

# MODULE 3

## INSURANCES





# WIRTSCHAFTSWISSEN

FÜR JEDERMANN LEICHT GEMACHT

SINCERE

WELCOME

Do you feel the same?

You have financial difficulties. This is about the questions of how you deal with the money you earn.

In this brochure you can inform yourself and make yourself smarter in the economic area.



*“Geld ist das Gegenteil von dem Wetter.*

*Niemand spricht darüber, aber jeder tut etwas damit.”*

*Rebecca Johnson*



## TABLE OF CONTENTS

THE WIWI PROJECT IS A FINANCIAL PROJECT.  
IN THIS TRAINING PROGRAM YOU CAN LEARN  
IMPORTANT INFORMATION THAT WILL IMPROVE YOUR  
KNOWLEDGE IN THE FIELD OF  
EXPAND FINANCES.

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01

# CHARACTERS



# MAIN CHARACTERS

In all **modules** we show figures. The figures are imaginary and wear clothing from the Middle Ages. They should help to explain so that the topic is easier for you to understand. The figures were chosen so that you don't confuse them with real people.



## The Farmer

That's you, if you are a male.

## The Midwife

That's you, if you are a female





## The Mayor

The mayor always comes to explain difficult technical things to you.

**EXACTLY/ SPECIFIC**

## The Judge

The judge always explains something important to you with **"IMPORTANT!"**



## The Knight

The knight always tells you what you're doing

watch out with: **"DANGER/ CAUTION!"** .



02

# HEALTH INSURANCE





# 03

## COMPOSITE INSURANCES





# COMPOSITE INSURANCE

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Today you can insure almost anything. For example, musicians insure their voice. We can currently insure almost anything.

We therefore only introduce you to the important insurance companies. Nevertheless, we have also included an overview of superfluous insurance in one chapter.



## 3.1 CAR- LIABILITY

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If you have a car, you definitely have to insure it. But there are many different types of insurance here. And you don't have to take out all insurance policies. Of course, that depends on your car and your driving habits.

Liability insurance is mandatory. Without this you are not allowed to drive your car. In the event of an accident, the other person is insured, not you. And that's why this insurance is also required by law - i.e. compulsory insurance.



## What is insured?

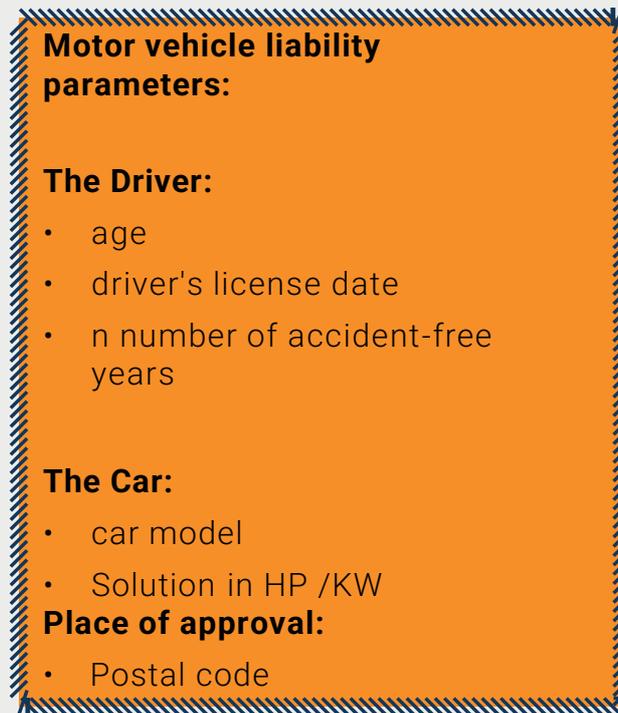
Imagine you are hit by another car. Either you are on foot, by bike or in your car. The other person ignores the right of way and hits you. Damage occurs. Hopefully nothing bad has happened to you as a person - but anything is possible.

Your motor vehicle liability insurance replaces the damage caused by the other driver if you are responsible for the damage yourself. Damage to your own car is not insured here.

Or, for example, if someone hits you: Then the liability insurance of the other person pays for your damage - i.e. that of the person who caused the accident. Hopefully he has also taken out liability insurance and is not without one on the road. therefore it is very important to call the police in the event of an accident so that they can record the data of both pages (name, address and important insurance information) and these can then be exchanged.

## How is the premium calculated?

The premium for your motor vehicle liability insurance is calculated according to various parameters - it is not always the same and depends on the following:



**Motor vehicle liability parameters:**

**The Driver:**

- age
- driver's license date
- n number of accident-free years

**The Car:**

- car model
- Solution in HP /KW

**Place of approval:**

- Postal code

Cars with a lot of horsepower are more expensive in motor vehicle insurance than smaller cars with little horsepower.

The reason is that according to the statistics, unfortunately, the high-horsepower cars are often involved in accidents.

But you will ask yourself why it is also important where you insure your car. Unfortunately, policyholders often pay more for motor vehicle liability insurance in large cities than in rural areas.

