set times for having insurance protection
deductible	the amount you have to pay for services along with what your insurance company pays
dental insurance	when you report something to your insurance company in order to receive money for damages
flood insurance	insurance that protects you in case of an auto wreck or accident
health insurance	insurance for people who rent; pays for damage to the rental property and the personal property of the renter
homeowner's insurance	what services your insurance policy will pay for
insurance agent	insurance that helps pay for doctor and hospital bills for illnesses and medical emergencies
life insurance	insurance that pays cash when your spouse or a loved one dies
premium	insurance that pays for damage to your home caused by fire, natural disasters, and burglary
renter's insurance	the person who sells insurance

(Adapted from: [www.nc-net.info/ESL/...2/.../Insurance/insurancevocabulary.doc](http://www.nc-net.info/ESL/...2/.../Insurance/insurancevocabulary.doc), 13. 10. 2009)



Use a dictionary (e.g.: <http://www.thefreedictionary.com/>) or Google and write down additional insurance definitions of the following words and phrases. Mind the pronunciation.

actuary	
assessor	
claim	
comprehensive insurance	
consequential loss	
cover	
employer's liability	
insurance broker	
liability	
liable	
loss	
loss adjuster	
policy	
policyholder	
premium	
product liability	
public liability	
reinsurance	
risk	

### Summary

There are many words and phrases connected to insurance; therefore an insurance agent is necessary to help us buy appropriate insurance. Insurance has become an important part of our lives since we tend to be protected against everything.

## 2 INSURANCE COMPANY

After this chapter you will be able to:

- describe an insurance organization;
- name and present foreign and Slovenian insurance companies;
- introduce foreign insurance associations,
- introduce the Slovenian Insurance Association and its members;
- read and discuss the annual report of an insurance company.



### Discussion in pairs:

- + What kind of a company is an insurance company?
- + What economic sector does it belong to?
- + What are its products?
- + Name some Slovenian insurance companies. What about the foreign ones?
- + What is the typical organizational structure of the Slovenian insurance companies?

### 2.1 INSURANCE COMPANIES AROUND THE WORLD

The names of insurance companies from all over the world can be found on the Internet (e.g. <http://www.iin.com/iincompanies.html>) or through their national associations (e.g. Slovenian Insurance Association (SIA) – <http://www.zav-zdruzenje.si/index.htm>; Association of British Insurers (ABI) – <http://www.abi.org.uk/>; American Insurance Association (AIA) – <http://www.aiadc.org/aiapub/>).

They are usually classified according to the type of insurance (life insurance companies, non-life, general etc.) or their ownership.



Look for foreign insurance companies on the Internet and fill in the table.

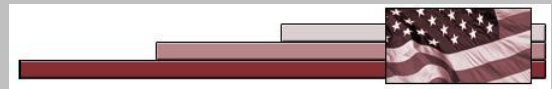
FULL NAME	COUNTRY(acronym)	TYPE OF INSURANCE



Read the text *American National Insurance Company* and answer the following questions. Give **SHORT ANSWERS**.

- + When was the American National Insurance Company established?  
\_\_\_\_\_
- + Is the American National Insurance Company a big or a small company?  
\_\_\_\_\_
- + How many clients do they have?  
\_\_\_\_\_
- + Where does the American National Insurance Company operate?  
\_\_\_\_\_
- + Write down TWO of their products.  
\_\_\_\_\_
- + What is *Securities Management and Research, Inc.*?  
\_\_\_\_\_
- + Does the *Multiple Line's* select their clients according to their financial ability?  
\_\_\_\_\_
- + Do the insurance agents travel to clients' homes?  
\_\_\_\_\_
- + What kind of authority does the American National Insurance company have in Western Europe?  
\_\_\_\_\_
- + Who has the authority to underwrite insurance policies in the federal state of New York?  
\_\_\_\_\_

### American National Insurance Company



Chartered in 1905, American National Insurance Company has evolved into an industry leader, ranking among the largest of life insurance companies in the United States.

Today, the company and its subsidiaries provide personalized service to more than 5 million policyholders throughout 50 states, the District of Columbia, Puerto Rico, and American Samoa. Directly and through subsidiaries, the company offers a broad line of insurance products and services, including life insurance, annuities, health insurance, property and casualty, credit insurance, and pension plan services. Mutual funds and variable products are securities products distributed through Securities Management and Research, Inc., a subsidiary broker-dealer of American National Insurance Company.



*Multiple Line's* exclusive agency force markets a variety of life and property/casualty insurance products to individuals and families at all income levels throughout the United States and Puerto Rico.

*American National's Home Service Division* markets to households in the United States and Mexico. The Home Service field force is made up of employee-agents who traditionally sell, service and collect premiums in the consumer's home.

American National Insurance Company is authorized to sell its products to American military personnel in Western Europe. Unless otherwise indicated, the products and services are available in the U.S. only and not all products or services are available in all states. Only *Garden State Life Insurance Company* and the *Farm Family companies* are authorized to do business in the state of New York.

(Adapted from: [http://www.anico.com/our\\_company.dhtml](http://www.anico.com/our_company.dhtml), 12. 12. 2009)

## 2.2 INSURANCE COMPANY AND ITS STRUCTURE



**Read the first two paragraphs of the text and draw a mind map.**

Insurance company is the organization that underwrites insurance policies. There are two principal types of insurance companies: mutual and stock. A mutual company is owned by its policyowners, who elect a board of directors that is responsible for its operation. A stock company is owned by its stockholders.

In a mutual company, profits take the form of policy dividends, or refunds of part of premiums paid, which are distributed to policyowners. Profits in a stock company take the form of stockholders dividends, which are distributed to stockholders.

(Adapted from: <http://www.answers.com/topic/insurance-company-insurer>, 15. 7. 2010)

Whether an insurance company is mono-line or multi-line, whether it specializes in personal lines or commercial lines, it is made up of people who perform various functions. Many of them work in the background and do not have direct exposure to the general public. Yet they perform vital functions for the companies they work for.

Of course, agents would have nothing to sell if it weren't for the other functions taking place in the insurance company – at both its central, or "home" office and its regional or branch offices.

The insurance company's organizational structure usually consists of many departments:

Underwriting Department  
Policy Issue and Administration  
Claims Department  
Actuarial and Statistical Department  
Accounting Department  
Investment Department  
Legal Department  
Audit Department  
Loss Control Department  
Agency Department  
Marketing Department  
Reinsurance Department  
Miscellaneous Support Departments

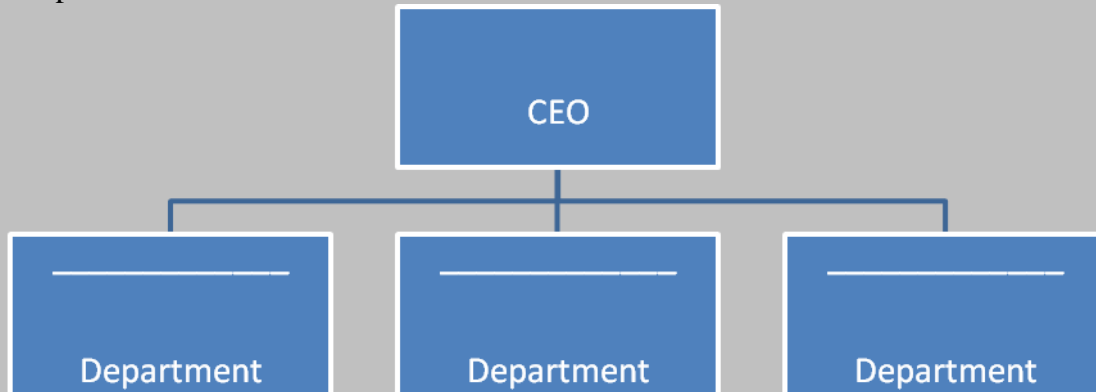
(Adapted from:

<http://www.informit.com/articles/article.aspx?p=349423&seqNum=3>, 15. 7. 2010)



Read the third part of the text where the insurance company's organizational structure is introduced. Study the departments and then compare them with a Slovenian insurance company. Draw its organizational structure.

Example:



Discuss the insurance company's organizational structure with other students.

- + Who is at the top of the ...?
- + How many departments are there?
- + Who is in charge of the... department?
- + What is the ... department responsible for?
- + Where can you get the information about ...?
- + Match the following words with appropriate departments: salary, annual report, life insurance premium, education, advertisement, slogan, new product ...

## 2.3 INSURANCE COMPANY'S FINANCE



**Discussion.**

- + What is an annual report?
- + What does it include?
- + Is a balance sheet a part of it?
- + Does a balance sheet include the same facts as financial or income statement?

### Annual report



Read the text and discuss the items that should be included in an annual report.

An annual report is a comprehensive report on a company's activities throughout the preceding year. Annual reports are intended to give shareholders and other interested people information about the company's activities and financial performance. Most jurisdictions

require companies to prepare and disclose annual reports, and many require the annual report to be filed at the company's registry. Companies listed on a stock exchange are also required to report at more frequent intervals (depending upon the rules of the stock exchange involved).

Typically annual reports will include:

Chairperson's report  
CEO's report  
Auditor's report on corporate governance  
Mission statement  
Corporate governance statement of compliance  
Statement of directors' responsibilities  
Invitation to the company's AGM

as well as financial statements including:

Auditor's report on the financial statements  
Balance sheet  
Statement of retained earnings  
Income statement  
Cash flow statement  
Notes to the financial statements  
Accounting policies

Other information deemed relevant to stakeholders may be included, such as a report on operations for manufacturing firms or corporate social responsibility reports for companies with environmentally or socially sensitive operations. In the case of larger companies, it is usually a sleek, colorful, high gloss publication.

(Adapted from: [http://en.wikipedia.org/wiki/Annual\\_report](http://en.wikipedia.org/wiki/Annual_report), 12. 10. 2009)



**Look at the simplified financial statements for an imaginary retail store below. All figures are in €000s. Negative figures are in brackets.**

**Discuss (and if necessary translate) the items and compare them to a financial statement of a Slovenian insurance company. The items in bold should be discussed in detail.**

Figure 1: Profit and Loss Account (Income Statement)

<b>Revenues</b>		
Gross sales		640
Less: Sales returns	6	
Less: Sales discounts	4	
		(10)
Net sales		630
<b>Cost of goods sold</b>		
Purchases		290
Salaries of manual workers		30
Transport costs		30
Cost of goods sold		(350)
Gross profit		280
<b>Operating expenses</b>		
Selling expenses		
Salaries for sales staff	82	
Advertising	18	
Total selling expenses		100
General expenses		
Salaries for administrative staff	52	
Insurance	6	
Rent	18	
Light, heat and power	10	
Office supplies	2	
Miscellaneous	2	
Total general expenses		90
Total operating expenses		(190)
Operating profit		90
Non-operating income	5	
EBITDA		95
Depreciation	(10)	
EBIT		85
Interest paid on bank loans	(6)	
Net income before taxes		79
Less: Income tax	(19)	
Net income (or loss) after taxes		60
Dividends	(13)	
Retained profit		€47

Source: Emmerson, 2007, 40

Figure 2: Balance Sheet 1

<b>ASSETS</b>		
<b><i>Current assets</i></b>		
Cash at bank	15	
Accounts receivable	200	
Inventory	<u>180</u>	
Total current assets		395
<b><i>Fixed assets</i></b>		
Building and improvements	300	
Less: accumulated depreciation	(90)	
	210	
Equipment and vehicles	120	
Less: accumulated depreciation	(80)	
	40	
Furniture and fixtures	20	
Less: accumulated depreciation	(8)	
	<u>12</u>	
Total fixed assets		262
<b><i>Intangible assets</i></b>		
Total intangible assets		<u>20</u>
Total assets		<b>677</b>
<hr/>		
<b>LIABILITIES AND EQUITY</b>		
<b><i>Current liabilities</i></b>		
Bank debt	20	
Accounts payable	30	
Accrued taxes	22	
Accrued salaries	<u>45</u>	
Total current liabilities		117
<b><i>Long-term liabilities</i></b>		
Mortgage	100	
Bonds payable (due Mar 2018)	20	
Total long-term liabilities		<u>120</u>
Total liabilities		237
<b><i>Shareholders' equity</i></b>		
Share capital (300,000 shares @ €1)	300	
Retained profit	<u>140</u>	
Total owners' equity		<u>440</u>
Total liabilities & equity		<b>677</b>

Source: Emmerson, 2007, 41



Look at the example of a balance sheet. Replace the underlined expressions with a word or phrase from the box with a similar meaning.

Figure 3: Balance Sheet

bank overdraft    capital reserves    creditors    land    ordinary shares plant    preference shares    share capital    stock tax    working capital	
<b>BOGUS INDUSTRIES plc</b>	
Balance sheet as at 31 December 2001	
<b>ASSETS</b>	<b>\$000</b>
<i>Fixed assets</i>	
(1) <u>Property</u>	420
Buildings	180
(2) <u>Equipment</u> and machinery	100
<b>Total fixed assets</b>	<b>700</b>
<i>Current assets</i>	
Raw materials	
Work-in-progress	}
Finished goods	
(3) <u>goods held in storage</u>	200
Debtors	90
Cash in bank	60
<b>Total current assets</b>	<b>350</b>
<i>Current liabilities</i>	
(4) <u>People owed money</u>	80
(5) <u>Money owed to the bank</u>	50
(6) <u>Money owed to the government</u>	35
<b>Total current liabilities</b>	<b>165</b>
(7) <u>Net current assets</u>	<b>185</b>
<b>Net assets</b>	<b>885</b>
<b>CAPITAL</b>	
(8) <u>Money invested in the company and represented by shares</u>	
(9) <u>Shares paying a variable dividend to shareholders</u>	500
(10) <u>Shares paying a fixed dividend to shareholders</u>	300
(11) <u>Shares held in a special fund used to pay off creditors if the company goes into liquidation</u>	85
<b>Total</b>	<b>885</b>

Source: Sweeney, 2004, 34



**Match the words or phrases on the left with the correct definition.**

- |                      |  |
|----------------------|--|
| 1. intangible assets | a The money paid to shareholders out of profits.   |
| 2. fixed assets      | b Regular costs and money owed.  |
| 3. liquidity         | c Any investments, cheques, bank deposits, stock or work-in-progress that can easily be converted into cash. |
| 4. depreciation      | d Assets which can be used to make immediate payments.   |
| 5. current assets    | e Property, land and equipment which is not normally intended for immediate sale.                            |
| 6. dividend          | f Brand names, patents, rights, trade marks and licences which may be the major part of a company's wealth.  |
| 7. liabilities       | g The total amount borrowed from a bank.   |
| 8. liquid assets     | h The ability of a company to pay suppliers, employees, shareholders, tax authorities, etc.                  |
| 9. overdraft         | i The notional fall in value of equipment over time.   |

(Source: Sweeney, 2004, 33)



**Fill in the missing entries in the balance sheet with the expressions in the box.**

Amounts owed by related companies	Called up share capital
Creditors; amounts falling due after one year	<del>Development costs</del>
Figures and fittings	General reserve
Net current assets	Profit and loss account
Stock	Tangible assets

Figure 4: Balance Sheet 3

	£	£000's £	£
<b>Fixed Assets</b>			
Intangible Assets			
(1) <i>Development costs</i>	180		
Goodwill	<u>40</u>	220	
(2) _____			
Land and buildings	600		
(3) _____	<u>20</u>	620	
Investments			
Shares in related companies	4,100		
Loans to related companies	<u>59</u>	<u>4,159</u>	4,999
<b>Current Assets</b>			
(4) _____			
Raw materials	600		
Finished goods	<u>800</u>	1,400	
Debtors			

Trade debtors	1,200		
(5) _____	400		
Called up share capital not paid	500		
Prepayments	<u>400</u>	2,500	
<b>Creditors: amounts falling due within one year</b>			
Debentures	600		
Bank overdrafts	50		
Bills of exchange payable	<u>50</u>	<u>700</u>	
(6) _____			<u>3,200</u>
<b>Total assets less current liabilities</b>			8,199
(7) _____			
Debentures	100		
Bank loans	<u>100</u>	200	
			<u>7,999</u>
<b>Capital and reserves</b>			
(8) _____			6,000
<i>Other reserves:</i>			
Capital redemption reserve	300		
(9) _____	<u>599</u>	899	
(10) _____			1,100
			<u>7,999</u>

Source: Pohl, 2002, 52



On the Internet find a Slovenian insurance company's balance sheet and compare it to the foreign one. Is there a difference?



