



One form of financing the purchase of the dreaming property is a bank loan but what has credit to do with an insurance and does the insurances are needed. These are the most frequently asked questions.

Many of us have their own assets, inter alia properties like houses or flats which are sometimes a life achievement, but the large group of people are trying to achieve their own M eventually improve the existing housing conditions, one of the financing form of purchasing property is a bank loan.

The last finance, world crisis affected significantly to the interbank rates of capital, it has increased the costs of refinancing a loan which effectively slowed down so-called lending action.

This have a big impact on the demand for mortgage loans and thus the large group of consumers hangs the decision of purchasing their own place to live.

Giving a credit to the customers banks are require certain protection. It is not only the record in the property registers so-called mortgage but most of all insurance policies.

Buying such policy is the additional cost for the customer in case of obtaining bank loan and it is often more than one policy.

All of us are asking what insurance is necessary and what possible?

- One of the most important is a standard insurance, within property inssurance standing out:
- Property insurance: from the fire and other random events Liability insurance

Each of the above mentioned insurance can and must be included with a view to your own and the bank's interests. In the offers which are presented on our insurance market can be meet two formulas of property insurance. First is the so-called replacement value insurance (otherwise called as the new one) and the second called as the actual value insurance (otherwise called as amortizable).

• First consist in that in the event of damage insurance will pay compensation which will allow us to repair or buy lost item with the same or similar type, eg. in case of theft the TV we will be able to buy the same new TV or



equivalent of it.

• In the second case the so-called actual value insurance pays compensation reduced by technical consumption rate of the lost item, eg. in case of theft five-year-old TV we will receive compensation reduced by the 5-year consumption (including the amortization degree).

Particular meaning in determining the type of insurance which we decide to get in this case the protection of an RTV and electronic equipment, which is amortize in the "rapid speed" and after two years is worth less than a half of the purchase price.

This, in turn means that choosing the actual value insurance we will receive less money which we need to to the fully rebuild of our financial status.

Therefore, in our opinion, choosing housing insurance it is worth to decide to get replacement value (new) insurance which will allow to rebuild the financial status.

Sometimes, what is an exception, in the house and flat insurance can be met so-called first risk insurance.

With this type of insurance is indicated the sum of the first risk, which is the maximum limit of damage liability, so it will be a maximum limit of the damage liability.

The probability that in the result of one damage we will lose everything is remote, so when we insure our assets with the sum of the first it must be made an analysis up to what value we can suffer the unit damage and such value is taken as the sum of the first risk insurance.

#### LIFE INSURANCE

Very often we find also the life insurance of the borrower if he is the sole breadwinner and the only borrower, bank will require insurance at least to the amount of the outstanding liabilities and to transfer the policy in favor of the bank. As a result we secure the repayment of the loan not only when we come to the hospital or in case of the serious illness.

Also in case of the borrower death, the insurer pays the total loan repayment and the obligation is not transfer to our heirs.

The main advantage of the life insurance is to guarantee to the family and friends physical protection in the event of insured death and thanks to additional investment features makes it possible to multiply the capital.

Such insurance gives guarantee now and in the future. The insurance market flexibility allows to select good, effective and properly adapt protection of everyone needs.

## INSURANCE OF THE RISK OF WORK LOSS

After the political transformation from 1989 an unemployment took on the mass character. The economic recession, slowdown in economic growth, restructuring of the coal, metallurgy, defense industry, collapse of PGR and mismatch between structure of education to the needs of the job market caused that many people (especially working in a public sector) have lost their job or could not find it at all.

Unemployment is undoubtedly an economic risk but also social.

In Poland unemployment insurance is not widespread. It is offered to people who decide to take a mortgage loan and holders of certain life insurance (an additional option).

What are the benefits of losing job risk?

Insurance in the vent of losing job cover up to 12 installments of principal and interst within the deadlines set by the credit agreement – dividend of compensation affects directly to the loan account

The compensation will be paid in case of the job loss caused by employer`s fault such as workplace liquidation – it is a solid security

Installment for insurance is paid once in advance for the entire duration of the loan – so it is no need to worry about the timely payment for example monthly installments.

