

**The most important  
information about:**

Motor vehicle liability

insurance

Motor Vehicle Comprehensive

Insurance

Casualty insurance

Personal liability insurance

Supplementary health

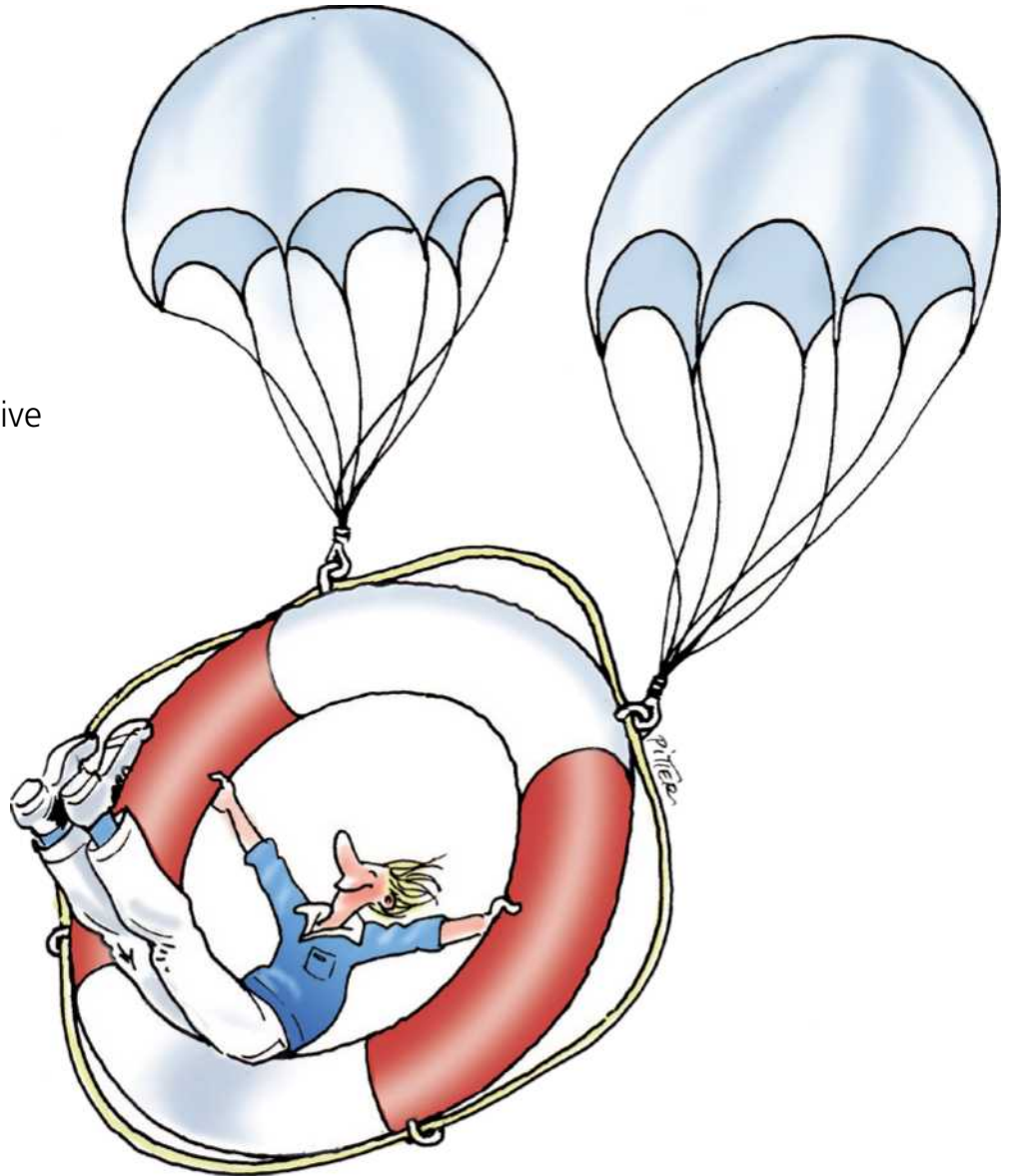
insurance

Household and Home

Ownership Insurance

Life insurance

Travel insurance



## Rest assured

TECHNICAL TERMS IN SIMPLE WORDS

## Foreword

# Dear readers,



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Consumer Information  
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*Anyone who wants to protect himself from harm can either plead for divine assistance or seek to limit the financial damage by taking out insurance. In both cases, it remains uncertain whether or not a damage event will occur. One thing is certain, however: insurance cannot prevent a disaster but it can minimize the potential financial consequences.*

*The Consumers' Association also helps to make the insurance market more transparent for consumers, providing everything from analyses, to test reports and general reports. Well-informed customers are better able to select the exact insurance to fit their respective needs.*

*This KONSUMENT special edition, compiled in cooperation with the Austrian Insurance Association VVO, hopes to inform you about what "insurance" actually means, to describe the most important fields in a fact sheet and to draw attention to their respective features. Questions such as: "Which risks can I insure myself against? What kinds of risks are covered in general? What to do in an emergency?" are all being covered here.*

*A particular concern of this edition is to explain in simple language the sometimes complex issues of insurance. This includes a detailed glossary that explains the most common technical terms in insurance contracts in order to make them generally understood. Also, this glossary will ultimately contribute to preventing misunderstandings between customers and insurers in the first place.*

### **What is insurance all about?**

Insurance is the basic principle of collective underwriting. Many people pay a certain amount of money (= insurance premium) into the pot of money of the insurer that then access this money pot in order to receive compensatory damages in the case of an insurance event. Because the insured event will occur statistically only with a few of those insured, there is enough money in the pot for the amount to be paid out for individual insurance claims.

