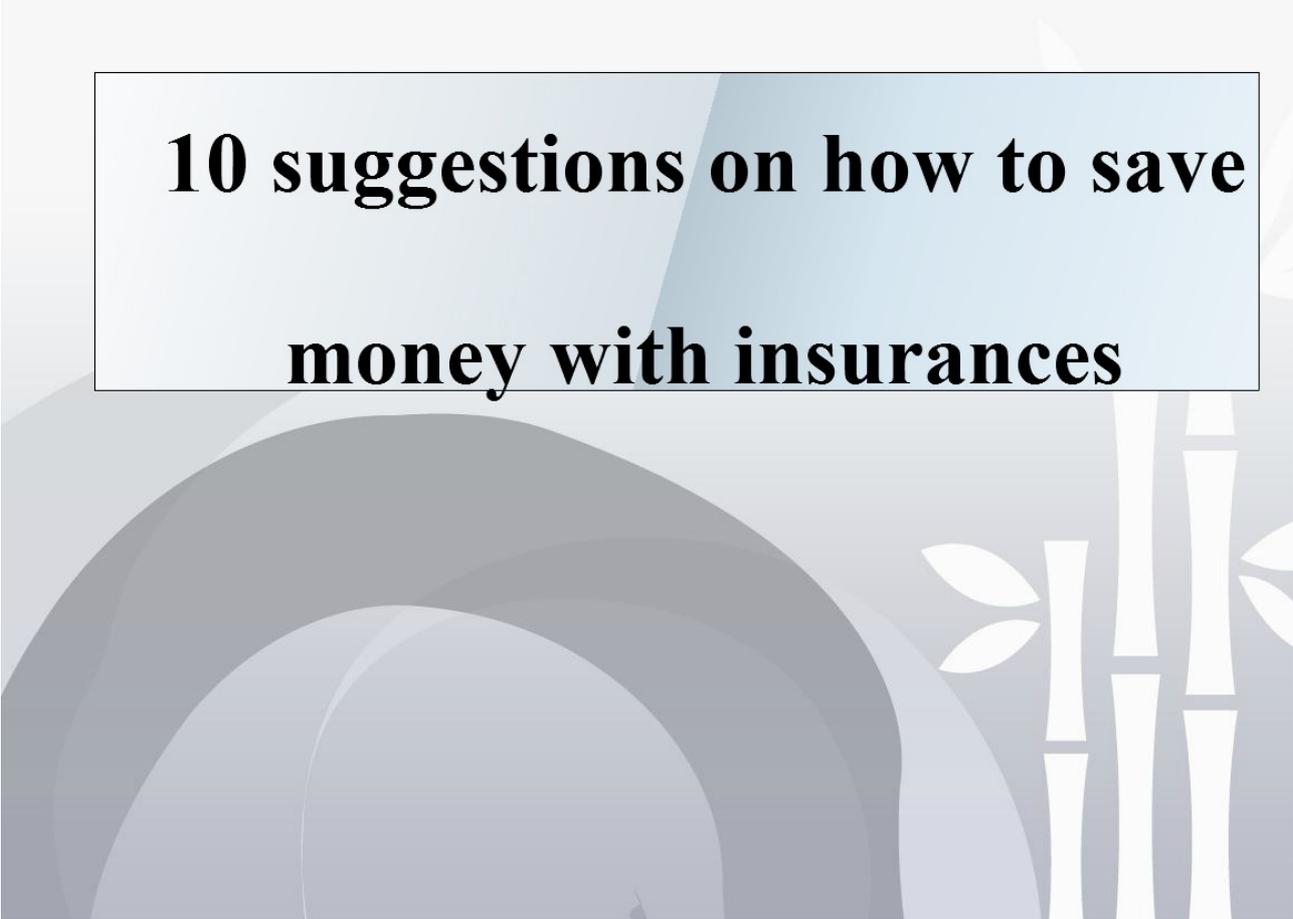




GRATIS

EBOOK

**10 suggestions on how to save
money with insurances**



Ebook Insurance Guide

Check out how to evaluate insurances!

by Shrikala Jammalamadaka

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Pre-word

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Welcome from your Independent Financial Adviser

As an independent financial adviser I learned that people were not able or willing to measure the information given to them on insurances. Soon after contract has been signed, they regretted signing but were not able to withdraw from the contract. Do not make the same mistake, take your time and take the opportunity of a personal consultancy with an independent consultant of your choice. This ebook is a guide for you to assess the offers made to you, avoid pitfalls and take the right decision, at least it should lead to a decision that you can stand by with comfort.

