**ECONOMICS**

**PERSONAL FINANCE UNIT**

**INSURANCE**

**DIRECTIONS:** View the pdf file titled ***“What You Should Know About Insurance”***. While viewing the slides, answer the following questions.

1. Insurance is a way to remain \_protected\_ from financial \_loss\_.

1. If something bad happens, your insurance company will cover the cost of fixing the damage, but **your policy will determine what**?

How much damage and type of accident covered.

3. The four most common types, or lines of insurance are:

a. Car

b. Life

c. Health

d. Home

4. A **policy** is a \_contract\_ between you and your insurance company, an \_enforceable promise\_ for something of \_value\_.

5. Things that a policy will NOT cover are called \_exclusions\_. Give an example.

Living somewhere that earthquakes rarely occur, earthquakes may be excluded from your contract

6. What is a **premium?** How is it calculated?

What you pay the insurance company each month. Premium is calculated based on how much of a financial risk you are.

7. What are some **risk factors** that an insurance company might take into consideration?

Driving history, age, where you live, pre-existing conditions.

8. What is a **claim?** After you file a claim, what will take place?

What you file with the insurance company after an accident or incident. The insurance company will investigate your claim an adjustor will determine how much the repair will cost.

9. How does a **deductible** work? What is true about the amount of a deductible you choose?

The amount you have to pay before insurance benefits kick in. The higher the deductible, the lower the monthly payment and vice versa.

10. Name and explain the three types of **auto insurance coverages**.

a. Collision – covers damage to your vehicle in the event of an accident

b. Comprehensive – covers damage to your vehicle in the event of all kinds unexpected

c. Liability – protects other drivers from bodily injury or property damage you might cause in an at-fault accident

11. **Home insurance policies** cover what six parts?

a. Dwelling

b. Structures

c. Personal Property

d. Loss of use

e. Personal Liability

f. Medical Payments

12. Name and explain the **three types of life insurance** policies.

a. Term Life – used to replace lost potential income during working years and provides a safety net for your beneficiaries.

b. Universal Life – designed to provide life time coverage.

c. Whole Life – designed as a wealth transfer, preservation and, tax-deferred wealth accumulation

13. **Health insurance** is typically divided between \_Individual\_ and \_Family\_.

14. Why do you need insurance?

* In 49/50 states its illegal to drive without insurance
* Keeps you covered in the event of an accident

15. Look up the average costs associated with each of the following scenarios.

a. The average cost to deliver a baby is $\_5000-11000\_

b. The average auto repair costs $\_80-100hr\_\_

c. The average funeral costs $\_7000-12000\_\_

d. On average, braces for children cost $\_\_6000\_\_

e. The average daily rate for a hospital stay is $\_2600\_\_

f. The average total bill for a hospital stay is $\_11700-13600\_

g. The average cost of an ambulance ride is $\_1000-2000\_

h. The average monthly cost of a health insurance plan for an individual in 2020 was $\_456\_ For a family it was $\_1152\_\_.

**LOOK AT THE OTHER POWERPOINT** – ***Major Lines of Insurance*** and answer the following:

16. Find one truth or takeaway regarding each of the 4 lines of insurance mentioned in the PowerPoint.

Auto – Your rate depends on who you are as a driver i.e. age, credit score, vehicle, location, and driving history.

Home – Homeowners insurance won’t cover all your losses, only those stated in your policy

Life – Beneficiaries are those that your money goes to when you die (stated in your policy).

Health – When visiting the doctor, depending on your plan you may have to pay your provider a copay usually around $30-40

**FINAL THING**: - If you want the 5 pts. of extra credit, go to Socrative.com, student login. It will ask for a room name, type in Robinson7675 and take the 5 question “quiz” over insurance.