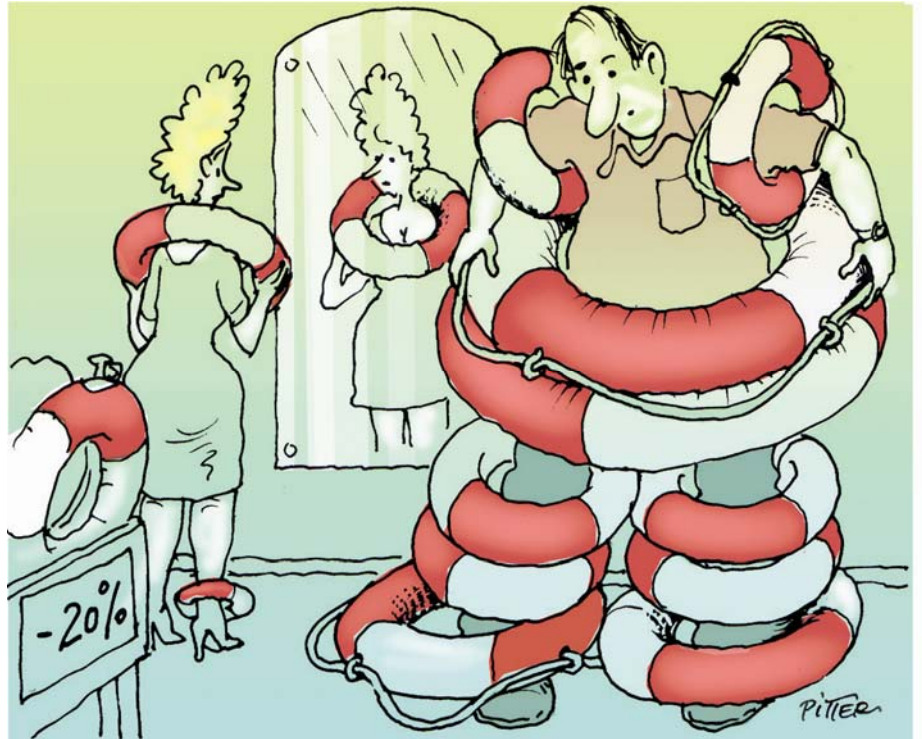
### **Which insurance for whom?**

First there are the existential risks. For a family, this could be the death or disability of the breadwinner, a child having an accident resulting in severe physical long-term damage; for house or apartment owners, this may concern a full-fledged fire that renders them homeless. Think about which particular situations would present a threat to your existence.

### **Who is acting as broker for the insurance policies?**

From the point of view of the selection options, and also in terms of liability, it makes a difference whether you sign the insurance contract through the insurance agent, at the bank counter, with an independent insurance agent or

# The most important information in brief



with the field employees. An agent is tied to one (or more) insurance companies and provides only their products. An independent insurance broker is obligated by law to pick out the best insurance product for you from among the range of products offered by all its suppliers.

## Policy check

It pays to compare, not only in the beginning, but also over and over again, even with existing insurance policies. First, you should consider whether there is any unnecessary multiple or double insurance, then, whether desired individual products are cheap enough. In the area of life and health insurance, a change does not get you anywhere in most cases, or might even have a negative impact, while in other areas, such as car insurance or homeowners' and household insurance, you should check at least every few years whether the current insurance policy is still the best one for you, and this should be done by comparing what else is on offer.

## What are the obligations?

Obligations refer to the commitments of the insured party. These include, for example, the need to provide honest and

complete information in the insurance application or that the insurer is informed of a change in risk during the contract period. In order for the insurer to pay in the case of damage, there is a need - depending on the respective insurance field - to act with due diligence on the part of the insured party (e.g. when leaving the house, you need to lock the doors). In the event of a claim, you must ensure that the damage is minimized (e.g., turn off mains water stopcock, call the fire department etc.).

