

### A Exercise 3 (Track 18)

- Tyra Reilly: I don't know a lot about these types of insurance coverage myself Thomas!
- Thomas Huber: You don't need to know anything. Here's my book; the answers are all in here on page 22 – you just have to question me on what it says.
- Tyra Reilly: OK, then, here goes. Right, umm, there are two types of mandatory insurance. What are they?
- Thomas Huber: That would be employer's liability and motor vehicle insurance.
- Tyra Reilly: Good! What exactly is employer's liability?
- Thomas Huber: Employer's liability insurance is for when an employee is injured at work or becomes ill as a result of their work. They might try to claim compensation and this insurance covers that.
- Tyra Reilly: There are another two major types of liability insurance too – what are they?
- Thomas Huber: Those are public and product liability – covering your business against compensation claims made by the public. They're not usually compulsory though; they are voluntary insurances.
- Tyra Reilly: Correct! Right, let's stay with public liability. You can factor in extra cover for different risks or buy stand-alone policies. For example?
- Thomas Huber: Pollution risk insurance, in case your company damages the environment in some way. Some kind of pollution cover is standard in public liability, but if you're in a potentially high risk industry such as oil, for example, you're probably going to need a separate policy. Then there's cover for hazardous activities – that's if your company's involved in potentially risky activities, like off-road motoring or horse riding.
- Tyra Reilly: Good – keep going!
- Thomas Huber: Directors' and officers' insurance – directors can be held responsible for a lot of things.
- Tyra Reilly: And?
- Thomas Huber: That's it, isn't it?
- Tyra Reilly: Not yet, no. Here's an important one – professional indemnity insurance. Otherwise known as PI insurance apparently. What's that?
- Thomas Huber: Indemnity ... let me think ... no, don't know – give me a clue please!
- Tyra Reilly: Well, think "professional" – why would professionals need insurance?
- Thomas Huber: Oh yes, of course I know. It covers professionals' legal costs in case claims are brought against them if a client loses money because of following their advice. For example, financial advisers would need this – in fact anyone who takes a fee for advice or services that a client relies upon. In Germany it's mandatory for insurance agents now in fact.
- Tyra Reilly: Well done! Ok, let's leave liability. Now we come to the other general insurances. Good heavens, what a lot! Do you have to learn about all of them?
- Thomas Huber: Of course. Some of them are obvious though, like property insurance, which is basically building and contents, or employee's travel insurance. You needn't bother asking me about those.
- Tyra Reilly: All right, if you're sure. Then, erm ... let's see, heavens, what's this? Fidelity guarantee insurance ... I've never heard of that one!

- Thomas Huber:* If I remember rightly, that's the one that covers you as an employer against loss of money or stock because of fraud or dishonesty by your employees.
- Tyra Reilly:* Excellent! Well done!
- Thomas Huber:* I don't know why it's called "fidelity" though.
- Tyra Reilly:* I suppose because "fidelity" means faithfulness or loyalty. Which is what employees are supposed to give their employers.
- Thomas Huber:* Oh, OK. Right, next one please!
- Tyra Reilly:* I like this one! Key person insurance.
- Thomas Huber:* Oh I know this one – it covers against any loss of income resulting from the death or disability of someone in a key position. Your top sales person for example. Or the major actor in a film where shooting's still in progress. By the way, did you know that a film production insurance package normally has 13 key areas of cover?
- Tyra Reilly:* No, I didn't – and it's not here on page 22 either! Are you supposed to know those as well?
- Thomas Huber:* No – I just think it's interesting.
- Tyra Reilly:* It is interesting, but let's just concentrate on your test. All right ... here's another important one – business interruption insurance.
- Thomas Huber:* I think that's self-explanatory, but I can't write that in the test, so here goes – it covers against disruptions in business that lead to loss of income and extra expenses.
- Tyra Reilly:* I think you've learnt pretty well for this test. You're sure to get a 1!
- Thomas Huber:* No, don't say that! That's the kiss of death! I'll probably start making mistakes now!
- Tyra Reilly:* No you won't. What about the insurance covering goods against loss or damage if they are being transported?
- Thomas Huber:* Goods in transit cover.
- Tyra Reilly:* Right – what's the insurance called that covers replacement of glass or signs following damage.
- Thomas Huber:* Easy! Glass and sign cover!
- Tyra Reilly:* And the one covering cash, stamps, cheques etc.
- Thomas Huber:* That would be money insurance.
- Tyra Reilly:* OK – engineering insurance?
- Thomas Huber:* Covers electrical and mechanical breakdown, including computers.
- Tyra Reilly:* And the last ... trade credit insurance?
- Thomas Huber:* Covers against bad debts.
- Tyra Reilly:* Thomas – that's excellent! You must have worked really hard at it.
- Thomas Huber:* Thanks ever so much Tyra. Why don't you come to the café with me and I'll get you a coffee?