

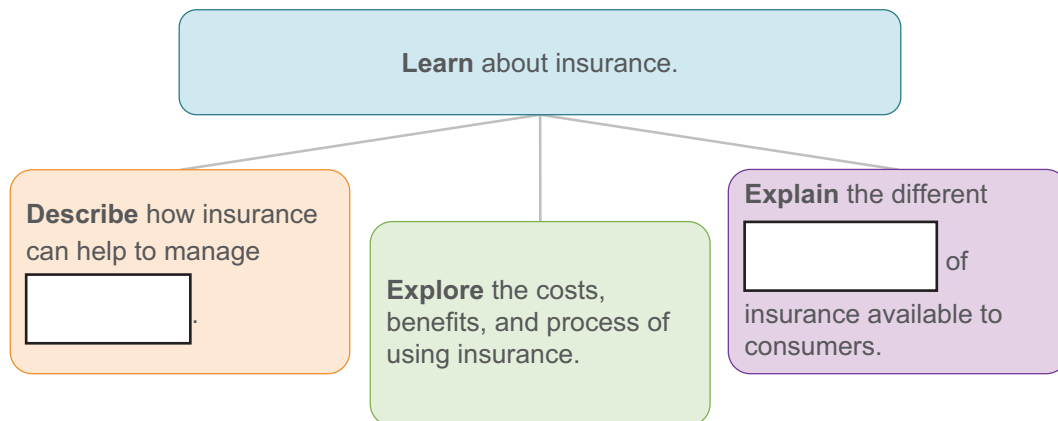
Warm-Up

Insurance

?

Lesson
Question

Lesson Goals

W
2K

Words to Know

Fill in this table as you work through the lesson. You may also use the glossary to help you.

	the amount a holder of an insurance policy must pay the insurance company for the protections the policy offers
	a financial service in which a consumer makes regular payments in exchange for a guarantee that costs associated with damages will be covered
	the amount of money the consumer must pay for an insurance claim before the insurance policy pays the remainder
	to pay someone for the value of something lost or damaged
	a responsibility to pay for or fix a problem

Warm-Up

Insurance



Risk

Every economic comes with the risk that something could go .

Instruction

Insurance

Slide

2

Strategies for Managing Risk

Risk is involved in every decision a person makes.

Avoiding it

- Finding ways

to

risky behavior
entirely

Reducing it

- Finding ways to

risk while still
moving forward

Sharing it

- Finding ways to

risk with others

Accepting it

- a risk and
planning for future
challenges

Choosing How to Manage Risk

People should consider how to manage risks that could negatively affect their financial future.

- What would happen if I drop my laptop and it breaks?
- What would happen if I get into a car accident and it is my fault?
- What would happen if I contract a serious illness or pass away?

Choosing what risk-management strategy to use from person to person and situation to situation.

4

The Nature of Insurance

Insurance is a financial service that allows a consumer to share with a company.

Insurance:

- offers protection from the of unplanned events.
- helps to manage financial risks.

Instruction

Insurance

Slide

4

Insurance and Risk Management

Insurance can help you manage your risk.

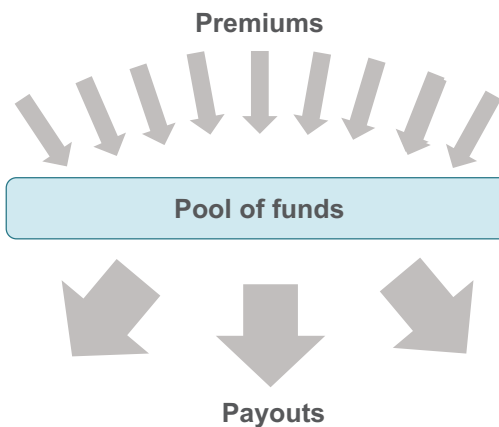
- You share the risk with your insurance .
- You pay a relatively amount of money every month to transfer the of risk to the insurance company.
- You can choose to not purchase insurance for situations where you are willing to assume of the risk.

7

How Insurance Works

Insurance companies create a pool of funds to handle risk.

- Consumers pay , which are collected into large funds.
- When a payout is required for an event, you are from the pool.



Instruction

Insurance

Slide

7

The Costs of Insurance

Insurance plans can require three kinds of .

Premium

- You must pay a premium to

in
a plan.

Deductible

- You often have to pay a

before being able to
make a claim.

Copayment

- You must make a

to share the costs of
a payout.

Insurance Costs: Auto Insurance

Underline the amounts of the premium and deductible in the passage.

Premium

After he bought a new car, Nelson purchased car insurance. He must pay \$75 each month for the plan.

Deductible

Later that month, Nelson caused a car accident when he lost control of his vehicle. He was required to pay the first \$500 of his repair costs, and then the insurance company covered the rest.

Instruction

Insurance

Slide

7

Insurance Costs: Health Insurance

Underline the amounts of the premium, copayment, and deductible in the passage.