The reason is simple: Due to the narrow streets of large cities, personal injury or damage to property occurs more quickly with other cars or people. This risk is passed on to the policyholder. As a result, everyone in this region has to pay higher contributions.

## 3.2 PARTIAL COMPREHENSIVE and FULL COMPREHENSIVE

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If you have a new or expensive car, you should also take out partial or fully comprehensive insurance. Then the damage to your car is also insured.

For an old car that is no longer worth much, it is usually not worth it. Then rather save the money, i.e. the insurance premiums. In any case, you have taken out motor vehicle liability insurance, and you are insured for all damage that you cause to others.

If the insurance is not mandatory but voluntary, the insurance companies will also compete. Unfortunately, then it is always difficult to make a direct comparison, because the benefits – i.e. what the insurance company pays – are not always exactly the same.

As a rule, the following applies to the premium for partial and fully comprehensive insurance:

**The more expensive is the car, the more expensive is the insurance**

## What is the difference between full and partial insurance?

Here is a brief overview of what the difference is between partially comprehensive car insurance and fully comprehensive car insurance.

|   | Partial Comprehensive   | Full Comprehensive  |
|---|---|---|
| Glass breakage  |    |    |
| Damage nature e.g. hail                                 |    |    |
| Damage to animals e.g. accident with wild               |    |    |
| burglary, theft   |    |    |
| Fire  |    |    |
| Compensation extras e.g. roof box                       |   |   |
| Refund of registration tax in the event of a total loss |  |  |
| Culpable accident with other cars                       |  |  |
| vandalism   |  |  |
| Wrong refueling   |  |  |

The biggest difference between insurance (partial and fully comprehensive) and liability insurance is the payment for damage to your car. This applies to theft, glass breakage and hail damage.

### **ATTENTION!**

**ALL DAMAGES HAVE A DEDUCTIBLE, THAT MEANS YOU HAVE TO PAY THE FIRST €100 YOURSELF, FOR EXAMPLE.**

**EVERY TIME YOU CLAIM THE INSURANCE, YOU PAY MORE PREMIUM NEXT YEAR.**

The main difference between partial and fully comprehensive insurance is that fully comprehensive insurance also pays for damage to your car if you cause an accident.

If you look at the benefits of comprehensive insurance, it is logical that the premium for more expensive cars is higher.



### IMPORTANT

The table is just an example, in every country and with every insurance there are a few special services, e.g. wrong fueling or not.



Wenn der Unterschied der Prämie zwischen Teil-Kasko und Voll-Kasko nicht sehr groß ist, Dein Auto neu oder teuer ist, dann überlege Dir, nur eine Voll-Kasko abzuschließen.

## What is self participation?

However, there is something very important for these two insurances: self-participation.



### IMPORTANT

The self-insurance determines the amount that you have to pay for each claim. If this is e.g. €850, then you have to pay for any damage up to €850 yourself.

#### Case 1:

Your damage in a minor accident to your car (the damage to the other person is paid for by the liability insurance) amounts to €800. Bad luck! You have to pay for it yourself – or don't have it repaired.

#### Case 2:

The damage to your car in an accident amounts to €7,500. This can be done very quickly these days because repairs to the bodywork have also become so expensive. Now you only have to pay your deductible of €850 and the remaining €6,650 will be paid by your fully comprehensive insurance. So it makes sense to have the damage repaired. In addition to self-involvement, the number of damages also plays a role. The more often you have an accident, the more expensive your comprehensive insurance will be. If you have several accidents, the insurance will “upgrade” you. Then you have to pay a higher premium because you are a dangerous driver for the insurance company. If things go wrong, the insurance company will even cancel your comprehensive insurance because you are “too expensive” for them.

## Where can I find a good offer?

There are comparison portals in all countries on the Internet. You can then compare all insurance companies and find a good offer. However, keep in mind that the cheapest offer for insurance is not always the best offer.

Claims processing is always complicated. There's a lot of paper to fill out. And then the insurance companies often decide differently than you think. Then it can be better if you take out the car insurance with an insurance broker in your area.

He can then help you to fill out the forms and has the "direct line" to the insurance company.



## Kfz-Versicherungsvergleich beim Testsieger

Exklusiv nur bei CHECK24

- ✓ Über 330 Tarife im Vergleich
- ✓ Bis zu 850 € sparen<sup>1)</sup>
- ✓ Über 300 Berater sind für Sie da



15x Testsieger<sup>2)</sup>



### Meine letzten Vergleiche (1)

VW Golf III C Diesel  
HSN/TSN: 0600/896

vor 16 Tagen auf dem PC/Laptop

Vergleich fortsetzen, um Tarife zu sehen

Vergleich fortsetzen

Kfz-Versicherung

Ihre Postleitzahl

**JETZT VERGLEICHEN**

Kfz-Versicherungsvergleich 2021  
**KFZ-VERSICHERUNG  
VERGLEICHEN UND BIS ZU  
850€ SPAREN**



Bis zu 850€ sparen!



