

Name \_\_\_\_\_

Date \_\_\_\_\_

## CHAPTER 11

### STUDENT ACTIVITY SHEET

## COMPARING RATES

Examine the three insurance quotes below and then answer the following questions. Use the internet to look up terms you don't know.

### Quote one

**Year:** 2007  
**Make:** Chevrolet  
**Model:** Cavalier  
**Type:** Standard  
**Use:** Pleasure  
**Driver:** 16  
**Prem.:** \$546.00 per year  
**Pts:** 0

Coverage:	Limit:	Amount:
P.I.P.	FULL COV	\$257.00
P.I.P. Options	EXCESS MED	Included
Bodily Injury	100/300	\$148.00
Property Damage	100	\$30.00
Uninsured	100/300	\$8.00
Underinsured	100/300	\$14.00
Statutory Fees	MCCA/MAIPF	\$89.00
Discount	20% Seat Belt	Included
Discount	5% Air Bag	Included
Discount	10% Honor Roll	Included
<b>Vehicle Total</b>		<b>\$546.00</b>

### Quote two

**Year:** 2007  
**Make:** Chevrolet  
**Model:** Cavalier  
**Type:** Standard  
**Use:** Pleasure  
**Driver:** 16  
**Prem.:** \$1,573.00 per year  
**Pts:** 0

Coverage:	Limit:	Amount:
P.I.P.	FULL COV	\$257.00
P.I.P. Options	EXCESS MED	Included
Bodily Injury	100/300	\$148.00
Property Damage	100	\$30.00
Uninsured	100/300	\$8.00
Underinsured	100/300	\$14.00
Other Than Coll.	\$100 Deduct.	\$265.00
Broad Collision	\$500 Deduct.	\$762.00
Statutory Fees	MCCA/MAIPF	\$89.00
Discount	20% Seat Belt	Included
Discount	5% Air Bag	Included
Discount	10% Honor Roll	Included
<b>Vehicle Total</b>		<b>\$1,573.00</b>

### Quote three

**Year:** 2007  
**Make:** BMW  
**Model:** z4 3.0i  
**Type:** Sports Premium  
**Use:** Pleasure  
**Driver:** 16  
**Prem.:** \$2,286.00 per year  
**Pts:** 0

<b>Coverage:</b>	<b>Limit:</b>	<b>Amount:</b>
P.I.P.	FULL COV	\$257.00
P.I.P. Options	EXCESS MED	Included
Bodily Injury	100/300	\$148.00
Property Damage	100	\$30.00
Uninsured	100/300	\$8.00
Underinsured	100/300	\$14.00
Other Than Coll.	\$100 Deduct.	\$454.00
Broad Collision	\$250 Deduct.	\$1,286.00
Statutory Fees	MCCA/MAIPF	\$89.00
Discount	20% Seat Belt	Included
Discount	5% Air Bag	Included
Discount	15% Anti-theft	Included
Discount	15% Honor Roll	Included
<b>Vehicle Total</b>		<b>\$2,286.00</b>

1. How old is the driver?
2. Does this person have a good driving record? How can you tell?
3. What does P.I.P. stand for and what does it cover?
4. Explain the difference between uninsured and underinsured?

5. What discounts is this driver getting?

6. Why is there a price difference between quote #1 and quote #2?

7. How could this driver save money on quote #2?

8. What is the dollar amount difference in premiums between quote #2 and quote #3?

9. Why is there a significant difference between quote #2 and quote #3?

10. What broad conclusions can you make from examining the three quotes?



Name \_\_\_\_\_

Date \_\_\_\_\_

## HEALTH PLAN OVERVIEW

Use the health plan comparison sheet to calculate what each out-of-pocket medical expense will be under each insurance plan, Health Choice or Super Health, and record your answers in the chart below. When you begin, your deductible has not been met. (The fees listed next to each item are what the services cost without any health insurance.)