Compare the balance sheet of a business company (from the exercises above) with the one that is typical for insurance companies (below). Discuss the differences/similarities and explain items in the left column in detail. Give a general opinion about the financial situation of the insurance company from 2006 to 2010.

Figure 5: Insurance — Balance Sheet and Income Statement

<b>Insurance — Balance sheet and income statement</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	Balance sheet				
	\$ millions				
<b>Assets</b>	<b>390,841</b>	<b>421,597</b>	<b>429,954</b>	<b>466,043</b>	<b>494,220</b>
Cash and deposits	5,948	6,618	10,692	8,403	8,148
Accounts receivable and accrued revenue	19,801	20,248	23,759	23,714	24,395
Investments and accounts with affiliates	55,380	59,691	66,899	88,530	91,782
Portfolio investments	224,426	238,330	229,332	245,332	268,481
Loans	46,214	47,356	47,157	47,228	47,767
Mortgage	40,140	40,649	40,361	39,812	40,110
Non-mortgage	6,073	6,708	6,796	7,416	7,657
Allowance for losses on investments and loans	-54	-56	-314	-303	-329

Bank customers' liabilities under acceptances	0	0	0	0	0
Net capital assets	8,316	9,534	10,525	10,874	11,298
Other assets	30,810	39,875	41,904	42,265	42,678
<b>Liabilities</b>	<b>289,703</b>	<b>306,217</b>	<b>313,531</b>	<b>329,955</b>	<b>351,628</b>
Deposits	5,651	5,683	6,050	6,214	6,522
Actuarial liabilities of insurers	158,962	177,797	178,315	189,759	205,942
Accounts payable and accrued liabilities	62,077	64,768	70,646	71,883	74,204
Loans and accounts with affiliates	12,114	12,367	11,301	19,396	20,463
Borrowings	9,693	12,771	13,869	11,713	13,381
Loans and other borrowings	3,634	5,599	6,272	3,737	6,225
Bankers' acceptances and paper	6	6	14	6	6
Bonds and debentures	5,742	6,658	7,153	7,530	6,780
Mortgages	312	508	429	439	371
Future income tax	-750	150	991	337	368
Bank customers' liabilities under acceptances	0	0	0	0	0
Other liabilities	41,957	32,681	32,359	30,652	30,747
<b>Equity</b>	<b>101,138</b>	<b>115,380</b>	<b>116,423</b>	<b>136,089</b>	<b>142,593</b>
Share capital	29,770	29,437	37,359	51,221	54,825
Contributed surplus and other	2,468	2,321	5,432	6,368	6,112
Retained earnings	68,900	83,621	73,632	78,499	81,656

**Notes:**

North American Industry Classification System (NAICS), 2007 - 524.

Income statements represent the four quarter sum of values reported to the Quarterly Survey of Financial Statistics for Enterprises, while balance sheet values reflect the fourth quarter levels.

**Sources:** Statistics Canada, CANSIM, table (for fee) 187-0001 and Catalogue no. 61-008-X.

Last modified: 2011-05-26.

Source: <http://www40.statcan.ca/101/cst01/finn18a-eng.htm> (12. 4. 2011)



**Look at Triglav Insurance Company's Annual Report**

**(<http://www.triglav.si/skupinatriglav/ang/pokazi.asp?id=269>, 5. 5. 2011) and explain it in English. After that, look at their balance sheet and present the financial situation of Triglav Insurance Company for the year 2009.**



**Reading company reports. Fill in the gaps with the correct expressions in the box.**

current assets	chief executive	supervisory board
subsidiaries	board of directors	multinational
balance sheet	annual report	profit and loss account

An \_\_\_\_\_ describes a company's activities in the year under review.

A \_\_\_\_\_ is a statement showing the financial position of an enterprise by listing its assets and liabilities.

A statement showing the expenditure and income of an enterprise for a certain period is called \_\_\_\_\_.

\_\_\_\_\_ are stocks of finished and unfinished goods, raw materials, cash and cheques.

At the annual general meeting of a limited company, the \_\_\_\_\_ is elected.

The board of directors is headed by the \_\_\_\_\_.

A large company having \_\_\_\_\_ in many countries is called \_\_\_\_\_.

In a public limited company the \_\_\_\_\_ is responsible for exercising control over the managers' activities. (Source: Barlage, 2001, 42)

## 2.4 INSURANCE COMPANY ASSOCIATIONS

Insurance associations usually merge the member companies in all sectors of a state's insurance industry to represent the common or individual interests of members. They often take over the fulfilment of obligations from international treaties and agreements, support educational processes in insurance, organize seminars, publish statistical data etc.



### Discussion in pairs.

- + Which insurance company do you work for? (or Which insurance company do you pay your premiums to?)
- + Is your insurance company a member of the Slovenian Insurance Association?



**Read the text *The Slovenian Insurance Association* and answer the following questions:**

- + What is SIA?
- + When was it established?
- + What is the primary aim of the association?
- + Who can become its member?
- + Write down three tasks of the association.

### The Slovenian Insurance Association



The Slovenian Insurance Association (formerly the Slovenian Insurance Bureau) is the commercial interest association of Slovenian insurance companies. It was founded in 1992. The Association's activities and basic goals are set out in its Statutes. Membership of the Association is open to insurance companies involved in contract insurance which are registered in the Republic of Slovenia. Association membership is also open to other organisations where this is in the interests of the Association.

The Association represents the common or individual interests of members and performs the tasks laid down by Slovenian regulations and international agreements. The SIA issues consent for the performance of other insurance transactions to individuals and organisations which have established business relations with any of its members; it resolves certain

compensation claims; it collects, processes, publishes and supplies joint statistical data on insurance activities and their importance for the Slovenian economy; at the same time it organises educational seminars for members and performs other tasks of common importance. At present, the tasks are carried out by a 12-member professional service on the basis of resolutions of standing committees, committees and divisions and bodies of the Association, such as the assembly, council and the director.

One of the most important tasks of the SIA is the fulfilment of obligations from international treaties and agreements concerning insurance issues not within state competence. One example is the Uniform Agreement between Bureaux, which concerns the so-called green card – an international document on the insurance of motor vehicles against liability for damages caused to third parties in domestic and foreign traffic. The duties deriving from this agreement are carried out by the Green Card Bureau, which is an independent organisational unit of the Association with its own management body, professional service and head of the professional service.

Membership of the Association is voluntary and has grown continuously since it was established. The Association currently has 16 members.

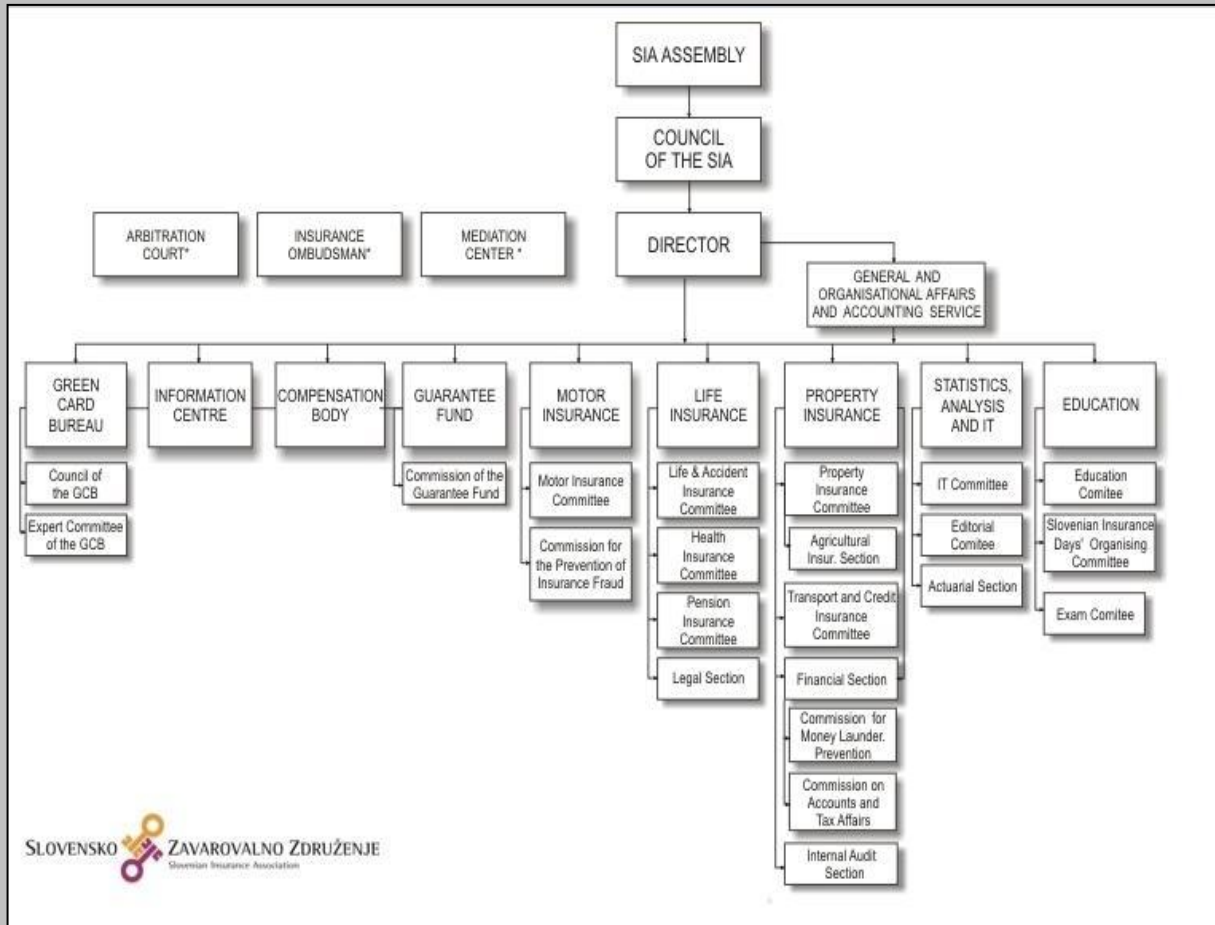
(Adapted from: [http://www.zav-zdruzenje.si/E\\_index.asp](http://www.zav-zdruzenje.si/E_index.asp), 14. 11. 2009)



### **Discussion in pairs.**

Look at the SIA's organigram and discuss the organization of it. Compare it to unit 2.2 and discuss the differences and similarities.

Figure 6: SIA's Organigram



Source: [http://www.zav-zdruzenje.si/E\\_organigram.asp](http://www.zav-zdruzenje.si/E_organigram.asp) (27. 7. 2010)



Look at the SIA's website again ([http://www.zav-zdruzenje.si/E\\_index.asp](http://www.zav-zdruzenje.si/E_index.asp)) and write down the members of the Slovenian Insurance Association.

- + How many members are there?
- + Are they all (Slovenian) insurance companies?
- + Why do you think the reinsurance companies are also the members of it?



On the Internet find some foreign insurance associations and write down their acronyms, full names, and state/origin.

ABI	Association of British Insurers	United Kingdom
AIA		
IIF		




**Discussion and presentation.** Find the main facts about a foreign insurance association, discuss it in pairs, compare it to the SIA and make a short presentation to other students.

## 2.5 REINSURANCE



**Read the facts about reinsurance and complete the sentences below.**

**Reinsurance** is insurance that is purchased by an insurance company (insurer) from another insurance company (reinsurer) as a means of risk management, to transfer risk from the insurer to the reinsurer. The reinsurer and the insurer enter into a **reinsurance agreement** which details the conditions upon which the reinsurer would pay the insurer's losses (in terms of excess of loss or proportional to loss). The reinsurer is paid a **reinsurance premium** by the insurer, and the insurer issues thousands of policies.

*For example, assume an insurer sells one thousand policies, each with a \$ 1 million policy limit. Theoretically, the insurer could lose \$ 1 million on each policy – totaling up to \$ 1 billion. It may be better to pass some risk to a reinsurance company (reinsurer) as this will minimize the insurer's risk.*

There are two basic methods of reinsurance:

**Facultative Reinsurance.** In facultative reinsurance, the ceding company cedes and the reinsurer assumes all or part of the risk assumed by a particular specified insurance policy. Facultative reinsurance is negotiated separately for each insurance contract that is reinsured. Facultative reinsurance normally is purchased by ceding companies for individual risks not covered by their reinsurance treaties, for amounts in excess of the monetary limits of their reinsurance treaties and for unusual risks. Underwriting expenses and, in particular, personnel costs, are higher relative to premiums written on facultative business because each risk is individually underwritten and administered. The ability to separately evaluate each risk reinsured, however, increases the probability that the underwriter can price the contract to more accurately reflect the risks involved.

**Treaty Reinsurance** is a method of reinsurance requiring the *insurer* and the *reinsurer* to formulate and execute a **reinsurance contract**. The *reinsurer* then covers all the insurance policies coming within the scope of that contract.

Almost all insurance companies have a reinsurance program. The ultimate goal of that program is to reduce their exposure to loss by passing the exposure to loss to a *reinsurer* or a group of reinsurers. Therefore, they are 'transferring some of the risk to the *reinsurer* or a group of reinsurers'. In the USA, insurance, which is regulated at the state level, permits an

*insurer* only to issue policies with a maximum limit of 10 % of their surplus (net worth), unless those policies are reinsured.

With reinsurance, the *insurer* can issue policies with higher limits than it would otherwise be allowed, therefore being permitted to take on more risk because some of that risk is now transferred to the reinsurer. Reinsurance has gone from a relatively unsophisticated business to a highly sophisticated endeavor. The reason for this is the number of reinsurers that have suffered significant losses and become financially impaired. From 2000 onward, reinsurers have become much more reliant on actuarial models and tight review of the companies they are willing to reinsure. They review their financials closely, examine the experience of the proposed business to be reinsured, review the underwriters that will write that business, review their rates, and much more. Almost all reinsurers now visit the insurance company and review underwriting and claim files and more.

Most reinsurance placements are not placed with a single *reinsurer* but are shared between a number of reinsurers. For example a \$ 30,000,000 excess of \$ 20,000,000 layer may be shared by 30 or more reinsurers. The *reinsurer* who sets the terms (premium and contract conditions) for the reinsurance contract is called the lead reinsurer; the other companies subscribing to the contract are called following reinsurers.

About half of all reinsurance is handled by reinsurance brokers who then place business with reinsurance companies. The other half is with “direct writing” reinsurers who have their own production staff and thus reinsure insurance companies directly. In Europe reinsurers write both direct and brokered accounts.

(Adapted from: <http://en.wikipedia.org/wiki/Reinsurance>, 25. 3. 2011)

**Top reinsurers** (based on the last company figures):

1. [Munich Re](#) – Germany (US\$ 31.4 billion Gross Written Premiums)
2. [Swiss Re](#) – Switzerland (US\$ 30.3 billion)
3. [Berkshire Hathaway](#) / [General Re](#) – USA (n.a.)
4. [Hannover Re](#) – Germany (US\$ 12 billion)
5. [SCOR](#) – France (US\$ 6.9 billion)
6. [Reinsurance Group of America](#) – USA (US\$ 5.7 billion)
7. [Transamerica Re](#) – USA (US\$ 4.2 billion)
8. [Everest Re](#) – Bermuda (US\$ 4.0 billion)
9. [Partner Re](#) – Bermuda (US\$ 3.8 billion)
10. [XL Re](#) – Bermuda (US\$ 3.4 billion)

In addition, syndicates at Lloyd's of London wrote £ 6.3 billion of reinsurance premium in 2008.



**Complete the sentences.**

Reinsurance is insurance \_\_\_\_\_.

Reinsurance agreement is \_\_\_\_\_.

Facultative reinsurance is purchased by \_\_\_\_\_.

In treaty reinsurance the reinsurer covers \_\_\_\_\_.

From 2000 onward, the reinsurers are constantly visiting the insurance companies and \_\_\_\_\_.

The lead reinsurer is the one who \_\_\_\_\_ and the following reinsurers are \_\_\_\_\_.  
About half of all reinsurance is handled by \_\_\_\_\_, the other half is with \_\_\_\_\_.  
In Europe reinsurers \_\_\_\_\_.