# **BRIDGING INSURANCE**

The primary protection of the mortgage credit is mortgage established on the Property – just before the launch of credit we are presenting confirmation of the request for register of mortgage.

Depending on the court, the waiting period for the inclusion is three even up to several months.

Until then, the bank use the so-called "bridging insurance". Its role is to reduce the bank's risk. During this time the



bank almost has no protection already paid credit.

This insurance protects rather the bank interests than our.

#### LOW DOWN PAYMENT INSURANCE

Banks are also taking into account the drop in Property value but this risk is insured.

When we are incurring the loan to cover a substantial part of the investment (usually more than 80% of the Property value) we meet very often with the low downpayment insurance. The bank calculate its risk by determining what proportion of the loan amount to the value of the Property is safe for him (usually 80%). In the event when the amount of the loan exceeds this level the insurance of missing amount is necessary. In general, the installment is taken in advance for a period of 3 or 5 years. If in that time we will not pay the appropriate amount of capital we have to re-pay the installment but it will be accrued from the lower amount. There are bank which does not requires this kind of protection by insurance policy.

## INSURANCE OF LOSS OF THE PROPERTY VALUE

Less common insurance is insurance of loss of the property value – thanks to it in case of large drops in the housing market we know that the bank will not require an additional credit security from us

### LIABILITY INSURANCE

Sometimes bank can suggest to us the liability insurance.

It is not much different from the car insurance OC – the insuer covers damages caused to the third parties or costs which we incur protecting our rights.

It should be noticed that this insurance does not secure the credit repayment and is only an additional product selling by bank with the mortgage credit (such as a credit card or savings account).

What to ask and what to take into account when we are concluding an insurance?

The client should get an information if the cost of insurance applies to the whole amount of the credit or only debt amount. If the bank leaves us the choice what insurance we want to use it worth to consider which of them may be useful in fact and which is only an attempt to get money from us.

Before signing an agreement, it is necessary to familiarize with its provisions. In particular important are so-called "exemptions". Its index defines in which situations the insurer is not required to pay the benefits. It may be that the real chances of incurring the liability by the insurance company are very small.

## HERE ARE 10 REASONS why it is worth to buy a property insurance:

- 1. Protect your house in case of unhappiness you will not end on the pavement sign an insurance agreement for your whole assets,
- 2. Insurance against fire don't let your life assets burned within few hours insurance against fire and other accidents will cover the loss of damaged or lost by fire assets,
- 3. Cheap and full credit insurance sure acceptance ny polish banks also applies to the house under construction,
- 4. OC insurance in the private life in case of neighbor's flat water damage or other done to the third parties,
- 5. You won't be worry about your belongings during a thunderstorm, hurricane, flood ora other life accidents the scope of protection against the nature forces gives you purchased insurance,
- 6. Insurance protection covers also: equipment, furniture, clothing, electronics and audio-visual equipment, or hardware both in terms of fire and other life accidents, and the risk of theft, an additional security includes: basements and garages, fences, walls and gates,
- 7. Don't forget about insurance protection related with damages during rapid change in the power supply lack of extention in the insurance does not take into account the effects of these changes,
- 8. HOME ASSISTANCE is a emergency professional aid: locksmith, plumber or electrician,
- 9. And also return additional costs which are result of the: hotel stay, costs, transport, travel and house help,
- 10. An insurance will provide you a quiet holiday you will not be worried about your assets having the necessary insurance protection.

Today an insurance seems to be a necessity which results from the need, knowledge and consciousness of the real risks which effects can often overwhelm our financial possibilities of "reconstruction" of losses.



Having a insurance will deliver us the means to repair or purchase our property or other assets which has been destroyed or stolen.

Whether we want or not, the various types of insurances are a significant part of our budget. Never overpay for an insurance and choose the one which will meet your expectations.

Therefore I strongly urge you to use the service of our company which authorized representatives can draw up the insurance policies.

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