Premium

Maria's family has a health insurance plan. Her mother has \$350 deducted from her paychecks each month.

Copayment

When Maria visited the doctor, her mother paid a \$25 fee. The insurance company covered the rest of the cost of the visit.

Deductible

When Maria's mother went to the hospital, her family was responsible for paying the first \$1,000 of the bill. After this payment, the insurance company covered the rest of the costs.

9

Costs and Benefits of Buying Insurance**Costs**

- You will need to make regular payments.
- You will likely need to pay .
- You may be responsible for copayments.

Benefits

- You will be protected if something goes wrong.
- Your will be more prepared for the potential of major changes.
- You may have more peace of mind.

Instruction

Insurance

Slide

9

Costs and Benefits of Avoiding Insurance**Costs**

- Your finances will be at .
- You may fall into major if a problem occurs.
- You may have less peace of mind.

Benefits

- You can avoid costly premiums.
- You can find to reduce risk.
- You may not actually need insurance.

12

Types of Health and Well-Being Insurance**insurance**

- Can cover the cost of medical care
- Can reduce medical expenses

insurance

- Pays benefits if a person loses the ability to work

insurance

- Pays a benefit to those named by a policy holder after he or she dies

Types of Property Insurance**insurance**

- Covers the value of lost possessions
- Protects against theft and destruction

insurance

- Covers damages to a home
- Can protect against natural disasters

insurance

- Covers property damage or injuries related to auto accidents

Instruction

Insurance

Slide

12

Buying Insurance

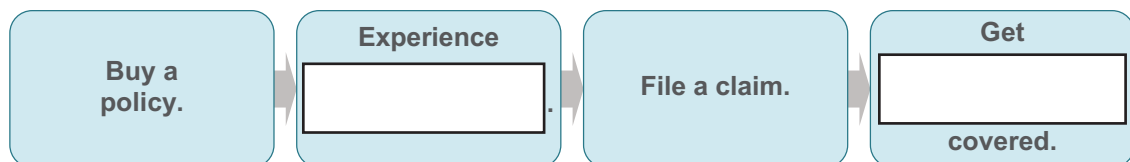
Buying an insurance plan usually involves three steps.

1. Contacting a or an agent
2. Agreeing to a plan
3. Receiving a and proof of insurance

Comparison Shopping

When you buy insurance, you need to compare your options.

1. Consider your needs.
2. Look for plans that meet your .
3. Consider whether you can afford the .
4. Think about whether the plan's or copayments are acceptable.

Filing a Claim

Summary

Insurance

?

**Lesson
Question**

How can insurance help protect your financial future?

✓

Answer

Slide

2

Review: How Insurance Works

You can use insurance to help you manage your .

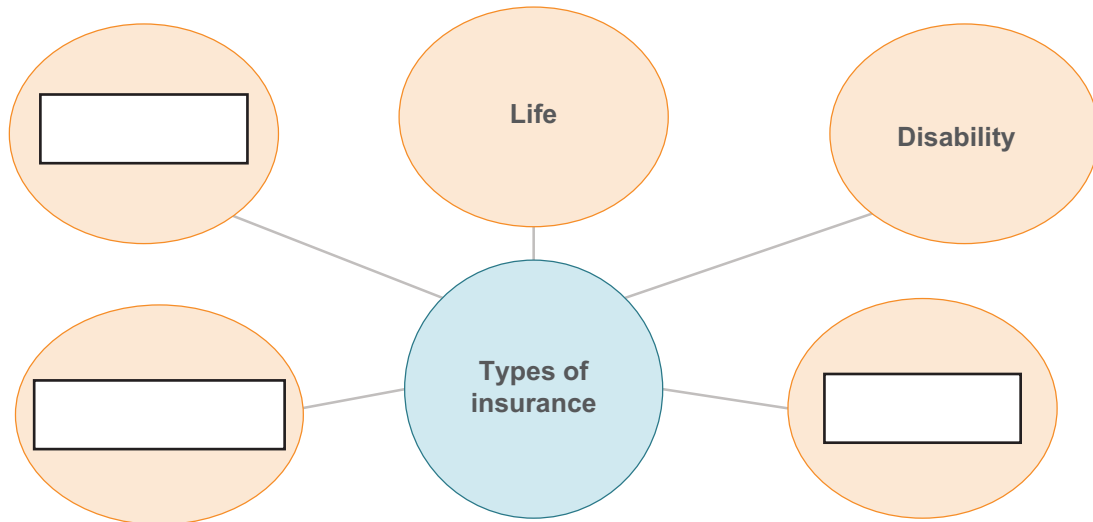
1. You pay a premium to join a plan.
2. Insurance companies create a pool of funds.
3. You can receive a payout if you experience a .

Summary | Insurance

Slide

2

Review: Types of Insurance



Use this space to write any questions or thoughts about this lesson.