## Lloyd's of London



**Read the information about Lloyd's and answer the following questions:**

- + What does Lloyd's deal with?
- + Who was Edward Lloyd and what was his influence on the market?
- + What does the expression »market regulator« mean?
- + In what way does Lloyd's really function?
- + Can we make business directly with Lloyd's? Explain.

## Lloyd's

Lloyd's, also known as Lloyd's of London, is a British insurance and reinsurance market. It serves as a meeting place where multiple financial backers, underwriters, or members, whether individuals (traditionally known as Names) or corporations, come together to pool and spread risk. Unlike most of its competitors in the insurance and reinsurance industry, it is not a company.

The market began in Edward Lloyd's coffeehouse around 1688 in Tower Street, London. His establishment was a popular place for sailors, merchants, and ship owners and Lloyd catered to them with reliable shipping news. The shipping industry community frequented the place to discuss insurance deals among themselves. Lloyd's is not an insurance company. It is an insurance market of members. As the oldest continuously active insurance marketplace in the world, Lloyd's has retained some unusual structures and practices that differ from all other insurance providers today. Originally created as an unincorporated association of subscribing members in 1774 it was incorporated by the Lloyd's Act 1871, and is currently governed under the Lloyd's Acts of 1871 through to 1982.

Lloyd's itself does not underwrite insurance business, leaving that to its members. Instead the Society operates effectively as a market regulator, setting rules under which members operate and offering centralized administrative services to those members.

There are two classes of people and firms active at Lloyd's. The first are members or providers of capital, the second are agents, brokers, and other professionals who support the members, underwrite the risks, and represent outside customers (for example, individuals and companies seeking insurance or insurance companies seeking reinsurance).

Outsiders, whether individuals or other insurance companies, cannot do business directly with Lloyd's syndicates. They must hire Lloyd's brokers, who are the only customer-facing companies at Lloyd's. They are therefore often referred to as 'intermediaries'. Lloyd's brokers shop customers' policies among the syndicates, trying to obtain the best prices and terms.

(Adapted from: [http://en.wikipedia.org/wiki/Lloyd%27s\\_of\\_London](http://en.wikipedia.org/wiki/Lloyd%27s_of_London), 27. 7. 2010)

## **Summary**

The organizational structure and the role of insurance companies in Slovenia and abroad were dealt with in this unit. The financial situation of an insurance company can be explained by the annual report presentation. Information about various domestic and foreign insurance associations and companies can be found on the Internet.

In this unit we discussed the SIA, its members and functions. Since reinsurance business is closely connected to insurance, the difference between the two is presented. At the end, the Lloyd's of London is introduced.



### 3 INSURANCE JOBS

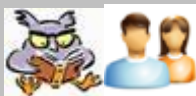
After this chapter you will be able to:

- name and describe professions in insurance business;
- write a job advertisement for an insurance company;
- write an application letter for a job of an insurance employee.

#### 3.1 WHO IS WHO IN INSURANCE BUSINESS



Which jobs in the insurance business do you know? What are their tasks? Discuss your ideas with other students.



**Read the three descriptions of typical insurance jobs. What do the professions have in common? Which would you decide for? Discuss the qualifications needed for each job (education, personal characteristics and skills).**

**An insurance agent** is a state-licensed professional who represents an insurance company in selling and servicing policies. In most states, insurance agents are required to undergo approximately 40 hours of passing classroom education for the type of insurance they are qualifying for to be approved to take the state insurance exam. After successfully completing the state exam an insurance agent will need to take continuing education classes to keep her/his insurance license current. Only insurance agents are allowed to sell and service insurance policies and only in the states they are licensed in.

(Adapted from: <http://personalinsure.about.com/od/insurancetermsglossary/g/agent.htm>, 10. 7. 2010)

**An adjuster**(also known as: claims examiner) can refer to one of three types of insurance professionals whose job it is to examine losses and to determine the extent of a loss and whether a loss is covered under a policy.

Employee adjusters work for the insurance company and handle claims on behalf of the insurer - their job is to limit claims paid by the insurer. Independent adjusters are hired by the insurance companies to handle and evaluate certain claims on an as needed basis. Public adjusters are hired by the insured to make an evaluation of a loss for presentment to the insurer.

(Adapted from:

<http://businessinsure.about.com/od/glossaryofinsuranceterms/g/adjusterdef.htm>, 10. 7. 2010)

**An actuary** is a business professional who deals with the financial impact of risk and uncertainty. Actuaries provide expert assessments of financial security systems, with a focus on their complexity, their mathematics, and their mechanisms.

Analytical skills, business knowledge and understanding of human behavior and the vagaries of information systems are required to design and manage programs that control risk.

(Adapted from: <http://en.wikipedia.org/wiki/Actuary>, 10. 7. 2010)



**Use a dictionary and find Slovenian equivalents for:**

- an insurance agent \_\_\_\_\_
- a license \_\_\_\_\_
- an adjuster \_\_\_\_\_
- an employee adjuster \_\_\_\_\_
- an independent adjuster \_\_\_\_\_
- a public adjuster \_\_\_\_\_
- an actuary \_\_\_\_\_
- financial impact \_\_\_\_\_
- risk \_\_\_\_\_
- asset management \_\_\_\_\_
- liability management \_\_\_\_\_
- valuation skills \_\_\_\_\_
- reinsurance \_\_\_\_\_
- disability \_\_\_\_\_
- compensation \_\_\_\_\_
- malpractice \_\_\_\_\_



**Read through the detailed description of an insurance agent and think about the facts:**

- + What does an insurance agent do?
- + What education is needed to become an insurance agent?
- + Which additional courses do insurance agents have to do?
- + What are the advancement prospects of an insurance agent?
- + What is predicted for the future of insurance agents — will their numbers grow or fall?
- + How much does an insurance agent earn?

Are you a perfect candidate for an insurance agent? Explain.

## **INSURANCE AGENTS**

### **Job Description of Insurance Agents:**

Insurance agents, who may be referred to as insurance sales agents, help clients choose insurance policies that suit their needs. Clients include individuals and families as well as businesses. Captive agents work for an insurance company, and only sell that company's products. Independent insurance agents, or brokers, represent several companies. Types of insurance include property and casualty, life, health, disability, and long-term care insurance. Many insurance agents also sell mutual funds, variable annuities and other securities.

### **Employment Facts for Insurance Agents:**

Insurance agents held about 436,000 jobs in 2006. About half of them worked for insurance agencies and brokerages and about 23 percent worked for insurance carriers. More than a quarter of all insurance agents were self-employed.

### **Education Requirements for Insurance Agents:**

Employers prefer to hire insurance agents who have college degrees, particularly in business or economics. They might consider hiring a high school graduate who has proven sales ability.

### **Other Requirements for Insurance Agents:**

Every state requires insurance agents to be licensed. They are required to obtain separate licenses to sell life and health insurance or property and casualty insurance. In most states, sales agents, in order to become licensed, must complete pre-licensing courses and pass state examinations.

### **Advancement of Insurance Agents:**

An insurance agent with ability can advance into a management position, becoming, for example, a sales manager in a local office. Later on one can become an agency superintendent or land another executive position.

### **Job Outlook for Insurance Agents:**

Employment of insurance agents is expected to grow as fast as the average for all occupations through 2016. Job candidates who are multi-lingual and those who have a strong knowledge of relevant technical and legal terms will have the best chance of getting hired.

### **How Much do Insurance Agents Earn?**

Wage and salary insurance agents earned median annual earnings of \$ 43,870 in 2006. Independent insurance agents earn only a commission, while insurance agents who work for an agency or carrier receive either a salary only, a salary plus commission or a salary plus bonus. Insurance agents often receive benefits that include continuing education, training to help with licensing requirements, office space and clerical support.

### **A Day in an Insurance Agent's Life:**

On a typical day an insurance agent might perform some of the following duties:

- prepare reports and maintain records;
  - seek out new clients;
  - in the event of a loss, help policyholders settle insurance claims;
- some may also offer their clients comprehensive financial planning services, such as retirement planning, estate planning, or assistance in setting up pension plans for businesses;

(Adapted from:  
[http://careerplanning.about.com/cs/occupations/p/insurance\\_sales.htm](http://careerplanning.about.com/cs/occupations/p/insurance_sales.htm), 10. 7. 2010)



**Choose one of the jobs in insurance business in Slovenia and write a description. Include the following:**

**Title of the job:**

**Job Description:**

**Employment Facts:**

**Education Requirements:**

**Other Requirements:**

**Advancement:**

**Job Outlook:**

**How Much do They Earn?**

**A Day in a \_\_\_\_\_'s Life:**



**Compare the foreign job description and the Slovenian requirements and discuss the similarities and differences.**

### 3.2 JOB ADVERTISEMENT



**Read the job advertisement for a Claims Adjuster and consider the following:**

- + What job is being advertised?
- + Which insurance company do you have to apply to?
- + What do you know about the company?
- + What are the requirements for the job?
- + What are the benefits of the job?

#### **Claims Adjuster – Property Damage**

*At Progressive Insurance in Texas*

*At Progressive, we celebrate risk takers and overachievers. Do you thrive in that kind of an atmosphere? Then come have an adventure with some bright and courageous people!*

The Managed Repair Rep completes vehicle damage estimates to ensure the estimates are accurate and reflect the various options available in a competitive market for repairing damaged vehicles to their pre-accident condition. The Managed Repair Rep also works with the repair shops to facilitate timely completion of repairs and to ensure the quality of repairs meet customer and Progressive expectations.

**Duties & Responsibilities:**

- determines repair time allotments and required labor operations
- makes repair/replace decision which includes assessing type of replacement parts and/or required refinishing operations
- effect accurate claim payments and negotiate agreed price with shop decision-maker
- contacts shops daily to status repairs and confirm production targets will be met
- reviews and assesses the validity of all supplement requests
- monitors and influences the repair process progression
- responds to customer inquiries regarding the process
- maintains accurate documentation of the repair process by completing timely estimates, supplements, and inspections
- manages the repair facility performance on timeliness and repair quality
- makes total loss determinations
- coordinates the disposal process of salvaged vehicles/parts

**Knowledge, Skills and Experience:**

- excellent organization skills which includes ability to multi-task and prioritize
- strong customer service skills
- proficient in basic computer skills
- bachelor's degree or a minimum of 5 years of relevant work experience and/or post-secondary education (relevant experience includes work as a claims adjuster, a property damage adjuster, or repair work within an automobile repair and/or body shop)

**What *Progressive* Offers:**

- medical, dental, vision and life insurance
- tuition reimbursement
- employee discounts
- child care assistance

*Progressive* is committed to becoming consumers' No 1 choice for auto insurance by providing competitive rates and innovative products and services that meet drivers' needs throughout their lifetime. This includes superior online and in-person customer service, and best-in-class, 24-hour claims service, such as its concierge level of claims service available at service centers located in major metropolitan areas throughout the United States.

Our people help make *Progressive* a successful, energetic, forward-moving organization. Time after time, *Progressive* has turned the insurance industry upside down through its innovative services and its use of technology. This is part of why we are continually ranked as one of Business Week's 'Best Places to Launch a Career'. We have strong record of investment in training and development for all employees, as well as the stability of a company that does business the right way with solid core values.

Please apply to:  
Progressive Insurance  
15 Oak Street  
Dallas, Texas, USA

(Adapted from: <http://progressiveinsurance.contacthr.com/16695672>, 20. 2. 2010)



**Write an application letter to Progressive Insurance, Texas. (Invent any necessary information.)**



**You are working at the Human Resources Department of a Slovenian insurance company. Your company requires two new colleagues. Write a job advertisement for a job in insurance business. Include the job title, describe your company and its products, the requirements for the job and job benefits. Don't forget to add your contact. (Invent any necessary information.)**



**Looking for a job in an insurance company**

Here is a list of insurance jobs. Search the Internet (e.g. United States Department of Labor (<http://www.bls.gov/oco/ocos118.htm>)) and complete the table.

Job title	Duties & Responsibilities Qualifications/Skills needed	Education needed
actuary		
insurance broker/ insurance agent		
surveyor		
auditor		
online marketing specialist		
sales account executive		
underwriting/enrollment specialist		
claims adjuster		

**Can you name any more?**

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**Read the text *Insurance Adjuster* and fill the gaps with the words in the box. Discuss the main ideas afterwards.**

manipulate	claimant	firm	underestimate
immediate	assignment	statement	overestimate
adjuster	legitimate	investigate	pressure

### Insurance Adjuster

Here comes the insurance \_\_\_\_\_. Is he overly friendly? If so, watch out! It's OK to be hospitable. Be good-tempered and cordial - - *but beware!* Never forget he's paid to save his company as much money as he can. That's the name of his game.

**DON'T SIGN ANYTHING:** Don't \_\_\_\_\_ the good will of the adjuster. They're trained to \_\_\_\_\_ accident cases in such a way, if at all possible, to make their insured look good. Many unsuspecting individuals fall prey to the adjuster who seeks to protect his company's pocketbook at the expense of a legitimate \_\_\_\_\_.

If a company calls you and suggests they take your statement over the telephone, tell them you would prefer to meet with an adjuster. Don't agree to dictate a verbal statement into a tape recorder over the phone, and certainly not when you're in the presence of an adjuster. Don't sign a statement when you meet with him. Whatever the circumstance may be, advise whomever you're dealing with that you'll be more than willing to provide a signed \_\_\_\_\_, *after your claim has been settled.*

**HOW TO PROCEED WITH THE ADJUSTER:** Be pleasant, but \_\_\_\_\_. No matter how much in the wrong the person is that hit you, no matter how they acted at the scene of the accident, and no matter what they may have verbalized to or at you, don't take it out on the adjuster. It's not the adjuster's fault if his insured is an idiot.

You must never \_\_\_\_\_ the importance of the adjuster's impressions and conclusions, all of which go into your file. What he feels and reports about you have a great influence on the final disposition of your claim. If he likes you that's money in the bank. On the other hand, if he gets upset with you he has the ability to twist the facts to make you look bad. Once that's been done, it will be set in cement, go into your file and, without you're ever being aware of it, haunt you to the last dollar of your settlement.

**THE ADJUSTERS CLAIM LOAD:** The job performance of insurance adjusters is judged not only on how little of the company's money they spend in settlements, but also on how quickly they settle the claims assigned to them. They're constantly under \_\_\_\_\_ to settle your claim; to get rid of it and move on. The adjuster will never tell you, but the weight of their caseload comes down on your side of the scale. It's an advantage people are never aware of.

**THE ADJUSTERS SETTLEMENT AUTHORITY:** The Adjuster's authority to settle a claim on their own is restricted on how much experience they have. For a less experienced adjuster, perhaps \$ 5,000 to \$ 10,000, but for a more experienced adjuster, their settlement authority may go as high as \$ 20,000. When bigger bucks are involved they usually have to be given permission to settle the case from their \_\_\_\_\_ supervisor.

**THE BOTTOM LINE:** Don't let a sweet talking insurance adjuster \_\_\_\_\_ you into feeling good about your relationship with him and the eventual outcome of your claim. In the vast majority of instances that's not the way you should play the game because if provided with the opportunity, they'll almost always take advantage of you. That's a fact of life. Know and understand that they're only doing their job. Their \_\_\_\_\_ is to save money for the company who signs their paychecks – no matter what it takes.

If you have a \_\_\_\_\_ claim stay cool and understand what you're up against. Don't be impossible to deal with, but remain steady. Remember that the adjuster wants to look good to his company. He doesn't want your claim to end up in court, plus he wants to reduce his caseload. Be patient. At the end of the day, after the dust has settled, he'll be forced to treat your loss fairly.

(Adapted from: <http://autorepair.about.com/library/insurance/aa-dan-01.htm>, 24. 3. 2010)

## Character and skills for insurance profession

The skills needed to become an insurance agent include good interpersonal skills, the ability to focus and strong work ethics.

Find out how to create a great career as an insurance agent with help from a licensed insurance agent in the free video about insurance agents and insurance companies ([http://www.ehow.com/video\\_4756674\\_what-skills-needed-become-insurance.html](http://www.ehow.com/video_4756674_what-skills-needed-become-insurance.html), 24. 3. 2010)



Watch the video again and write down the skills of a good insurance agent:

- a good listener
- hard working
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_



Do you think you would make a good insurance sales agent? Take the *Insurance Sales Agent Quiz* to find out if this could be your career. ([http://careerplanning.about.com/library/quiz/career\\_quizzes/blinsurancesales\\_quiz.htm](http://careerplanning.about.com/library/quiz/career_quizzes/blinsurancesales_quiz.htm), 24. 3. 2010)

## Summary

There are different types of jobs in insurance business and each needs professional training and certain social and other skills. Not only adequate education but also communication skills are needed in jobs like insurance.

