

Insurance Coverage Comparison Worksheet

Chapter 11.1: Understanding and Managing Risk

Instructions for Using This Worksheet

This worksheet will help you analyze insurance options and determine the most appropriate coverage based on specific situations. Follow these steps:

1. Carefully read each scenario to understand the person's situation
2. Compare the available coverage options using the comparison charts
3. Consider both protection needs and cost constraints
4. Make a recommendation and justify your decision
5. Calculate the financial impact of different coverage choices

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Part 1: Auto Insurance Analysis

Driver Profile: Jordan

Situation: Jordan is a 19-year-old college student with a clean driving record. He drives a 5-year-old sedan worth \$12,000 and uses it daily for commuting to college (15 miles each way), traveling to a part-time job several times per week, and occasional weekend trips to visit family.

Financial situation:

- \$2,000 in emergency savings
- Part-time job income of approximately \$1,000/month
- Parents can assist financially if needed, but Jordan is responsible for all car costs

Recent concern: He recently had a minor fender bender (not his fault) and is worried about protecting his vehicle and finances in case of an accident.

Available Insurance Options:

Coverage Features	Option A: Basic Coverage	Option B: Standard Coverage	Option C: Premium Coverage
Bodily Injury Liability	\$25,000 per person/\$50,000 per accident	\$100,000 per person/\$300,000 per accident	\$250,000 per person/\$500,000 per accident
Property Damage Liability	\$25,000	\$50,000	\$100,000
Collision Coverage	Not included	\$1,000 deductible	\$500 deductible
Comprehensive Coverage	Not included	\$1,000 deductible	\$500 deductible
Uninsured Motorist	Not included	Included	Included
Roadside Assistance	Not included	Not included	Included
Rental Car Reimbursement	Not included	Not included	Included (up to \$30/day)
Monthly Premium	\$75	\$125	\$175
Annual Premium	\$900	\$1,500	\$2,100

Analysis Questions:

1. Which insurance option would you recommend for Jordan? Why?

2. What specific risks would Jordan face with each option in case of an accident?

Financial Impact Analysis

Calculate the financial impact on Jordan in these scenarios:

Scenario 1: Jordan causes an accident with \$8,000 in damage to his car and \$30,000 in damage to another vehicle

Option A cost to Jordan: \$

Option B cost to Jordan: \$

Option C cost to Jordan: \$

Scenario 2: Jordan's parked car is damaged by a hit-and-run driver, causing \$4,500 in damage

Option A cost to Jordan: \$

Option B cost to Jordan: \$

Option C cost to Jordan: \$

**3. How might your recommendation change if Jordan's financial situation was different?
Consider both more and less financial security.**

Part 2: Renter's Insurance Analysis

Renter Profile: Taylor

Situation: Taylor is a 25-year-old remote graphic designer sharing a two-bedroom apartment in a suburban area. Her apartment contains:

- Furniture worth approximately \$4,000
- Electronics worth \$3,500 (including a work laptop worth \$2,000)
- Clothing worth \$2,500
- Bicycle worth \$800

Financial situation:

- Annual income of \$48,000 from remote graphic design work
- \$5,000 in emergency savings
- Planning to purchase expensive camera equipment soon for a growing side business

Situation: Lives in an area with occasional property crime, and her apartment building had a small kitchen fire last year in another unit. She's concerned about protecting her work equipment since her income depends on it.

Available Insurance Options:

Coverage Features	Option A: Basic Coverage	Option B: Standard Coverage	Option C: Premium Coverage
Personal Property	\$10,000	\$30,000	\$50,000
Liability	\$100,000	\$300,000	\$500,000
Additional Living Expenses	\$1,000	\$5,000	\$10,000
Electronics Coverage	Standard (sub-limit of \$1,500)	Enhanced (sub-limit of \$3,000)	Premium (full coverage)
Water Damage	Limited coverage	Standard coverage	Enhanced coverage
Identity Theft Protection	Not included	Basic (\$1,000 limit)	Enhanced (\$5,000 limit)
Deductible	\$500	\$250	\$250
Monthly Premium	\$15	\$25	\$35
Annual Premium	\$180	\$300	\$420

Analysis Questions:

1. Which renter's insurance option would you recommend for Taylor? Why?

2. What specific risks does Taylor face as a remote worker with valuable electronics?

Financial Impact Analysis

Calculate the financial impact on Taylor in these scenarios:

Scenario 1: A fire in Taylor's apartment damages her furniture (\$2,000), electronics (\$3,500), and makes the

Scenario 2: Taylor's laptop (\$2,000) is stolen while working at a coffee shop

**apartment uninhabitable for 2 weeks
(hotel cost: \$1,400)**

Option A cost to Taylor: \$

Option B cost to Taylor: \$

Option C cost to Taylor: \$

Option A cost to Taylor: \$

Option B cost to Taylor: \$

Option C cost to Taylor: \$

3. How would your recommendation change if Taylor acquires expensive camera equipment worth \$3,000 for her side business?

Part 3: Cost-Benefit Analysis

1. What is the relationship between higher premiums and lower deductibles? When is paying higher premiums worth it?

2. How does the value of the insured items or potential liability affect the appropriate level of coverage?

3. How does a person's financial situation (savings, income, etc.) impact their appropriate insurance choices?