Enjoy reading this ebook.

Kind Regards
Shrikala Jammalamadaka

Introduction

I have been approached by many clients to give them a hint on what grounds to choose an insurance. Well that is easy to tell. Basically, everyone makes the same mistake when choosing an insurance. First of all, they focus on the price, and start to compare different offers on grounds of the price. Some tend to choose the cheapest one, thinking that anyway each insurance, in particular the legal insurance, household insurance and liability insurance are regulated by law and therefore each offer is the same. The others tend to choose the more expensive one, hoping that on grounds of the price it should be a better serviced one. - No, even expensive ones can offer poor performances; so does the cheapest ones not necessarily be the ones with the right coverage for a good price.

Since insurances are there to assure against loss of assets, one should not cling on a difference of 5 or 10 Euros. But if you compare those insurances that differ slightly in the range of 5 or 10 Euros on basis of e.g. the conditions for delivering the contracted services, meaning for example in the case of legal insurances, if it comes to a case to be fought, each insurance demands that the client may send in a short description of the case and a lawyer should send in an assessment of the probability to win the case before court. But not each insurance communicates that the lawyer that actually makes the assessment of the case, is one consulted by the insurance and maybe is employed by that insurance company. So, it happens that a lot cases may be checked out by these lawyers, though there is a reasonable chance to win the case for the client. Other companies may put extra conditions on the way to proceed a case instead directly going to court, e.g. like mediation, etc.

A lot of people lose interest in taking an insurance and rather start saving money on a savings account with an interest which is even below the annual inflation rate. Then it comes to asking yourself, why ... why take an insurance? What are these insurances good for? Have you ever thought about this?

What do insurances do?

Insurances are there to minimise the risk of losing assets. Be it by financial compensation (damages to recover what has been destroyed) or material compensation (delivering services or consulting services to help the client to recover things that has been destroyed). Natural catastrophe, nowadays a very likely and nearly everyday matter, can destroy your belongings, your house or trouble your health. On the other hand, you might pose a danger to an other person or group of persons by unwillingly hurting a third party, damaging its life, health or personal belongings. In severe cases a court might sanction to pay a lifelong pension to the third party. Who can really bear this kind of liability? - All of these obligations can then be transferred to an insurance company, which takes the burden of paying the required amount immediately.

But these companies do not possess unlimited means. They recover the damages from the people, their members, in return for the promise to take the charge when it comes to their members. The mainframe of terms is set by the state through statutes. But still the companies have enough scope to set detailed rules, conditions and prepositions on their members, so as to reduce exhaustive expenses. Here lies the chance of the insured people, choosing the right insurance, there is no need to bother if the insurance will pay when needed.

Important and advisable insurances – Must-Have's

Legal Insurances

A legal insurance covers the expenses that is inherent in a legal case, which are a lawyers fees, which are based on hourly rates, starting from 180 Euro plus. Furthermore, the fees a court charges to consider a case, administration fees for preparing and forwarding the case. This often leads to bills of more than several thousands euros. Not everyone has this money immediately at hands, so the legal insurance relieves us of this burden. Some nowadays also offer coverage for mediation, Bail, cases under international law or european law to be fought before the international courts etc.

Household Insurances including Glas

This insurance protects against loss of personal belongings through natural disasters like fire, storm, theft and water. The insurance sum should be calculated correctly, in general through bills and invoices that state the value of your belongings. But this is not always possible, so insurances have constructed another means by which they can assure that the belongings are not under-valued. Did you know that an insurance sum which is not equal to the actual value of the belongings at stake leads to claims not being recovered in full by their insurance companies. But this is what they do not communicate correctly. So cling on this and ask how they settled this issue.

