

What is insurance?

Skills that this session will develop:

Knowledge - Routes In and Commercial Awareness

By the end of this session the mentee will be able to:

- Describe what the insurance industry is, as well as different routes into the industry
- Explain different areas/departments within an insurance company

Session Preparation:

1. Mentee to research:
 - the insurance industry,
 - routes in (e.g. internship, grad scheme, apprenticeship), and
 - different areas/departments within an insurance company (e.g. underwriting, claims, brokering, actuary).
2. Mentee to find out about an unusual item that has been insured by their mentor's company. Mentor to think of the most unusual insurance case they have been involved with.

For more information on the insurance industry:

<https://www.theguardian.com/business/insurance>

<https://www.investopedia.com/ask/answers/051915/how-does-insurance-sector-work.asp>

<https://targetjobs.co.uk/career-sectors/financial-services-and-insurance/283701-insurance-graduate-area-of-work>

<https://www.prospects.ac.uk/job-profiles/insurance-underwriter>

<https://targetcareers.co.uk/career-sectors/finance/70-how-do-i-get-into-finance#insurance>

Session Plan:

Review the information below and then complete the tasks together.

Insurance is a financial product sold by insurance companies to safeguard you and/or your property against the risk of loss, damage or theft (such as flooding, burglary or an accident). Some types of insurance you have to take out by law, such as motor insurance if you drive a vehicle; some you may need as a condition of a contract, such as buildings insurance as a requirement of your mortgage; and others are sensible to take out such as life insurance or saving for a pension.

An insurance policy is the contract that you take out with an insurer to protect you against specific risks under agreed terms. When you buy a policy you make regular payments, known as premiums, to the insurer. If you make a claim, your insurer will pay out for the loss that is covered under the policy.

If you don't make a claim, you won't get your money back; instead it is pooled with the premiums of other policyholders who have taken out insurance with the same insurance company. If you make a claim, the money comes from the pool of policyholders' premiums.

Insurers use risk data to calculate the likelihood of the event you are insuring against happening. This information is used to work out the cost of your premium. The more likely the event you are insuring against is to occur, the higher the risk to the insurer and, as a result, the higher the cost of your premium.

The UK insurance industry is the largest in Europe; as a global centre of expertise, it provides vital protection to people and companies. The City of London is home to the largest insurance market in the world, Lloyd's of London.

There are multiple routes into insurance for school leavers and university graduates. For those who attend university, you can secure an internship during your studies (which may lead to a full-time job offer) or a grad scheme placement; for those looking for an alternative to university, you can enter the industry through an apprenticeship. Although employers usually provide training when you join them, relevant work experience with an insurance company will be valuable in improving your chances to enter the profession.

Task 1: Together, discuss the mentee's research on the insurance industry; fill in any knowledge gaps and answer any questions the mentee may have. Then, share your 'unusual insured item' examples.

Task 2: Together, discuss which area/department in the industry the mentee finds most interesting and why.