## 4 TYPES OF INSURANCE

After this chapter you will be able to:

- name and describe various types of insurance in Slovenia and abroad;
- distinguish among different classifications of insurance companies;
- name and describe various perils, estimate appropriate coverage and limitations.



What can you insure? What types of insurance do you know? Discuss your ideas with other students.



**Read the text and draw a mind map around the word “risk”.**

Any risk that can be quantified can potentially be insured. Specific kinds of risk that may give rise to claims are known as "perils". An insurance policy will set out in detail which perils are covered by the policy and which are not. Below are lists of the many different types of insurance that exist. A single policy may cover risks in one or more of the categories set out below. For example, *auto insurance* would typically cover both property risk (covering the risk of theft or damage to the car) and liability risk (covering legal claims from causing an accident). A *homeowner's insurance policy* in the U.S. typically includes property insurance covering damage to the home and the owner's belongings, liability insurance covering certain legal claims against the owner, and even a small amount of coverage for medical expenses of guests who are injured on the owner's property. *Business insurance* can be any kind of insurance that protects businesses against risks. Some principal subtypes of business insurance are (a) the various kinds of *professional liability insurance*, also called *professional indemnity insurance*, which are discussed below under that name; and (b) the business owner's policy (BOP), which bundles into one policy many of the kinds of coverage that a business owner needs, in a way analogous to how homeowners insurance bundles the coverages that a homeowner needs.

(Adapted from: [http://en.wikipedia.org/wiki/Types\\_of\\_insurance#Types\\_of\\_insurance](http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance), 1. 12. 2009)

### 4.1 AUTO/MOTOR INSURANCE



Auto insurance protects you against financial loss if you have an accident. It is a contract between you and the insurance company. You agree to pay the premium and the insurance company agrees to pay your losses as defined in your policy. Auto insurance provides property, liability and medical coverage:

- Property coverage pays for damage to or theft of your car.
- Liability coverage pays for your legal responsibility to others for bodily injury or property damage.
- Medical coverage pays for the cost of treating injuries, rehabilitation and sometimes lost wages and funeral expenses.

An auto insurance policy comprises six kinds of coverage. Most countries require you to buy some, but not all, of these coverages. If you're financing a car, your lender may also have requirements. Most auto policies are for six months to a year.

In the United States, your insurance company should notify you by mail when it's time to renew the policy and to pay your premium.

(Adapted from: [http://en.wikipedia.org/wiki/Types\\_of\\_insurance#Types\\_of\\_insurance](http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance), 1. 12. 2009)



**Find motor insurance terms that are listed below on the Triglav Insurance Company's website (<http://www.triglav.si/stran.asp?id=238>, 9. 5. 2011) and discuss their meaning. Can you find their correspondent English expressions in a foreign insurance company that provides motor insurance?**

Zavarovanje avtomobilske odgovornosti

Zavarovanje avtomobilskega kaska

Zavarovanje avtomobilske asistence

Zavarovanje pravne zaščite zaradi uporabe motornega vozila

Nezgodno zavarovanje voznikov in potnikov

Zavarovanje zdraviliškega zdravljenja po poškodbah

Zavarovanje voznika za škodo zaradi telesnih poškodb



**Look at the Triglav Insurance Company's website again and find the motor insurance page (<http://www.triglav.si/stran.asp?id=238>, 9. 5. 2011). Answer the questions:**

- ✚ What does the motor insurance for young families cover? What are the discounts?
- ✚ What benefits do the older and mature drivers have comparing to the young families?
- ✚ How many different options are there in the motor insurance coverage? Discuss them.
- ✚ Explain the term »avtomobilska asistenca« in English.



**You work in a Slovenian insurance company as an online motor insurance assistant. Answer the questions for your “Frequently Asked Questions” website.**

- I am a young driver. How can I/my parents insure my/our car for the best price and coverage?

- I am a woman driver. Do I have any special discount?

- I own a classic car. Do I have to pay more?

- What benefits do you offer for a mature driver?

- What types of motor insurance are available in Slovenia?

- What is a comprehensive car insurance policy cover?

- What should I do if I have an accident?

- Is my motor insurance valid abroad, too?

- Am I insured to drive someone else's car?

## 4.2 HOME INSURANCE

Home insurance provides compensation for damage or destruction of a home from disasters. In some geographical areas, the standard insurances exclude certain types of disasters, such as flood and earthquakes that require additional coverage. Maintenance-related problems are the homeowners' responsibility. The policy may include inventory, or this can be bought as a separate policy, especially for people who rent housing. In some countries, insurers offer a package which may include liability and legal responsibility for injuries and property damage caused by members of the household, including pets.

(Adapted from: [http://en.wikipedia.org/wiki/Types\\_of\\_insurance#Types\\_of\\_insurance](http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance), 1. 12. 2009)





**Work in groups. Choose the top three Slovenian insurance companies that offer home insurance (look at the SIA’s website, if it is difficult to decide). Look at their home insurance prospects (or policies, if they are available) and:**

- ✚ Discuss whether the items listed below are typical for their home insurance or not;
- ✚ Put a tick (✓) if the insurance item is provided at the insurance company;
- ✚ Compare the range of coverage among the three Slovenian insurance companies and choose the best according to your opinion;
- ✚ Present the insurance company that is, in your opinion, the best and give reasons for your choice.

Figure 7: Insurance prospects

Insurance company	Insurance Company	Insurance Company	Insurance Company
Coverage, perils and discounts			
<ul style="list-style-type: none"> <li>• <b>home insurance property protection</b></li> </ul> <p><u>dwelling</u> (typically covers your house, attached structures, fixtures in the house such as built-in appliances, plumbing, heating, permanently installed air conditioning systems, and electrical wiring)</p> <p><u>other structures</u> (typically covers detached structures such as garages, storage sheds, and fixtures attached to the land including fences, driveways, sidewalks, patios, and retaining walls)</p> <p><u>personal property</u> (typically covers personal property including the contents of your home and other personal items owned by you or family members who live with you. This protection can be based on actual cash value or replacement cost)</p> <p><u>loss of use</u> typically covers living expenses over and above your normal living expenses if you cannot live in your home while repairs are being made or if you are denied access by government order</p>			
<ul style="list-style-type: none"> <li>• <b>home insurance liability protection</b> (provides personal liability coverage against a claim or lawsuit resulting from bodily injury or property damage to others caused by an accident on your property or as a result of your personal activities anywhere. This home owner insurance coverage does not provide protection for auto and business related incidents. This coverage protects you and all family members who live with you)</li> </ul>			
<p><b>Perils covered in policies:</b></p> <ul style="list-style-type: none"> <li>• fire or lightning</li> <li>• windstorm or hail</li> <li>• explosion</li> <li>• riot or civil commotion</li> <li>• damage caused by aircraft</li> <li>• damage caused by vehicles</li> <li>• smoke</li> <li>• vandalism or malicious mischief</li> <li>• theft</li> <li>• volcanic eruption</li> <li>• falling objects</li> <li>• weight of ice, snow, or sleet</li> <li>• accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning, or automatic fire-protective sprinkler system, or from a</li> </ul>			

<p>household appliance.</p> <ul style="list-style-type: none"> <li>• sudden and accidental tearing apart, cracking, burning, or bulging of a steam or hot water heating system, an air conditioning or automatic fire-protective system.</li> <li>• freezing of a plumbing, heating, air conditioning or automatic, fire-protective sprinkler system, or of a household appliance.</li> <li>• sudden and accidental damage from artificially generated electrical current (does not include loss to a tube, transistor or similar electronic component).</li> </ul>			
<p><b>Discounts for:</b></p> <ul style="list-style-type: none"> <li>• multiple policies (home, motor or other policies with the same company)</li> <li>• smoke detectors</li> <li>• fire extinguishers</li> <li>• sprinkler systems</li> <li>• burglar and fire alarms that alert an outside service</li> <li>• deadbolt locks and fire-safe window grates</li> <li>• the old and retired</li> <li>• long-time policyholder</li> <li>• upgrades to plumbing, heating and electrical systems</li> <li>• earthquake retrofitting to make the home safer</li> <li>• wind-resistant shutters</li> </ul>			

(Source: adapted from: <http://personalinsure.about.com/cs/homeowners/a/aa013004a.htm>, 10. 5. 2011)

### 4.3 HEALTH INSURANCE



Health insurance policies by the National Health Service in the United Kingdom (NHS) or other publicly-funded health programs will cover the cost of medical treatments. Dental insurance, like medical insurance, is coverage for individuals to protect them against dental costs. In the U.S., dental insurance is often part of an employer's benefits package, along with health insurance.

- Accident, Sickness and Unemployment Insurance
- Disability insurance policies provide financial support in the event the policyholder is unable to work because of disabling illness or injury. It provides monthly support to help pay such obligations as mortgages and credit cards.
- Disability overhead insurance allows business owners to cover the overhead expenses of their business while they are unable to work.
- Total permanent disability insurance provides benefits when a person is permanently disabled and can no longer work in their profession, often taken as an adjunct to life insurance.
- Workers' compensation insurance replaces all or part of a worker's wages lost and accompanying medical expenses incurred because of a job-related injury.

(Adapted from: [http://en.wikipedia.org/wiki/Types\\_of\\_insurance#Types\\_of\\_insurance](http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance), 1. 12. 2009)



#### **Explain the Slovenian health insurance system:**

- ✚ What is the difference between the compulsory health insurance and voluntary health insurance? Name the institutions that offer them.
- ✚ Who can apply for compulsory health insurance in Slovenia?

- + Explain the way children are insured. What about the homeless?
- + What rights or coverages do we have by the compulsory health insurance in Slovenia?
- + What are the advantages of the voluntary health insurance in Slovenia in comparison with the same insurance abroad? And disadvantages?
- + Explain the system of disability insurance.
- + Does the Slovenian health insurance cover the dental programme, too?



**Translate the text about health insurance into English.**

Zdravstveno zavarovanje zagotavlja ustrezno zdravstveno in socialno varnost v času bolezni ali poškodbe, saj pokriva stroške za tveganja v primerih, ko zbolimo, se poškodujemo ali imamo kakšne druge zdravstvene potrebe. Osnovna lastnost zdravstvenega zavarovanja je, da so pravice vsakega posameznika ali od njega odvisnih družinskih članov vezane na prijavo v zavarovanje in na plačilo ustreznega prispevka (v obveznem zdravstvenem zavarovanju) ali premije (v prostovoljnem zdravstvenem zavarovanju).

Zdravstveno zavarovanje je obvezno in prostovoljno. Obvezno zdravstveno zavarovanje izvaja Zavod za zdravstveno zavarovanje Slovenije, prostovoljno zdravstveno zavarovanje pa izvajajo druge zdravstvene zavarovalnice.

Tuje osebe, ki niso vključene v zdravstveno zavarovanje v Republiki Sloveniji, imajo pravico do nujnih oz. potrebnih zdravstvenih storitev, za katera se plačilo zagotovi v skladu z evropskim pravnim redom, mednarodnimi sporazumi ali iz državnega proračuna (Ministrstvo za zdravje RS).

(Source: adapted from:

<http://www.zzzs.si/zzzs/internet/zzzs.nsf/o/32517E43F68275AAC1256D340029CAF8>,  
10. 5. 2011)

#### 4.4 CASUALTY INSURANCE

Casualty insurance insures against accidents, not necessarily tied to any specific property.

Crime insurance is a form of casualty insurance that covers the policyholder against losses arising from the criminal acts of third parties. For example, a company can obtain crime insurance to cover losses arising from theft or embezzlement.

Political risk insurance is a form of casualty insurance that can be taken out by businesses with operations in countries in which there is a risk that revolution or other political conditions will result in a loss.

(Adapted from: [http://en.wikipedia.org/wiki/Types\\_of\\_insurance#Types\\_of\\_insurance](http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance),  
1. 12. 2009)





**On the Internet find additional definitions and examples of different types of insurance and answer the following questions:**

- + What is the difference between casualty insurance and liability insurance?
- + Can casualty insurance be purchased as supplemental insurance?
- + In what way is casualty insurance treated in Slovenia? Is it an independent one or supplemented to other types of insurance?
- + Is workers' compensation included in casualty or life insurance?
- + What combinations of casualty insurance are available in Slovenia?

#### 4.5 LIFE INSURANCE



Life insurance provides a monetary benefit to a decedent's family or other designated beneficiary, and may specifically provide for income to an insured person's family, burial, funeral and other final expenses. Life insurance policies often allow the option of having the proceeds paid to the beneficiary either in a lump sum cash payment or an annuity.

Annuities provide a stream of payments and are generally classified as insurance because they are issued by insurance companies and regulated as insurance and require the same kinds of actuarial and investment management expertise that life insurance requires. Annuities and pensions that pay a benefit for life are sometimes regarded as insurance against the possibility that a retiree will outlive his or her financial resources. In that sense, they are the complement of life insurance and, from an underwriting perspective, are the mirror image of life insurance.

Certain life insurance contracts accumulate cash values, which may be taken by the insured if the policy is surrendered or which may be borrowed against. Some policies, such as annuities and endowment policies, are financial instruments to accumulate or liquidate wealth when it is needed.

In many countries, such as the U.S. and the UK, the tax law provides that the interest on this cash value is not taxable under certain circumstances. This leads to widespread use of life insurance as a tax-efficient method of saving as well as protection in the event of early death. In U.S., the tax on interest income on life insurance policies and annuities is generally deferred. However, in some cases the benefit derived from tax deferral may be offset by a low return. This depends upon the insuring company, the type of policy and other variables (mortality, market return, etc.).

(Adapted from: [http://en.wikipedia.org/wiki/Types\\_of\\_insurance#Types\\_of\\_insurance](http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance), 1. 12. 2009)



**Look at the SIA's website under Statistics**

**([http://www.zav-zdruzenje.si/E\\_statistika\\_detail2.asp](http://www.zav-zdruzenje.si/E_statistika_detail2.asp), 10. 5. 2011) and find out the data about:**

- + Which are the top five insurance companies in Slovenia that provide life insurance? Compare their market shares. What can you see?
- + Explain the trend of life insurance premium from 2002 to 2009. What happened last year (in 2010)? Has it grown?
- + What is the proportion of life insurance premiums and non-life insurance premiums in general? What about individual insurance companies? What is their proportion for both types?
- + What is the trend for life insurance premiums going to be in future?



**Work in groups. Compare two Slovenian insurance companies and their life insurance products that are advertised on the Internet. Make a mind map or draw a table and present the results to your colleagues.**

Include:

- + the name of the company
- + life insurance products (translate them into English)
- + coverage, limitations, exclusions, premium etc.



**Look at your own life insurance policy and write at least 10 sentences about the importance of being life-insured. Try to persuade your colleagues that your policy includes everything.**

## 4.6 PROPERTY INSURANCE



Property insurance provides protection against risks to property, such as fire, theft or weather damage. This includes specialized forms of insurance such as fire insurance, flood insurance, earthquake insurance, home insurance, inland marine insurance or boiler insurance.

- *Automobile insurance*, known in the UK as *motor insurance*, is probably the most common form of insurance and may cover both legal liability claims against the driver and loss of or damage to the insured's vehicle itself. Credit card companies insure against damage on rented cars.
- *Driving school insurance* provides cover for any authorized driver whilst undergoing tuition. Unlike other motor policies it also provides cover for instructor liability where both the pupil and driving instructor are equally liable in the event of a claim.
- *Aviation insurance* insures against hull, spares, deductibles, hull wear and liability risks.