## Versicherungsvergleich für Österreich

Bares Geld sparen durch den Vergleich von Versicherungen

**Auto**

Sparen Sie bis zu € 700 bei der Autoversicherung

**Jetzt vergleichen**

Ratgeber | Neuigkeiten | Anbieter

**Haushalt**

Sparen Sie bis zu € 200 bei der Haushaltsversicherung

**Jetzt vergleichen**

Ratgeber | Neuigkeiten | Anbieter





## Assicurazioni Auto: confronta più compagnie e risparmi



### ASSICURAZIONI AUTO

Confronta più preventivi e scegli la polizza migliore per te. Bastano 3 min!

Fai un PREVENTIVO →

Oppure recupera i tuoi preventivi

\* Grazie al confronto tra i preventivi. Scopri come funziona il servizio e come calcoliamo il risparmio  
 \* Prezzi mai così bassi: riduzione rapportata al confronto con la media storica dei prezzi disponibili su Facile.it relativi al medesimo rischio.

## Vom Autokauf bis zum erfolgreich abgewickelten Schaden – Hilfreiches für jede Situation



### Fahrzeugbeschaffung

Neuwagen oder Occasionsauto? Worauf es beim Kauf eines Autos ankommt. →



### Vertrag

Rechte und Pflichten im Autoversicherungsvertrag. →



### Prämien

Wie sich die Kosten für eine Autoversicherung entwickeln und welche Faktoren die Prämien beeinflussen. →

For FL:  
[comparis.ch/autoversicherung/de/default](https://comparis.ch/autoversicherung/de/default)

# 3.3 PERSONAL LIABILITY

## When does a private liability insurance pay?

Personal liability insurance pays for damage you cause. Without this insurance you have to bear the costs yourself. This can get expensive very quickly, especially if you hurt people.

A good liability insurance will also step in if someone else causes you damage for which he does not pay. It also fends off unjustified claims against you.



**IMPORTANT**  
This has nothing to do with motor vehicle liability insurance





It gets really expensive when people are injured in the damage.

A bad example: A cyclist falls on the bike path because of you. She has to go to the hospital and then spend several weeks in rehabilitation.

You not only have to pay for pain and treatment, but also for the cyclist's loss of earnings. She can't work while she's in rehabilitation. If the cyclist dies through your fault, the claims of the heirs can run into the millions.

## When does this insurance make sense?

If you have children, personal liability insurance always makes sense. It's easy for other people to break something. However, the family must also be insured. This is called family liability.

Unfortunately, damage to your own things caused by your children is not insured. You can definitely also insure that, but then the premium will definitely be very expensive.

## IMPORTANT



**Personal liability does not pay for:**

- Injuries to your own body that you accidentally inflict on yourself
- Damage caused by you on purpose
- damage resulting from a criminal offence
- monetary penalties
- All damage covered by your motor vehicle liability insurance
- Damage caused by your animals - especially by your dogs (you have to insure them separately)



You can get good personal compulsory liability insurance for as little as €50 a year. That makes sense, especially if you have children.

## 3.4 DISABILITY (BUV)

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Disability insurance is one of the most important types of insurance:

- makes sense for everyone who lives off their income from work
- If at some point you are no longer able to work, your statutory disability pension is usually not sufficient

## When does occupational disability insurance pay (BUV)?

Your back just can't keep up. After several herniated discs, sitting for long periods of time causes you excruciating pain. Physical work is actually no longer possible for you. Regardless of whether you are an electrician or a clerk - such a diagnosis can mean the end of your career.

But without your job you have no income. Your financial ruin is threatened (inability to pay). Unfortunately, state protection through the reduced earning capacity pension is limited and does not apply in all cases.



In Germany, the state disability pension is around €750 per month on average.



In Belgium, the minimum income for invalidity is.....



In Italy it is a minimum of 213.08 euros per month. It depends on the percentage of your occupational disability.



In Liechtenstein: an amount is automatically deducted from your salary, you do not have to insure yourself. The amount of your payment depends on the percentage of your occupational disability.

That will hardly be enough for you. You can check how high this really is for you in your pension notification. You will receive it once a year.

Therefore, every professional should think about an occupational disability insurance (BUV). The earlier and the healthier you are, the cheaper it is to get occupational disability insurance.

At the age of 50, no insurance will accept you for a BUV or only for extremely expensive contributions.

### **EXACTLY/ SPECIFIC**

In Italy you can create your TFR "trattamento di fine rapporto(severance indemnity)" monthly in an occupational disability insurance, which means you would create the TFR every month and not leave it in the company. You're in control and if the company goes down, your money is elsewhere. And if you are not disabled, you will receive an additional pension when you reach retirement age.