## What to do in the event of a claim?

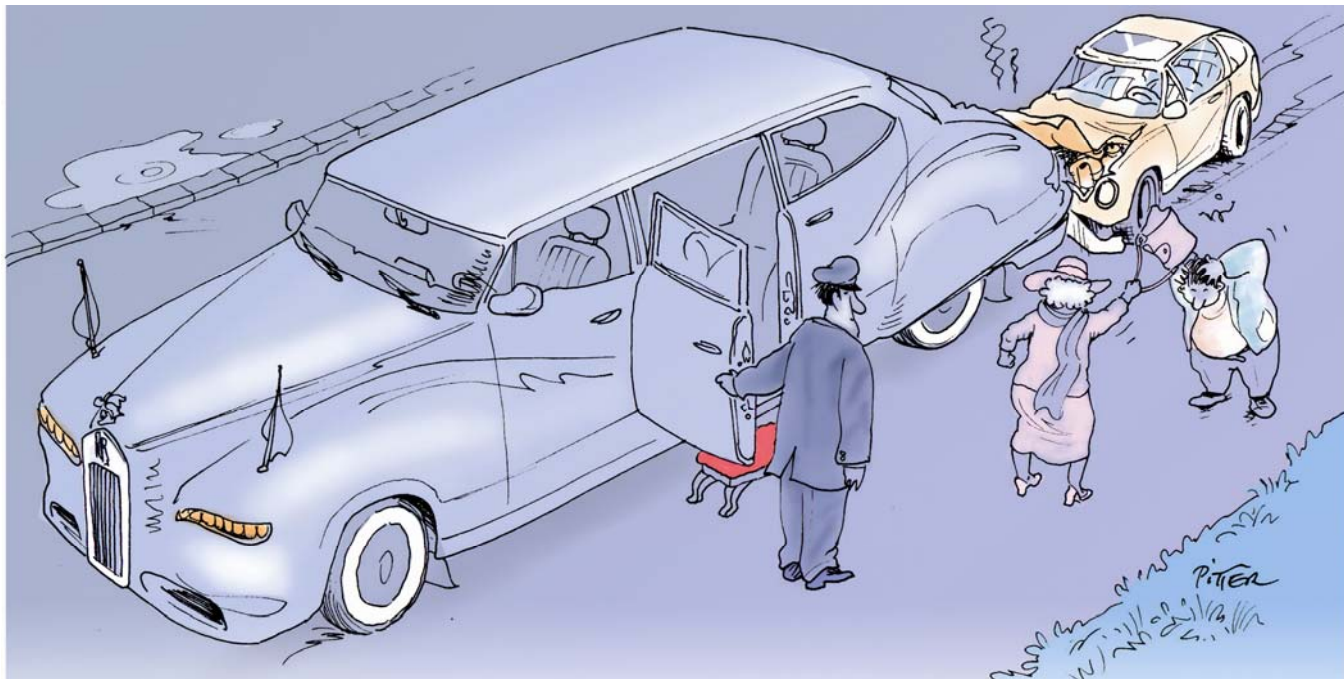
You need to undertake all necessary steps to limit the damage (for example, in the case of burglary, have any stolen credit cards cancelled and your savings accounts blocked, replace door lock; turn off the mains tap in the case of water damage, call the fire brigade in the case of fire). Take pictures of the damage. Inform the

police in case of burglary, theft, fire. List all important stolen or damaged items, complete with information about their respective values. Report the damage to the insurer immediately. Note: The insurer reserves the right to inspect the damage (thus, please do NOT dispose of anything immediately!). Before the clean-up, you need to take photos of the damage in any case.

The written notification of a claim should reflect in detail what happened exactly when, where and how. Avoid vague phrases such as "Compensate me properly," you need to cite specific amounts. Also, you can claim for your own work (e.g. clearing, cleaning, repairs) at regular market rates.

In the event that your claim is rejected and this is incomprehensible to you, it is best to ask for the reasons why in writing. Check if the rejection of your claim is consistent with the insurance contract terms.

## Required by law



### Motor vehicle liability insurance

Taking out liability insurance is required by law in order to get a vehicle license plate and put the vehicle on the road. Motor vehicle liability insurance is a compulsory insurance because it protects both wrongdoer and victim, and prevents the risk that a traffic accident could lead to financial ruin, or that an innocent victim, because of insolvency of the wrongdoer, does not receive any compensation. It covers damages that the insured person causes to others with his vehicle and / or pays the costs of defense against unjustified claims. At the same time it ensures the victim's compensatory damages. The motor vehicle liability insurance is valid all over Europe (in the geographical sense).

The minimum sum insured for passenger cars is currently seven million euros. It is possible to increase it for a small additional premium, as otherwise you would have to pay any claims going

beyond this sum out of your own pocket.

#### **What is included, what is excluded?**

All legitimate claims for damages suffered by third parties caused by your car are covered – but only up to the amount of the agreed sum insured. Your insurance will also defend you against unjustified claims made against you. Insured parties are as follows:

Policyholder, owners and keepers of the vehicle and any authorized driver, as well as attendants and passengers.

#### **The following is a list of what is not insured:**

- Damage to the insured vehicle itself (this can be covered by a comprehensive insurance policy)
- other property damage suffered by the owner or keeper of the insured vehicle
- Damage to the cargo

transported

#### **Premium rates and bonus/malus system**

With most cars and station wagons, the premium is based on the engine performance, and in single-track vehicles on the cubic capacity and/or on the number of seats. In addition, most insurers will have the premium calculated according to the number of claims. The bonus / malus system ranges from stage 00 (for some insurers with substages as well) up to stage 17. If you register a vehicle for the first time, you are usually classified as stage 09 and must pay 100 percent of the rate premium. Each accident-free year leads a stage up toward bonus, each damage event three stages down towards malus. For the annual reclassification, there is a period of observation, which ranges from 1 October of each year to 30 September of the following year. The stage

conversion is then effective for the next principal maturity in the following calendar year. When changing insurance providers, the current bonus-malus classification is maintained.

### **Cancellation**

If the policy has been taken out for at least a year, it will be extended automatically by another year if it is not cancelled in writing, with a notice period of one month prior to the expiration date (by registered letter is best).

Following a damage claim, the contract may be terminated for any reason without notice. If the liability insured vehicle is sold, the insurance is automatically transferred over to the buyer, who may terminate the insurance contract within a period of one month. Note: The insurer, too, is entitled to terminate the contract in compliance with applicable notice periods.