- *Boiler insurance* (also known as boiler and machinery insurance or equipment breakdown insurance) insures against accidental physical damage to equipment or machinery.
- *Builder's risk insurance* insures against the risk of physical loss or damage to property during construction. Builder's risk insurance is typically written on an "all risk" basis covering damage due to any cause (including the negligence of the insured) not otherwise expressly excluded.
- *Crop insurance* - farmers use crop insurance to reduce or manage various risks associated with growing crops. Such risks include crop loss or damage caused by weather, hail, drought, frost damage, insects, or disease.
- *Earthquake insurance* is a form of property insurance that pays the policyholder in the event of an earthquake that causes damage to the property. Most ordinary homeowner's insurance policies do not cover earthquake damage. Most earthquake insurance policies feature a high deductible. Rates depend on location and the probability of an earthquake, as well as the construction of the home.
- *Flood insurance* protects against property loss due to flooding. Many insurers in the U.S. do not provide flood insurance in some portions of the country. In response to this, the federal government created the National Flood Insurance Program which serves as the insurer of last resort.
- *Landlord insurance* is specifically designed for people who own properties which they rent out. Most house insurance cover in the U.K will not be valid if the property is rented out therefore landlords must take out this specialist form of home insurance.
- *Marine insurance and marine cargo insurance* cover the loss or damage of ships at sea or on inland waterways, and of the cargo that may be on them. When the owner of the cargo and the carrier are separate corporations, marine cargo insurance typically compensates the owner of cargo for losses sustained from fire, shipwreck, etc., but excludes losses that can be recovered from the carrier or the carrier's insurance. Many marine insurance underwriters will include "time element" coverage in such policies, which extends the indemnity to cover loss of profit and other business expenses attributable to the delay caused by a covered loss.
- *Terrorism insurance* provides protection against any loss or damage caused by terrorist activities.
- *Volcano insurance* is an insurance that covers volcano damage in Hawaii.
- *Windstorm insurance* is an insurance covering the damage that can be caused by hurricanes and tropical cyclones.

(Adapted from: [http://en.wikipedia.org/wiki/Types\\_of\\_insurance#Types\\_of\\_insurance](http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance), 1. 12. 2009)



**Look at the webpages of Slovenian insurance companies and write down what risks could be insured under the property insurance.**

- fire
- flood
- erosion ...



**On the Internet find information about marine cargo insurance:**

- ✚ find a marine cargo policy and try to fill in the data;
- ✚ look up for the phrase “ALL RISK” coverage and write down some typical exclusions (e.g. improper packing, abandonment of cargo, rejection of goods by customs, failure to pay or collect accounts ...);
- ✚ other possible reasons that neither the carrier nor the ship are responsible for loss or damage (Act of God, Act of War ...).

#### 4.7 LIABILITY INSURANCE



Liability insurance is a very broad superset that covers legal claims against the insured. Many types of insurance include an aspect of liability coverage. For example, a homeowner's insurance policy will normally include liability coverage which protects the insured in the event of a claim brought by someone who slips and falls on the property; automobile insurance also includes an aspect of liability insurance that indemnifies against the harm that a crashing car can cause to others' lives, health, or property. The protection offered by a liability insurance policy is twofold: a legal defense in the event of a lawsuit commenced against the policyholder and indemnification (payment on behalf of the insured) with respect to a settlement or court verdict. Liability policies typically cover only the negligence of the insured, and will not apply to results of wilful or intentional acts by the insured.

(Adapted from: [http://en.wikipedia.org/wiki/Types\\_of\\_insurance#Types\\_of\\_insurance](http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance), 1. 12. 2009)



**Read the text about Liability Insurance and translate it into Slovene.**

Liability insurance is any type of insurance policy that protects an individual or business from the risk that they may be sued and held legally liable for something such as malpractice, injury or negligence. Liability insurance policies cover both legal costs and any legal payouts for which the insured would be responsible if found legally liable. Intentional damage and contractual liabilities are typically not covered in these types of policies.

Liability insurance is very important for those who may be held legally liable for the injuries of others, especially medical practitioners and business owners. A product manufacturer may purchase product liability insurance to cover them if a product is faulty and causes damage to the purchasers or any other third party. Business owners may purchase liability insurance that covers them if an employee is injured during business operations.

(Source: adapted from: [http://www.investopedia.com/terms/l/liability\\_insurance.asp](http://www.investopedia.com/terms/l/liability_insurance.asp), 10. 5. 2011)



Look at the words in the table:

	public 	
professional ----	<b>liability</b>	---- personal
	 employer's	

Match each of the "liability" word partnerships with the appropriate definition:

1. provides cover in case a member of the public has an accident.
2. covers a range of possibilities if your business is your livelihood.
3. provides compensation in situations such as death, injury or damage to a third party.
4. means that when an employee has an accident at work, he can claim compensation.

(Source: adapted from: <http://www.linguarama.com/ps/294-7.htm>, 10. 5. 2011)

#### 4.8 CREDIT INSURANCE



Credit insurance repays some or all of a loan when certain things happen to the borrower such as unemployment, disability, or death.

Mortgage insurance insures the lender against default by the borrower. Mortgage insurance is a form of credit insurance, although the name credit insurance more often is used to refer to policies that cover other kinds of debt.

(Adapted from: [http://en.wikipedia.org/wiki/Types\\_of\\_insurance#Types\\_of\\_insurance](http://en.wikipedia.org/wiki/Types_of_insurance#Types_of_insurance), 1. 12. 2009)



Work in pairs. Choose a Slovenian insurance company that offers credit insurance, learn the main facts about it and present its pros/cons to your colleagues. Which company offers the best coverage? Why?



Work in groups. Read the text again and discuss the main characteristics of individual types of insurance. Fill in the chart.

TYPE OF INSURANCE	COVERAGE	LIMITS




**Look at the chart below. It is a list of rather unusual insurance coverages. On the Internet try to find information to complete the chart.**

COVERAGE	TYPE OF INSURANCE	LIMITS
Antiques		
Avian		
Catering		
Conference		
Employment practice liability (EPLI)		
Keyman		
Patent Infringement		
Reinsurance		
Restaurant		
State Disability		
Universal Life		
Website		
Wedding		

(Source: adapted from: <http://www.ampminsure.org/all.html>, 9. 4. 2010)



**Work in pairs. You and your partner are running an average business firm with about 150 employees. You have to decide what types of insurance should be bought in order to protect your business, equipment, people etc. Discuss the advantages and disadvantages of individual types of insurance and try to fill in the worksheet.**

Table 1: Business Insurance Planning Worksheet

Type of Insurance	Required? (y/n)	Cost per Payment	Annual Cost
1. General Liability Insurance			
2. Product Liability Insurance			
3. Errors and Omissions Liability Insurance			
4. Malpractice Liability Insurance			
5. Automotive Liability Insurance			
6. Fire and Theft Insurance			
7. Business Interruption Insurance			
8. Overhead Expense Insurance			
9. Personal Disability			
10. Key-Employee Insurance			
11. Shareholders' or Partners' Insurance			
12. Credit Extension Insurance			
13. Term Life Insurance			
14. Health Insurance			
15. Group Insurance			
16. Workers' Compensation Insurance			
17. Survivor-Income Life Insurance			
18. Care, Custody and Control Insurance			
19. Consequential Losses Insurance			
20. Boiler and Machinery Insurance			
21. Profit Insurance			
22. Money and Securities Insurance			
23. Glass Insurance			
24. Electronic Equipment Insurance			
25. Power Interruption			
26. Rain Insurance			
27. Temperature Damage Insurance			
28. Transportation Insurance			
29. Fidelity Bonds			
30. Surety Bonds			
31. Title Insurance			
32. Water Damage Insurance			
<b>Total Annual Cost</b>		<b>EUR</b>	<b>EUR</b>

Source: <http://www.entrepreneur.com/formnet> (12. 3. 2010)



Look at the video *What Is Comprehensive Insurance?*

([http://www.ehow.com/video\\_4755945\\_what-comprehensive-insurance.html](http://www.ehow.com/video_4755945_what-comprehensive-insurance.html), 12. 3. 2010).

Listen to Bill Rae and answer the following questions:

- What is comprehensive insurance?
- What are six basic types of insurance?
- What does the term »umbrella« mean?



Look at the video *How Does Insurance Work?*

(<http://www.youtube.com/watch?v=nXfGeMNnBsM>, 12. 3. 2010), listen to the speaker and try to explain the statement: »The healthy people pay for the sick ones.«

### **Summary**

The unit deals with various types of insurance and their characteristics. The classification of insurance types may differ from one insurance company to another. The texts provide information about various perils one can be insured against, the appropriate coverage and limitations.

## 5 INSURANCE MARKETING

After this chapter you will be able to:

- define and use the insurance marketing tools;
- create genuine proposals and slogans for an insurance company and its products;
- make decisions on a purchase of an appropriate insurance;
- make a decision about buying appropriate insurance.



What do you understand under “insurance marketing”? Where can you see advertisements for insurance? How do insurance companies attract new clients?

### 5.1 INSURANCE ADVERTISING



**After reading the text about insurance advertising, think about the way insurance is being advertised in Slovenia. What is the newest/the most popular ad these days? Where have you seen/heard it?**

Insurance marketing is marketing of insurance products. What type of advertising and marketing is most suitable for your insurance business? You should consider how much of a budget you have and work from there. You also need to know what your target market is.

Online advertising is one marketing tool that is worth the money. As the Internet takes on more power and influence all of the time, having a web presence will put you on the cyber map and get you noticed. Block line advertising in trade journals, industry publications and periodicals is the way to go. Television ads and print ads are excellent forms of insurance marketing. However the downside is that both can be very expensive.

(Adapted from Insurance Marketing Strategies, <http://www.economywatch.com/node/5148/>, 12. 3. 2010)

#### 5.1.1 Insurance slogans



**Read the text *How are Great Insurance Advertising Slogans Made* and answer the questions:**

- + What does the word *slogan* denote?
- + How are they usually invented?
- + What is their main function?
- + What literary devices can be used to form slogans?
- + Can slogans be created by non-professionals or agencies?

## How are Great Insurance Advertising Slogans Made

How are great insurance advertising slogans made? They're usually sung in the shower. They're hummed in the middle of traffic jams. They weave in and out of consciousness, influencing buying decisions long after they've been introduced. The creation of a quality slogan with the potential to promote a brand on a consistent basis is one of the most important pursuits a business can have, but it is by no means a simple or luck-based process. In the insurance world, where impressions comprise a remarkable portion of the success or failure of a firm, having excellent insurance advertising slogans is imperative. But how are such slogans made?

Some slogans might be described as silly, while others take on a more serious tone. There are insurance slogans that incorporate literary devices such as alliteration and others that seem far removed from any nuances of refined language. Though the mass of existing slogans may be a little messy, their collective message is clear: there is no magic formula for creating perfect insurance advertising slogans.

A primary part of creating insurance advertising slogans is identifying one or two elements about a firm or its offerings that should be highlighted. Condensing the chosen element or elements into a short phrase is sometimes a difficult step, but playing around with words can lead to an acceptable solution in most cases. After a basic phrase has been created, the slogan should be re-considered, tested, and refined several times until it is just right.

Creating excellent insurance advertising slogans without the assistance of a professional agency or consultant is certainly possible, though a number of agents and brokerages prefer to place their trust in the experience and knowledge of someone well-qualified for the job. (Adapted from: <http://www.insuranceleads.com/how-are-great-insurance-advertising-slogans-made.aspx>, 12. 3. 2010)



Below are examples of insurance advertising slogans

(<http://www.textart.ru/database/slogan/insurance-advertising-slogans.html>, 2. 3. 2010).

Discuss them with other students. Find (or create, as it is done in Figure 7) a slogan of a Slovenian insurance company and try to translate it into English.

### Allstate Insurance Company

Slogans: You're in Good Hands.

You're In Good Hands With Allstate.

### Lloyd's Life Insurance

Advertising slogan: Cash if you die. Cash if you don't.

### AXA Insurance

Taglines: AXA. Be life confident

Go Ahead. You Can Rely on Us.

### New York Life Insurance Company

Marketing slogan: New York Life. The Company You Keep.

### Nicholas Insurance Group

Advertising slogan: Insuring Your Future ... Today.



Figure 8: Insurance Advertisement

Source: <http://www.google.si/search?q=insurance+advertisement&ie=utf-8&oe=utf-8&aq=t&rls=org.mozilla:sl:official&client=firefox-a> (12. 3. 2010)

### 5.1.2 Different Ways of Advertising



Read the text *How to Advertise for Health Insurance* and fill the gaps with the correct form of the word in brackets (noun, verb, adjective or adverb).

#### How to Advertise for Health Insurance

Effectively \_\_\_\_\_ (advertise) health insurance is no different than advertising other types of insurance. The most important aspect of your marketing plan is an organized and consistent process of getting exposure for your agency.

**Hire a telemarketer.** Despite the fact that most people claim to despise telemarketers, this method of advertising has \_\_\_\_\_ (prove) to be consistent and predictable. You can post a job ad in your local newspaper, or on the Internet, requesting the services of a telemarketer. You also can pay a telemarketing firm to make your outbound sales calls.

**Send direct mail.** A properly structured drip mail campaign, wherein several letters or postcards are \_\_\_\_\_ (mail) to the same prospect over a period of time, will \_\_\_\_\_ (signify) increase the success of your efforts. The more often a prospect sees your agency's name and telephone number in printed form, the higher the likelihood that you will receive an inbound call when that prospect needs health insurance.

**Place advertisements in newspapers.** The cost of advertising in newspapers has \_\_\_\_\_ (decrease) in recent years, and a well-placed advertisement can generate significant results. Consider your target market and place your advertisement in a section that you believe your demographic will read. For example, placement toward the front of the business section should attract more while-collar prospects, whereas the front of the sports

section should result in more exposure to blue-collar prospects. Regardless of where your advertisement is printed, the best results only come after \_\_\_\_\_ (continue) and repeated exposure to your prospects.

**Join a networking group.** Every town, city and region has at least one business networking group. By \_\_\_\_\_ (attend) regularly scheduled bi-weekly or monthly \_\_\_\_\_ (meet), you will have the opportunity to meet business owners in your community who might need your services, or who can refer you to other people who do. The concept of networking groups is to build rapport with people who might be in a position to help grow your business.

**Advertise on the Internet.** The most advantageous part of Internet advertising is the fact that your business can gain exposure worldwide. Anyone in any state or country has the \_\_\_\_\_ (able) to view your company's website and online ads, which increases the possibility of new business and referrals. Additionally, there are countless methods of Internet marketing that have very low costs, and even some that are entirely free. Your online advertisement will yield better results if it is an image or graphic, and is placed at the top of a high-traffic website.

**Advertise on the radio.** Millions of people listen to the radio daily, and a commercial played during peak hours could yield impressive results. Create an audio commercial for your health insurance business and have it played on a local radio station during both the morning and afternoon rush hours. Make sure that the radio station on which your \_\_\_\_\_ (commerce) plays has a statistically significant majority of listeners who are affluent business owners, or might be \_\_\_\_\_ (social) connected to them.

**Advertise on television.** Create a television commercial that will illustrate to viewers how your agency can help with their health insurance needs. This means your health insurance ad will likely be played on news stations and channels that focus on business and \_\_\_\_\_ (invest). If your commercial is visually \_\_\_\_\_ (impress) and pleasing to viewers, there is a much greater chance that interested prospects will remember your company's name and contact information.

**Advertise on roadside billboards.** If you place a health \_\_\_\_\_ (insure) advertisement on a billboard beside a major roadway, you can guarantee that tens of thousands of potential prospects will see your message every day. Locate a billboard alongside a major highway in your area and then contact the company that owns the board.

**Distribute customized swag.** Contact a business identity vendor and order several products imprinted with your health insurance agency's name and contact information. Pens, hats, shirts, cups, key chains, magnets and many other small trinkets can be made with your unique \_\_\_\_\_ (market) message. Distribute your swag as often as possible to \_\_\_\_\_ (exist) customers and potential prospects, or to those people who are in a position to send you referrals.

(Adapted from: [http://www.ehow.com/how\\_6050771\\_advertise-health-insurance.html](http://www.ehow.com/how_6050771_advertise-health-insurance.html), 25. 10. 2010)



**Work in groups. Decide on what product of your insurance company you want to advertise. Then do the following:**

1. Create a slogan of your insurance company.
2. Read the text *How to Advertise for Health Insurance* again and choose one of the advertising methods.
3. Create an advertisement.
4. Present your advertisement to other groups.

### 5.1.3 Insurance by Telephone



Have you ever tried to buy/sell an insurance policy on the telephone? How do people usually react to a phone call from an insurance agent? Discuss your ideas with other students.



**Read some possible objectives of people being called by an insurance agent:**

How much will this cost me? Are your prices competitive? What return will I get on my investment? Who are you? Why should I buy anything from you? I already have enough! I don't think that it's that important! How long will the meeting take?