### **IMPORTANT**



**Your state of health also determines whether you get disability insurance and at what price. Therefore, it makes sense to conclude the contract as early and healthy as possible.**

## How does occupational disability insurance work (BUV)?

The BUV pays you a monthly pension if you are unlikely to be able to do your last job - i.e. before you became ill - in the long term. This means that one benefit from the BUV is linked to your last job. It doesn't matter if you can do another job.

Whether an accident or illness is the reason for your inability to work is irrelevant for the insurance company. This pays if, according to their assessment, you are at least 50 percent unable to work. This means that you have lost at least half of your ability to perform and no longer can carry out activities that are important for your job or can only work a small number of hours.

**But the BUV doesn't pay quite that quickly.**

**If the occupational disability is determined, the insurance company will pay you the monthly pension agreed in the contract. Your previous income is then irrelevant.**

**IMPORTANT**



## Prefer to save money instead of taking out a BUV?

Do you want to save the contribution for a BUV and instead regularly put money aside for bad times? That seems tempting at first. If you are only unable to work for a short time or towards the end of your working life, this can work. However, you do not pay into the pension fund even if you are no longer working. That means you have to take care of yourself personally, despite your disability insurance, if you don't want to end up with a very low income in old age.

## IMPORTANT



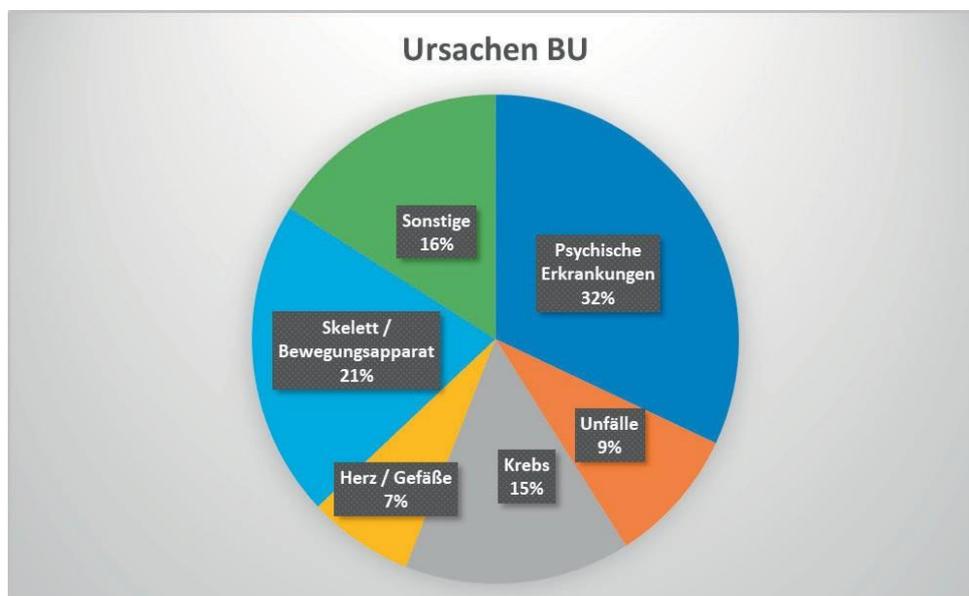
We already covered the topic of saving in Module 1 presented.  
In module 5 we only talk about old-age provision. But that does not replace a BUV!

According to the Deutsche Renten-Versicherung, people who can no longer work for health reasons are only 52 years old on average.

So: if you become unable to work at the age of 52 and want to bridge the time until your retirement age at 67 with your savings, you need a large fortune. have saved.

## What are the causes of occupational disability?

You are disabled if you are unable to work for at least six months for health reasons. Look at the following graphic with the most important reasons.



The probability that you will become disabled can depend heavily on your job: If you work physically, you are generally at a higher risk than someone with an office job.

But today, mental illnesses are the most common cause of disability. Both physical and non-physical workers are affected.



**IMPORTANT**



**Disability offers you comprehensive protection in the event that you are no longer able to work. In the case of occupational disability, it doesn't matter from which one Reason you can no longer practice your profession!**

The contribution difference between the different providers and for different professional groups is drastic:

A bricklayer pays more than 4 times as much as a mathematician or an engineer who spends most of their working time at a desk in the occupational disability insurance.

## What are the causes of occupational disability?

The costs of an occupational disability are difficult to estimate in general.

It depends on many circumstances. The insurance company uses parameters to estimate how high your probability is that you will actually become unable to work. If you already have previous illnesses or work in a risky profession, you have to pay higher premiums. If you are a person who is healthy and has a desk job, you pay less.

Finally, you also determine how much money you want to receive monthly in the event of an occupational disability. In principle, an occupational disability pension of less than €1,000 makes little sense. You have to live with it.

You also get a state disability pension. Try to get 70% of your net income with your occupational accident insurance.