Liability or Third-Party Insurances

This insurance protects against claims put forward from a third party on grounds of damages caused by the insured person to its life, health or personal belongings. As already mentioned above, it

might happen that a court sanctions you to pay an injured person life-long pensions. Where to afford that much, if not by theft ...(:-)

Additional Health Insurances

Nearly 90% of German citizens are insured in the National Health Scheme (called GKV). The National Health Scheme is regulated by law and depending on the members that pay into it. The services it offers has undergone a number of cuts. This leaves a number of issues, important features not covered such as in dental medicine, if the teeth must be renewed the expenses for the material is not taken over fully, but a fixed amount is covered. This is in general 50% of the dentists bill. Even children, when a dentist prescribes a dental bridge, can not have full coverage.

To avoid excessive extra expenses an additional health insurance (Zusatz-KV) provides for the necessary coverage. But be careful when choosing one, since the offers are not regulated here, they differ a lot. Do always check what precisely they offer, to what extent coverage is promised and what is charged upon the insured.

Disabilities Insurances

Everyone is insured in case of disabilities through the National Pensions Scheme. But did you know that you can claim for it only after 5 years of being insured in this scheme and additionally, you will have to have paid into it for at least 18 months in the past 3 years before claiming disabilities rent.

Persons are insured via their employer in this scheme, when they first start working, the employer gives a notice to the institution called „Deutsche Rentenversicherung“ and starts paying a monthly premium in the name of the employee. This is a mandatory insurance for everyone living in Germany. The amount you can claim for depends on what you already paid into it and how much so far has been gathered in the name of the person claiming for benefits. So, imagine you have worked for 5 years, regularly paying into it with a gross income of e.g 2500 Euros, means monthly deductions amount to 472.50 Euros, multiplied by 12 months is equal to 5670 Euros, this again multiplied by 5 years is 28,350 euros. So your claim is app. 790,91 euros, but only if you are not able to work for more than 3 hours per day. Means, if you are disabled, but may be able to work between 3 to 6 hours daily, part-time, you will only get half of the amount, so it is at app. 395,50 Euro. - Now imagine, what expenses you regularly have, which from now on you will have to pay with an income of 395,50 euros ...

So, the disabilities insurances helps you to maintain your living standard in such cases with an extra private pension. You can choose how much your monthly disabilities pension should be, e.g 500 € or 1000 € or more.

Care Insurances

This kind of insurances protects people who are unable to take care of themselves, e.g. after an accident, when disabled or handicapped. People are unable to do everyday things like taking a shower, shopping, dressing etc. - they need people to look after them and support where handicapped can't do it themselves. These services are in means of monthly rent and/or advise and support in finding the right companies or persons that provide care services.

How to find the right insurance?

But how will you be able to find out the right one. There is no patent, no guarantee, but if you adhere to following simple steps, there is not much you can do wrong. Contact the insurance agent or better an independent financial consultant and ask before signing:

- 1.) What are the benefits of this insurance, what is the object of it, and what is the difference to others?
- 2.) Ask for the pre-positions, i.e. under what conditions does the insurance effectively pay its promised money or deliver promised services?
- 3.) How does the company prevent the loss of the value through inflation, in general its through the „dynamic“ premium. The „dynamic“ premium is a tool by which the client agrees to have the premium increased every year by a certain percentage, generally 3 to 5%. Ask how much do they raise every year and if there is a possibility to deselect this feature?
- 4.) What are extra services they offer?
- 5.) On what grounds may the company refuse to pay?
- 6.) What extra conditions do they put, to finally pay the insured amount? Each member has obligations as to righteous information and aid the company in researching the event that makes the company pay. What are these obligations?
- 7.) Is there a sort of latency, a waiting period, till the contract comes into effect, while the client already has to start paying the premiums. This is especially so with legal insurances or health insurances.
- 8.) Are there any cuts to the promised performance possible? If yes, when and to what extend?
- 9.) For what reasons may the company withdraw from the contract?
- 10.) When does the client has the possibility to withdraw from the contract and when can they terminate? What is the difference between these two modes of termination?
- 11.) And finally, how are the premiums calculated. Some times the premiums consist of several parts, which can be included or excluded. This is to be cleared in advance.

Some Examples:

If you take for example a liability insurance, comparing those various offers you will find quite a wide range for the criteria insurance sum. This can vary from 1.5 million to 10 million. But how to assess the amount required? Is there such a thing which sets the frame or a rule for liability insurances. No, there is no rule for this. But there are recommendations which range from 5 million to 7,5 million euros. This is based on findings from court cases, where a person has been sanctioned by a court to pay to a third party. On average the range is between 5 to 7,5 million euros. And surely, the ones that have a lesser insurance sum do have lesser premiums, but the lesser are the services.

