ONE PAGE SUMMARY

Lifestyle & Hobbies › Financial Lifestyle › Insurance Basics

Beginner lessons for Insurance Basics

Master the Basics of Insurance for Financial Security

DEFINITION

> Insurance is a financial product that protects you from unexpected losses by providing compensation. It helps manage risk and offers peace of mind.

KEY CONCEPTS

Premium

The amount you pay for your insurance coverage, usually monthly or annually.

Deductible

The amount you must pay out-of-pocket before your insurance kicks in.

Coverage

The specific protections and benefits provided by your insurance policy.

Claim

A request made to your insurer for payment based on a covered loss.

Exclusions

Specific situations or items not covered by your insurance policy.

EXAMPLES

→ Paying a $500 deductible for car repairs after an accident.

→ Submitting a claim for a stolen laptop to receive compensation.

→ Choosing a higher premium for lower deductibles in health insurance.

MEMORY TIPS

★ Remember 'PDC' for Premium, Deductible, Coverage.

★ Think of 'Claim' as 'Calling' your insurer for help.

★ Use 'E' for Exclusions to remind you what isn't covered.

COMMON MISTAKES

✗ Not reading the policy details thoroughly.

✗ Underestimating the importance of deductibles.

✗ Assuming all damages are covered without checking exclusions.

QUICK RECAP

Insurance is essential for managing financial risk and protecting against losses. Key terms include premium, deductible, and coverage. Always review your policy to understand what is included and excluded.