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# Secure Future

## State & Private Insurance Schemes for the Young

# Dear Reader,



VVO/Kammerer

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*When you are young you hardly ever think about the risks you might be faced with during your life, most of the time the here and now is more important than dwelling on the future. It is however precisely when you are young that you should ensure your future and start both training and career with the right insurance cover.*

*The Consumer Information Association contributes to higher transparency in the insurance sector through analyses, test reviews and reports as only well informed consumers are capable of selecting insurance offers matching their requirements and needs.*

*This special issue of KONSUMENT in cooperation with the Austrian Insurance Association (VVO) informs of the risks you can insure at your young age and which insurance schemes are essential for individual life planning.*

*We explain complex facts and circumstances as well as basic insurance terms with simple words enabling you to have a transparent decision making basis for which insurance schemes make sense at your age to provide sufficient levels of security both now and in the future.*

One false move, distracted for just a moment - and then something happens which turns your entire life upside down. There is no 100% guarantee than nothing can happen - even if you are extremely careful and cautious. You can however still count yourself lucky if the damage is only to your own property, which can perhaps be replaced; the outcome is far worse if you suffer a permanent injury or even hurt someone else.

The state has woven a social network to prevent you from dropping through the floor in such cases of hardship and sinking into poverty without support from friends and family; everyone makes a contribution they can afford and receives help and assistance when in need including benefits you are always eligible for as well as benefits you are only entitled to after paying an insurance premium (= social security).

## **Private insurance only for a premium**

The private insurance companies are also based on the principle of a „shared risk community“; many pay contributions and receive something back in case of damages or as otherwise agreed, as is the case for life insurance policies. This however requires taking out an insurance policy and benefits can only be enjoyed by those who have paid their premiums.

## **What is absolutely indispensable?**

The insurance offering is manifold, and the budget at your age often tight. You should therefore always precisely consider which insurance policies you absolutely do need.

Regarding **state insurance** there is not much to think about since it runs or starts „automatically“ as long as you are co-insured with your parents, go to school or

# One for All and All for One



university or have just **entered** employment.

The absolutely vital insurance policies are listed here;

- **health and accident insurance** (for more details go to page 6).

State insurance however only covers for instance accidents at school, place of work or university, and travelling between there and home, which may represent a problem precisely for young and mobile people who have no insurance coverage when something happens playing football in the park, skiing or riding a bicycle and many other leisure activities. You will indeed receive medical assistance, and rehabilitation costs are

also paid by the state, but the consequential costs of an accident are not covered. To have this coverage you need to take out an insurance policy with a private insurer.

There are basically two **private insurance policies** which any apprentice, pupil or student as well as young employee should have;

- a **private third party liability insurance** (for more details go to page 20) and

- a **leisure time accident insurance** (for more details go to page 12).

These policies protect your financial survival as if you have not taken them out you might have to pay back your debts or

live at minimum subsistence level for many years if an incident occurs.

In addition there are many other private insurance schemes which might make sense for you such as long-term disability insurance, household and property insurance, or legal expenses insurance. Some are even legally prescribed such as automobile third party insurance when you own a car or dog owner indemnity insurance in some federal provinces. Before looking at each separately, reconsider your overall situation first;

- What coverage will I receive from the state after an accident (see page 6)?
- Do I have to look after myself or also other persons (partner, family; ► page 20)?

## Insurance – why and which?



- Do you often travel abroad, plan a longer stay abroad, for instance as an au-pair, to attend a college or university, to take up employment (see page 19)?

- Do you have any valuable property, such as electronic appliances, computers, music or sound systems, or heirlooms, damage to or theft of which would cause a difficult financial burden for you (see page 16)?

Only after covering risks representing a threat ► to your financial security may

### Make Decisions based on the Worst Case Scenario

To identify the insurance coverage you might really need to consider what would be the worst case scenario in your life? Which risks you absolutely have to cover?

- as an apprentice, pupil or student ► accident with severe long-term bodily injuries
- as a commuter relying on your car ► loss of your vehicle
- as an owner of a flat or house ► fire resulting in homelessness
- after an accident caused by you ► high liability claims of the injured/aggrieved party
- having a family ► incapacity for employment or death of single earner

- Do you travel a lot - on business, for leisure; with car, motorbike ... (see page 14)?

- Are you very active in your leisure activities, do risky sports such as para-gliding, free-riding, mountain-biking, motocross ... (see page 12)?

### Major insurance policies

What do you need ...	as an apprentice	as a pupil	as a student		as a young employee <sup>1)</sup>	
				with family		with family
<b>Legally prescribed</b>						
State health insurance	●	●			●	●
State accident insurance	●	●			●	●
State pension insurance	●				●	●
owning a motorbike/car ► automobile third party insurance	●	●	●	●	●	●
<b>Additional private insurance coverage</b>						
Private third party liability insurance	●	●	●	●	●	●
Private leisure time accident insurance	●	●	●	●	●	●
Household/property insurance				●	●	●
Long-term disability insurance					●	●
Invalidity insurance			●	●		
Credit life insurance				●		●

<sup>1)</sup> State health, accident and pension insurance coverage is not mandatory for all forms of employment, is however mandatory for blue and white collar workers and freelancers. You can find information and brochures on various forms of employment and mandatory insurance coverage at for instance [www.arbeiterkammer.com](http://www.arbeiterkammer.com) to download (► Broschüren ► Arbeit & Recht).

you consider taking out any other insurance policies since they are not for free - sometimes it may be cheaper to pay (small) damages out of your own pocket.

### Eyes open, brain active

As important as basic insurance coverage may be prevention is even more important. Of course, incidents often happen through no fault of your own. Being receptive and having some sense lets you avoid many risky situations or minimize the effects of the damage. You should ask yourself the following questions and not just for the sake of asking; „What may happen?“, „How can I prevent an accident/damage“, „How can I protect my health, my property?“ The insurer is also interested in the answers since in case of negligence or gross negligence you may sometimes lose all entitlements to indemnification.



You should be familiar with these terms since they come up in many policies and play a major role in claims settlements. Claiming you have overlooked them or did not know what they mean does not count in case of claims.!

**Assistance services:** Many policies include assistance in emergencies around the clock, such as organizing a substitute flat or replacement car, transport, handyman, medical emergency services, assistance when travelling documents were lost or stolen and similar. However keep in mind; only facilitation and organization are free of charge, the facilitated services may cause additional costs depending on the insurance coverage.

**Excess:** The amount you have to pay out of your own pocket in case of damages, in return your premium is slightly lower. If the retention is not annual but for each incident, it can add up during the year if several incidents occur. Therefore carefully calculate the retention variants to find out the best one for you.

**Frequency charge:** If you do not pay the premium for the entire insurance period at once but for instance monthly, the insurer can charge you a premium surcharge called a frequency charge. In the case of an annual premium of 1,000 Euros the insurance payment increases with a six percent surcharge by 60 Euros.

**Insurance Terms & Conditions:** Description of the „product contents“; what is insured (= guarantees of performance) and what not (= exclusions); who is insured and for how long and when can you get out again (= terminate the contract)?

**Memorandum of insurance:** Provisional insurance coverage valid from the moment you sign an insurance application, even before the policy has been issued and the initial premium paid.

**Negligence:** Carelessness or failure of due diligence. Minor negli-

gence would be for instance if you hit another car with your car because you were speeding a bit. Gross negligence would be if you are driving knowing full well that the brakes do not work or you have summer tires driving on snow-covered roads. Then you have severely failed to act with the required diligence and not observed what should be clear to anyone with any sense, or even violated certain obligations. In case of gross negligence you will receive no coverage in most insurance policies.

**Obligations:** Duties which you compulsorily have to comply with otherwise the insurer does not have to perform at all or only partially. For instance, your details on the insurance application must be true and correct. Then you also have to inform the insurer if your own risks increase during the term (for instance when you have a leisure time accident insurance and start parachuting or when you have not reported a severe illness when concluding a long-term disability insurance). Should damage occur you have to do your best to prevent further damages or minimize such, make all legally required reports and provide the insurer with all important details.

**Pre-contractual disclosure obligation:** When applying for an insurance policy you have to inform the insurer of all circumstances known to you which are relevant to the risk to be covered by the policy. If you do not do this the insurer might possibly not have to pay anything when an incident happens.