# BERUFS-UNFÄHIGKEITS-VERSICHERUNG



**Here are a few guide values:**

- 30-year-old commercial employee with €500 occupational disability pension: approx. €20 per month
- 30-year-old, light manual work, with €1,000 occupational disability pension: approx. €80 per month
- 40-year-old, heavy manual work, with €1,000 occupational disability pension: approx. €150 per month

**IMPORTANT**



In order to prove your illness and, all above, your occupational disability, you have to submit numerous documents to the insurance company: doctor's reports and descriptions of your work. The insurance company will check this very carefully and you also have to answer a lot of questions – some of them case questions.

**EXACTLY/ SPECIFIC**

7 factors that influence the cost of your disability:

1. age
2. Health status
3. profession
4. hobbies
5. pension amount
6. Insurance and benefit duration
7. insurance scope



| <b>your characteristics</b>    | <b>Explanations</b>  |
|--------------------------------|--|
| Age                            | The sooner you complete an occupational disability, it is cheaper. The reason: As you get older, your health usually deteriorates.<br>As a 40-year-old, you pay around 40% more in occupational disability premiums than a 30-year-old with the same job and state of health.  |
| Health status                  | The worse your health, the higher your risk on occupational disability. Therefore, the costs also increase. Some previous illnesses can even lead you to not being insured. If you want to take out occupational disability insurance, you must first complete a health exam.  |
| Profession                     | All types of jobs are divided into risk groups. So Academic and commercial occupations are generally considered to be less dangerous than manual occupations. This means that the contributions to be paid are also lower.   |
| Hobbies                        | The insurer will ask you if you have dangerous hobbies. These have an impact on the amount of your premiums, as they increase the risk of becoming unable to work. Such hobbies are e.g. extreme sports such as diving, mountaineering or boxing.  |
| <b>Your parameters</b>         | <b>Explanations</b>  |
| Pension amount                 | How much pension do you want in the event of disability to get? A pension of €2,000 is more expensive than €1,200 a month.   |
| Insurance and benefit duration | The insurance period indicates up to what age you are insured. For example, if you choose an insurance period only up to the age of 60 and then become unable to work at the age of 61, you will no longer receive any benefits. It is best to choose the insurance period up to your retirement age (65 or 67 years).<br>The duration of the benefit - i.e. the time in which you receive your occupational disability pension - is then from the beginning of your occupational disability to the beginning of your pension. So in this example from 61 to your pension. |
| Insurance scope                | Which cases of damage, illnesses and reasons are Contract as a payment reason for the occupational disability pension? Here you can exclude specific diseases to reduce costs. For example, if you are certain that you will never get a certain disease, you can rule it out. That saves you the premium.   |

**Here is an overview of what an occupational disability costs:**

| <b>Jobs</b>                       | <b>Age</b> | <b>Occupational Disability – Pension</b> | <b>Monthly bonus</b> |
|-----------------------------------|------------|--|----------------------|
| Mechatronics technician (trainee) | 15         | € 1.000                                  | 55,- €               |
| teacher                           | 31         | € 1.000                                  | 76,- €               |
| Interpreter (freelance)           | 45         | € 1.100                                  | 65,- €               |
| Event manager                     | 29         | € 1.500                                  | 80,- €               |
| Engineer                          | 36         | € 2.000                                  | 97,- €               |
| Physician                         | 41         | € 2.000                                  | 108,- €              |
| Retirement entry                  | 67         |  |                      |

**IMPORTANT**



The BUV is a risk protection like all the insurances presented here (“composite insurance”). If your disability does not occur, the money is “lost” without you ever receiving benefits. That is why many tend to underestimate the occupational disability pension. However, this can have fatal consequences because then you have too little money to live on. Basically, an occupational disability insurance is one of the most complex insurances: It starts with the application with answering the questions about health, hobbies, etc.

If you do not fill out something correctly here, this can result in the insurance not paying out when you become disabled. It is best to get advice on occupational disability insurance from a reputable insurance advisor or the consumer protection center.



**Annotation:**

In Italy, a BUV alone is not possible, especially when investing in TFR. The BUV is only possible in combination with an alternative pension insurance.

# 3.5 LEGAL PROTECTION INSURANCE

Legal protection insurance is considered an important insurance. There are many different types of legal protection insurance. It is not insurance for all legal problems.

## **EXACTLY/ SPECIFIC**

Legal expenses insurance protects against a mostly manageable financial risk. In addition, it may not affect you at all: The probability of being involved in a court case is statistically not particularly high.

So you have to ask yourself whether it is worth spending several hundred euros a year for this protection (depending on the scope of the insurance). Many people can also pay for an initial consultation with a lawyer or an exchange of letters from a lawyer out of their own pocket. And many disputes can already be settled in this pre-court area.



## **When does legal protection insurance make sense?**

Legal protection insurance can help you to enforce your legal claims. In principle, appropriate insurance cover makes sense. But which legal protection insurance is necessary, everyone has to decide for themselves.

In general, peaceful people without a car do not need legal protection. In an emergency, they can help themselves with savings.

Are you a member of a club or union? Then you might be partially covered.

If you are considering whether you need legal protection insurance, then ask yourself:

- Are there areas of life in which legal trouble could come your way? (e.g. you live in rented accommodation)
- do you drive to work every day?
- Are you in trouble at work?