### **Installment surcharge**

The motor vehicle insurance

premium is payable annually in advance. If you are paying your premiums on a semi-annual, quarterly or monthly basis, the insurer is deferring, so to speak, the premium for you and may hence charge an additional installment fee. Also, motor vehicle insurance tax is higher for installment payment (6% for semiannual, 8% for quarterly and 10% for monthly payment). There are potential savings for you in this!

## Motor vehicle insurance: Fully Comprehensive For your own damage

Damage to the vehicle of the insured party is covered by what is called comprehensive (or fully comprehensive) insurance coverage. It is a voluntary insurance and pays for the destruction of, damage to, or loss of the vehicle. While the motor vehicle liability insurance covers damages sustained by third parties, voluntary fully comprehensive insurance coverage benefits the vehicle owners themselves, because it covers damages to their own vehicle. In the case of fully comprehensive insurance, the specific model of the vehicle is insured, complete with the special equipment as clearly identified in the application form. The services provided by comprehensive insurance coverage depend on the selected product variant. We actually distinguish between elementary (partial) and collision (full) comprehensive insurance.

### **Elementary (partial) comprehensive coverage**

This covers damage related to theft, fire, wildlife accidents, avalanches, storms, floods, hail and snow. By separate agreement, breaking of the front, side and rear windows - regardless of the

cause of damage - will also be covered.

### **Collision (fully comprehensive insurance)**

This, in addition to the partial coverage provided by partially comprehensive insurance, will also cover any damage caused in an accident regardless of fault or bad faith of other people. For a new car, it is usually recommended to take out the more expensive fully comprehensive insurance, because, as its name says, it protects in a more comprehensive manner.

Before taking out any kind of insurance, you should in any case insist on having explained to you exactly what is covered in the event of damage, and what the deductibles (excesses) are.

### **What is included, what is excluded?**

The following is included in the coverage:

- + Necessary repair costs
- + Required salvage and towing costs up to the next workshop
- + Repatriation up to a certain percentage of the replacement value in case of theft or robbery of the vehicle
- + Estimated cost of recovery of

original state upon sale of the vehicle in damaged condition  
+ In the case of total loss, the replacement cost minus the residual value the damaged vehicle (car wreck)

The following is excluded from coverage:

- Brake, operating and pure breakage damage such as mechanical failure, wear and tear damage, etc
- Car rental costs
- Damage caused by willful intent or grossly negligent conduct
- Reduction in value

### **Premium amount**

This depends on the product variant and the agreed deductible. Deductible (percentage or fixed amount) is the part that needs to be paid by the customer himself.

### **In a nutshell**

Motor vehicle liability insurance is mandatory; comprehensive insurance is a voluntary supplementary insurance. Because of the different offers and many different variants, it is recommended to compare several offers prior to taking out the insurance.

# Protection against existential threats

Each year, in Austria, there are about 830,000 accidents (source: KfV), and nearly 9,000 result in disability. The statutory social security insurance, however, covers only the consequences of an accident at work, and this although the most serious accidents mostly occur during leisure and sports activities. Of course, social security insurance will cover the necessary primary care in these cases, but you can only insure yourself against the financial consequences by taking out personal accident insurance. Personal accident insurance hence closes an important gap in statutory accident insurance by also covering the leisure sector - globally and around the clock!

An "accident" occurs when - as insurance language puts it somewhat awkwardly - "there is any sudden, involuntary external event impacting on the body and having a health-damaging result." Therefore, this does not include gradual physical damage - for example due to wear - nor disease. The following are considered to be part of an accident, for example: Broken bones, sprains, strains and ruptures of muscles, tendons, ligaments and capsules located on/in limbs and spine, and meniscal injuries. Insurance coverage is possible for individuals, couples, families, children, relatives or company employees.

## What is included, what is excluded?

The accident insurance is valid

- + at work and on business trips
- + on the road
- + in the home
- + during leisure, sports and hobbies

+ when on vacation

Financial loss often results, however, not only when the accident has led to permanent health damage or death. You can also cover yourself for loss of revenue caused by absenteeism due to accidents, hospital stays, costs for convalescence and recovery costs following an accident. Several options are being offered by accident insurance, for example, accident cost reimbursement (medical, rescue and repatriation costs).

## Permanent disability

In case of permanent disability within one year after the accident, the proportion of the insured amount corresponding to the percentage of disability will be paid out. You can read up about this percentage amount, which comes into effect upon a complete loss of body parts or sensory organs or upon full impairment, in the so-called "dismemberment schedule" that is part of the Terms and Conditions of the accident insurance policy. In case of partial loss or functional impairment of body parts or sensory organs (the exact amount is determined by your doctor), the percentage amounts listed in the dismemberment schedule will be reduced accordingly.

In case of death, the insured amount will be paid out to the beneficiary if the accidental death occurs within one year after the accident.

The insurance also covers accident-related costs incurred within four years after the accident. These

include treatment costs, repatriation and recovery costs.

## Treatment costs

Actual treatment costs will be reimbursed up to the sum insured. This includes the cost of transporting the injured individual, costs for the initial purchase of artificial limbs and other required first-time purchases.

But beware: This does not cover costs for rehab trips and stays, repair and replacement of dentures, artificial limbs or other such aids.

## Recovery costs

Concerning recovery of the insured person after an accident or from the mountains or distress at sea, costs of search and transportation up to the nearest passable road or to the nearest hospital will be reimbursed.