Example: In the case of a private health or long-term disability insurance you have to state all previous illnesses, you do however completely forget to state that you have allergies and your consultant has not asked you about this either.

If you get ill in consequence of your allergy, the insurance may under certain circumstances not have to perform.

**Release form:** Written confirmation that the insurer has paid a lump-sum indemnification after a claim and you waive any other claims arising from the insured event. If you accept such an advance payment you have to pay any damages discovered later from your own pocket.

**Replacement value:** If an insured property item is broken or stolen then you receive the amount sufficient for purchasing a similar item to replace it. This does not however have to be the same amount you originally spent, certain headsets or a smartphone for instance may be available today at considerably more affordable prices due to technical progress.

**Time value:** The value of a property item at a certain point in time. It is calculated by deducting age, wear & tear, use and technical progress from the replacement value. For instance, the time value of a new iPhone 3Gs is today at a maximum of 300 Euros, whereas in 2009 its replacement value was 999 Euros.

**Value adjustment (clause):** Automatic adjustment of premium and insurance coverage in accordance with the consumer price index published by Statistics Austria (for instance for household or legal expenses insurance) or the building cost index (for house insurance). If the premium is not automatically adjusted you will only be reimbursed some of the costs should an incident occur.

- Social security
- Co-insured with parents
- Family allowance
- Sickness & unfitness for work

Full of plans and moving upwards on the social and career path, and then the next moment it can all be very different. Fate is often merciless and through accident, severe illness or twist of fate in the family destroys all the dreams you might have had. Through various channels the state ensures that their citizens do not end up in a vacuum in such cases; and through legal regulations the state ensures that as many as possible are protected against such financial security-threatening risks. Nearly everyone uses state services soo-

ner or later, it may be a health check at the health insurance institution, family allowance and child care allowance or even more extensively after a severe illness or losing a job. State services are actually grouped in three large blocks:

- social security (health, accident, pension, unemployment insurance) to which a majority of Austrians pay mandatory contributions primarily through their employment;
- social assistance (family allowance, care allowance, child care allowance, military service allowance...) which are financed through taxes;
- social aid/means-tested minimum benefits (disablement aid, elderly and nursing homes, financial aid...) also financed through taxes which are the „last in-

stance of support“ for those in need and faced with poverty.

In your case it could be that you and your partner are both employed. You both participate in the regular preventive health checks using the e-card (dentist, eye specialist, gynaecologist...). When your partner gets pregnant she has the free-of-charge mother-child pass examinations run and delivers birth at the hospital without having to pay a cent for all this. You receive family aid for the child and your partner gets child care aid during maternity leave, as well as you apply for care allowance for her seriously ill mother.

After few years of employment you lose the job and receive unemployment benefits.



Johannes Zimmer

## interview

### „Basic Coverage & Points of Contact“

KONSUMENT in interview with Rudolf Hundstorfer, Federal Minister of Labour, Social Affairs and Consumer Protection

*Are youths and young adults sufficiently protected through the state social security insurance when for instance an accident happens?*

*Through the legally prescribed social security insurance the state offers basic coverage in case of sickness, occupational accidents, unemployment, need for care and retirement. An accident on the way to or from the place of work is also deemed an occupational accident. However, accidents during leisure time*

*are not covered, so additional private insurance can make sense.*

*How can young people get non bureaucratic information about their state insurance coverage?*

*The [www.sozialversicherung.at](http://www.sozialversicherung.at) website gives a good overview of the services offered by the Austrian social security institutions.*

*Are there specialised consulting offers and points of contact for apprentices, pupils, students and young families regarding any personal insurance risks?*

*In principle it is possible to get an initial overview on private insurance offerings on the [www.konsumentenfragen.at](http://www.konsumentenfragen.at) website. If you*

*then required personal advice you can contact the Consumer Information Association (VKI) and consumer policy departments at the Chambers of Labour.*

*Who should young insured people contact when they have problems with social security or also private insurers?*

*If you have any problems with social security contact the responsible social security institution (nine regional health insurance institutions, SVA, SVB, PVA...); in case of problems with private insurers you can contact the VKI and the Chambers of Labour for more information as well as the Consumer Policy department at the Federal Ministry of Labour, Social Affairs and Consumer Protection.*

After an unsuccessful year of job seeking without success and in the meantime alone, unemployment benefits end and you receive welfare benefits which are always approved for one year. If you were not entitled to unemployment benefit for instance as a free-lancer, you receive means-tested minimum benefits.

As the first part of this fictitious example demonstrates, you receive quite some state benefits in your „plain normal“ life.

## Co-Insurance

Depending on the state health and accident insurance institution you can be co-insured with one of your parents or your partner up to the age of 23, 25 or 27 years. However, only if you do not have your own household and no regular income over the year. Many young people and students who move from home or already have a job with a regular income are often unaware of the fact that they are no longer insured. This is also true for private third party liability insurance; as soon as you move out from your parents place to your own flat or shared flat or dormitory you have to get your own third party liability insurance (see page 20).

## State health insurance

Health and accident insurance are the most important of all state insurances when you are young. Of course, it is not unfavourable to start paying pension contributions early and be protected against unemployment. However, when this is not possible since you have no fixed employment and no compulsory insurance then you should first look into getting state health and accident insurance; this can be achieved in the following way;

- co-insurance with your parents or partner (please refer to the section „Co-Insurance“) or



- voluntary self-insurance with the competent health insurance institution (please refer to [www.sozialversicherung.at](http://www.sozialversicherung.at) for more details).

The legally prescribed health insurance covers not only treatment and rehabilitation costs when you are ill or had an accident, but also pays for the preventive

health checks, maternity hospital stay and weekly allowances for pregnant women and mothers, arch supports in shoes and wheelchair, sickness benefits, cost subsidies for dental braces or prostheses or also post-treatments such as a stay at a rehabilitation clinic or ambulant ergo-therapy.

## interview

### „Accident & Health Insurance“

KONSUMENT in interview with Dr. Wilfried Friedl,  
Allgemeine Unfallversicherungsanstalt  
(AUVA, General Accident Insurance Institution)



Rusch

How many young people up to the age of around thirty become temporarily or permanently disabled every year as a result of occupational accidents and diseases?

In 2012 for instance 43,595 occupational accidents and 192 cases of occupational diseases were acknowledged for insured persons up to a maximum age of 30.

To what extent does the legally prescribed insurance cover leisure time accidents both regarding recuperation and rehabilitation as well as consequential costs?

After a leisure time accident you are entitled to health treatment and institutional care from the pension insurance institution as well as time limited financial benefits (sickness benefits, etc.) from the health insurance institution and when applicable disability or long-term disability pension due to incapacity for employment.

Do you think private accident insurance is recommendable in general, respectively for which group of society?

The legally prescribed accident insurance only covers accidents in the context of training and occupation; it makes sense to conclude a private insurance policy covering all other spheres of life (household, leisure time); riding a bicycle and skiing in particular are often connected with severe injuries.



### State accident insurance

State accident insurance is as indispensable as health insurance since not only treatment and rehabilitation after an accident are important but also indemnification after an occupational accident or diseases, i.e. state accident benefits which you only receive if the accident or the disease occurred during performing your employment duties or during training at school or university. An employee has to pay an accident insurance contribution whereas pupils and students are automatically insured against accidents through the school or university. The coverage - just as for occupational accidents or diseases - includes all activities at school or university, i.e. also school excursions, university events and travelling from home to training premises and back.

### Who is insured?

Workers, employees, freelancers, pupils and students as well as particularly protected persons (e.g. members and assistants of aid organisations) are insured. Housewives, househusbands, or small children are hence not insured against accidents. For them a private leisure time accident insurance is worth considering (see page 12).

Since the legally prescribed insurance coverage „only“ includes occupational accidents and accidents at school or university and none of the accident prone leisure activities, sports enthusiasts should contemplate extending the state accident insurance coverage through a private accident insurance or long-term disability insurance (► page 18).

### Who is entitled to receiving benefits?

To be eligible for disability and/or long-term disability benefits attributable to an occupational disease or an accident at school or work;

- you may not be entitled to occupational rehabilitation („retraining“)
  - disability and unfitness for work must presumably last at least six months;
  - you must have obtained a minimum number of insurance months („qualifying period“)
  - and you may not satisfy the prerequisites for a (early) retirement pension yet.
- Being young you can of course forget the latter; however the preceding prerequisite is hence even more important for younger people.