If this is the case, it is worth taking out traffic or occupational legal protection insurance. A pensioner without a car of their own does not need any protection in these areas.

## How does legal protection insurance work?

Legal protection insurance actually works like your tool box: there is a suitable legal protection insurance for every possible legal problem – i.e. a tool. That would be for the following areas of life:

- Personal
- Profession
- Traffic
- Rent and Real Estate







If you live together as a family or as a couple, all you need is a contract. Your adult, unmarried children are also insured under family tariffs. Even until they take up a job, if they no longer live at home.

## What does legal protection insurance pay for?

In principle, this always covers the costs of the following problems:

**Quarrels and hassles with contracts:** The craftsman has messed up or you want money back from the tour operator because of travel defects.

**Compensation for damages:** You want to use a lawyer to assert claims for damages, for example after an accident involving a car, bicycle or foot.

**Profession:** Your wages are not paid; You don't get your vacation; You got a bad job reference. Or there are problems because of a warning, termination or severance pay.

**Authorities:** You have trouble with an authority in traffic matters, for example because your driver's license was revoked and you should not get it back.

**Criminal law:** You have problems with traffic offences, administrative offenses and negligent offenses. You may be accused of having committed the act intentionally and your insurance company - e.g. the car insurance company - does not want to pay.

**Heritage and family:** If you have problems with an adoption, maintenance questions, child custody or inheritance.

**house and apartment:** This is the "classic": There are conflicts about rent increases or the billing of additional costs. Or you will be terminated because of your own needs or there will be an eviction lawsuit.

Legal protection insurance does not offer you an all-round carefree package! it is also not the "saviour in need". If the conflict already existed before the conclusion of your contract, it is excluded from the protection. In addition, in many cases you have to wait 2 to 3 months before you can make use of the insurance contract. With this waiting time want protect the insurance companies from customers only taking out the insurance when the trouble and thus the costs are already foreseeable. But fortunately there are exceptions. In the case of traffic accidents, for example, the legal protection insurer is at your side.

**IMPORTANT**



**Legal protection insurance covers the following costs:**

- Attorney's Fees
- court costs
- Fees for witnesses and experts
- Costs of the litigant - if you lose in court
- in legal protection cases abroad, the translation and travel costs
- sometimes even an interest-free loan for bail.

The insurance does not pay your fines or fines funds!

There is also a self-participation - this is usually between 150 and 250 euros.

**IMPORTANT**





Also,  
Für was gibt es alles  
Rechtsschutz-Versicherungen?

Der Verkehrs-Rechtsschutz  
ist für alle Streitigkeiten im  
Straßenverkehr da. Aber Vorsicht:  
Dein Fahrzeug muss zugelassen sein  
und Haftpflicht versichert sein.  
Außerdem werden nicht Deine  
Bußgelder und Strafzettel  
bezahlt!

Verstanden.  
Dann ist der Miet-  
Rechtsschutz für mich als  
Mieterin bei Rechtsstreitigkeiten  
wegen Mieterhöhung  
und Mängel wie Schimmel,  
Kündigung und Räumung.

## RECHTSSCHUTZ- VERSICHERUNG

Genau. Und schließlich  
der Berufs-Rechtsschutz  
für Streitigkeiten im Arbeitsverhältnis  
z.B. Urlaubsanspruch, Abmahnung,  
Kündigung. Aber: Bist Du Mitglied  
einer Gewerkschaft, dann brauchst  
Du die nicht, weil die  
Gewerkschaft Dich vertritt.



### Let's summarize:

Do not take out legal protection insurance as an “all-round carefree package”. It costs a lot and you certainly don't need everything. Actually, only the following legal protection insurances are of interest to you:

**WICHTIG**  
**IMPORTANT**



**Do not take out legal protection insurance for advertising on the Internet or in advertising mail. Check if you really need them. You are also welcome to do so**

**Ask the consumer protection center beforehand. They know each other looking great.**

## 3.6 HOUSEHOLD

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Whether or unsolicited, you should take out household contents insurance is entirely up to you. This is not compulsory insurance like your motor vehicle liability insurance. If you think that the risk of damage in your home is low or that you can buy everything new out of your own pocket if necessary, you do not need household advice insurance.

On the other hand, if you do not want to bear the financial risk of damage alone, you can take out household contents insurance for your movable property. This covers everything that is not permanently installed in your apartment: furniture, carpets, clothing, books or bicycles. Also the built-in kitchen, if it's yours.

Contents insurance makes sense if you have invested a lot of money in your facility. Most often it happens after a fire or a burglary. A lot gets damaged or stolen.



## When does household contents insurance pay and for what?

As always, the insurance only pays if something is clearly defined. Here it is the following events and items on the next page:



### EXACTLY/ SPECIFIC

If you drop an object or simply break it, it is not insured. The insurance usually does not pay if you are robbed on the street without using violence.

