

How does insurance help or benefit society as a whole?

Insurance, in its many forms, touches the life of virtually every person in this country. Our society could not function effectively, efficiently or safely as it does were we insurance-free. If there was no insurance, there would be so much uncertainty and exposure to loss that no business would be able to function and exist. Businesses would have an extremely difficult time obtaining any type of financing because few lenders would risk their capital without having a guarantee of safety for their investments.

Almost everyone buys insurance and obtains the protections it offers. It protects personal assets such as someone's home, car, health, and even life. All of these are assets which society would be lost without. As its own industry, insurance creates jobs as well as protecting business property and the threat of third-party suits. This fiduciary safety net is vital if a business wants to prosper, thus encouraging the whole economy to prosper. A large piece of insurance company premiums are re-invested within our economy, promoting and stimulating even more growth.

Insurance's value to society is enormous and irreplaceable. It provides financial protection for people who own homes or cars, people who rent, business owners and their employees, and also provides protection for people who suffer personal injuries or property damage at the hands of others. Insurance protects hard-earned, accumulated assets while minimizing financial risk. Insurance does this by reimbursing people and businesses for covered losses, encouraging accident prevention and safety-oriented practices, providing funds for investment, enabling people to borrow money, and reducing anxiety. Even though insurance does do all of these things, many people do not fully understand how insurance works or the value and security it brings to them.

Insurance is vital to our day-to-day lives. Essentially, a person, business, or organization accepts a guaranteed loss from the insurance company which, in turns, guarantees to protect and reimburse on the chance that a greater, unforeseen loss occurs. Insurance is the way our society connects all its members by sharing the risks of living, from driving to maintaining personal health to protecting property against fire, by spreading the risk among us all. In this way, the small financial sacrifice of many protects a great loss incurred by one. By transferring risks to insurance companies, these people exchange the possibility of large losses with potentially devastating financial effects for smaller, certain and manageable costs, these costs are also known as insurance premiums.

Insurance, by definition, is a form of risk management primarily used to hedge against the risk of a contingent loss. Insurance, by society's definition, is so much more. The value of insurance to our everyday lives and to the basic well-being and economic growth of society is massive. Without insurance we would not have any type of business, or health care or shelter. Society would not be able to function at all and we, its people, could not sleep as well at night.