The mentioned „qualifying period“ is also deemed satisfied when the insured case occurs before the age of 27 and you

### Recruits & Persons Performing Alternative Service - Insurance Coverage?

Military recruits or persons performing alternative service have health insurance coverage which also includes any co-insured relatives. You are entitled benefits pursuant to the Military Health Care Act for the consequences of a service-related accident during this time. These months are additionally deemed contribution periods for the state pension insurance. If you have an occupational accident or disease or incur acknowledged injury during your military or training service with the Austrian Federal Army resulting in disability or unfitness for work, the qualifying period is fully skipped and you are immediately entitled to disability benefits.

For more social security and legal details go to the Federal Ministry of Defence webpage at [www.bmlv.gv.at/rekrut/soziales/rek\\_soz\\_wehrdienst.shtml](http://www.bmlv.gv.at/rekrut/soziales/rek_soz_wehrdienst.shtml); for labour law related questions consult the folder „Zivil- und Präsenzdienst“ on the [www.arbeiterkammer.at](http://www.arbeiterkammer.at) website.

If you have private health insurance contact your insurer to determine precisely under which circumstances coverage is valid during your military respectively training service and have the policies made inactive for the duration of your military service, but only in consultation with your insurance institution.







### Accident benefits: state benefits in case of total disability

<b>Worker, 21 years old</b> , gross monthly income of 1,800 Euros; occupational accident	<b>Student, 21 years old</b> , no income, no insurance periods; accident at the university
The amount of the disabled benefits is not linked to the age of the insured but to their current income and the reduction of their fitness for work. In this case the accident benefit amounts to 1,800 Euros (14 times a year) and hence represents full replacement of the lost income from work.	A fixed amount which is increased until age 24 is reached serves as the computation basis. In this case the monthly accident benefits are initially 885.87 Euros and then 1,328.34 Euros (14 times a year).
Both are equally entitled to post-accident treatment using all appropriate measures as well as comprehensive medical, occupational and social rehabilitation. This includes primarily the best possible recovery of the insured person, assistance in finding a position, retraining measures and disabled suitable fittings in the apartment, car, etc. <b>Please note:</b> You are only eligible to these state benefits after an occupational or training accident and total disability. Pension benefits in case of disability and unfitness for work are significantly lower at an average of 820 Euros.	

have collected at least six insurance months (except for self-insurance) by this point.

If you have not reached these minimum requirements or have not collected any insurance months at all, you will receive no pension benefits and have to apply for means-tested minimum benefits (also refer to next column).

### Enough to live on?

The legally prescribed accident pension serves providing minimum benefits, which is not really enviable - according to the Main Association of the Austrian Social Security Institutions the average pension in case of disability or unfitness for work for persons up to an age of 30 years amounts to around 820 Euros (as of December 2012). If your income was already higher, you might receive higher benefits since these benefits are linked to

your previous income and the reduction of your fitness for work.

For more details on state pension benefits in case of disability and unfitness for work can be found for instance on the Pension Insurance Institution website [www.pensionsversicherung.at](http://www.pensionsversicherung.at) in the folder „Informationsmaterial“.

### Means tested minimum benefits

If you have neither a job nor are entitled to benefits, possess neither assets nor property, you can apply for the means-tested minimum benefits (referred to as welfare benefits until 2011). These benefits cover some living and accommodation costs. You cannot afford a lot with around 800 Euros monthly for singles and around 1,200 Euros for couples, payable 12 times a year, but you also receive an e-card and have health insurance

and equal access to health care and treatment as any other citizen.

### Find out More...

... about social security insurance and services of the state institutions by contacting the following websites or directly at the counselling offices of the social security institutions.

[www.sozialversicherung.at](http://www.sozialversicherung.at)  
[www.pensionsversicherung.at](http://www.pensionsversicherung.at)  
[www.auva.at](http://www.auva.at)  
[www.help.gv.at](http://www.help.gv.at)  
[www.ams.at](http://www.ams.at)

- Finding insurance
- Term & conclusion
- Reporting claims
- Termination

The private insurance sector offers manifold products and schemes, however, insuring everything costs money and is not really reasonable since some things may already have other insurance coverage, and some things you may not yet or no longer need. It is important to adjust insurance policies again and again to match your own stages of life and especially when young primarily focus on risks threatening your financial security. You can skip risks with low financial consequences or risks already sufficiently covered by other insurance policies.



### How do I take out an insurance policy?

Often insurance companies contact potential customers and not the other way around, e.g. during consultation on assets, at a travel agent or when buying equipment, glasses or sports articles where you are simultaneously offered a policy. You should look carefully into the

details before taking out insurance particularly in case of offers with no advice. You should never sign a contract without comparing premiums and benefits since there are often significant price differences for the same coverage. It is however pointless to only focus on low premiums and in turn accept low insured sums or minimal insurance coverage with various restrictions and exclusions. First of all make sure that damages representing a threat to your financial security are appropriately covered.

### Get informed first, then conclude a contract

The best way is to get sufficient information using the internet since the majority of insurers describe their products in more detail and have insurance premium calculators available online. The online comparison of several providers is becoming more and more popular, for instance for automobile third party insurance. Nevertheless, you should only conclude an online contract after obtaining sufficient information and being clear about the actual coverage. Please in keep in mind that although you have no assistance and service online it does not automatically mean that the online policies are cheaper.

A better solution is going through an insurance advisor, i.e. an employee of an insurance company, an insurance agent, or an independent insurance broker who can furnish you with a comprehensive market comparison, whereas insurance employees and agents only offer products from their „own“ insurance company. Since insurance advisors can often give you better deal due to large turnover volumes, you might get better value for money than when comparing on your own.

### Who can I trust?

„Good friends“ may indeed have good intentions with their good advice but sometimes they only offer products which do not match your particular risk situation. Get information from other providers irrespective of the friendship, and always compare offers.

On the internet you can get information about insurance policies and products, so get informed in advance to be able to ask the insurance advisor the right questions.

### Double insurance?

Before taking out new insurance make sure you do not already have coverage; for travelling and accident through your credit card for instance, or household insurance, membership in an Alpine association or automobile club, since basic coverage from various policies are already included. If you are still living with your parents you can often have cheaper coverage by being co-insured with your parents. When you live with your partner, you can get a better price when taking some policies together. Also ask your insurance advisor to avoid double insurance respectively check whether it makes sense.

### Deliberately determining insurance

Many policies for instance for household, house or car are concluded for a certain term and extend automatically if you do not terminate them. You can often receive loyalty rebates for longer terms which you have to pay back if you want to prematurely cancel the policy.

### Termination

There are many reasons why you may want to terminate an insurance policy - financial bottlenecks, changes in your life or simply because you are no longer satisfied.



## Correctly Reporting Damages

Staying cool when an incident happens is not always that easy; however you have to follow a few steps to make sure your insurer will indeed indemnify you.

Rescue what can be saved. In case of water damage, immediately cut off the mains tap, cover damaged parts of the roof or windows with a tarpaulin, replace damaged locks after burglary, etc.

Secure evidence. Take pictures or keep damaged objects until they can be inspected by an insurer's representative or the insurer expressly abstains from inspecting them. Ask witnesses to give you their names and phone numbers.

Consult your insurer. Do not sign any powers of attorneys or contracts with for instance experts/appraisers or repair services without consulting your insurer. Do not make any commitments regarding acceptance of claims nor take any independent steps during claims adjustment.

Report damages in writing. Calling the advisor is not enough; use the online forms for damage reporting to make sure that you enter all required details. If you are not sure what in your case needs to be stated in the written damage, report call the insurance company. Major details beyond name and address are

- policy number
- description of how the damage happened
- precise damage specification, e.g. in case of third party liability insurance - name and contact details of the aggrieved party; burglary, theft, robbery - sales receipts for the stolen objects; accident/holiday health insurance - medical report, hospital report

- receipts for your expenditures, costs estimates

Review the rejection. If the insurer refuses to meet the costs, request written substantiation and validate whether the rejections are correct based on your contract.

You can no longer afford or no longer want to afford paying the premium. Then do not bury your head in the sand but contact the insurer and reduce or suspend the premium in consultation with them. Simply stopping paying results in a string of reminders and debts and moreover you lose your insurance coverage.