**Here is an example of an experienced insurance agent's response:**

Dave, of course you're not interested, I wouldn't expect you to be interested at this stage. Even if you were interested, I wouldn't want you to decide anything before we meet and thoroughly explore the idea that I would like to present to you. I can promise you three things:

- a) Within ten minutes of our meeting, you will have the full picture of what I'm talking about.
- b) If, after ten minutes, you are not interested, that's fine.
- c) I do think that you will like what you hear. Fair enough?

Is it better for you to meet me during the day or the evening? Would Monday at 7.00 be convenient? Or would Thursday at 8.00 be better?

(Source: adapted from: <http://ahirshfeld.com/home/doc.aspx?mCatID=10581>, 10. 5. 2011)



**Read the agent's response again and try to find the most positive response as you can.**

- Is this about life insurance? *Yes, you're right. Life is the most important thing in the world, isn't it?*
- I have no money for insurance. \_\_\_\_\_
- I have enough insurance. \_\_\_\_\_
- Tell me about it over the phone. \_\_\_\_\_
- I don't have the time now. \_\_\_\_\_
- Please send it in the mail. \_\_\_\_\_
- You're wasting your time. \_\_\_\_\_

- You're the fifth insurance agent who has called us this month.  
\_\_\_\_\_
- You are really stubborn. \_\_\_\_\_
- I have a friend in the insurance business.  
\_\_\_\_\_



Starting a telephone conversation with a life insurance prospect can be the toughest part of the sale, especially if the conversation is with someone we haven't spoken with previously. It is important to be confident, but not pushy. It is important to suggest the next step without being either too insistent or too indecisive. Here are sample scripts that might help you get started with your prospecting calls.

<p><b>Calling a prospect:</b></p> <p>Hello, (prospect name). This is (your name) calling from (name of agency). Have I reached you at a good time? (If "no," ask, "When is a better time to call?")</p> <p>May I ask whether you recall when you bought your life insurance policy? (Wait for response.)</p> <p>It's possible your life has changed since you bought your policy. There also have been many innovations in the insurance industry recently that might save you some money, or get you more coverage if you need it.</p> <p>I'd like to offer you a complementary consultation. It will take only a few minutes, and it could really benefit you down the road. When might be a good time for me to stop by?</p>	<p><b>Calling an existing client:</b></p> <p>Hello, (client name), this is your agent (agent name). Did I catch you in the middle of something, or do you have minute? (If client is busy, ask "when is a better time to talk?")</p> <p>The reason for my call today is your current life insurance coverage. Since you bought your policy, there have been some innovations in the insurance industry that could mean savings for you. It's also possible your needs have changed.</p> <p>I'd like to review your coverage to make sure your policy is in line with your needs. We may even find that we can save you some money, or get you more coverage!</p> <p>When might be a good time to meet?</p>
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Figure 9: Calling a Client  
Source:

<https://www1.vtrenz.net/imarkownerfiles/ownerassets/1060/Starting%20a%20Phone%20Conversation.pdf> (25. 10. 2010)

<p><b>Leaving a voicemail for a prospect:</b></p> <p>Hello, (prospect name). This is (your name) an insurance agent in your area. Sorry I missed you. I was calling regarding your current life insurance coverage. Recent innovations in the insurance industry, combined with changes in your life, are two great reasons to review your current coverage. We may even be able to potentially lower your premiums, or get you more coverage. Please call me at [your phone number] to learn more. Thank you for your time, and we'll talk to you soon!</p>	<p><b>Leaving a voicemail for an existing client:</b></p> <p>Hi (client name). This is your insurance agent, (agent name). Sorry I missed you. I was calling regarding a review of your current life insurance coverage. Please call me back when possible at [your phone number]. Talk to you soon!</p>
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**INSURANCE NETWORK America**

This sales resource is provided to you by Insurance Network America. Contact

Figure 10: Leaving a Voicemail  
Source:

<https://www1.vtrenz.net/imarkownerfiles/ownerassets/1060/Starting%20a%20Phone%20Conversation.pdf> (25. 10. 2010)



**Read the phone call examples again and try to complete the conversation with the text of the prospect/client. Practice the dialogues.**



**Work in pairs. Fill in the conversation below. Then choose a type of insurance you want to sell and make a phone call to your client.**

A: 'Hello, may I talk to Patrick Pullman?... Hi Patrick, I'm calling about your online health insurance information request. This is Danny Sullivan from MZT Health Insurance Agency. According to the information on my computer screen, it seem like you are looking for a 25-year policy with a \$ 600,000 benefit. Does this sound right?

B: \_\_\_\_\_

A: Is this a good time to go over your request? ... Great. Patrick, we have a lot of policies which I can tailor-fit for your liking and I'd be happy to discuss and guide you till you arrive at an informed decision. Life insurance may be complicated for you so if you have any questions, please go ahead.

B: \_\_\_\_\_

A: I understand Patrick. Will it be fine to email you with the information for you to go over on your free time? Keep in mind that after you have gone through it and you'll be ready with the decision, I can walk you through finalizing the purchase.

B: \_\_\_\_\_

A: Just take your time with information I'll be sending you. Will it be ok to call you the same time on Friday for any questions you may have?

B: \_\_\_\_\_

A: Thank you for your time Patrick. And if by chance you want to talk about your options, you can call me anytime. Can I leave my phone number and email address in case you need it?

B: \_\_\_\_\_

Source: adapted from: <http://acme-insuranceleads.com/insuranceleads/sample-phone-scripts-for-closing-your-insurance-leads/>, 10. 5. 2011)

## 5.2 BUYING THE RIGHT POLICY

It is often difficult to decide what insurance policy to buy. They may vary in price, coverage and additional benefits. To make the decision even more difficult, insurance companies' marketing departments use all the means to be cheaper, more adjustable and more attractive than their rivals.



**Read the text *Where do I Buy Life Insurance* and consider the following:**

- + Which is your favourite method? Explain.
- + Discuss the advantages and disadvantages of each method.

### Where do I Buy Life Insurance?

There are all kinds of ways to buy life insurance. The trick is to buy from a source that will help you get the right insurance you need – and not more. Your choices include:

**In person.** You can arrange a meeting with an insurance broker, or with an insurance agent from any life insurance company. The main difference is that a broker can quote prices from a number of insurance companies.

**By phone.** You can buy insurance over the phone with a representative from any life insurance company. Sometimes a company will call you with a special offer.

**By mail.** Some insurance companies, brokers, and associations send you offers in the mail. Often, these letters come from a bank or a credit card company. Their offers are for simple insurance only.

**On the Internet.** Most insurance companies and brokers have websites where you can buy insurance. You can also buy online through the insurance arm of most banks. Some sites even shop around for you, but you won't get advice.

If you buy online, be prepared to fill out a questionnaire. Don't buy unless you are sure what insurance you really need. The better websites won't let you buy until you've talked to an insurance agent.

(Adapted from: <http://www.theglobeandmail.com/globe-investor/investor-education/chapter-1-where-do-i-buy-life-insurance/article731755/>, 11. 4. 2010)



**Read the text *What are the Steps to Buy Life Insurance* and discuss the importance of each step with other students.**

### **What are the Steps to Buy Life Insurance?**

Follow these six steps to buy life insurance:

1. **Learn about your options.** Decide which insurance best fits your needs. If you are not sure, you may want to talk to an insurance agent, insurance broker, salesperson, or an adviser. Be sure to ask if they are licensed to sell insurance in your province.
2. **Decide how much insurance you want to buy.** Don't buy more than you need. Again, you may want to talk to an adviser.

Tip: Check first to see what coverage you have through work or any association or group to which you belong. If you need more insurance, you may be able to get it through the same plan. It will likely cost less than if you buy on your own.

3. **Get quotes (or have an adviser get them for you).** Check the quotes you get carefully. Sometimes the prices you see are just examples, so ask for your actual numbers. Also ask if you are getting the best rate the insurer offers. You may not get the best rate if you have a health problem.
4. **When you are ready to buy, complete the application form.** Read it over with care before you sign it. Make sure you answer any health questions honestly. Your claims may not be honoured if there is false information on your application.
5. **When you get your policy, go over it in detail with your agent or broker.** Make sure it is complete and correct. Ask questions about anything you don't understand. Make sure you get the answers immediately because, in some cases, you have only 10 days to review the contract before it is final.
6. **Decide whether or not to accept the policy.**
  - a. If you accept the policy, sign it, and follow the instructions for returning it along with your first premium cheque. Keep your copy of the policy in a safe place. Be sure to tell someone you trust where to find it.
  - b. If you don't accept the policy, return it without signing it. Keep written proof that you returned it in the form of a registered mail receipt, or a courier receipt.

Tip: If you are buying a new policy to replace one that you have, do not cancel the old policy until you have your new one in place.

**Remember: Life insurance is for the long term.** Take time to learn about your choices and decide what you want.

(Adapted from: <http://www.theglobeandmail.com/globe-investor/investor-education/chapter-1-where-do-i-buy-life-insurance/article731755/>, 11. 4. 2010)



**Work in pairs. Discuss the following:**

- + What are the main points one should consider when buying insurance?
- + Do you prefer buying it by phone or by Internet? Explain your choice.
- + How can you be sure that you have chosen the right type of insurance?
- + List the important steps that have to be considered when buying insurance?



**Read both texts again, decide for one and draw a mind map. Then use another colour to add your own ideas. Present your mind map to other students.**



**Watch the video *How to Compare Auto Insurance Quotes Online* ([http://www.youtube.com/watch?v=me\\_EFCyLkcQ](http://www.youtube.com/watch?v=me_EFCyLkcQ), 25. 3. 2010), listen to the speaker and answer the following questions:**

- + What is the video about? What is the purpose of these online quotations?
- + What personal data should be entered? Do they guarantee data protection?
- + What basic information about your car should be filled in?
- + Explain specific options to be covered (number of drivers etc.).
- + How many insurance companies and their products are compared?



**Additional listening on how to fill in online insurance quotes:**

- Insurance Quotes Online ([http://www.youtube.com/watch?v=CActdXAk\\_Xw](http://www.youtube.com/watch?v=CActdXAk_Xw), 25. 3. 2010)
- Auto Insurance (<http://www.youtube.com/watch?v=FtEp5yc-g3A>, 25. 3. 2010)



**Find an online (Slovenian or foreign) insurance quotes and fill it in. Choose any type of insurance you are interested in, but motor insurance will probably be the most appropriate.**



**Think about the process of buying life insurance that is shown in Figure 10 and complete the sentences below. For details see webpage under Figure 10.**

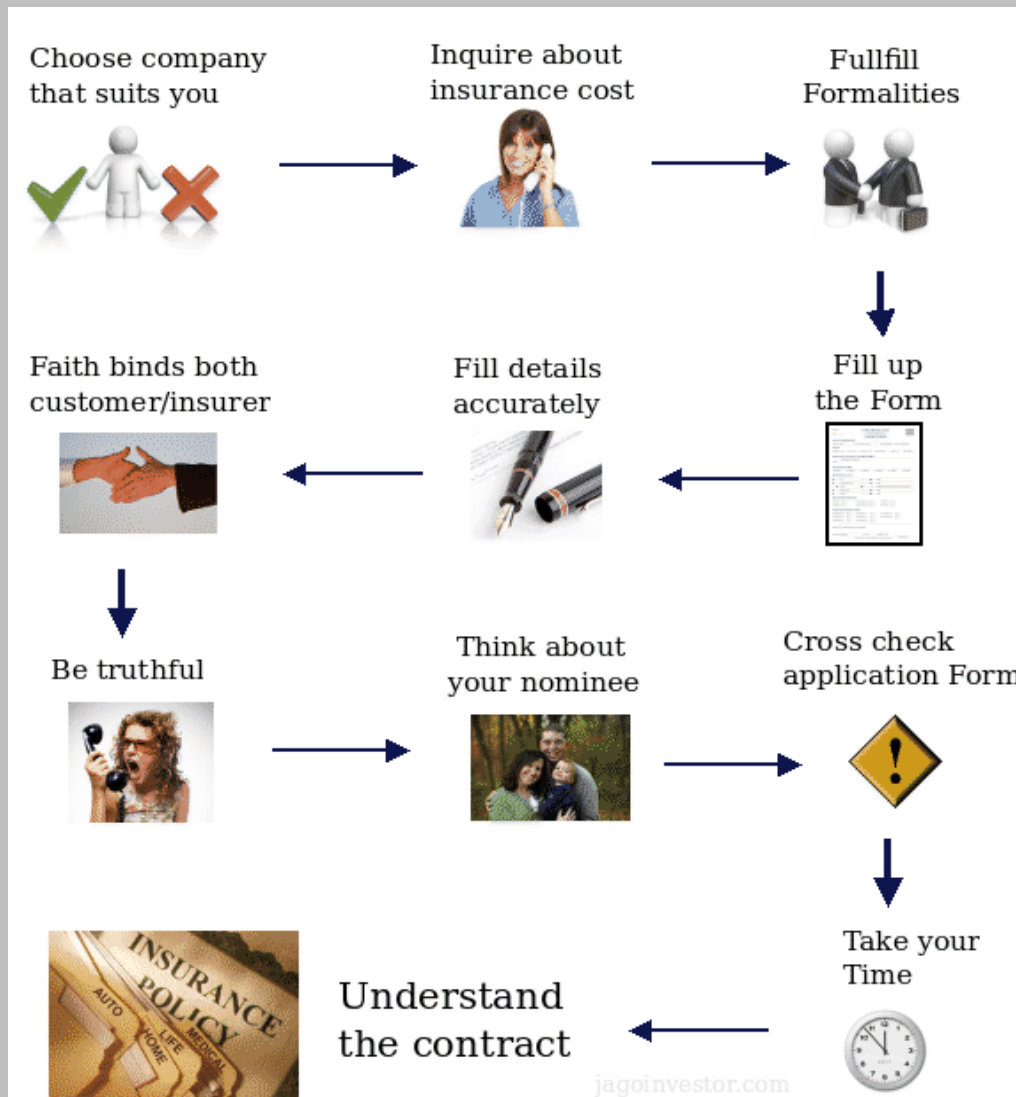


Figure 11: Steps in Buying Life Insurance

Source: <http://www.jagoinvestor.com/2010/10/step-by-step-process-of-buying-life-insurance-2.html> (22. 10. 2010)

- If you want to buy a proper life insurance, you \_\_\_\_\_.
- If you are quite old, the premium \_\_\_\_\_, that is why you have to inquire about insurance costs.
- If you do not fill in the form accurately, you \_\_\_\_\_.
- If you are not truthful when filling in the form, you \_\_\_\_\_.
- The cross checks of application form have to be done, if \_\_\_\_\_.
- You will need enough time, if you \_\_\_\_\_.

**Summary**

In this unit we discussed insurance marketing tools and created slogans and advertisements for an insurance company. Various ways of advertising and selling insurance were presented and practiced. Also, the importance of choosing the right type of insurance and the steps that have to be considered when buying insurance were dealt with.

## 6 INSURANCE POLICY

After this unit you will be able to:

- define and describe insurance policy;
- name and explain part of insurance policy;
- compare the contents of a Slovenian and a foreign insurance policy;
- give and explain reasons for cancelling an insurance policy;
- write a letter of cancellation.

### 6.1 INSURANCE POLICY DEFINITION



**Think about the following questions and discuss them with other students:**

- + How many different insurance policies have you seen?
- + What do they have in common?
- + Is the structure of an insurance policy the same as the structure of a contract?
- + Explain (in English and Slovenian) the expressions: policyholder, the insurer, the insured, claims, premium, perils, coverage.



**Read the text *Insurance Policy* and answer the questions above.**

#### Insurance Policy

In insurance, the insurance policy is a contract (generally a standard form contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay.

In exchange for payment, known as the premium, the insurer pays for damages to the insured which are caused by covered perils under the policy language. Insurance contracts are designed to meet specific needs and thus have many features not found in many other types of contracts. Since insurance policies are standard forms, they feature boilerplate language which is similar across a wide variety of different types of insurance policies.

The insurance policy is generally an integrated contract, meaning that it includes all forms associated with the agreement between the insured and insurer.

The insurance contract is a contract whereby the insurer will pay the insured (the person whom benefits would be paid to, or on the behalf of), if certain defined events occur. Subject to the "fortuity principle", the event must be uncertain. The uncertainty can be either as to when the event will happen (i.e. in a life insurance policy, the time of the insured's death is uncertain) or as to if it will happen at all (i.e. in a fire insurance policy, whether or not a fire will occur at all).