## Repatriation costs

If the accident has occurred outside the place of residence of the insured person, the cost of medically recommended transport to a hospital nearest his home will be covered. If a fatal accident has occurred, the costs of transporting the dead body to the place of the last permanent residence of the deceased in Austria will be paid.

## In a nutshell

Personal accident insurance makes sense. This insurance is used as a supplement to the state-provided health and accident insurance and serves as protection against the financial consequences of an accident during leisure time, especially in cases of permanent disability.

# Large and small mishaps



Personal liability insurance protects against damage caused by you as a private individual. It examines, on the one hand, to what extent claims asserted by any injured third party will be recognized or to what amount they are justified. After considering the obligation to pay damages, compensation is either paid or unwarranted claims are rejected. In Austria, private liability insurance is usually combined with household insurance - which has a long tradition. Even a sole conclusion without being combined with household insurance is possible

## What is included, what is excluded?

The coverage should amount to at least 750.000 €, better 1 or better still 2 million euro, because for any amount exceeding the sum insured you must pay for yourself - and

that may jeopardize your very existence. The sum can be quite high, especially when damage has been caused to other persons as a result of your own carelessness and then the causer or the insurance company must pay for long-term pension costs. Personal liability insurance shall apply either in Europe or throughout the world. A world-wide coverage makes sense if someone is frequently travelling outside Europe and does not want to worry every time about taking out suitable liability insurance.

## The family is also covered

The insurance covers the policyholder and the spouse or partner, if registered at the same place of residence. The children are also insured up to the age of (usually) 25 years if they live in the same household and have no income of their own.

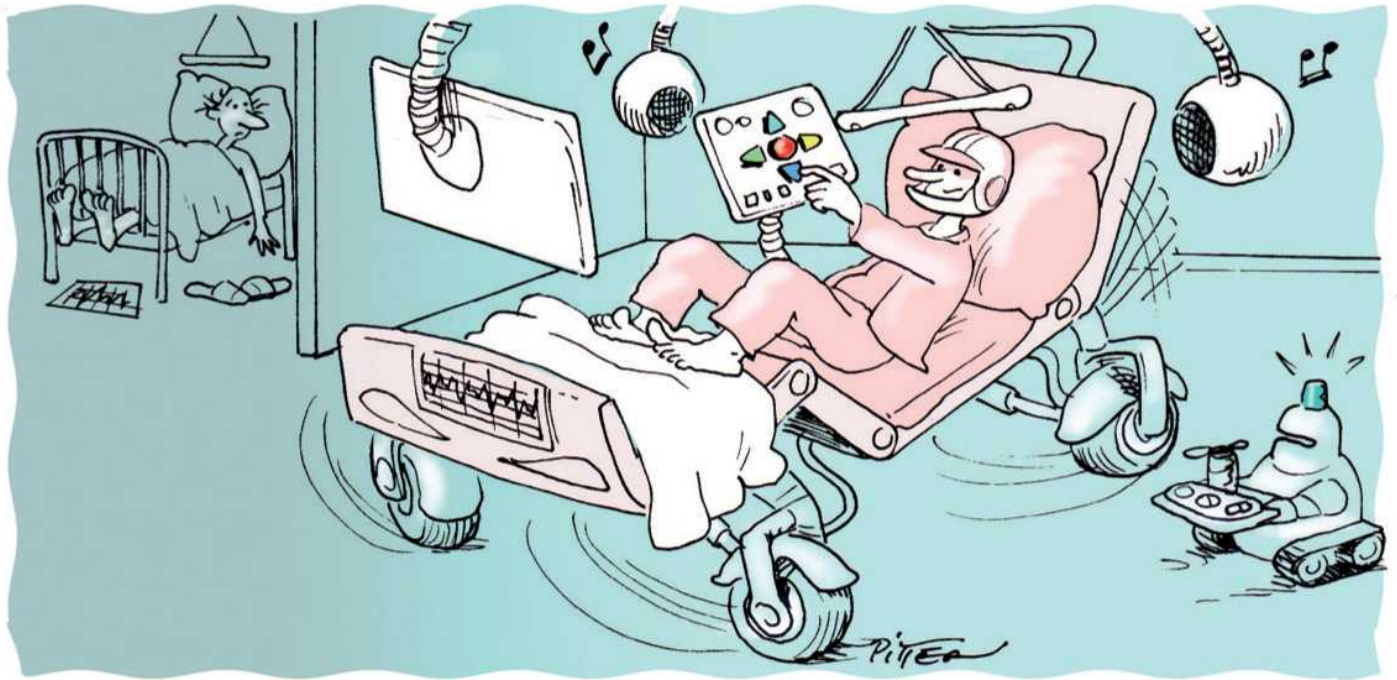
## Dogs often need to be insured separately

Dogs are not readily included in liability insurance, and extra attention needs to be paid to this aspect. Small animals such as cats or birds are automatically covered. The following are excluded from coverage: own damage, claims asserted by insured children and spouses / significant others and claims from deliberately caused damage.

## In a nutshell

Die Personal liability insurance makes sense. It covers claims for compensation when individuals accidentally hurt someone or damage something. It is often included in the household insurance, but it can also be taken out separately.

## For public health insurance patients



Additional private health insurance is a supplement to national health insurance and, depending on the selected services, includes payment of a tariff and free patient choice of physicians, flexible waiting times, more comfort when in hospital, reimbursement for alternative therapy costs or the payment of a daily allowance for hospital stays.