SERVICE AND COST	COST WITH HEALTH CHOICE	COST WITH SUPER HEALTH
1. Doctor's office visit for a sore throat and cough (in network) \$95		
2. Emergency room for stitches (in network) \$115		
<b>DEDUCTIBLE NOW MET</b>		
3. Appendectomy (in network)		
▸ Two-night hospital stay \$2,000		
▸ Surgery \$14,000		
▸ Prescription (brand) \$185		
4. Eye exam (in network) \$45		
5. Urgent care (out of network) \$85		
6. Prescription (generic) \$85		
7. Prescription (brand, out of network) \$225		
8. Annual physical (in network) \$95		
9. Emergency room for snow board accident (concussion, broken leg, x-rays, etc.) \$6,500		
10. Urgent care (in network) \$105		

## Health Plan Comparison Sheet

SERVICE AND COST	HEALTH CHOICE	SUPER HEALTH
Emergency Room	\$25 co-pay	90% of approved amount after deductible 100% of approved amount for accidental injury
Urgent Care	IN NETWORK: \$10 co-pay; 100% for initial exam for accident/medical emergency OUT OF NETWORK: 80% of approved amount after deductible, 100% of approved amount for initial exam for accident/medical emergency	90% of approved amount after deductible
Surgery	IN NETWORK: 100% of approved amount OUT OF NETWORK: 80% of approved amount after deductible	100% of approved amount
Hospital Care	IN NETWORK: 100% of approved amount OUT OF NETWORK: 80% of approved amount after deductible	100% of approved amount plus \$5 per day for private room
Prescriptions	IN NETWORK: Co-pay \$5 generic/\$10 brand OUT OF NETWORK: 75% of approved amount	Co-pay \$5 generic/brand
Physician Office Visit	IN NETWORK: \$5 co-pay; 100% approved amount for initial exam for injury/medical emergency OUT OF NETWORK: 80% of approved amount after deductible; 100% approved amount for initial exam for injury/medical emergency	90% of approved amount after deductible; 100% for accidental injury
Vision	IN NETWORK: \$10 co-pay for one exam per calendar year OUT OF NETWORK: 80% of approved amount after deductible	90% of approved amount after deductible
Deductible	IN NETWORK: None OUT OF NETWORK: \$250 individual per calendar year	\$250 per calendar year
Maximum Out of Pocket	IN NETWORK: None OUT OF NETWORK: 100% after payments reach \$2,500	100% after payments reach \$1,000

Name \_\_\_\_\_

Date \_\_\_\_\_

## COMPARING INSURANCE

Use the information you learned about insurance in chapter 11 to complete the comparison chart below.

	WHOLE LIFE INSURANCE	TERM LIFE INSURANCE	DISABILITY INSURANCE
Characteristics			
Cost			
Coverage			
Is it recommended? Why or why not?			

Name \_\_\_\_\_

Date \_\_\_\_\_

## PRESENTING RISK

Your group must put together a presentation on renter's insurance. You can develop an informational presentation or a persuasive presentation (convincing someone to buy renter's insurance). Use the internet, facts from the lesson, or other resources (contact a local insurance agent) for your presentation. Your presentation must include these items:

1. The following terms:
  - › Deductible
  - › Replacement Cost
  - › Actual Cash Value
  - › Depreciate
  - › Personal Injury
  - › Liability
  - › Property Damage
  - › Inventory
2. Minimum of two statistics referenced
3. Visual aid
4. Case study of some kind
5. Scenario that your group presents to the class referencing specific information in the policy. (Jim has renter's insurance and his apartment is broken into. His TV, computer and stereo are stolen. He figures the replacement cost will be \$3,000. His policy has a \$250 deductible. How much does he get from the insurance company after they settle the claim?)
6. Story about someone who did or didn't have renter's insurance and the outcome (lost x amount or didn't lose anything because of the policy).
7. Answers to these questions:
  - › What does the policy cover? (contents, injury, property damage)
  - › Who needs renter's insurance? (apartments, college students, military, renting a house)