Or for example a legal insurance, all legal insurances cover the same subject areas, which are cases referring to private contracts, traffic law, law of working and law on living. But if you go through the general terms, you will recognize that some insurances have a list of exemptions, which are not covered. For example, the famous telephone legal advice: one company does not cover expenses where you take advice from an advocate that you have chosen before being assessed by the institutions lawyer. Some now tend to advertise their offer for a legal advice by phone, but only if you make use of a set phone number (sort of Hotline) which is occupied by freelancing advocates paid by the insurance company and assigned to this duty time by time. You might even find some offers where the advocate is fully employed by the insurance company. Here, legal advice is obviously aligned with the interests of the company.

Or if you think of the classical life insurances. So famous and renowned and yet it has lost its attractivity. The Market for life insurances has gone down. What does this mean. This is simple, since each product is associated with costs, charges and fees, so are insurances. Life insurances have to maintain big administrative departments with its employees. Furthermore, the expenses for an insurance company has gone up, higher rates of deaths, higher prices for their buildings, higher remunerations for their employees and some changes to the administration has lessend the outcome/returns for the insurances. But if you take a closer look on the workings of an insurance company, you will find out that most of the money of their members are invested in bonds, state bonds. These bonds produce lesser interest, since the financial crisis of the past few years, especially regarding the European Union, e.g. Greece, Portugal, Spain etc. - Most striking is, that there is a rule which makes them invest into „save“ investments, which is clearly defined by law and indirectly leaves no other options than to invest into bonds. Futhermore, life insurances are allowed to charge their increasing expenses upon their members. - Not everyone nows this, and therefore it is still been perceived as „chique“ to invest in life insurances, since they promise high outcomes like 100.000 Euros and more. Do check regular news from online financial magazines like Focus Money, N-TV etc.

But how to avoid this kind of pitfalls? Experience and good knowledge to the workings of the financial institutions are the sole advisors to that. It requires a whole lot of time in researching and questioning the markets. Do you have this time? - The best thing i can repeat again and again is to consult an experienced and independent consultant.

The financial markets nowadays offer various insurance solutions, which might be good for one is not necessarily good for you. In particular regarding health insurance, where one person gets good, cheap and full coverage, is definately more expensive for an elder person with health troubles. The same is with other offers like life insurance, insurance against disabilities, insurance in case of accidents etc. Here it is more difficult to set a checklist, they are not directly comparable, but if you follow the above steps it might lead to comfortable results.

Therefore it is advisable to consult independent financial consultants that offer free advice in return (hoping) for the client contracting the demanded insurance with them, when interested. There is no obligation to take their offer. - But it is a fair opportunity to get informations this way, isn't it!

Some people think that they have a very good investment, no need to bother of loosing etc. But everyone knows, that even in good times things may happen that force us to liquidize all investments and assets to pay off debts or in case of a serious illness the money is needed to adjust to the changed circumstances. So, don't ride for a fall, do take the advantage that insurances offer.

Especially, those who are interested in popular investment means, e.g. shares, certificates, indices etc. - With a good basic mixture of legal, liability and household insurance, you can at least assure against loss of personal belongings and maintain your living standard. But do always keep in mind,

even health troubles may lead to extraordinary expenses, that might pose a danger to your living standard.

Further important insurances to mention:

- Additional Health Insurance,
- Dread Disease,
- Care Insurances (Special Care Insurances)
- Disabilities Insurance,
- Life Insurances (not the classical one, but e.g. Risk Life Insurance or Fond-based Life Insurance), and finally
- Pensions Insurance.

Conclusion

I hope these informations were useful to you. Let me know what experiences you have made. So i can take those topics for my next ebook.

This guide can not ensure all aspects of the insurance world and illuminate any potential pitfalls. But I hope that it is at least a good guide to go to the largest errors and problems with insurances and helps to find affordable and necessary coverage insurance package.

Did it make you curious? - Do you want to test which way delivers the better results, personal consultancy or comparison calculators. Make an appointment for your personal free of cost consultancy with me, call phone +49 69 20012659 or email to contact@financedice.de.

Kind Regards

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