You no longer need the policy. You are selling your car or moped, separate from your partner and terminate life insurance policies concluded in their name.

You have found a better deal. Generally you should review all your insurance policies with your insurance advisor every two years to see whether they match your life situation or whether there are better deals on the market.

## Correct Termination

The termination notice for a majority of insurance policies is one or three months; if you conclude a long-term contract then you can terminate it annually after expiry of three years.

The termination notice must be in writing and received by the insurer before the end of the termination period to be effective. The date of contract conclusion and the termination period are stated on the policy.

### Example of termination period

You have taken out household insurance on 3rd of March 2013; the termination period is one month. Then your termination must be received by the insurer not later than on 3rd of February 2014.

If you however have taken out a ten year policy, then the earliest termination date would be 3rd of February 2016.



### It's all fun in the beginning – and then?

Great atmosphere, perfect weather - your barbeque is an absolute hit until Florian (24) wants to get out of somebody's way and falls backwards over the low balcony railings. The shocking diagnosis - cervical fracture, paraplegia from the torso downwards and no chance to continue his career. In his current condition Florian can no longer use his apartment - doorways are too narrow for a wheelchair, bathroom and toilette too small and not all furnishings are disability compatible. Total costs of adaptations is nearly 50,000 Euros.

### Facts & Figures

70 percent of all accidents happen during leisure activities; thereby around 830,000 Austrian are affected every year and around 8,600 have permanent injuries.

The highest risk group are children up to age of 14; 129 of 1,000 children are injured in an accident, tightly followed by the 15 to 24 years group with 125 accidents per 1,000 persons.

### Financial aid after hospital and rehab stay

In such a case a leisure time accident insurance turns out to be a true blessing. Even though the medical treatment and rehabilitation is covered by the state health insurance (see page 6), this is often not enough. Disability benefits, accommodation adaptation costs and others are covered by state insurance only when the accident is interlinked with work, school or university. Housewives and househusbands are not insured against accidents at all. Also persons in employment, pupils and students do not have any accident insurance coverage during their leisure time activities. The

annual costs of a private (accident) insurance coverage are quite moderate - 100 to 150 Euros for one person, 200 to 300 Euros for a family.

### Accident or Unfitness for Work Insurance?

Leisure time accident insurance pays the insured amount agreed on the policy once following the accident. This means that after a twist of fate you quickly have a large amount available for reconstruction/adaptations or similar. You can additionally include supplementary monthly benefits in your policy.

If you want to not only be insured against accidents but also have coverage when you become unfit for work due to an illness you have to take out a private unfitness for work insurance (see page 18). This does of course cost a bit more than just plain accident insurance.

### Important risk coverage; Helicopter rescue in the mountains

It does not always have to be the worst case, total disability; it is more than enough if a helicopter rescue is required to fly you with a broken leg to the hospi-

tal. The costs of helicopter deployment are calculated per flight minute and can quickly add up to a four digit Euro amount. For medically substantiated cases the health insurance institution only pays a flat rate which normally does not cover the actual expenditures; the difference is often several thousand Euros; and also here private accident insurance will take on the costs.

### Progression & disability

An important factor in leisure time accident insurance is the so-called progression which is the over-proportional increase of the insured sum. This is mostly the case from 50 percent disability; with agreed 300 percent progression you would then receive triple the insured sum for an incident resulting in total (100 percent) disability.

However, you should be aware that in nine of ten cases the degree of disability is below 50 percent. Since progression staging varies significantly with various insurers you should keep this in mind since many offers also include above-average high benefits for lower degrees of disability.





## Disability – What does it Mean?

An insured person is deemed disabled when their bodily or mental performance capabilities are impaired through an accident for a period presumably longer than three years. There are various degrees of disability; These are defined through so-called limb rates which vary from insurer to insurer; here are few examples of various appraisals by the insurers;

Impairment	Degree of disability
Hearing loss in one ear	from 15 to 45 percent
Loss of one eye	from 35 to 60 percent
Loss of one leg below the knee	from 50 to 70 percent
Loss of a foot	from 45 to 70 percent
The insurer pays in accordance with the degree of disability, for instance 75 percent of the insured amount for a disability degree of 75 percent.	

## Rule of thumb for the insured amount

Irrespective of the progression - the major aim of this insurance is to have sufficient coverage for the worst case scenario whereby to allow you to have all the necessary adaption work done in case of total disability and a certain reimbursement for the probably insufficient coverage through state benefits, the insurance benefit should amount to from five to six times your gross annual income; i.e. with a gross monthly income of 2,000 Euros (14 times a year) - an insured sum of around 150,000 Euros with a high progression (of 300 to 400 percent).

## Insurance for members

Basic leisure time accident insurance is often included in membership of sports or hiking associations or credit cards but most of the time the coverage only includes certain activities and areas of life. It may then happen that you have triple accident insurance and get no insurance benefits for an accident during do-it-yourself activities. If you for instance lose two fingers in such an accident, then you have a 15 percent permanent disability. The automobile club may only pay from 20 percent disability, sports associations only for accidents linked to the association's activities and the credit card coverage is only valid for instance when travelling and starts at a disability degree of 50 percent. Insurance for association members may indeed be affordable, cannot however fully replace full-value accident insurance.

## No all-inclusive insurance

Remember that dedicated leisure time accident insurance policies do not give you all-inclusive protection. There are various policy variants which give you the advantage of having the policy virtually tailored to optimally satisfy your requirements; the disadvantage is that with so many various benefits and premiums you indeed need professional assistance and help. Exclusions are also true for accident policies just as with all other policies, and you should inform yourself about them prior to taking one out; if for instance a mountaineer gets frostbite to their fingers and toes due to a sudden bad weather front and is no longer fit for work they will get nothing since frostbite is

not covered according to the definition of an accident. If such risks are relevant for you, then you should consider also taking out private unfitness for work insurance (► page 18).

## Some sports are not covered

In the case of sports related accidents some are also not covered by the insurance; participation in an association ski race can for instance be covered by both the accident insurance also through association membership. However participation in a provincial or federal championship or international competitions is not covered. Excluded are also – and this varies from insurer to insurer - many risky or trendy sports such as paragliding, hand-gliding, parachuting, bungee jumping, rafting, American football or house running.

The insurers' application questionnaires include questions on whether you do dangerous sports and which. Based on these details the insurers decide whether a contract will be concluded with you and if yes at what conditions.

Forget cheating – if you have an accident doing sports which are excluded according to the terms and conditions of your insurer you will get nothing.





- Automobile third party insurance
- Comprehensive insurance
- Motor passenger personal accident insurance

### **Automobile third party insurance – Assistance after a crash**

Finally riding the moped or driving the car, determining your own speed, being independent - this is just simply cool. Unfortunately, you are not the only one using the roads and the slightest inattentiveness may have dramatic consequences, as happened to Alwin, 19 years old - he already has some driving practice and always gives a ride to three young passengers travelling from Vienna to Carinthia every Friday. When he is briefly distracted by his friends his car starts skidding despite moderate speed and he grazes a vehicle driving next to him; both drivers jerk the steering wheel around, Alwin's car turns over several times, the other vehicle is lifted onto the left guard-rail and lands on the oncoming lane causing a mass collision with the result of three casualties, numerous injured, several severely, not to mention damage to property.

### **Insurance coverage is a must**

Who is supposed to pay for all this and also the extensive ambulance and rescue ser-



vices as well as cleaning up the road - Alwin who does not even have his own income?

To ensure that the numerous aggrieved parties get their money and the injuring party does not slide into financial poverty for the rest of their life, every car, moped or motorcycle owner has to take out a legally prescribed compulsory automobile third party insurance which pays the damages which the insured does to others with their vehicle; it also takes on the costs for defending unjustified claims.

What is not insured is damage to your own vehicle; Alwin would then have to pay for a new vehicle at his own expense unless he had taken out comprehensive insurance (refer to page 15 for more details).

### **Compare offers**

The internet is a very good source of information precisely regarding third party automobile insurance; insurance advisors provide information on any special offers or rebates; but also in this case you should definitely obtain several offers including those from independent advisors. They can also help you find an insurer since young drivers up to age of around 25 are equally welcome at all insurance companies; some demand a higher (young driver) premium due to higher risk of accidents or charge an excess in case of an incident.

