Manulife

Insurance Explained – Insurance 101 video

Transcript

Video opens on an animated introduction with the following supers:

Manulife presents Insurance Explained

Talent starts speaking on camera.

Welcome to Insurance explained.

Where you get to become an insurance genius starting in 3... 2... 1...

(Cut to a frame where the super "Today's topic: Insurance 101" appears).

Now, the fact that you're here tells me you want to learn a little more about insurance. Well the good news is that I'm gonna explain it!

So first things first...

(Cut to a frame where the super "What is insurance?" appears).

What is insurance?

Well, insurance is here to help people when life doesn't go as planned by ensuring they don't get into a huge amount of debt or financial stress if something happens.

Basically, insurance helps protect against the financial risks that are present at ALL stages of life.

It provides a compensation – the benefit

(Super "Benefit" appears on screen beside the talent).

— for a specific loss, damage, illness, or death, in return for payment – called a premium.

(Super "Premium" appears on screen beside the talent).

(Cut to an illustration. A hand representing the customer and holding a sign with an exclamation mark gives it to another hand representing the insurance company. The customer's hand also gives coins to the insurance).

So, instead of bearing the risk yourself, you're asking a third-party – the insurance company – to bear it for you in exchange for money.

(Cut to same illustration where we see the hand representing the insurance giving a stack of coins to the hand representing the customer).

And if the risk that you were insured against does happen, then the insurance company gives you or your beneficiaries (like your family for example) a financial compensation.

That's why insurance is so important — so you and your family can be financially secure when life doesn't go as planned.

And different types of insurance exist to help people face different risks.

Car and home insurance – for example – help protect against the costs of damages.

Life insurance protects your family against the financial impact of death.

Disability insurance helps protect your ability to earn an income.

And health insurance protects against health costs not covered by your government health plan.

And almost anything can be insured.

(Super "Almost anything can be insured" appears on screen beside the talent).

(Illustrations of a piano, a heart rate monitor and a chef's hat appear on screen beside the talent).

Did you know professions like pianists, surgeons and chefs can insure their hands?

It's true.

That's because it's what their income and livelihood rely on.

And if they couldn't use their hands anymore, they'd need protection to replace the lost income.

Make sense so far?

Awesome! Now that you know a little more about insurance, here's how it works.

(Cut to a frame where the super "How does insurance work?" appears).

(An illustration of a house appears on screen beside the talent).

Let's say you've been paying for home insurance for a few months and your house gets hit by a natural disaster.

The good news? Your insurance would pay to fix your house – likely thousands of dollars when you would only have paid a few hundred dollars of premium.

But how can they afford that?

2 words: risk pooling.

(Super "Risk pooling" appears on screen beside the talent).

So, risk pooling is the sharing of a common risk amongst a large number of people.

An insurance company offers protection for a risk that may or may not occur.

In exchange for that protection, you pay the insurance company a premium.

(A stack of coins appears in a new frame).

But you are not the only one, there are many other people like you seeking the same protection. And with the more people paying money to cover the same risk, the more premium the insurance company gets.

(Cut to illustration where we see additional stacks of coins being added to the first one).

Now, the possibility of all the clients needing the insurance is almost improbable.

(Cut to illustration where we see coins taken from the stacks and given to people who suffered a risk).

So, when something happens to a few covered people, risk pooling allows the insurance company to take from the pool of premium paid by all their clients and pay the few that experienced the risk they were covered for.

And these payouts are called claims.

(Super "Claims" appears on screen beside the talent).

But with all these payouts, how do they make money?

Simple, well, kind of...

(The screen gets filled with mathematic formulas).

Insurance companies make a profit by using complex models to understand how much money they need to charge for a specific risk to stay profitable.

This influences how much people pay to be insured.

(Illustrations of a steering wheel, a heart, a suitcase and a stethoscope appear on screen beside the talent).

And this applies to any types of insurance. Like Car, Life, Travel and Health insurance — all working the same way.

But now you might be asking, why couldn't I just save the money instead of paying an insurance company?

Well, back to the home insurance example.

(Cut to illustration. A small stack of coins appears to represent the savings. Then a large stack of dollar bills appears to represent the insurance payout).

If you didn't have insurance and just saved, there's a good chance you wouldn't have saved enough money to get the same payout that's covered by insurance, and you'd likely need to borrow a lot to rebuild.

So yeah, insurance can be super helpful when you need it.

Now that you know how it works, when should you get it?

(Cut to a frame where the super "When's the best time to get insurance?" appears).

Well, there's not just one perfect time. Some insurance is pretty straight-forward. Like home or car insurance. You get insurance when you buy them.

But for some others like life insurance for example,

it really depends on the life event you're going through.

(Illustrations of house keys, of a ring and of a pacifier appear on screen beside the talent).

Like buying a home, getting married and starting a family, for instance — these are big life milestones that'll impact your financial situation — and that's really when you should look into insurance OR review the current coverage you may already have.

And I know what you're thinking, "I already have insurance, why do I need to review it?"

Well, truth is, having insurance doesn't mean you never have to look at it again.

Think of it as something that should change as your life changes.

So, if your current insurance was a good fit when you had your first-born, it may not provide enough coverage if your family keeps growing.

That's why it's so important to always stay on top of it. So, down the road, you know that you, your family and loved ones have the right protection.

Cool? Cool.

Okay. That was a lot.

But I'm so happy you stayed for the whole thing!

Manulife

Seriously, I'm impressed.

And if you thought this was helpful, click around for our other helpful videos that'll make you an insurance expert.

Okay, maybe not expert, but you get the idea.

(Cut to end frame with Manulife logo and legal disclaimer).

The information in this video is not to be relied upon as financial or investment advice for specific situations. Individual circumstances may vary. You may wish to contact one of Manulife's licensed insurance advisors or your licensed insurance agent if you need advice about your insurance needs.

The Manufacturers Life Insurance Company (Manulife)

MP2107419E 02/22 AODA