### **What is included, what is excluded?**

Supplementary private health insurance offers many design options. The supplementary hospital cost insurance is the most expensive yet popular building block. It covers the cost of an inpatient stay in a special class: multi-bed rooms or single rooms, and treatment by the physician of your choice - depending on your plan selection.

Private physician medical insurance covers the cost of medical examinations and

consultation on an outpatient basis, house calls, outpatient surgery in private medical practices, day hospitals or outpatient clinics. There is a maximum annual amount for individual services. Dental treatment insurance is available only in combination with supplementary hospital cost insurance and, usually, only 50 to 80% of treatment costs are covered, with an annual limit of € 500 up to max. € 2,800 per provider.

In the case of a daily allowance insurance plan, a fixed amount is agreed in advance for each day of hospitalization. This is especially worth considering for freelancers and the self-employed.

Important: The evaluation of pre-existing conditions or health status is not always equal: there is sometimes a big difference, from insurer to insurer. In any case: make sure you answer truthfully, because the insurer does not need

to provide any benefits if information on a previous illness has been withheld.

### **In a nutshell**

Personal supplementary health insurance is not exactly cheap. Prior to taking out such an insurance, you should absolutely compare providers. There is also a difference in the evaluation of pre-existing conditions (own health status) between providers.

You should definitely answer any questions concerning health truthfully, because the insurer does not need to provide any benefits if information on a previous illness has been withheld. Take advantage of savings opportunities, such as a restriction to the essential areas and a possible return of premiums if you do not claim on any of the services covered. Also, a deductible or discounts for family, or the entire company workforce (group insurance) can help you save.

## Not everything is insured



Home insurance is a package insurance. This insurance covers the entire household contents of the home specified in the policy - this includes everything that is part of the interior design of a home, is used there, or intended for consumption (such as furniture, carpets, curtains, clothing, household items, electrical appliances, computers, books). In addition, home insurance also includes personal liability insurance (see page 8).

Besides the property of the policyholder, that of spouses or de facto spouses, children and relatives who live in the same household, is also insured. The property of house guests (unless they are being accommodated for a fee) is also covered.

### What is included, what is excluded?

The insurance covers damage to all mobile objects within the own home. The insurance also covers cash, securities, jewelry, stamps and coin collections; compensation limits apply for these in case of burglary. Additional equipment and fixtures of the dwelling are also covered. Home content is not only insured when inside the home named in the policy but also in other areas such as the basement, the attic, on the premises, when moving, or partially even when on the road. However, secondary residences are excluded, as are weekend cottages and allotment gardens as well as swimming, hunting and ski lodges and other buildings that are not permanently inhabited.

The insurance does not cover

motor vehicles, their trailers, motor and sail boats and accessories, aircraft, merchandise and commercial warehouses of all types, business money and money from collections.

### Premium amount and sum insured

The amount of the premiums depends on the dwelling size, equipment category, and the scope of benefits desired. In addition to the premium amount, you should also look at other aspects before signing the contract: such as deductibles, exclusions and liability caps. The home content is insured in more recent contracts for its original value (= replacement cost). A properly chosen insurance sum (corresponding to the actual value of the home contents) will prevent under-or over-insurance.

## Not only storm



Home Ownership insurance (building insurance) covers damage to the fixed components of a building (foundation and basement walls, partition walls, suspended ceilings, paint, wallpaper, laminated floor and wall covering, electrical and gas installations, water supply and sanitation systems, lightning arrester systems). Furthermore, it covers liability claims that include the property, and - usually in a limited manner - damage to outbuildings (garages, sheds, storage rooms) on the property.

In general, the building is insured for its replacement value. In the event of a claim, therefore, the locally customary cost for building a new house will be reimbursed (the deadlines for reconstruction

will apply) and there is coverage for the full cost of repairs in the case of partial damage.

### **What is included, what is excluded?**

Usual coverage includes loss or damage by fire, lightning, explosion, plane crash, storm (with more than 60 km / h!) and consequential damage caused by falling trees or the like, hail, snow load, landslide and rockfall. Loss or damage caused by tap water, even from washing machines and dishwashers, damage caused by overflow of water and frost damage to water-carrying systems are all included in the coverage. Damage caused by natural disasters such as floods and avalanches is often not covered or only with very small sums.

### **Premium amount and sum insured**

The amount of the premium depends on the size and scale of the insured building, the equipment category, the condition of the house and the selected insurance coverage. A properly chosen insurance sum (corresponding to the actual value of the home) will prevent under-or over-insurance.

### **In a nutshell**

Both household and home owner's insurance are essential. There are a variety of offerings and coverage differences, therefore, you must compare! Not all damage is insured, so pay attention to limitations and exclusions.

# What is life insurance all about?

Life insurance is a product that is offered in several forms for different purposes. The basic definition of life insurance is that a fixed sum insured is paid at a certain time or after the death of the policyholder. It can be used as collateral for loans, the providing financial security to families in the event of premature death, or for retirement.

## **Endowment and death insurance**

The "classic" endowment and life insurance is the combination of death insurance and building capital. The payment of the sum insured is at the end of the agreed contract term or upon death of the insured within the agreed term, in which case the insured sum will be paid out to the bereaved. The capital may be paid out as a monthly pension or in a one-off lump sum.

## **Term life insurance**

Term life insurance and/or death benefit insurance is taken out to protect survivors in the case of death, and or as collateral for loans. Single insured event is the death of the insured. Upon the expiration the agreed term, the insurance lapses completely.