## **An Absolute No-Go – Drinking & Driving**

Alkohol trinken und sich dann ans Steuer setzen ist ziemlich daneben. Dazu muss man nicht einmal voll betrunken sein: Ab 0,5 Promille zahlt man mehrere Hundert Euro Strafe und erhält eine Vormerkung, ab 0,8 Promille ist der Führerschein für einen Monat weg. Und mit steigender Promillezahl wird's mehr. Für Probeführerscheinbesitzer gilt überhaupt nur 0,1 Promille.

Baut man noch dazu einen Unfall, sind Kasko- und Unfallversicherung leistungsfrei, und die Haftpflichtversicherung kann bis zu 11.000 Euro zurückfordern, wenn man zum Unfallzeitpunkt mehr als 0,8 Promille Alkohol im Blut hatte.

Das kann übrigens auch dann passieren, wenn man zwischenzeitlich ein paar Stunden geschlafen hat: Der Körper baut nur 0,1 Promille pro Stunde ab!

Für das Fahren unter Drogeneinfluss (amtsärztliche Untersuchung!) gelten dieselben Strafen wie für das Fahren ab 0,8 Promille Alkohol. Verweigert man die Untersuchung, drohen mindestens sechs Monate Führerscheinentzug und hohe Geldstrafen (mehr auf [www.meinschein.at](http://www.meinschein.at)).



## **Facts & Figures**

The age groups from 10 to 19 and 20 to 29 regularly represent the most injuries suffered in vehicle accident statistics.

In 2011 45 percent of a total of 45,024 injured were younger than 29, 28 percent of a total of 523 casualties were younger than 29.

In every tenth traffic accident with personal injuries at least one motorcycle was involved.





### Bonus – Penalty

The premium is not only linked to the age of the insured but primarily to the engine rating respectively capacity for motorbikes, the number of seats and history of incidents. The bonus-penalty system is not legally regulated. As newly insured you start at least at level 09 and pay 100 percent of the premium; with every additional accident-free year you can get down to level 00; each incident increases your rating by three towards level 17; if you change the insurer, the general bonus-penalty classification remains unchanged.

Please note that each insurer can apply the bonus-penalty system individually, i.e. they can classify the bonus-penalty levels according to their own principles and rules. Upon change of insurer it is not compulsory to have the internally gran-

ted classification of the original insurer also with the new insurer.

### Comprehensive & motor passenger personal accident insurance

Comprehensive insurance covers damage to your own vehicle and makes sense for a new car. If you are driving an old „used“ car think over carefully whether the premium payments pay off when compared with the purchase price. Normally there is an excess to be borne by you in case of an incident; i.e. for each incident - even if it happens several times in a year - you first have to pay the agreed excess from your own pocket, then the remaining amount will be covered by the insurer. A dedicated motor passenger personal accident insurance primarily makes sense if the driver does not have a full-value accident insurance (see page 12); All other passengers are covered by the automobile third party insurance.

### Paying & terminating annually

If possible always pay your premium once a year in advance instead of monthly or quarterly, this is cheaper. Regularly review whether your automobile third party insurance is the most favourable for you. Termination is possible annually, but do note the termination deadlines (see page 11). After an incident you can terminate without statement of reason; if you sell a vehicle for which you took out third party automobile insurance, the insurance is automatically passed on to the buyer who can terminate the insurance contract under observance of a termination period of one month.

### Particular rules applicable to mopeds and motorbikes

If you do not drive your moped or motorbike during the cold season you can have

## Crash Dummies Watch Out

Not only you can change the insurer; also they can terminate the contract if you cause too many incidents, damage, and accidents. Then you have to quickly find a new insurer since driving without the third party automobile insurance not only violates the law but you also have to pay all damages out of your own pocket if a traffic accident happens (both to your own vehicle and to the other vehicles). If you fail to find a new insurer the Austrian Insurance Association (VVO) will assign one to you, who can then according to the legal regulations demand a premium surcharge of up to 50 percent. Careful driving pays off, not only for your health.

the registration plate deposited for a certain period at your local traffic registration and admission office. This saves you paying the premium, however details must be clarified with your insurer. Two-wheelers are often stolen or incur damage during parking, such damages are only covered by a comprehensive insurance - there are many variants of coverage and excess. You have to compare several offers keeping in mind that comprehensive insurance continues running when the bike is parked in your garage; as a moped or motorbike driver also consider leisure time accident insurance (see page 12); since young bikers are involved in above the average number of accidents.



- Household insurance
- House insurance
- Insurance coverage travelling

### Insuring your household

Insuring the few belongings in your single flat or student dormitory room against burglary and water damage is often not worth much. As long as you keep hardly anything of value in your own four walls compared with the annual premium of a household insurance, then you can possibly do without the policy. However, even in rather modest accommodations you can today find electronic equipment making the value rise to several thousands of Euros; household insurance also covers theft and damage to your bicycle as long as it is properly locked in a cellar compartment, bicycle storage room of the house or in the flat; and household insurance always includes a private third party liability insurance; which you should always take out (for more details go to page 20).

### Insurance Coverage when Sharing a Dwelling?

When you move into a shared abode it is sufficient to have one of the co-tenants take out household insurance; the content of the flat is then at least co-insured; however third party liability insurance is only valid for the person who concluded the insurance contract; the policy should therefore also show your name, or take out your own third party liability insurance.



### Water is not always water

The household policy and the included third party liability insurance can be financial aid for instance when the water damage from your own flat extends into the neighbour's apartment underneath yours and causes significant damage there. When the washing machine causes a flood you may get possible reimbursement; if you over-fill your bathtub by mistake the insurer will not pay since the

### Fast Reactions in Demand

Damit der Versicherer Ersatz leistet, müssen Sie Schäden so weit wie möglich verhindern oder zumindest gering halten. Das heißt, bei einem Brand sofort die Feuerwehr verständigen, bei Leitungswasserschäden den Haupthahn zudrehen oder eingefrorene Rohre nur vom Fachmann auftauen lassen. „Schaden gering halten“ bedeutet z.B. auch, mit den Aufräumarbeiten nicht das teuerste Unternehmen zu beauftragen.

flood is not coming from a feed or outlet pipe and is hence not covered by the insurance; third party liability might however pay in this case; household insurance policies are however never perfect peace-of-mind bundles.

### House – protection against homelessness

Speaking in simplified terms household insurance covers everything that is not fixed or nailed, i.e. everything which would drop out if you turned your flat upside down; then the house insurance covers the „hardware“ i.e. walls, floors, roof, electric and gas installations, water pipes – all the fixed parts of a building. If you have a house it makes sense to conclude such insurance even if only to cover one major risk – fire burning down the house and resulting in the loss of your home.

### Saving Potentials

Have glass breakage excluded. This cuts down the premium by up to one third. Agree an excess. You then have to pay minor damages yourself but the really bad incidents (fire, burglary/theft and similar) are covered by slightly more affordable insurance.

Additional burglary protection. A secured entrance door, alarm installation etc. may also reduce the premium.

### Avoiding over and under insurance

The core of household and house insurance is the insured amount - when it is too low, then underinsurance is the case; when an incident then happens only a part of the damage will be replaced. For instance household insurance with an agreed insured amount of 75,000 Euros although the household is worth 150,000 Euros; if an incident occurs then the insurer only pays the half of the damage; i.e. for a damage of 6,000 Euros they only reimburse 3,000 Euros.

If the insured sum is too high you may be paying unnecessarily high premiums

(over insurance). Normally it is common to set the insured sum as a flat rate linked to the size of the flat respectively house and furnishing standard. To avoid underinsurance, an escalation clause is included for the following years ensuring that the insured sum and premiums are annually adjusted to reflect the consumer price index. A decisive advantage of flat rate computation - the insurer waives their right to object to underinsurance should an incident happen. This results in most cases in slightly higher premiums however reimbursement is then up to the maximum guaranteed amount (i.e. the agreed insured sum). In more recent contracts the waiver of underinsurance claim by the insurer has already become a standard.

### **Reimbursement at replacement or time value?**

A majority of insurers provide reimbursement at replacement value, this means that after a burglary you can purchase equivalent new equipment for the damaged DVD recorder or stolen digital camera. The reimbursement will however be the replacement value; this means that if you paid 800 Euros for the DVD recorder five years ago and an equivalent device today costs only half of this amount, then you will only receive 400 Euros reimbursement.

