



Introduction to Insurance



Facilitator's Guide

Introduction to Insurance

Section Overview:

Having the right kind of insurance coverage is an essential part of building a solid financial future. Insurance protects us from risk and guarantees that, once we accumulate assets, we will be able to keep them. Many teenagers and young adults may forego insurance if they view it as little more than an additional expense instead of looking at the cost of not being insured. The basic definition of insurance is risk management. The first two activities are geared toward examining the risks associated with adulthood and preparing young people to manage them successfully.

The third activity examines the most important components that make up every type of insurance: policies, coverage, limits and deductibles. In activity four, participants will be given a brief introduction to the types of insurance, and how to determine what type and how much each individual needs. Essential vocabulary words and explanations will be provided. In the final hands-on activity, participants will have an opportunity to learn about selecting the right policy through using online quote calculators to compare how plans measure up in meeting their needs.

Special Note: If you will be teaching the auto insurance module with the same group, you *do not* need to distribute [Handout 4 — Sample Auto Policy](#) and complete the in-class exercise for Activity 6, Step 2, as this will be covered in the upcoming session.

Overall Goal:

Workshop participants will be able to understand why insurance is necessary, what kinds of insurance products exist, what is the basic framework of an insurance plan, and how to select the best insurance plan for their needs.

The information contained in this curriculum is provided exclusively for instructional purposes. Insurance coverages, terms, and definitions are intended for informational purposes only and may vary in their applicability by state. The information provided by Nationwide Mutual Insurance Company does not in any way replace or otherwise alter the definitions and information contained in individual insurance policies. For information about actual Nationwide Insurance contract coverages, contact a licensed Nationwide Insurance representative.

Workshop Activities at a Glance:

Activities	Time	Objective
1: The Scenario Game	25 minutes	<ul style="list-style-type: none"> • See a real life example of why insurance is an important part of your financial success
2: Why do you need insurance?	10 minutes	<ul style="list-style-type: none"> • Understand the concept of risk and the reasons for having insurance
3: How does insurance work?	25 minutes	<ul style="list-style-type: none"> • Explain the fundamental structure of insurance plans. • Understand risk factors. • Review what is evaluated to determine coverage and premium cost.
4: The Vocabulary of an Insurance Plan	10 minutes	<ul style="list-style-type: none"> • Understand policy terms and definitions, coverage, limits and deductibles, and other important concepts.
5: The Types of Insurance	10 minutes	<ul style="list-style-type: none"> • Understand the options for dealing with risk and what each type of insurance covers.
6: Shopping for a Policy	40 minutes	<ul style="list-style-type: none"> • Understand how to get a quote and practice getting quotes from websites. • Learn about basic costs of different types of insurance. • Look at a sample policy and discuss how to read it. • Consider what life changes will require you to consider buying different types of insurance and/or making changes to your policy

Activity 1: The Scenario Game — Winning with Insurance

Time: 25 minutes

Purpose: To show outcomes during life events for two groups — those with and those without insurance

Note: This exercise should be used as an icebreaker.

Materials Needed:

Fake money (\$100,000);
2 fake credit cards (write “\$2000 limit, 15% monthly interest” on each card);
Scenarios written on flip chart or transparencies; budget template (handout)

Step 1: Divide class into two groups: *The Insured* and *The Wing Its*

Step 2: Distribute fake money (\$5000 to each team) and one credit card with a \$2000 credit line to each team. Distribute the budget template and assign it to one “accountant” per group. The accountant is responsible for keeping track of the team’s financial situation. Calculators can be used if they are available.

Step 3: Explain the rules:

- Rule 1: *Wing Its* have no insurance costs so therefore have \$200 extra money each month.
- Rule 2: Every 5 minutes, the teams must provide a budget update. At this time, the instructor will collect \$200 in insurance premiums from the *Insured* to pay for their auto, life, home, and property insurance).
- Rule 3: Teams can pause as frequently as needed for the group to discuss how to manage the money. The instructor can provide limited advice, but can decide to charge for this service (collect \$100).
- Rule 4: Every possibility lies within the teams’ choice except that the *Wing Its* cannot buy insurance.
- Rule 5: Teams can use extra money to pay off credit card debt or for optional spending opportunities.
- Rule 6: Assets (except for car and shopping items) can be sold for double the original value if they are held for 10 minutes or longer. Car and shopping items can be sold for face value.
- Rule 7: The object is to accumulate the most assets without going bankrupt. A team is bankrupt when it is required to make a payment and has no funds available.

Step 4: One-by-one, the instructor should reveal the following scenarios, in any particular order, for each team to determine how they will manage the situation. This is similar to the *Game of Life and Monopoly*. After 1 or 2 *Scenarios*, the instructor should ask the accountants for an update on the financial picture of each team, including debt, income, and assets. The instructor can be creative in coming up with new scenarios.