## **Pension Insurance**

With pension insurance, you can provide for your retirement and your dependents. Upon maturity of the contract you will receive a monthly pension. The duration of

the annuity payment can be arranged individually.

## **Unit-linked life insurance**

With unit-linked life insurance, the insurance benefit is linked to the performance of an investment fund. The fund invests primarily in securities, therefore. The agreement of guaranteed benefits is also possible. If, however, no guaranteed benefits have been agreed with the insurer, the policyholder also carries the risk of loss up to a total loss.

## **Arrangements for insurance coverage**

Coverage starts when you receive the insurance policy and have paid the first premium or one-off premium - but no earlier than the date specified in the policy as marking the commencement of insurance cover. The insurance contract and thus the insurance coverage will end by the expiration date (in case of survival), or earlier, in the case of death of the insured.

## **Premium payment.**

Premiums for life insurance are either annual premiums or unique one-off premiums. The first (or single) premium is payable immediately upon receipt of the policy. Of course, half yearly, quarterly or monthly payments can also be agreed, but only with a surcharge. Changes to the method of payment can always be requested at the beginning of

each insurance year. Additional premiums (so-called renewal premiums) have to be paid within two weeks, always from the due date.

But beware: If renewal premiums are not paid despite a written reminder, and the statutory deadline that is stated in the letter of formal notice has elapsed, the stipulated insurance coverage will end prematurely.

Should it nonetheless become impossible to pay the premiums, there are various options: The method of payment can be changed, a request can be submitted for deferment of the premium for the insurance, the amount insured can be decreased or the agreement can be converted to an agreement without a premium (with a lower amount insured). However, in any of these cases it is necessary to contact your insurance agent to discuss the situation and determine the "best" variant for you.

## **In a nutshell**

Pure term life insurance makes sense to protect the family. The advice here is to draw a distinction between risk and safety precautions. The need for long-term precautionary products is generally to be carefully considered, since a long-term commitment must be upheld in this case. An early dissolution has financial implications.

# In the policy jungle



The components of travel insurance can include:

- Travel health insurance
- Travel accident insurance
- Travel cancellation insurance
- Trip interruption insurance
- Travel third party liability insurance
- Baggage insurance

The insurance coverage starts once the insurance premium has been paid and stops at the start of travel (e.g. cancellation insurance) or at the end of travel, depending on the type of agreement. Unless otherwise agreed, the insurance coverage applies upon departure from the place of residence and ends with the return there, depending on the variant, worldwide or only in Europe.

## Travel health insurance

This insurance covers medical treatment for acute illness or as a result of an accident by the insured abroad. Up to the level of the amount insured, the costs will be covered for out-patient treatment, drugs, in-patient treatment in hospitals, transport between hospitals, return transportation for medicinal reasons or the transportation of the deceased or local burial, for instance. Coverage

does not extend to treatments that are the reason for travel, treatments that are foreseeable by the policy holder, treatment at a health resort, childbirth or special services, for instance. Chronic illness that already existed upon departure or risky sports are often decidedly excluded or only covered to a limited extent. An illness is to be reported to the insurer as quickly as possible. If you are covered by national insurance or private health insurance, submit your claims first to these bodies.

## Travel accident insurance

It compensates for financial burdens after an accident on a trip. Benefits are paid out for lasting disability, for the reimbursement of costs for rescue and return and in the event of death. The amount of coverage is usually low. Thus it is generally advisable to obtain private accident insurance (see page 7).

## Cancellation insurance

This insurance compensates for cancellation costs or a cancellation deductible if the trip is cancelled and if certain requirements are fulfilled like an accident, death or illness of the insured or a close

family member. The insurance must generally be obtained at the time the trip is booked. The insurance coverage requires that the reason for the cancellation occurred after the trip was booked and was not foreseeable by the policy holder.

## Travel third party liability insurance

This assumes liability for damages (property damage or bodily injury) that is caused by the insured as a private person during a trip. This is often already covered by the worldwide protection of the private third party liability insurance in the household insurance.

## Baggage insurance

This insurance offers protection from damage, destruction or loss (e.g. robbery, theft) of all objects taken along on the trip for personal use. Jewelry, watches, furs, technical devices of all types including accessories (cameras, camcorders, video equipment, laptops, optical equipment, consumer electronics, mobile telephones) and sporting equipment are only covered when they were stored securely and personally monitored or carried / used in such a way that that they could not be taken by a third party without having to overcome an obstacle. Examples of things that are not covered include money, tickets, documents or vehicles, as well as damages that result from forgetting, losing, leaving or failing to monitor the baggage. Generally the current value of the insured objects is reimbursed. Special conditions apply for baggage in a vehicle or on a camp site.

**Acceptance declaration.** Written confirmation that the insurer made a lump-sum payment after a claim was submitted and that you will waive any other claims for the insured event. Carefully consider whether you want to accept this type of payment, because then you will have to pay for any damages that subsequently come to light from the insured event out of pocket.

**Assistance services.** Many insurers provide services or immediate help in the event of damage or loss in the form of a telephone number available around the clock. Examples include immediate survey of damage, the coordination of a place to stay or transport or the procurement of a tradesperson to repair the damage. These services are usually included in the more expensive policies or are included in the agreement for a commensurate increase in the premium. Please note: Only the procurement or coordination is included at no cost, but that does not mean the service that is procured is automatically included. The tradesperson only bills the insurer directly when they are responsible for compensating for the damage.