### **We're Moving In Together!**

Household insurances can be combined to avoid doubled costs; when moving in together the „more recent“ policy is then terminated for extraordinary reason. This makes sense when both partners are named in the contract and the insured amount is adjusted when applicable.



### **Travelling – basic coverage in your backpack**

Health insurance coverage is very important when travelling; check for instance on the [www.sozialversicherung.at](http://www.sozialversicherung.at) website whether the European health insurance card (on the back of your e-card) is valid in your country of destination. Even if so, you may sometimes have to pay for the treatment in cash first; so for other countries get a travel health insurance certificate from your employer or your health insurance institution or take out private travel health insurance.

#### **Before signing a travel insurance package**

- If you have household insurance or still live at your parents', your luggage might be co-insured during the holiday through their policy. However keep in mind - the coverage is only valid if you always keep an eye on it or lock it away securely. Most

of the time the policy also includes third party liability insurance (see page 20) which is important if you cause the damage or an accident; please always make sure that your holiday destination is covered under the terms of the policy.

- If you have a leisure time accident insurance policy then most of the time rescue and home transport costs are covered. Please make sure that this coverage is valid worldwide, or extend the coverage when necessary.

- If you pay for your holiday with a credit card this may include certain basic insurance benefits, consult the website of your credit card company to see which benefits are indeed included and remember to take the hotline number with you not only stored in your mobile but also written down on a piece of paper.

- If you plan a longer stay abroad, for instance as an au-pair, to attend a college or university, go to page 19 for more information.



- Long-term disability insurance
- Unfitness for work insurance
- Working and studying abroad

## Facts & Figures

Disability is not primarily caused by accidents as often assumed but rather as a result of diseases. According to the data provided by the Pension Insurance Institution for 2010, 39 percent of all cases of disability are attributable to mental diseases, 23 percent to musculoskeletal disorders and only four percent to accidents.

(Source: Continentale Survey on Unfitness for Work, 2011)

### Private long-term disability insurance – why?

People in gainful employment up to age 40 are entitled to rather low benefits payable by the state social security insurance. For them additional coverage through a private long-term disability insurance bridging the period up to entitlement to a higher state pension does indeed make quite some sense. Private long-term disability insurance pays when your fitness for work in comparison with bodily and mentally healthy persons has decreased by more than 50 percent over a minimum period of six months.

### Accident or long-term disability insurance?

	Accident insurance	Long-term disability insurance
<b>When does the insurance pay?</b>	In case of permanent bodily impairment after an accident	in case of occupational disability as a result of disease or accident
<b>What are the benefits?</b>	Once-only amount and/or monthly benefits	Monthly benefits
<b>When does the insurance make sense?</b>	Younger persons (especially sports enthusiasts) have higher accident risk of accidents then becoming ill. Moreover, many can continue working with partial disability however need a larger sum quickly to make their accommodation disability-compatible.	Around 90 percent of occupational disability cases are attributable to diseases and not caused by accidents. State disability pension is very low particularly at young ages.

• When this is a result of an occupational accident or disease then you will receive a state pension; Please refer to page 6 for more details when you become entitled to state long-term disability insurance.

• Private long-term disability insurance also pays in case of leisure time accidents and - in contrast to a leisure time accident insurance - also in case of diseases which evolved without any occupational context.

### Premium saving potentials

You should use all premium saving potentials to avoid the premium for your private long-term disability insurance

making far too big hole in your household budget.

One way of reducing the premium is to conclude the insurance for the period during which loss of income would be especially hard for you. For instance a 25 year old teacher who limits the insurance term up to the age of 45 pays a premium lower by two thirds when compared with his colleague who is insured against occupational disability up to the age of 65.

There could be saving potentials also regarding your personal classification since insurance companies classify occupations into different risk groups.

## Insuring your Future Career

If you are not in gainful employment you may probably hardly ever consider taking out insurance against long-term disability. However this might already be an issue for young persons or students who have to consider securing their families. Specify your desired profession in the application; if after university graduation you choose a different career you have to inform the insurer of this change (for instance a medicine graduate becomes not a general practitioner but a university lecturer, or political scientists not a pollster but a journalist) - any change of career must be reported and may result in a different premium classification in dependency to the „risk classification“ by the insurer.

## From CEO to security guard

When selecting your long-term disability insurance please make sure that it has no or a very restricted right of referral, otherwise the insurer will not pay, using the substantiation that you can still work as a porter, secretary or security guard. In general the rule is; the earlier the better, since young and healthy people pay significantly lower premiums than late entrants.

## Long-term disability or unfitness for work?

When you are classified as long-term disabled you can no longer or at most only temporarily practice your profession; however when you are unfit for work you can neither practice your original nor any other profession. You can cover this risk through an unfitness for work insurance. This does however only makes sense for persons who cannot take out long-term disability insurance due to severe previous disorders or particularly dangerous professions (e.g. demolition expert or roofer) or also for free-lancers such as doctors or public notaries. The contributions are lower compared with long-term disability insurance; this is however also true for the insurance coverage.

## Working and studying abroad

Off you go - in the case of organised employment abroad, apprentice exchange, vocational placement or studying for a semester abroad, schools, universities or private organisers mostly point out the importance of insurance cover; social security coverage from your home country may partially continue, such as co-insurance with your parents or insurance with the Austrian Students Association (see page 20).

## Taking out insurance under your own steam

If you go abroad without mediation through an agency or organisation please consult your social security institution as to whether your e-card is normally accepted in your country of destination. If not, take out additional travel health insurance with a private insurer. Another recommendable additional insurance is leisure time accident insurance with worldwide coverage (for more details go to page 12).

If you do not have third party liability insurance through your household insurance (see page 16), you should take it at this point to have financial support in case of damages caused by you. It does not cost a fortune and can protect you against large financial claims. Also in this case make sure to have worldwide coverage.

## Decisive factor – EU or even further away

Which insurances are relevant for you is also tightly linked to the country you intend going to. Within Europe the insurances mentioned so far give you quite reasonable protection; outside Europe you will probably also need legal expenses insurance or comprehensive travel and home transport insurance. In some countries these are mandatory; please consult the respective embassies or the internet to find out prerequisites for entering your destination country.

## Au-pair bundles

Many insurers offer dedicated insurance bundles; consult [www.arbeiterkammer.com](http://www.arbeiterkammer.com) (Au-pair-Versicherungen, au-pair insurances) to view a comparison of au-pair insurance policies for instance. In summary - benefits and premiums vary

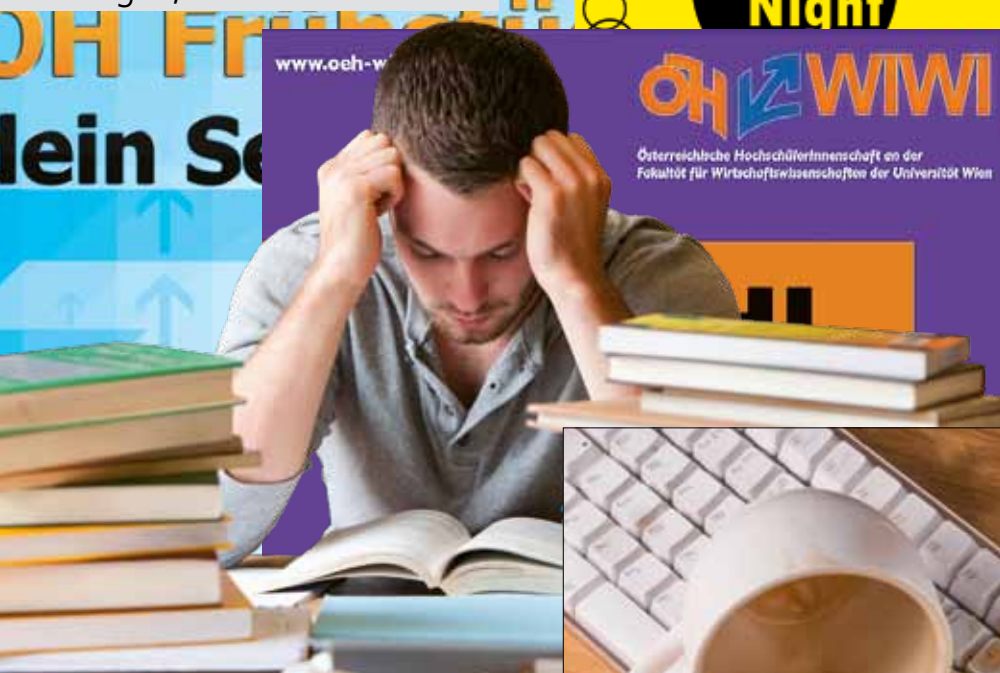
widely – i.e. do not jump the gun and compare offers before taking out insurance.