(Adapted from: [http://en.wikipedia.org/wiki/Insurance\\_policy](http://en.wikipedia.org/wiki/Insurance_policy), 25. 10. 2010)



**Read the text again and complete the sentences.**

The insurance contract is a contract \_\_\_\_\_.  
 Insurance policies feature \_\_\_\_\_.  
 By signing the insurance policy, the insured is obliged to pay \_\_\_\_\_.  
 If certain defined event occurs, \_\_\_\_\_.  
 The uncertainty can be either \_\_\_\_\_ or \_\_\_\_\_.

**Parts of an insurance contract**

An insurance contract consists of different parts and may vary from type to type but it generally includes definitions, conditions, declarations, endorsements, insuring clauses, exclusions and exceptions.



**Read the expressions and their definitions. Match the expressions on the left with the correct definitions on the right. Then try to put them in the right order.**

Insuring agreement

Define important terms used in the policy language.

Declarations

Additional forms attached to the policy form that modify it in some way, either unconditionally or upon the existence of some condition. Endorsements can make policies difficult to read for nonlawyers; they may modify or delete clauses located several pages earlier in the standard insuring agreement, or even modify each other. Because it is very risky to allow nonlawyer underwriters to directly rewrite core policy language with word processors, insurers usually direct underwriters to modify standard forms by attaching endorsements preapproved by counsel for various common modifications.

Endorsements

Provisions, rules of conduct, duties and obligations required for coverage. If policy conditions are not met, the insurer can deny the claim.

Conditions

Describes the covered perils, or risks assumed, or nature of coverage, or makes some reference to the contractual agreement between insurer and insured. It summarizes the major promises of the insurance company, as well as stating what is covered.

Exclusions

Identifies who is an insured, the insured's address, the insuring company, what risks or property are covered, the policy limits (amount of insurance), any applicable deductibles, the policy period and premium amount. These

are usually provided on a form that is filled out by the insurer based on the insured's application and attached on top of or inserted within the first few pages of the standard policy form.

## Definitions

Take coverage away from the Insuring Agreement by describing property, perils, hazards or losses arising from specific causes which are not covered by the policy.

(Adapted from: [http://en.wikipedia.org/wiki/Insurance\\_policy](http://en.wikipedia.org/wiki/Insurance_policy), 25. 10. 2010)



**Find a Slovenian example of an insurance policy and compare it with the contents suggested in the structure above. Discuss the similarities and differences.**



**Work in groups. Each group chooses a different type of insurance policy:**

- ✚ find an original of a Slovenian or foreign insurance policy on the Internet;
- ✚ read it and discuss the vocabulary (use a dictionary);
- ✚ put down the most important facts about it,
- ✚ make a mind map or power point presentation,
- ✚ present it to your colleagues.

More information:

- General Property form  
(<http://www.fema.gov/library/viewRecord.do?id=4098&fromSearch=fromsearch>, 25. 10. 2010)
- Policy Forms Online (<http://www.alta.org/forms/>, 25. 10. 2010)
- Automobile Insurance Policy  
(<http://www.fsco.gov.on.ca/english/forms/autoforms/endorsement/default.asp>, 25. 10. 2010)

## 6.2 CANCELLING THE POLICY



Can you cancel an insurance policy? What can be the reasons? What is the cancellation procedure? Discuss your ideas with other students.



For some reason you might want to cancel your insurance policy. Maybe you feel you pay too much or you purchased the wrong kind of insurance in the first place, or maybe you have lost your job and do not have money to pay the premium.

In some cases you can cancel it by phone, but you have to confirm it in writing.

A cancellation letter should include: your address, date, your policy number, the insurance company's address, fax number, time of cancellation, and the reason for cancelling the policy. Here is an example of cancellation letter.

	Your Mailing Address or PO Box Your City, State, Zip Code
	Date
First Name Last Name or Cancellation Department Name of Insurance Company Company's Mailing Address or PO Box Company's City, State, Zip Code	
Re: Policy Number: _____ Cancellation	
I am sending you this written notice to request cancellation of my insurance policy effective [insert cancellation date].	
I would appreciate you sending me written confirmation within 30 days that the cancellation has been put into effect. Please refund the unused portion of my policy premium, and cease charging my bank account for payment of monthly premiums.	
Thank you for your prompt attention to this matter.	
Sincerely, [Your Signature] Your First Name Last Name	

(Adapted from: [http://insurance.lovetoknow.com/Insurance\\_Sample\\_Cancellation\\_Letter](http://insurance.lovetoknow.com/Insurance_Sample_Cancellation_Letter),  
25. 10. 2010)



**Write your own letter of cancellation. You have decided to cancel your Home Insurance Policy. Last week you finally arranged everything to move back to Europe and you will not need the American Home Insurance any more. Ask the insurance company to return the unused share of your premium for this year.**



**Complete the insurance cancellation by phone.**

A: Hi, my name is Mark White. Can I speak to Mrs. Grey, please?

B: Hi, I'm afraid she is not here at the moment. Can I put you through to somebody else?

A: Well, I just want to know, if I am allowed to cancel my life-insurance by phone.

B: It's OK, then. I can help you, if you like.

A: I'll be glad.

B: What type of insurance do you have and what is your policy number?

A: \_\_\_\_\_

B: \_\_\_\_\_

A: \_\_\_\_\_

B: \_\_\_\_\_

### **Summary**

Insurance is covered when it is confirmed by the insurance policy. People should have time to read it carefully because of all inclusions and exclusions they need when they have to claim for something.

## 7 INSURANCE PREMIUM

After this unit you will be able to:

- define and explain the concept of insurance premium;
- explain what factors influence the premium rate;
- distinguish among and explain the expressions: premium, coverage, quote, policy and other insurance word and phrases;
- explain the actuary's role in calculating the premium;
- improve mathematics and statistics as two important fields in insurance business.

### 7.1 INSURANCE PREMIUM



**What is an insurance premium? How often do we pay it? Why do the quotes differ according to the type and insurance company? Discuss your ideas with other students.**



**Read the text *Insurance Premium* and answer the following questions:**

- + What is an insurance premium?
- + Do the expressions *premium* and *coverage* mean the same in insurance business?
- + Why is it wise to get several quotes from different insurance companies for the same type of insurance?
- + What is an insurance premium based on?
- + How often and how long do we pay the premium?
- + What happens if we don't pay the premium?

#### **Insurance Premium**

An insurance premium refers to the amount of money that is stipulated by an insurance company that an insurance policy holder must pay in order to maintain the active coverage of the insurance.

Insurance premiums offered by different insurance companies will vary even if these companies offer the same service. This is the reason why insurance experts recommend that people who are interested in getting an insurance policy get quotes from different insurance companies so that they can get the best deals and lower insurance premiums.

To get the insurance premium, an insurance agent will get a person's personal information, and based on the information as well as other factors, the insurance premium is computed. The lowest insurance premium would obviously be the easiest policy to maintain, although a low insurance premium may also mean that the coverage provided may not be much.

The insurance premium is based upon a lot of statistics. It is not really dependent on the individual habits of a person applying for insurance. This is basically the same whether a person is applying for car insurance or medical insurance.

Insurance premiums are usually collected in various schedules. One can opt to pay it monthly, quarterly, semi yearly or yearly. A policy holder has the responsibility to make sure the insurance premiums are paid regularly. A policy holder who fails to make the scheduled payment is in danger of having his insurance policy cancelled by the insurance company. This is called a lapsed policy. The policy holder has the option of paying the balance of the insurance premium to reinstate the policy.

(Adapted from: <http://brainz.org/what-insurance-premium/>, 5. 4. 2009)

## 7.2 INSURANCE PREMIUM CALCULATION



**Who is responsible for setting the premium? How is it calculated? Have you ever seen the procedure of premium calculating? Can you describe it? Discuss your ideas with other students.**



**Read the text and explain the underlined words in English.**

Most people are aware that life insurance companies rely on an individual's age, health and lifestyle choices when making a decision whether or not to offer coverage. They evaluate the applicant's information and classify the applicant based upon their insurance tables. The premium that the applicant pays is directly related to this classification. But how do the insurance companies formulate these tables? How do they arrive at their premium prices?

In insurance, risk refers to the possibility of loss. When a person buys insurance, this risk is transferred from the insured person to the insurer. In order to make a successful business of accepting the transfer of risk, the insurer must determine to some degree how many losses will actually occur. The insurer can't predict the losses that are expected for any given individual. Using the law of large numbers, however, insurance companies can predict with accuracy how many losses will occur within a group.

The basic principle of the law of large numbers is as follows: the larger the group, the more predictable the future losses in the group will be for a given period of time. The insurance company cannot predict which individual people will die, but with a large enough group being studied, statistics can accurately predict the number of people that will pass away.

An exposure unit is the person or item of property that is insured. In order for the law of large numbers to be effective, a large number of similar, or homogeneous, exposure units must be combined. For life and health insurance purposes, the exposure unit is equivalent to the economic value of the insured person's life. In other types of insurance it's the number of homes, cars, or whatever is being insured.

The degree of error in predicting losses decreases as the number of individual exposure units increases. In other words, the larger the group, the more closely the predicted losses will approach the actual losses experienced. Insurers only deal with averages; by centering on the average risk, the high and low extremes in loss experience cancel each other out.

Insurance companies employ mathematicians, called *actuaries*, who study and compile statistical data about exposure units and risks. This data is the basis for the mortality (death)

and morbidity (sickness) tables that are used to predict probable future losses due to sickness and death. Of course, these tables take into account many different variables which raise or lower the risk of loss. The insured person is classified, and premiums are set, based upon where his or her profile falls with regard to these tables.

Finally, insurance companies collect premiums to cover expenses, profits, and the cost of predicted losses. These expected losses are based on the past experience of the average risk. The fact that some people live well beyond normal life expectancy (and thus pay premiums for a much longer period of time) is irrelevant; since it can be counted on that others (who have paid very few premiums) will die prematurely. The two extremes cancel each other out, leaving the average risk as the insurance company's basis for calculating expected losses.

(Adapted from: <http://www.finweb.com/insurance/how-your-insurance-premiums-are-calculated.html>, 13. 2. 2011)



**Read the text again and find the Slovenian translations for the following words and phrases:**

accuracy	
actual losses	
actuary	
applicant	
average risk	
classification	
coverage	
degree of error	
exposure unit	
high and low extremes	
insurance table	
irrelevant	
item of property	
law of large numbers	
mortality (death) and morbidity (sickness) tables	
past experience of the average risk	
possibility of loss	
prematurely	
risk	
statistical data	
take into account	
to cover expenses, profits, and the cost of predicted losses	
to evaluate	
to live well beyond normal life expectancy	
to predict	
transfer of risk	



Read the text again and decide whether the statements below are true (T) or false (F).

	Life insurance premium is calculated by considering an individual's age, health and lifestyle.
	The smaller the group, the more predictable the future losses in the group will be given in a certain period of time.
	By using the law of large numbers, the insurance company can predict which individual people will die.
	An exposure unit means the person who is extremely exposed to risks.
	Actuaries are mathematicians who study and compile statistical data about exposure units and risks
	The death and sickness tables predict probable future losses due to sickness and death.
	The risk of loss is either raised or lowered by different variables.
	In other types of insurance, the exposure unit is the number of homes, cars, or whatever is being insured.
	An actuary is responsible for collecting the data to forecast future risks and see how these predictions will affect various aspects of insurance.



Look at the figure below and try to read the equations (more: *English for Science and Engineering*: <http://ese.cc.sophia.ac.jp/HowToReadAndGlossary.pdf>, 3. 5. 2011).

self insurance, which leaves the insured with final wealth  $\bar{w} - X$ , if and only if  $\bar{u}(\bar{w} - \pi[X]) \geq \mathbb{E}[\bar{u}(\bar{w} - X)]$ , where  $\bar{u}$  denotes the utility function of the insured. The equivalent utility premium  $\pi^+[X]$  is derived by solving

$$\bar{u}(\bar{w} - \pi[X]) = \mathbb{E}[\bar{u}(\bar{w} - X)].$$

The insured will buy the insurance if and only if  $\pi[X] \leq \pi^+[X]$ . One easily verifies that a risk-averse insured is willing to pay more than the pure net premium  $\mathbb{E}[X]$ . An insurance treaty can be signed both by the insurer and by the insured only if the premium satisfies  $\pi^- [X] \leq \pi[X] \leq \pi^+[X]$ .

**Example 5** Consider an agent whose preferences can be described by an exponential utility function

$$u(x) = \frac{1}{\alpha} (1 - e^{-\alpha x}), \quad \alpha > 0, \tag{2}$$

where  $\alpha$  is the coefficient of absolute risk aversion. We find that

$$\pi^+[X] = \frac{1}{\alpha} \log(m_X(\alpha)), \tag{3}$$

where  $m_X(\alpha)$  is the moment generating function of  $X$  evaluated in  $\alpha$ . We note that for this specific choice of the utility function,  $\pi^+[X]$  does not depend on  $w$ . Furthermore, notice that the expression for  $\pi^- [X]$  is similar. However, now  $\alpha$  corresponds to the risk aversion of the insurer. When  $\alpha \downarrow 0$  (i.e. for a risk-neutral agent) the exponential premium reduces

Figure 12: Premium Calculating Process

Source: <http://www.econ.kuleuven.be/insurance/pdfs/premium3.pdf> (3. 5. 2011)

## **Summary**

The term insurance premium denotes the amount of money that is payed by an insurance policy holder to maintain the active coverage of the insurance. Despite the same insurance product, the insurance premiums may vary from one insurance company to another. To get the insurance premium, an insurance agent will get a person's personal information, and based on the information as well as other factors, the insurance premium is computed.

## 8 CLAIMS

After this unit you will be able to:

- explain insurance claim and its process;
- fill in a claim and respond to different claims;
- define and discuss claim rejection reasons out of the policy coverage, limitations, exclusions etc;
- improve your insurance vocabulary.

### 8.1 WHAT IS AN INSURANCE CLAIM



Read the text about the insurance claim and fill in the words from the box.

holders	premiums	out-of-pocket	holder	carelessness
application	policy	work-related	investigating	claims
fraud	insurance	adjustor	assets	approve

An insurance claim is the actual \_\_\_\_\_ for benefits provided by an insurance company. Policy \_\_\_\_\_ must first file an insurance claim before any money can be disbursed to the hospital or repair shop or other contracted service. The insurance company may or may not \_\_\_\_\_ the claim, based on its own assessment of the circumstances.

Individuals who take out home, life, health, or automobile \_\_\_\_\_ policies must maintain regular payments called premiums to the insurers. Most of the time these \_\_\_\_\_ are used to settle another person's insurance claim or to build up the available \_\_\_\_\_ of the insurance company. But occasionally an accident will happen which causes real financial damage, such as an automobile wreck or a tornado or a \_\_\_\_\_ accident. At this point the injured policy \_\_\_\_\_ has the right to file an insurance claim in order to receive money from the insurance company.

In general, the insurance claim is filed with a local representative of the insurance company. This agent becomes responsible for \_\_\_\_\_ the specific details of the insurance claim and negotiating the payment from the main insurers. Many times a recognized authority (doctor, repair shop, building contractor) can file the necessary insurance claim forms directly with the insurance company. However, sometimes the policy holder may not want to file an actual insurance claim if the damage is minor or another party has agreed to pay \_\_\_\_\_ for their mistake.

After an insurance claim is filed, the insurance company may send out an investigator called an \_\_\_\_\_ or appraiser. The insurance adjustor's job is to objectively evaluate the insurance claim and determine if the repair estimates are reasonable. This is to prevent possible \_\_\_\_\_ by contractors who may inflate their bills for additional compensation. Insurance companies tend to accept the adjustor or appraiser's evaluation as the final word on the insurance claim.

Some insurance \_\_\_\_\_ may not be recognized by the insurance company for any number of reasons. If a claimant's premiums have not been paid in full, the \_\_\_\_\_

itself may not be active. Another insurance company may have already agreed to pay for the damages listed in the claim. This happens quite often in automobile accidents where one party is held responsible. Another reason an insurance claim may be rejected is a failure to fall under covered conditions. Most insurance policies spell out specific areas which qualify for benefits. If the accident or damage claim was caused by \_\_\_\_\_ or an unavoidable "Act of God", the insurance company has the right to withhold payments.