If your bike is stolen outside of your home, this is not covered by household contents insurance in most tariffs. You can insure this with an additional agreement - the so-called bicycle clause. But then your insurance will be more expensive. How much depends on the value of your bike.

Tip: If you have an expensive bike, compare whether extra bike insurance is the better choice.



## How is household contents insurance calculated?

Unfortunately, looking through the premiums for household contents insurance is also complex. It is usually calculated according to the size of your apartment - i.e. how many square meters (m<sup>2</sup>). And the decisive factor is where you live: if there are frequent break-ins there, insurance is usually more expensive than in the country. However, you can also determine a total value up to which amount you are insured – for example €12,000.

Additional services such as insurance for bicycles parked outside - and completed - always cost a few euros more.

### IMPORTANT



As with most composite insurances (property/casualty insurance), there is also a deductible for household contents insurance. And here, as always, the following applies: the higher your deductible, the cheaper is the insurance.

For expensive and large items keep the purchase receipt or take a photo. This will help you to process a claim with the insurance company.

And the following applies: the more damage you report, the more expensive your insurance will be. If you are frequently broken into or have a lot of water damage, the insurance company can tell you quit.

Before purchasing home insurance, compare offers online or talk to an insurance agent. You can also get information from the consumer protection center.

# 3.7 UNNECESSARY INSURANCE

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If you study insurance, you will see that there is insurance for everything. In advertising, many insurance companies are presented as very important. The fear of damage is advertised here.

This insurance is often offered to you at the time of purchase. But many of these insurances are completely unnecessary and only cost you money. The contract clauses are so complicated that it is difficult to actually get money from the insurance company in the event of damage.

That's why we're going to briefly introduce you to some of these pointless insurance policies:

## Outpatient supplementary health insurance

Outpatient supplementary insurance only makes sense if you want to use alternative healing methods frequently. However, reimbursement is usually limited. Then you can buy the medication directly.



## Residual debt insurance/loan default insurance

The bank will be happy to offer you this insurance when you take out a loan. Of course, the bank only arranges the insurance and gets a nice commission for it. Residual debt insurance is not worthwhile at all, especially for smaller installment loans. It is too expensive and in many cases does not step in at all if you can not pay the installments longer.

But even with large loans such as a mortgage loan, this insurance is actually superfluous. Everything is regulated in the loan agreement and if you can not pay the installments longer (annuity), it usually does not help.

## Death Benefit Insurance

This is a "classic" from advertising. In the event of the death of the insured person, relatives receive money from the death benefit insurance for the funeral. Here you will be charged with the cost of a funeral around the

€ 5000.- really scared. However, it makes more sense to save the money for a funeral yourself. More on this under Module 1 Saving and in Module 5.



## Smart Phone Insurance



This is also a typical insurance that is often taken out directly with the purchase. Here, also, the dealer only mediates and receives a nice commission for it. The fear "trick" works very well here because everyone knows how easy it is to drop a cell phone and break it.

But these smartphone insurances are often expensive and exclude a lot of damage. Watch out for your smart phone! And if it falls down, then pay them

Just do the repairs yourself, because you saved the premiums for this insurance.

## Glass breakage insurance

Most of your glass damage is already covered by personal liability, residential building or household contents insurance. So this is doubly insured and therefore superfluous.



## Glasses Insurance



There is no pure eyewear insurance. This insurance is usually sold to you as a protection in a package with other insurances. And if your glasses break, you usually don't get any money because you haven't read all the fine print. Rather save your money for a new pair of glasses instead of paying premiums for them.

## Hospital Per diem Insurance

The daily hospital benefit insurance pays an amount for every day that you spend in the hospital. But most of the time you get paid your salary. But if you also want that, a daily sickness allowance insurance makes more sense. Because it also pays if you are sick at home. But actually you need this insurance

If you're self-employed, it makes more sense.



## Baggage Insurance



This is another "classic" that will be offered to you as soon as you book a trip – whether on the Internet or in a travel agency. In some countries, your household contents insurance covers the loss of luggage on vacation. You have to clarify this with your insurance company beforehand.

When traveling by plane, the airline has insurance. If you don't take proper care of your luggage and it gets stolen, the insurance won't pay anyway.

## IMPORTANT



Insurance companies are often sold with the fear of damage. Europeans in particular tend to insure too much rather than too little. But these superfluous insurances only cost you money. And these are all additional insurances. You only use your premiums in the event of damage occurring. Otherwise your money is "lost".

You always have to have reserves in case of something breaks or gets lost: So it's better to save the money instead of paying for superfluous insurance. In Module 1 "Saving", we showed you how to save money regularly. Otherwise see also Module 5.





04

LIFE  
INSURANCE



# LIFE INSURANCE

You can actually do without this insurance. Because the interest rates, a major advantage of life insurance, are currently 0% and will certainly remain so for the next few years. Therefore this insurance is no longer worthwhile. Life insurance was actually developed for old-age provision. Today, however, there are very good and cheaper alternatives. We present this in module 5. Nevertheless, you should know these insurance companies, as they are reported again and again.