# CHAPTER 11: MONEY IN REVIEW

## Vocabulary

Auto Insurance  
Beneficiary  
Break-Even Analysis  
Cash Value Insurance  
Claim  
Collision  
Comprehensive  
Co-Pay  
Coverage  
Deductible  
Elimination Period  
Extended Replacement Cost  
Guaranteed Replacement Cost  
HSA  
Health Insurance  
Homeowner's Insurance  
Level Term  
Liability  
Life Insurance  
Long-Term Care Insurance  
Long-Term Disability  
Maximum Payment  
Mortgage Insurance  
Occupational Disability  
Out of Pocket  
Permanent Disability  
Policy  
Premiums  
Renter's Insurance  
Restoration Services  
Self-Insured  
Short-Term Disability  
Stop-Loss  
Term Insurance  
Umbrella  
Universal Life  
Variable Life  
Whole Life Insurance

## Matching

- a. comprehensive
  - b. collision
  - c. 10
  - d. 20
  - e. premium
  - f. out of pocket
- \_\_\_ 1. The amount you pay for an insurance policy
- \_\_\_ 2. Costs that insurance doesn't cover; amount you pay
- \_\_\_ 3. The amount of life insurance you should have is \_\_\_ times your income
- \_\_\_ 4. Covers damage to a car if there is an accident
- \_\_\_ 5. Covers damage to a car if a tree falls on it

## True or False

- \_\_\_ 6. The deductible on any insurance is the portion you have to pay before insurance covers any expenses.
- \_\_\_ 7. If you have an older car, you can consider dropping liability.
- \_\_\_ 8. The purpose of insurance is to transfer risk.
- \_\_\_ 9. Cash value insurance is a good way to invest since it has a savings plan inside it.
- \_\_\_ 10. Neither accidental death nor cancer insurance are good insurance policies to carry.
- \_\_\_ 11. Short-term disability is covered by your emergency fund, so only buy long-term disability.

- \_\_\_ 12. The best type of identity theft insurance only provides credit report monitoring.

### Multiple Choice

13. The time between the disabling event and the beginning of payments:
- deductible
  - out of pocket
  - elimination period
  - stop gap
14. Life insurance policy for a specific period of time:
- term
  - whole life
  - universal
  - level
15. What can you do to decrease the cost of insurance policies?
- raise the deductible
  - shop around for rates
  - take advantage of applicable discounts
  - all of the above

### Name the Type of Insurance

16. \_\_\_\_\_ Covers restoration and monitoring services
17. \_\_\_\_\_ Covers damage to a vehicle
18. \_\_\_\_\_ Covers the contents of an apartment
19. \_\_\_\_\_ Designed to replace income lost if you cannot perform your job

20. \_\_\_\_\_ Covers assisted living, in-home or nursing home care
21. \_\_\_\_\_ Designed to replace income lost due to death

### Short Answer

22. Explain at least two ways you can save on auto insurance.
23. Why do you need renter's insurance if you don't own valuable items?
24. Explain why life insurance is not a good savings plan.
25. When do you need renter's insurance?

### Case Studies

26. Sarah's brother sold her a \$100,000 whole life insurance policy and she is paying \$115 per month in premiums. She is single and has been listening to Dave Ramsey, so she knows that term life insurance would be a better buy. She wants to change but is not sure what to tell her brother. What should she say to him?
27. Bill and Christy have two young children ages two and four, and they are not covered under any life insurance policy. Christy is a full-time mom and has no income. Bill makes \$50,000 a year. They are on a budget but with only one income, they do not have any extra money at the end of the month. Life insurance does not seem like a pressing issue at this time. What would you suggest Bill and Christy do when it comes to life insurance coverage?

28. Mark has an older car worth about \$5,000. He thinks he is paying too much for auto insurance and wants to find out how he can save. After listening to Dave, Mark decides to look into raising his deductible from \$250 to \$1,000. By doing this, he can save \$65 per year. Is this worth the risk? How long does he have to go without an automobile accident to break even?