(Adapted from: <http://www.wisegeek.com/what-is-an-insurance-claim.htm>, 26. 11. 2010)



**Read the text again and answer the questions:**

- + What is an insurance claim?
- + Who approves it?
- + When is the policy holder justified to make a claim?
- + Explain the claim procedure.
- + When may the policy holder not want to file an insurance claim? Give reasons.
- + Why do insurance companies usually withhold the payment?

## 8.2 INSURANCE CLAIM PROCESS

Making an insurance claim is a process between the policy holder and the insurance company. Companies and individuals make claims for loss, damage and accident by filling in a claim form, which tells the insurance company what has happened.



**Look at Figure 13 and describe the process of submitting a claim at the insurance company.**

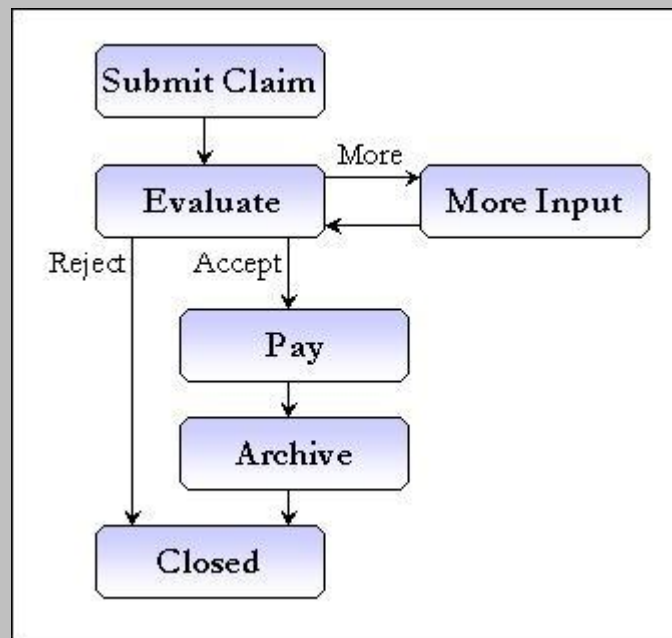


Figure 13: The Insurance Claim Process

Source: <http://onjava.com/pub/a/onjava/2007/05/07/the-process-virtual-machine.html>(25. 10. 2010)



Here are six steps in making an insurance claim. Think about the process in the right order and match the text that defines each step.

No	Stage	Activity
	Settling your claim.	Give your name, address, policy number, the date and time of your loss. Make sure to tell them where you can be reached, especially if you are unable to stay in your home. Follow up the call with a letter detailing the problem. Keep a copy of the letter.
	Repairing your home.	You or your insurance company may contract for the repair of your home. Contact the reputable licensed and insured firm to have your damage repaired. Beware of door-to-door sellers. Sometimes undependable workers enter a damaged area, make cheap repairs, and leave before the residents discover that the repairs are inadequate. Get a written estimate that includes any oral promises the contractor made. Your insurance company may initially pay you a sum equal to the actual cash value, unless you request minimal repairs.
1.	Contact your insurance agent immediately.	Make a detailed list of lost or damaged property. Videotape or photograph damaged property before beginning any repairs. Safety First! Before entering a building, check for structural damage. Don't go in if there is any chance of the building collapsing. Be careful walking around. Upon entering the building, do not use open flames, since gas may be trapped inside. Instead, use your flashlight to light your way. Keep power off until an electrician has inspected your system for safety.
	Protect your property from further damage or theft.	You may settle personal property and structural claims at separate times, although your adjustor may suggest that you file the claims together. Filing separately allows you to take the time needed to determine the full extent of your losses. Don't be in a hurry to settle your claim. Although you may want to have your damage claim settled as quickly as possible, it is sometimes advisable to wait until all the damage has been discovered. Damages overlooked in an early estimate may become apparent later. If you are dissatisfied with the settlement offer, talk things over with your agent and adjustor.
	Working with your adjustor.	Patch roofs temporarily. Cover broken windows with boards or plastic. If household furnishings are exposed to weather, move them to a safe location for storage. If your home has been flooded, protect your family's health by cleaning up your house right away. Floodwaters pick up sewage and chemicals from roads, farms and factories. Throw out foods and medicines that may have come into contact with floodwater. Dry out water-damaged furnishings and clothing as soon as possible to prevent fading and deterioration. You may wish to take some items to a reliable dry cleaner.
	Carefully document your losses.	Your insurance agent will arrange for an adjustor to visit your property and assess the damage. Be sure the adjustor is

		properly licensed. Work with the adjuster. It is their job to assist you and review your claim. The adjuster will inspect your list of lost. The adjuster will work with you to calculate the value of the items on the list and prepare a repair estimate of damage to the property. You and your adjuster need to come to an agreement as to the scope of damage, which is an agreement as to what needs to be repaired or replaced without a dollar amount.
--	--	--

(Adapted from: <http://disaster.ifas.ufl.edu/pdfs/chap04/d04-31.pdf>, 13. 3. 2010)



**Look at the words in this table:**

to submit	to accept	to settle
	<b>(a) claim</b>	
to make		to reject

**Use the verbs above to fill the gaps in the sentences below. Put the verbs into the correct form.**

- "Good morning. Claims department. Can I help you?"
- "Yes, my name is David Smith. My car was involved in an accident earlier today, and I'd like to  a claim on my policy."
  - How long do you think it will take to  the claim?
  - I am pleased to tell you your claim has been .
  - You will need to  your claim to us within the next three weeks.
  - I am sorry to say your claim has been .

(Source: adapted from: <http://www.linguarama.com/ps/294-7.htm>, 10. 5. 2011)



**Fill in one of the claim forms that are available on the Internet:**

**A Motor Trade**

State in full detail the cause and circumstances of the loss or damage

What is the crime reference number and the name of the police officer that dealt with the matter?

What is the name and telephone number for the relevant police station?

*If vehicles were involved:*  
What are the makes/ models registration numbers of any vehicles involved? (attach a separate sheet if necessary)

Who owns the vehicles?

Were they on the premises? Yes  No

If Yes, why were they on the premises?

If applicable, who can we contact in order to arrange an inspection?

Where are the vehicles being stored at present?

*If theft not recovered or total loss*  
Are any vehicles deemed to be a total loss? Yes  No

If Yes, please give details?

Where were the vehicles stolen from?

How were the vehicles secured?

Figure 14: Part of a Motor Claim Form

Source: <http://www.allianz.co.uk/claims/forms/claimForms.htm> (8. 5. 2011)

More forms:

- Bupa International Claim Form: <http://www.bupa-intl.com/jahia/webdav/site/bupaintl/shared/Documents/claim-form.pdf> (8. 5. 2011)
- Pacific First: [http://pacific-first.kditest.com/newsite/images/claim\\_form.pdf](http://pacific-first.kditest.com/newsite/images/claim_form.pdf) (8. 5. 2011)
- VanBredaInternational: <http://www.un.org/Depts/oppba/accounts/insurance/forms/vbClaimForm.pdf> (8. 5. 2011)
- Allianz: <http://www.allianz.co.uk/claims/forms/claimForms.htm> (8. 5. 2011)



**Fill in another form – property loss report.**

**Property Loss Report**

Department \_\_\_\_\_ Date \_\_\_\_\_  
 Completed by \_\_\_\_\_ Date \_\_\_\_\_

**Cause of Loss**

- Theft
- Vandalism
- Burglary
- Tools and Equipment
- Fire/Arson
- Accident—Damage
- Unexplained

**Type of Loss**

- Property Damage
- Inventory
- Money/Cash
- Tools and Equipment
- Employee Time
- Business Interruption
- Other:

\_\_\_\_\_

Other:  
 \_\_\_\_\_  
 \_\_\_\_\_

Date and time loss occurred \_\_\_\_\_

Date and time loss reported \_\_\_\_\_

Police report made Report ID # \_\_\_\_\_

List police department contacts and notes \_\_\_\_\_

Besides the property loss, were there any other consequences of the loss? \_\_\_\_\_

Could this loss have been avoided?  Yes  No

If yes, how? \_\_\_\_\_

Other comments, notes: \_\_\_\_\_

(Source: adapted from: [www.entrepreneur.com/uploadedfiles/images/formnet/ins2.doc](http://www.entrepreneur.com/uploadedfiles/images/formnet/ins2.doc), 10. 5. 2011)



**Read the funny statements from insurance claims. Do you know any similar? Share it with other students.**

The statements below are taken from actual insurance accident claims forms. They are real, true (you can't make up this kind of stuff). Read them, laugh and be glad it wasn't you.

**Accidents with other vehicles**

- The other car collided with mine without giving warning of its intention.
- My car was legally parked as it backed into another vehicle.
- I started to slow down but the traffic was more stationary than I thought.
- The car in front of me stopped for a yellow light, so I had no choice but to hit him. (She pushed him through the intersection.)

## Collisions, calamities, and injuries

- Coming home I drove into the wrong house and collided with a tree I don't have.
- I told the police that I was not injured, but on removing my hat found that I had a fractured skull.
- In an attempt to kill a fly, I drove into a telephone pole.
- I was thrown from my car as it left the road. I was later found in a ditch by some stray cows.
- The claimant had collided with a cow. The questions and answers on the claim form were: Q: What warning was given by you? A: Horn. Q: What warning was given by the other party? A: Moo.

## Who is to blame?

- I didn't think the speed limit applied after midnight.
- The accident was caused by me waving to the man I hit last week.
- I had been learning to drive with power steering. I turned the wheel to what I thought was enough and found myself in a different direction going the opposite way.
- The accident happened when the right front door of a car came round the corner without giving a signal.
- I left for work this morning at 7am as usual when I collided straight into a bus. The bus was 5 minutes early.
- An invisible car came out of nowhere, struck my car and vanished.
- The accident happened because I had one eye on the truck in front, one eye on the pedestrian, and the other on the car behind.

(Source: adapted from <http://www.swapmeetdave.com/Humor/Insurance/Insurance.htm>, 12. 12. 2009)



**Antonio Alessandro has sent a claim form to his insurer after a fire at his restaurant. He received the reply below. Complete the text with appropriate words from the box.**

<del>claim</del>	compensation	comprehensive	cover
estimate	indemnity	legal costs	loss adjuster
	no claims bonus	policy	premium

---

**Bridge Insurance Ltd**  
 124 Kew Gardens Road, London SW2 5HB  
 Tel: 0207 433 8211 Fax: 0207 433 5633

Antonio Alessandro  
 Ristorante Colosseo  
 120 Riverside Road  
 London EC23 5TR  
 2 March 2002

Dear Mr Alessandro  
**Re: Policy number DR 239981 R, Claim Ref. DR4381**  
 Thank you for your (1) claim relating to the fire at your restaurant. We confirm that your policy is (2) \_\_\_\_\_ and therefore covers fire.

Our (3) \_\_\_\_\_, Peter Carrow, will visit you on 7 March to see the damage.

You will receive (4) \_\_\_\_\_ for all damage to the building and equipment. You should supply an (5) \_\_\_\_\_ from two firms for the repairs. You will also receive (6) \_\_\_\_\_ for loss of business, though you will have to make a separate claim. In addition, your (7) \_\_\_\_\_ also provides (8) \_\_\_\_\_ for any (9) \_\_\_\_\_ which may arise.

Finally, we would like to inform you that your (10) \_\_\_\_\_ will rise by 10% as your (11) \_\_\_\_\_ will be affected by this incident.

Yours sincerely  
*Janina Piontek*  
 Janina Piontek  
 Claims Manager

Figure 15: Claim  
 Source: Sweeney, 2004, 35



**Write an insurance claim letter to your insurance company or simply fill in the form online (if your insurance company provides one). The reason for the claim can be invented by yourself. The student next to you works in the insurance company as a claim adjuster. He/She is going to reply to your claim (either approve or reject it).**

### 8.3 CLAIM REJECTION

Sometimes claims, that are sent to insurance companies for compensation, are rejected for a variety of reasons, e.g. the date and the type of coverage, limitations on services etc. But they can also be denied because filling out the car insurance claim form has not been done properly. The insurer may offer less compensation than the claimant is asking for. In that case sometimes the claimant can call in an independent assessor and take the case to court.



**Look at some reasons for the case of car insurance claim's rejection. Think of reasons for home insurance claim rejection and write down the most obvious.**

<p align="center"><b>Car insurance claim rejection Why?</b></p>	<p align="center"><b>Home insurance claim rejection - Why?</b></p>
<p><b>Paperwork mistakes</b></p> <p>Modification information: do not leave out any modification details. Even if you never told your insurer that you added a new suspension, make sure to list this information on your insurance claim.</p> <p>Your current address: believe it or not, making a simple house number mistake is grounds for claim dismissal in a lot of cases.</p> <p>Driver record: when a claim asks you to list driver history in detail, make sure the details are there. Don't leave anything out of this portion of your claim, or you could be looking at a denial.</p>	
<p><b>Withholding information</b></p> <p>You never win when trying to hide information. Insurers will dig to find out whether or not you are telling the truth about an accident.</p> <p>Insurers have the right to question you about any accident elements. If your story doesn't match up, you may find yourself under investigation for insurance fraud. There's no sense in trying to withhold or falsify information.</p>	
<p><b>Missing details</b></p> <p>Nerves are easily shot when an accident occurs. You may not think to write down all of the details concerning another driver. Yet, you'll want to get as much information as possible. Otherwise, an insurer can deny your claim.</p>	
<p><b>Coverage exclusions</b></p> <p>You can never know your policy too well. Take this advice to heart. Learn your policy, find out what is covered, and, more importantly, find out what is not covered. All too often, people assume that every kind of accident is covered by an insurance policy. This is far from the truth.</p> <p>Your policy may not cover all accidents. Finding yourself in a car wreck is nerve-wracking enough; you don't need to be denied based upon coverage exclusions.</p>	

(Source: adapted from <http://carinsurancecomparison.com.au/top-reasons-why-car-insurance-claims-are-denied/>, 12. 3. 2011)



**Revise the insurance vocabulary by completing the words to match the given meanings.**

Payment made by an insurer.	<u>i n d e m n i t y</u>
A document which is evidence that someone has insurance.	i _ _ _ _ _ e c _ _ _ _ _ e
Covered by an insurance policy.	i _ _ _ _ d
Possibility that something might happen.	r _ _ _
The amount charged for insurance.	p _ _ _ _ m
Payment to help someone who has suffered loss or injury.	c _ _ p _ _ s _ _ _ _ _
Insurance protection.	c _ _ _ _
A small part of the total loss which should be paid by the insured person when he/she makes an insurance claim.	e _ _ _ _ s
A type of insurance which pays out on the death of the insured, or at a specific pre-determined time.	l _ _ _ a _ _ _ _ n _ _
A type of insurance to meet hospital costs due to illness or after an accident or injury.	m _ _ _ _ l i _ _ _ _ _ e
A person whose job is to find appropriate insurance at an appropriate price.	b _ _ _ _ _
A description of what happened and a request to an insurer to meet the costs resulting from the event.	_ _ _ _ m
Someone other than the insured who suffers loss or injury in an accident.	t _ _ _ _ p _ _ _ _
A document issued by an insurance company describing the type of insurance offered and requesting payment.	s _ _ _ _ _ e
A document describing an insurance agreement.	p _ _ _ _ y
The period for which an insurance policy is effective.	t _ _ _

(Source: Sweeney, 2004, 43)

### Summary

The insurance claim is filled in when the policyholder asks for benefits that are provided in his policy in case of injury, accident, damage etc. Usually the adjusters are sent out to evaluate the claim and determine the compensation. But not all claims are always solved – sometimes they are rejected by the insurance company for variety of reasons.

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## Projekt **Impletum**

Uvajanje novih izobraževalnih programov na področju višjega strokovnega izobraževanja v obdobju 2008–11

*Konzorcijski partnerji:*



Operacijo delno financira Evropska unija iz Evropskega socialnega sklada ter Ministrstvo RS za šolstvo in šport. Operacija se izvaja v okviru Operativnega programa razvoja človeških virov za obdobje 2007–2013, razvojne prioritete Razvoj človeških virov in vseživljenjskega učenja ter prednostne usmeritve Izboljšanje kakovosti in učinkovitosti sistemov izobraževanja in usposabljanja.