## Capital life insurance

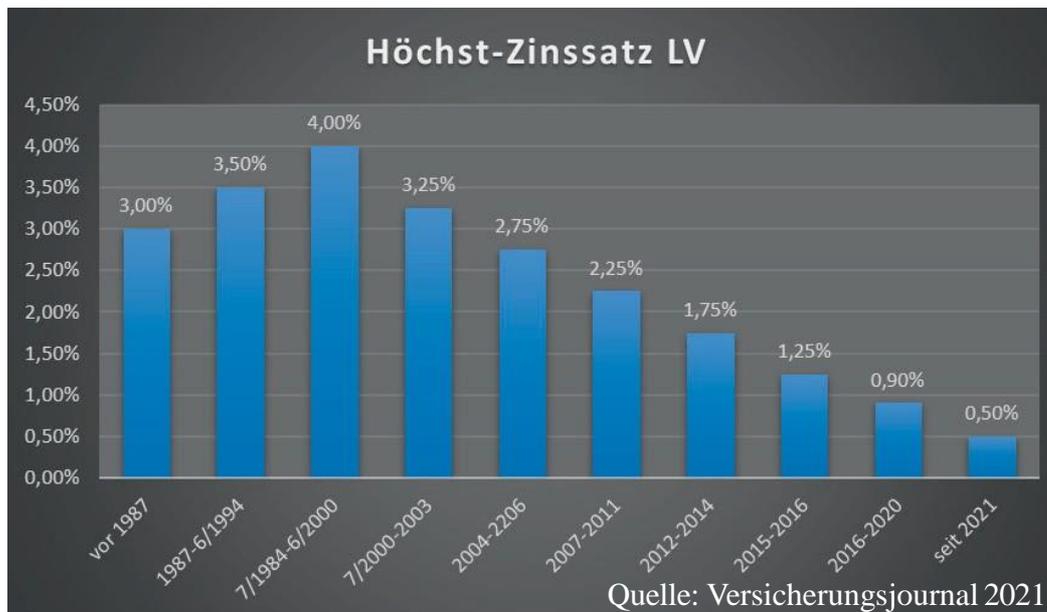
Classic life insurance is tied to capital. This means that the money you pay in monthly is invested by the insurance company. In contrast to all supplementary insurances (see above), your premium is not "lost" but is invested by the insurance company. That sounds good and it was for a long time.

### What returns does life insurance bring?

Insurance used to guarantee you a fixed minimum interest rate of e.g. 5% per year. This is called the **guaranteed interest** rate. And if the insurance company invested the money very well, there was even additional interest every year - this is called **surplus participation**. That quickly added up to 5%-6% per year in interest. A capital life insurance policy should actually be taken out very early – ideally when you start your career. Over the entire term until your pension, a nice high sum can come together, e.g. 100,000 euros.

In addition, life insurance has "**built-in**" insurance protection: If you die before the expiry date – for example before you retire at the age of 67 – your heirs will receive a sum of money. That is stipulated in the contract. But nothing is given to you, because you have paid your premiums every year and received interest.

Since the European Central Bank lowered interest rates to 0%, life insurance companies no longer guarantee interest rates. Currently, the interest is at most 0.5% per year. And because of the over-indebtedness of most EU countries, it is not clear whether interest rates will rise at all in the next 10 years.



Now you can say that 0.5% interest is better than 0% interest that is available on the savings account. But you also have to consider the cost of life insurance.

Insurance companies always pay their intermediaries - brokers and online portals - commissions for every contract concluded. Unfortunately, the commissions for life insurance are very high.

For the conclusion of a life insurance policy, the intermediary receives between 3% and 5% of your final sum from the insurance company.

## IMPORTANT



If you take out life insurance with €120 per month as premiums over 35 years - that is an insured sum of €50,400 as a payment after 35 years - the intermediary immediately receives €2520 in commission.

You pay this commission. Your premiums for the first 21 months have flowed completely to the agent as commission. Your account balance is €0. In addition, the intermediary and the insurance company also get a fee from your insurance sum every year.

This means that the maximum interest rate of 0.5% per year is completely gone. Life insurance is no longer worth it.



### ATTENTION !

If you don't buy insurance, you'll probably spend the money differently. Then you have no savings after 35 years.

In Module 5, we will explain old-age provision to you.



### EXACTLY/ SPECIFIC

There are also unit-linked life insurance policies. They do not invest 0.5% of the money in money deposits or fixed-interest securities with hardly any interest, but in shares. Equities have always shown a good increase in value over a long period of time, averaging 5% per year for 50 years. In addition, many companies also pay dividends of up to 6% per year.

An investment in stocks as a retirement provision is recommended by many experts. Also because there are practically no alternatives apart from real estate. As presented above, life insurance is no longer worthwhile.

In Module 5, we will show you how to set up a retirement provision with a share savings plan with almost no commissions.









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