A free brochure with details worth knowing for young persons staying abroad can be downloaded at [www.jugend-service.at](http://www.jugend-service.at).

If you intend backpacking through one or several countries after your placement or study then dedicated travel insurance may pay off. What basic coverage you might need is described on page 20.

## Important Links

... apprentice and pupil exchanges as well as studying abroad;  
[www.bmukk.gv.at](http://www.bmukk.gv.at) ► Schulbesuch im Ausland (attending school abroad)  
[jugendinfo.akzente.net](http://jugendinfo.akzente.net) ► Internationaler Lehrlingsaustausch XCHANGE (international apprentice exchange)  
[www.oeh.ac.at](http://www.oeh.ac.at) ► Studieren im Ausland (studying abroad)



- Private Third Party Liability Insurance
- Co-Insurance with Parents
- Insurance with the Austrian Students Association
- Life Insurance
- Residual Debt Insurance
- Pensions Insurance

### Indispensable – private third party liability insurance

Katrin (21) is on public transportation on her way to the university of applied sciences. Just as she is about to get on the bus she realises that she has forgotten some important materials; she turns around and crosses the road without looking. A car driver has to break suddenly, the next car hits from behind and pushes the car in front into the small snack bar at the corner. The car goes half way into the bar, destroys a large part of the furnishings, but what is worse - there are



injuries; one of whom, a worker with a family, will remain permanently disabled. Karin is responsible for all this - and in the end she will have to pay for all the damages if she has no third party liability insurance or is not co-insured in her parents' third party liability insurance. Spiralling costs, since in addition to the major damages to property, compensation for injuries suffered and life-long payments for the care-dependent disabled man will also have to be paid.

Private third party liability insurance is hence one of the vital insurance covers you should take out, it pays in all those unpredictable cases when an insured person causes damage to other people's property or injuries to other persons. These are not always the spectacular cases - it is bad enough if you damage a friend's expensive laptop or unintentionally spill coffee over their hi-fi equipment. It gets really expensive when it comes to apparently harmless causes with great consequences - for instance if you trigger a multiple col-

lision riding your bike or an skiing accident and the accident victim remains care-dependent for the rest of their lives. The consequences of such tragedies are often underestimated, as you remain liable with all your assets and property for damages you caused your whole life long.

This is an unnecessary risk - third party liability insurance with annual contributions starting at around 35 Euros and insured sum of at least 1.5 million Euros is not expensive and included in household insurance. It is recommendable in any situation, irrespective of whether you are single or have a partner; couples - also unmarried - can take out joint third party liability insurance.

### Co-insured with parents

As long as you have no own income and live at your parents' home you have third party liability insurance through your parents' household insurance (if they have it). This is mostly possible up to age 25 respectively as long as you receive any family allowance.

When you move out, for instance to a shared flat, dormitory or your own apartment, the insurance coverage is void. Possibly your parents could arrange with the insurer that you remain covered by their family third party liability insurance Which does however need to be clarified with your advisor and agreed in writing.

### Third party liability loopholes if you are a student

- In a shared flat - even if there is household insurance for the flat, not every person sharing the flat is automatically insured, but only those persons who have taken out the insurance; only if your





## Third Party Liability for Dogs

If you get a dog you have to take out third party dog liability insurance in Vienna, Upper Austria, Salzburg, Tyrol and Styria. In Lower Austria dedicated pet third party liability insurance is legally prescribed for dogs with increased danger potential. It is indeed recommendable to take one out since even the best behaved pets can cause a car accident when frolicking with several injured for instance; and the costs of such are to be borne by the dog owner. You can often get a better premium for your dog when you include them in your household or house insurance.

name is explicitly stated on the household insurance policy do you have third party liability coverage; or you take out your own third party liability insurance.

- At the dormitory: with the contributions paid to the Austrian Students Association (17.50 Euros per semester) students automatically have accident and third party liability insurance coverage (Austrian Students Association insurance); this insurance only covers damages and accidents at the university, on the way to and from the university institutes, during university excursions, even for sports courses if organised by the university, and also within the dormitories. Caution - as soon as you have an accident or cause damage during your leisure time - i.e. not during university related activities or on university premises - you have neither accident nor third party liability insurance.

- In your own flat - if household insurance makes sense for you (see page 16) you automatically also have third party liability coverage. Otherwise you should definitely take out your own private third party liability insurance.

## Securing the future

Traditional life insurance policies are a mix of insurance and saving schemes; this mixed form is not always the best choice for everyone; if you are a single and have no children you will probably not need life insurance.

An endowment policy is probably a better choice if you only want to save money, which as an annuity insurance also offers life-time annuity payments. Nevertheless, you have to consider the long term of any life insurance contract; you can terminate it prematurely but due to financial disadvantages this is not really recommendable. The yields are currently at the same level as with all other saving plans, life insurance plans involving securities (so-called fund-tied life insurance or fund policy) may perhaps have higher yields, bear however the risk that as an insured party you participate both in the profits and losses realised by such an investment plan; and the recent past teaches us that security market trends are not always upwards; a potential alternative could be a variant including capital commitment.



## Pension Insurance

It is actually very reasonable to already think about your pension when you are young, in addition to the state pension scheme the second (corporate pension) and third (private pension) pillars are becoming ever more important. The selection of currently available schemes is large, however there are several issues to be looked at. Yields significantly above the inflation rate are only currently realisable at higher risk due to low capital market interest rates. Long-term capital commitment is linked to making compromises regarding your flexibility. At this point the financial sector and the state are challenged to provide flexible products matching the new working environment. If you want to be able to access your money at any time you should consider appropriate saving schemes; securing your future can also mean completing your training and graduating quickly and efficiently.

### Credit life insurance

If you're already living in a partnership or maybe even have kids and you want to secure their future in case of your premature death you could consider taking out simple life insurance. It costs significantly less than an endowment insurance with the same benefit amount since saving is skipped during the term.

The same product with a different name is residual debt insurance; which is demanded by banks when you take out a larger loan. The insurer then commits to paying the outstanding loan amount if you die during the term of the loan.

Since the premium amounts vary you should definitely compare several offers. If you already have an endowment or life insurance you can also use it as a loan collateral.

## What Else is Available

- Legal expenses insurance
- Private health insurance
- Repair/equipment insurance
- Ski/snowboard insurance
- Car repair insurance
- Bicycle insurance
- Insurance apps

In addition to the aforementioned insurance schemes offered by private insurers there are many other forms of insurance whereby one or the other policy may indeed be of relevance to your particular situation. For instance

- private legal expenses insurance if you want to protect yourself against high legal costs; take advantage of specialist advice, since there are many variants of legal expense insurance schemes - it is also valid here that you need to identify the „right“ one for your requirements;