**Combined policy.** Legally independent insurance sectors with their own insurance conditions are bundled together, for example fire, water pipe damage and household insurance into home insurance.

**Natural hazards.** Damage that can be caused by the elements fire, water, earth and wind. With regard to household and home insurance, natural hazards may not be fully covered. Some

assurance companies provide the option of covering hazards from earthquakes, land subsidence, landslides, flooding, snow damage or avalanches, even though most only cover a relatively small amount.

**Negligence.** There is often cause for conflicts between the insured the assurance company, above all in the differentiation between slight and gross negligence. Legally, gross negligence is when the necessary care was disregarded to a particularly severe extent. The insured thus did not do what would have to have been clear to anyone with a sound common sense, or violated certain obligations. Damages that a policy holder contributed to intentionally or as a result of gross negligence are usually not covered. If they are, they must usually be "bought" with higher premiums and are capped with a maximum payout.

**Index clause.** Value adjustment (clause)

**Goodwill.** The insurer is not legally required to provide benefits, but pays them nonetheless as a matter of policy, for instance. This is different from cases where a legal decision is omitted because it would result in significant expenditures and the same a settlement was able to be reached out of court but nevertheless benefits are provided. Goodwill solutions are sometimes only offered when the amount insured increases in return or a new agreement is signed. It is only really useful when the new insurance or the increased amount insured is actually desirable - otherwise it is purely horse trading!

**Release from obligation to perform.** If you as the policy holder do not fulfill your contractual obligations (Obligations), the insurer is not required to pay benefits in the event of damage or loss.

**Replacement value.** In the event of damage or loss, the amount that would be necessary to procure a comparable product to the object insured is provided. Please note: This does not mean that the insurer pays out the same amount that was originally necessary for the purchase; the replacement value is rather the amount with which a product that is as good as new can be purchased at the time the benefit is paid out.

**Obligations.** Duties of the policy holder. For example, honest and correct details must be provided in the insurance application. Furthermore, the insurer must be notified if the risk increases during the term of the agreement; in the event of loss or damage, everything possible must be done to mitigate and prevent further damage, the necessary legal reports must be filed and the insurer must be provided all of the relevant information. If that is not done, the insurance coverage may be partially or entirely forfeited.

**Cash value.** In the event of early termination of a live insurance agreement, you will only be reimbursed for a small portion of what you have paid. Terminating the insurance agreement is always a bad business decision in the first ten years, because a significant portion of the premiums initially cover the administration and feed of the insurer.

**Deductible.** Reduces the premium; however, for that you must also pay a part of the damage out of pocket. If over the course of the year damages occur - even if they are small - they can have a significant effect on the bottom line (e.g. with comprehensive insurance), since the deductible is billed for every claim - thus not once per year but per damage.

**Activity clause.** Is used for the third party liability with regard to household insurance and differentiates very precisely between deliberate and desired effects on an object, on the one hand, and accidental, undesired contact with an object, on the other hand.

**Overinsurance.** The agreed amount insured is higher than the actual value of the insured objects. This means you are paying too high of a premium because in the event of loss or damage you will only be compensated for the actual value.

**Installment surcharge.** If you do not pay the premium for the entire period insured in one payment in advance, but rather monthly, the insurer can claim a surcharge (e.g. 6 percent for monthly payment).

**Underinsurance.** The agreed amount insured is lower than the actual value of the insured objects. This means you are paying a lower premium, but only part of the actual amount of damage will be paid out in the event of loss or damage.

**Waiver of underinsurance.** The insurer is obligated to make no objection to underinsurance in the event of loss or damage. The policy holder must usually sign an indexation clause (Value adjustment) for this.

**Policy conditions.** Description of the "product content": What is insured (= defined benefits) and what is not (= exclusions), how is insured for how long and how can one exit the agreement (= terminate). Even though it is recognized as one of the most tedious reads - you must read it!

**Preliminary confirmation of cover.** Preliminary insurance coverage, particularly for third party liability insurance, but also for life and natural hazard insurance (like household insurance). You enjoy insurance coverage even before the policy is created and the first premium has been paid and thus the actual agreement is established.

**Pre-contractual duty of disclosure.** You have a duty to disclose with the insurer when preparing the application all of the relevant circumstances for the risk to be insured of which you are aware. This is part of the Obligations of the policy holder, the violation of which can lead to the insurer being released from its liability to pay benefits. Even if the insurance agent does not explicitly ask: If you are aware of a circumstance that is significant for the estimation of the risk and thus for the amount of the premium, you must share this information.

**Waiting periods.** In some insurance sectors (e.g. legal protection and health insurance) there are waiting periods of up to nine months before the insurance coverage is in effect. This allows the insurer to prevent people from only becoming insured when they know that they will need to claim the insured benefit (for previously initiated litigation, existing pregnancy, etc.).

**Value adjustment (clause).** Automatic adjustment of the premium and amount insured according to the consumer price index published by Statistics Austria (either for the household or legal protection insurance) or the building-cost index (for home insurance). If the premium is not adjusted automatically, only the corresponding portion of the costs will be paid out in the event of loss or damage.

**Current replacement cost.** Replacement value

**Current value.** Value of an object at a specific point in time. The difference between Replacement value and current value depends on the actual depreciation from age, use, technical development and the like.

# More information

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