

COMERCIAL INSURANCE IN SLOVAKIA



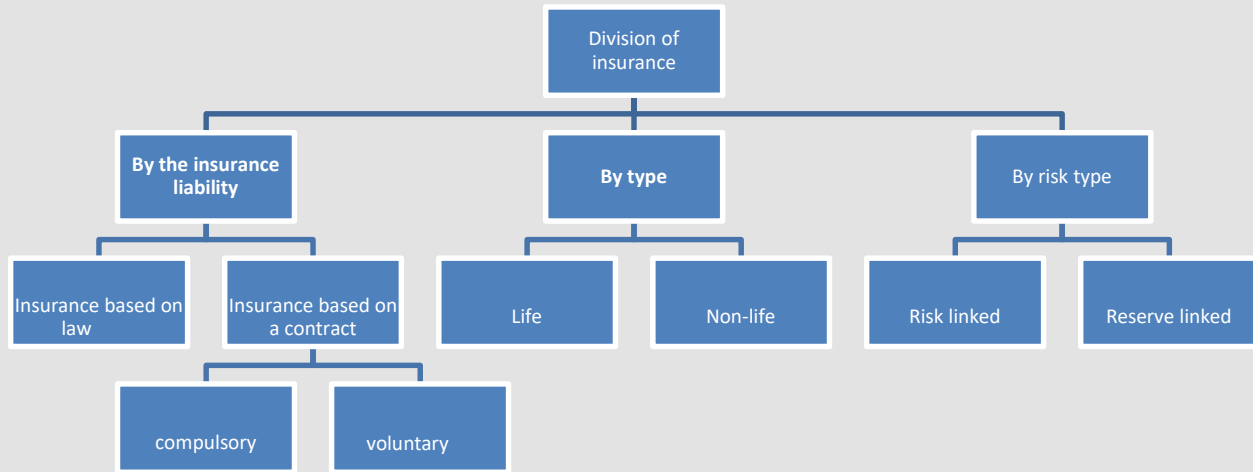
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What do commercial insurance companies offer?

Commercial insurance companies are business entities. They sell insurance products to clients and promise to cover the damage. Clients pay them the price of insurance protection called insurance premium. They are stable institutions controlled by the National Bank of Slovakia (<https://www.nbs.sk/sk/dohlad-nad-financnym-trhom/dohlad/poistovnictvo>).

How does it work?

Commercial insurance companies offer several types of insurance. The basic breakdown is in the following scheme:



Insurance based on law - Statutory insurance - the law stipulates the obligation of insurance and stipulates all conditions of insurance. The insurance contract is not concluded. It applies only to social insurance and does not belong to commercial insurance.

Compulsory contractual insurance - although the law sets the obligation to take out insurance, the conditions must be specified in the insurance contract. It covers liability for damage caused by the vehicle and for damage caused in the exercise of a profession (aviator, hunter, auditor and his assistants, lawyer, tax advisor, dentist, veterinary surgeon, notary).

Voluntary contractual insurance - it is voluntary and depends on the individual needs of the client. The result is the conclusion of an insurance contract with agreed conditions.

Life insurance - covers risks linked to people's lives. Two basic risks are covered: death and survival. The amount insured is stipulated in the insurance contract and determines the amount of the insurance indemnity. Factors that influence the amount of insurance premium are subjective and objective. The subjective aspect of risk (how do you care for your health, children's health) is not directly reflected in the insurance premium. The amount of the premium is mainly influenced by objective factors such as age.

Non-life insurance - divided into two large groups:

- Property insurance

It focuses on damages that may arise on the property. Knowledge of past claims, particularly the frequency and extent of damage, is important and influences the insurance premium.

- Liability insurance

It includes liability for damage caused to the life or health of a third party or for damage to property belonging to a third party.

Risk insurance - insurance with conditional return in form of insurance claims. This means that there is a high degree of uncertainty whether an insured event occurs at all, how many times and to what extent. This mainly includes the non-life insurance. With household insurance for example, it is uncertain whether theft will occur. If not, the insurance is terminated after the expiry of the insurance period and the insurance company does not pay any insurance benefit to the insured.

Reserve insurance - it is clear that an insured event will occur and the insurance company will have to pay indemnity. It is represented by life insurance for life and death.

For clients, the most important is the breakdown into life and non-life insurance.

Life insurance

Life insurance is concluded in order to provide the insured and his / her loved ones with protection against the financial consequences of serious life situations. It also represents a safe investment option and serves to solve social security problems. The basic life insurance products include:

1. Insurance against death, insurance against survival or insurance against death or survival
2. Capital life insurance
3. Investment life insurance
4. Pension insurance
5. Insurance against accident or disease

For you, as a client, you need to choose the right product and the appropriate amount to pay. Life insurance is long-term, so take time to choose the right product. Part of the amount you pay to the insurance company is invested and increases in value. It is important to realize that in the case of capital insurance the decision on investment is done by a commercial insurance company and therefore you are guaranteed a certain minimum appreciation of your investments. With investment life insurance, you determine where your money is to be invested, so you bear the risk of the potential decrease in value.



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Non - life insurance

Risks in non-life insurance are not reserve-based, since premiums paid in a given insurance period are consumed based on the solidarity principle in order to meet clients who have been exposed to the risk. Unused premiums are not used to create a reserve, respectively. it is not stored in the client's account.

Non-life insurance is short-term. The contract is concluded indefinitely with an annual insurance period. It can be divided into the following groups:

1. Property insurance
2. Insurance of medical costs abroad
3. Credit insurance
4. Liability insurance
5. Accident insurance in life contracts

How to sign a insurance contract?

In the past, the insurance was concluded by the client directly visiting the commercial insurance company of his choice. Today, however, we use financial agents, financial advisors, financial intermediaries who, in addition to concluding insurance contracts, also advise on investment and loans. Currently, there are several major companies in Slovakia that approach clients professionally and can help you to choose the appropriate product of a particular insurance company. The Register of Financial Agents and Financial Advisors is updated by the National Bank of Slovakia (<https://www.nbs.sk/sk/dohlad-nad-financnym-trhom/dohlad/financne-smediovani-a-financne-poradenstvo>). It is also good to search for advise on the Internet. There are sites that compare the products of each insurance company and it is up to you which insurance company you choose.