- then there is private health

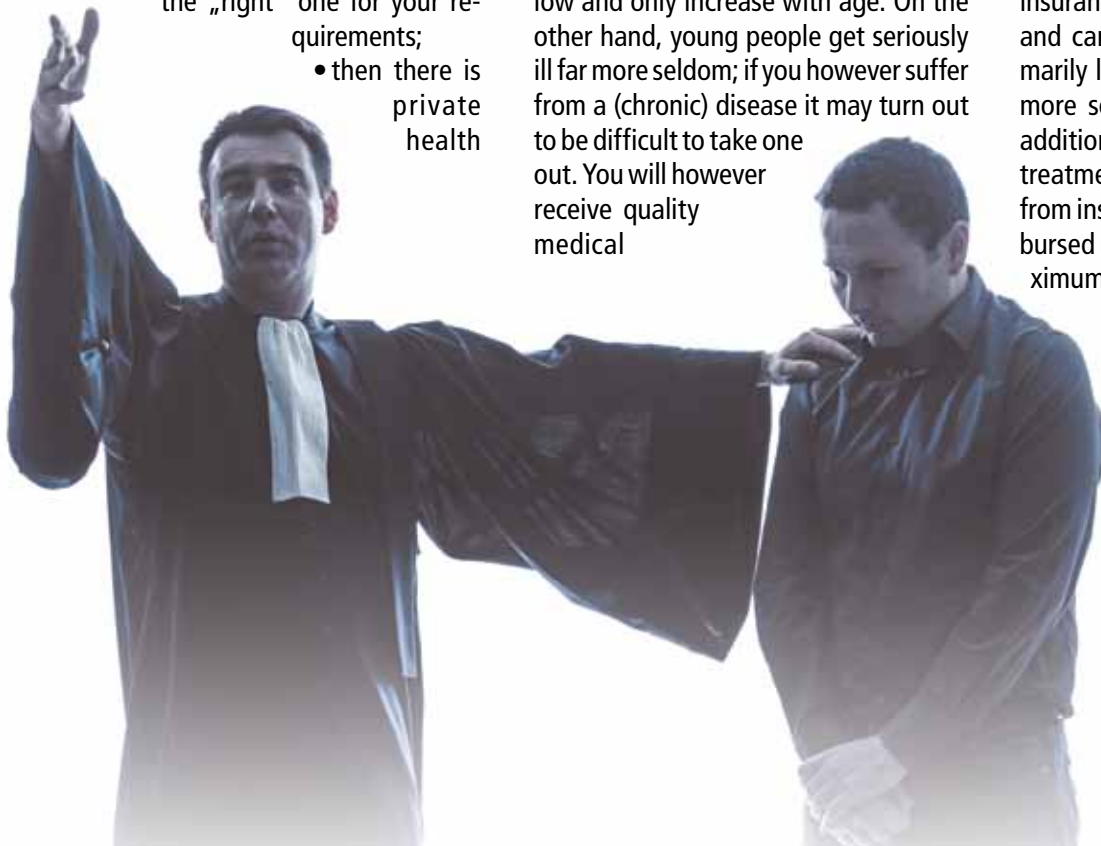
insurance if you for instance want to consult private doctors without contracts with social security institutions. Starting offers are quite attractive since at young ages the premiums are quite low and only increase with age. On the other hand, young people get seriously ill far more seldom; if you however suffer from a (chronic) disease it may turn out to be difficult to take one out. You will however receive quality medical

services in Austria also without additional private insurance.

As prescribed by law, it is forbidden for doctors, hospitals, etc. to differentiate between patients with state and private insurance when it comes to treatment and care. Preferential treatment is primarily limited to free choice of doctors, more services during hospital stays or additional services such as alternative treatments which may however vary from insurer to insurer and are only reimbursed up to a certain percentage or maximum annual amount.

### Petty insurance policies

There are also many policies which are widely offered since they are relatively cheap; nevertheless you should review them carefully and insist on getting some advice since even if they only cost few Euros every month these policies may add up to quite some





amount over the year. This includes policies for frozen goods or luggage, wedding and honeymoon insurance or pet health insurance, which in contrast to pet third party liability insurance (see page 21) may cost several hundred Euros every year.

Below are a few of the most popular and frequent policies which are freely offered although competent advice would actually be required:

- Repair or equipment insurance (mobile, notebook, camera). You know this for sure - you buy a mobile, notebook or any other electric or electronic appliance and at the checkout you are offered post-sale insurance which only costs a few Euros every month and promises replacement in case of damage or loss of your new equipment. Why not you think, it doesn't cost a fortune. Many potential damages are however already covered by the legally prescribed warranty, manufacturer's guarantee or existing household insurance.

Such policies only make sense for truly expensive equipment and if damage or loss of a mobile, camera or notebook may lead to problems in your job. The premiums are indeed not high but often include an excess, and some damages are not even covered.

Furthermore, check whether you have a time value contract, meaning that in case of incident the replacement value is not paid rather only what you would have to pay for a comparable mobile, and this is often significantly below the purchase price due to quick devaluation of this equipment.

Ask the sales assistants for such nuances in the contract; insist on getting comprehensive advice.

- Ski and snowboard insurance. When buying skis or snowboards you are often offered insurance against theft and da-

mage at the sports shop. These policies are also to be carefully examined to see what is insured and what not. Clarify these questions in a consultation.

A trick making it at least harder to steal skis from in front of the ski lodge - do not put them in a pair next to each other but as far apart as possible.

- Car repair costs insurance. Can only be concluded in combination with comprehensive insurance. Important - at the time of insurance conclusion the car may not be older than six years and have a

maximum mileage not exceeding 120,000km. The insurance benefit is limited to 2,000 Euros annually and includes an excess. Certain defects and partial car damage such as lights, tyres or battery are not included.

- Bicycle insurance. Recommendable for premium bicycles, but you are normally only reimbursed if the bike was demonstrably locked and stored in a locked room. It is more important to cover your third party liability when you cause damage as a cyclist.

## Taking out Insurance using Smartphone Apps

Currently insurance benefits are being offered through smartphone apps; Cool indeed when you have for instance to report claims, in emergencies, or as a reminder.

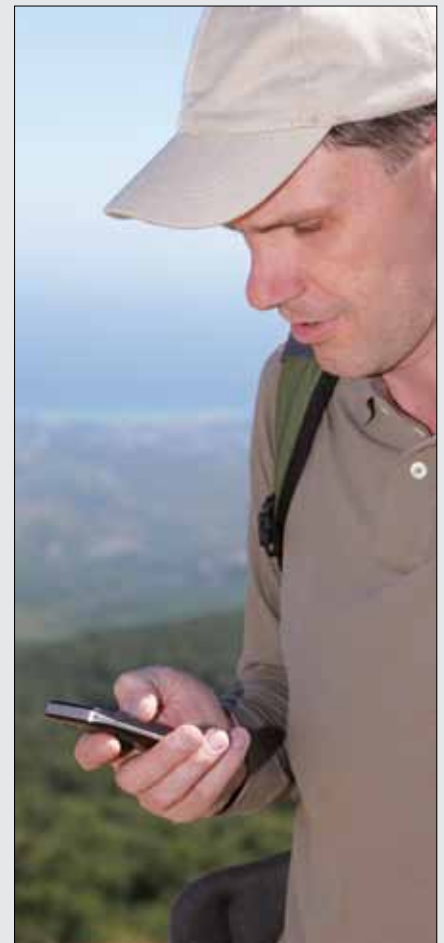
However, ever more often full insurance packages are offered on the internet or directly on the smartphone such as comprehensive and third party liability insurance for electric bikes, or accident insurances limited to a few hours or days. Actually not a bad idea if you want to have temporary insurance coverage for a skiing or hiking weekend for instance.

Just as with any other online offers the rule is - get well informed otherwise you may feel secure and insured but this may well not be the case.

If something happens there could be an unpleasant surprise as the coverage is maybe too low or some faux pas or accident situations are not covered at all.

When in doubt, full-value accident insurance is the better if more expensive choice. These cool additional apps for skiing weekends along with weather, event calendar and all the frills can be downloaded free of charge.

Also here the rule is - get advice and examine everything diligently and carefully.





# If You Want to Know More



## Policy Check

2<sup>nd</sup> updated issue

136 pages

**14.90 Euros** + shipping

[www.konsument.at/polizzen-check](http://www.konsument.at/polizzen-check)

Which policies make sense and which are just pure luxury? How to spot traps in small print? Where are potentials for optimisation? How can you get maximum coverage for your premium? Our book gives you tips on saving money in all insurance sectors and explains insurance terms and conditions using actual cases.

### Excerpt

- Which insurance policies are indeed necessary
- Optimising existing policies
- From conclusion to termination
- Nuances of small print
- Saving tips for all insurance sectors

The comprehensive KONSUMENT book range with more publications covering the insurance and financial sector can be found at [www.konsument.at/shop](http://www.konsument.at/shop)

### VKI Expert Hotline

For phone-in consulting on insurance issues call the toll number 0900 410 015 hotline (max. 1.36 Euros per minute) Monday through Friday from 9am to 3pm

### Tests, analyses, reports

related to insurance are regularly published in the KONSUMENT test magazine. Go to [www.konsument.at](http://www.konsument.at) for more details.

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