

# BE GOOD TO YOUR FUTURE SELF

## Lesson plan 2: INSURANCE

<b>SUBJECTS</b>	Insurance, financial planning, citizenship
<b>OBJECTIVES</b>	Recognise the importance of financial planning Understand the concept of risk Consider the benefits of taking out insurance
<b>AGES</b>	14 to 15 years old
<b>TIMING</b>	1hr

This lesson will help students understand the importance of insurance. Use it alongside the video and PowerPoint slides available from [eiopa.europa.eu](http://eiopa.europa.eu)

Begin the lesson with a class discussion. Ask your students:

- **What is insurance?**

### WATCH THE VIDEO

After watching the video together, ask your class to sum up what they have seen.

Explain how insurance offers financial protection when things go wrong. And how insurance companies help pay for the consequences.

This removes uncertainty about your future and protects your savings. Continue the discussion by asking:

- **What can you cover? Your phone? Your holiday? Your home? Your health?**

The simple answer is that you can purchase insurance to cover almost every situation. Insurance gives peace of mind to everyone in society so we can go about our everyday lives without fear of some unexpected event.

- **What other types of insurance have you heard of?**

Explain that some insurance is essential, for example motor insurance, while others are optional, such as gadget insurance.

### JARGON

Compile a glossary of terms specific to the insurance industry. Pay particular attention to the words policy, premium, claim and excess. Here are our simple definitions to help get you started.

### GLOSSARY

#### Policy

A contract explaining what an insurance company will and will not pay for,

#### Premium

Money you pay to an insurance company for your cover

#### Claim

Any request to that company to compensate you for a loss

#### Excess

Your contribution towards a claim—so you pay smaller premiums but bear more of any loss

### DO I HAVE TO GET INSURANCE?

Many types of insurance are optional. You could put the money into your bank account instead of paying it to an insurance company.

But could you save enough to replace a €10,000 car or rebuild a €100,000 apartment? While insurance covers risks you can't prepare for. It might not always be the best option.

Discuss how students might research whether an insurance policy is right for them. Consider price comparison sites, checking reviews and speaking to friends and family.

Before paying for insurance, ask yourself if it protects you from the right risks and if the premium gives value for money.

## EXERCISE

Share the example of Ezio who buys a new laptop for €250. His annual insurance premium is €52.50 (or €5.25 in 12 monthly instalments). The policy has a €100 excess.

Explain that terms and conditions will apply, and not all insurance claims are successful. Ask them to explain:

- **Does Ezio's policy, premium and excess offer value for money?**
- **How else could Ezio protect himself?**

You could prompt students to consider whether he should put his money into savings instead.

- **Would you advise Ezio to pay the one-off fee or monthly instalments?**



## WHAT IS RISK?

Ask your students if they know how insurers can pay out compensation with so many incidents and accidents every day.

They can never know exactly. But insurers try to predict future losses by using experience and statistical data for types of risk.

That data helps them work out how much money they need to collect from you in premiums and how much to keep in a pool so that all losses can be paid out.

The bigger the risk, the higher the premium.

Ask your students to imagine they work for an insurance company and to use their experience to rank these activities in terms of risk to young people.

1. **Crossing the road**
2. **Going to school**
3. **Playing sport**

Get your class to talk through the reasons for their choice.

According to Eurosafe, young adults are most likely to be injured playing sport and least likely to be hurt at school. Most accidents actually take place in the home.

## HOMEWORK

A new housing development has been built on the outskirts of your town. Challenge your students to consider all the factors that might affect the premium an insurer charges to the home buyers (e.g. level of cover, cost of rebuilding the property, impact of climate change/potential for flooding).

## FURTHER READING

- **EIOPA'S tips for consumers**  
[https://www.eiopa.europa.eu/browse/consumers\\_en](https://www.eiopa.europa.eu/browse/consumers_en)
- **EIOPA's factsheet on Insurer's Green Investments**  
<https://www.eiopa.europa.eu/document-library/fact-sheet/insurers-green-investments>
- **Eurosafe: Injuries in the European Union**  
[https://www.eurosafe.eu.com/uploads/inline-files/IDB\\_Report\\_2014\\_final%202010-2012.pdf](https://www.eurosafe.eu.com/uploads/inline-files/IDB_Report_2014_final%202010-2012.pdf)
- **Global Money Week main site**  
<https://www.globalmoneyweek.org>