

Insurance Decision Worksheet

Chapter 11.3: Managing Insurance Costs

Decision Framework for Selecting Insurance

This worksheet provides a systematic approach to making insurance decisions by analyzing your needs, comparing options, and evaluating costs.

How to Use This Worksheet

1. Complete each section in order
2. Be specific about your personal situation and needs
3. Use actual numbers when comparing costs
4. Consider both financial and non-financial factors
5. Revisit your decisions periodically as circumstances change

Step 1: Needs Assessment

Begin by clarifying what risks you need to protect against and what coverage is most important to you.

Insurance Type:

Key Questions	Your Response
What specific risks do you need to protect against?	
What assets or liabilities need protection?	
What is your current financial situation? (Emergency fund, income, savings)	
What is your risk tolerance? (Low, medium, high)	
What is your monthly budget for insurance?	
What special coverage needs do you have?	

Priority Ranking

Rank the following aspects of insurance from 1 (most important) to 5 (least important) for your situation:

Low monthly premium costs	
Low out-of-pocket costs when using insurance	
Comprehensive coverage with few exclusions	
Customer service quality and claim handling	
Network size/access (for health insurance) or company reputation	

Step 2: Plan Comparison

Compare at least three different insurance options based on your needs assessment.

Features	Option 1	Option 2	Option 3
Insurance Provider/Company			
Plan/Policy Name			
Monthly Premium			
Annual Premium Total			
Deductible			
Co-payment/Co-insurance			
Out-of-pocket Maximum			
Coverage Limits			
Key Exclusions			
Special Features/Benefits			
Network Coverage (if applicable)			
Company Ratings/Reviews			

Step 3: Scenario Analysis

Calculate potential costs under different usage scenarios to understand the financial impact of each option.

Scenario 1: Minimal Usage

Assume minimal use of insurance during the year (e.g., routine preventive care only, no claims).

Cost Category	Option 1	Option 2	Option 3
Annual Premium			
Estimated Out-of-pocket Costs			
Total Annual Cost			

Scenario 2: Moderate Usage

Assume moderate use of insurance during the year (e.g., several doctor visits, minor procedure, or small claim).

Cost Category	Option 1	Option 2	Option 3
Annual Premium			
Estimated Out-of-pocket Costs			
Total Annual Cost			

Scenario 3: Heavy Usage

Assume heavy use of insurance during the year (e.g., major procedure, hospitalization, or significant claim).

Cost Category	Option 1	Option 2	Option 3
Annual Premium			
Estimated Out-of-pocket Costs			
Total Annual Cost			

Scenario Analysis Summary

Based on your scenario analysis, which option provides the best overall value considering the likelihood of each scenario?

Step 4: Non-Financial Considerations

Evaluate important factors beyond cost that may influence your decision.

Factor	Option 1	Option 2	Option 3
Company Reputation/Reliability			
Customer Service Quality			
Ease of Claims Process			
Convenience Factors			
Access to Preferred Providers			
Special Features or Benefits			

Overall Non-Financial Assessment

Considering the non-financial factors, which option best meets your needs and preferences?

Step 5: Decision and Implementation

Based on your analysis, make your final decision and outline implementation steps.

Final Decision

Which option have you selected and why? Include the key factors that influenced your decision.

Implementation Plan

List the specific steps you'll take to implement your decision:

1.

2.

3.

4.

5.

Review Timeline

When will you review this decision to ensure it still meets your needs?

Cost-Saving Strategies

What specific cost-saving strategies will you implement alongside your chosen insurance plan?

Decision-Making Tips

- **Be realistic about usage:** Consider your past history and anticipated future needs when evaluating scenarios.
- **Factor in your financial situation:** Your emergency fund and financial stability should influence your deductible choice.
- **Consider tax advantages:** For health insurance, remember HSA eligibility can provide tax benefits with high-deductible plans.
- **Look beyond price:** The cheapest option may not provide the best value or protection.
- **Check for discounts:** Many insurers offer multiple discounts that can significantly reduce premiums.
- **Read the fine print:** Pay attention to exclusions, limitations, and special conditions.