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 against potential losses. It helps manage risks by providing compensation in case of unexpected events.

KEY CONCEPTS

Premium

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

Deductible

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

Coverage

The specific risks or events that your insurance policy protects you against.

Exclusions

Specific situations or conditions that are not covered by your insurance policy.

Claim

A request made to your insurance company for compensation after a loss.

EXAMPLES

→ Paying a monthly premium for health insurance to cover medical expenses.

→ Submitting a claim after a car accident for vehicle repairs.

→ Choosing a higher deductible to lower your monthly premium.

MEMORY TIPS

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

★ Think of 'Claim' as 'Calling for help' when you need compensation.

★ Use the phrase 'Exclusions are exceptions' to recall what isn't covered.

COMMON MISTAKES

✗ Not understanding the terms of coverage and exclusions.

✗ Choosing a low premium without considering the deductible.

✗ Failing to update insurance policies after major life changes.

QUICK RECAP

Insurance is essential for managing financial risks and protecting against losses. Understanding key terms like premium, deductible, and coverage is crucial for making informed decisions.