Scenarios

Bonus at office: collect \$1000	Income tax due: Pay \$500	Car crash: I: Pay \$500 W: Pay \$1500	Opportunity to buy car (asset value \$15,000) — Need \$1500 for down payment	Sister needs to borrow \$250
I only: Opportunity to purchase more life insurance (asset value: \$25,000) — Need \$600	Optional shopping spree (asset value: \$1000) — Need \$1000	Fire destroys kitchen: I: Pay \$1000 W: Pay \$3000	Payday! Collect \$1000	Option to buy a house \$75,000) — Need \$7,500 down payment
Grandma is sick. Pay \$400 for plane ticket	Option to purchase Certificate of Deposit (CD) — (Asset value: \$400) Need \$400	Get engaged: Pay \$2000 for ring I: Pay \$200 extra for insurance	Lose ring I: Receive \$2000 for new ring	Car crash: I: Pay \$500 W: Pay \$5500
Parents give you \$1500 for graduation	Need books for first semester of college: Pay \$600	Lose your cell phone: Pay \$250	Payday! Collect \$1000	Rent is due: Pay \$400
Car needs new transmission: Pay \$750	New puppy eats computer wires: pay \$450	Mom's Birthday: pay \$50	College applications due: Pay \$500	Signing bonus at new job: Collect \$2500

Step 5: The game stops either when time is called or one team goes bankrupt. If neither team is bankrupt, each should calculate its assets minus its debts to determine who has the best financial situation.

Step 6: Discuss what scenarios represented “risk” and why. How was insurance important to the outcome? What other financial decisions were smart? Which were not smart? Did the *Wing Its* perform well outside of having no insurance? What was the role of having re-sellable assets? What can be learned from each team's fate?

Optional: If the instructor wishes, he or she can simulate real life by having every 5 minutes of the game represent one month. At the beginning of each month, teams earn a “payday” but the insured must pay their monthly insurance premiums (\$200). Teams with credit card debt would also pay interest monthly.

Activity 2: Understanding Insurance and Risk

Time: 10 minutes

Purpose: Understand the concept of risk and the reasons for having insurance

Materials Needed: Overhead or LCD projector. Consider distributing the Insurance Terms handout (from Activity 4) at the beginning of the discussion so that participants can follow the vocabulary.

Introduction: As the class learned from *The Scenario Game*, insurance is an important part of building a financial future. At first, a person might look at an insurance policy as just an additional expense every month, and one that they cannot afford. However, it is important to recognize that not having insurance is risk that you cannot afford. A good rule is: Don't buy insurance for the losses you can afford; buy insurance to protect yourself against the losses you can't afford. Which situations in the game represented losses that the teams could not afford?

This activity examines the basic definition of insurance as a tool to manage risk. It is important to understand that risk is part of any person's life and that it increases as a person increases in age, responsibility and wealth. Whenever possible, we should safeguard every asset that we accumulate during our lives with an insurance policy.

Instructor's Notes:

Display overheads 1–4.

Ask the class to discuss the positive and negative aspects of each way of managing risk. Looking back at the scenario cards, what is the likelihood that Avoidance or Retention would have worked for each situation? *The Wing Its* had to rely on the first two options: was this enough to manage the risk? What is the advantage of using the Transfer option, in other words, covering the risk with an insurance policy?

Slide 1 — Definition of risk

Slide 2 — Why is risk important for insurance?

Slide 3 — Ways we handle risk

Slide 4 — Definition of insurance

Risk, for the purpose of this lesson, is defined as *the possibility of financial loss*.

Ways to avoid risk include:

1. Avoidance: Choosing not to participate in an activity because of the risk involved, e.g. not getting a driver's license;
2. Retention: Saving money in case of future losses, e.g. putting \$1000 in a savings account in case of a car accident;
3. Transfer: Passing the risk on to a company, e.g. paying a monthly fee for an insurance policy and expecting the insurance company to protect your assets.

Instructor's Notes:**Display slides 5–7: *What Types of Risk Does Insurance Cover?***

If using transparencies, you may wish to display only the first column (Risk) and ask participants to name what type of insurance may cover each risk. You may wish to facilitate a class discussion by asking participants what they know about each type of insurance, which they feel are the most important for them, and why. Ask the participants to think back to the *Scenario Game* and discuss which type of insurance would have been useful with each “incident” that happened to the *Wing-Its*.

Now let's discuss the different kinds of risk and when insuring against them is possible

**Pass out Handout 1 and Display Slides 5–7 —
*What Types of Risk Does Insurance Cover?***

Activity 3: How does insurance work?

Time: 25 minutes

Purpose:

Explain the fundamental structure of insurance plans. Understand risk factors. Review what is evaluated to determine coverage and premium cost.

Materials Needed:

Overhead or LCD projector; copies of handouts

Introduction:

The business of insurance is risk. Insurance providers agree to cover the risk involved with one type of property or event for **policyholders**. A **policy** is your contract with the insurance company that states what you must pay for and what they agree to cover if damage or loss occurs. The policy is paid for by a fee called a **premium**, which is a set amount that must be paid monthly, semi-annually or annually. The premium from every policyholder is put into a pool of funds managed by the insurance provider. When an insured has an accident or other event that requires reimbursement, the provider withdraws money from the pool to cover the expense. It is important to remember that not every insurance policy covers every risk. There are important exclusions and limits in each contract. Keep in mind that you should read your policy carefully to determine if it covers all of your needs.

PART 1 — The Structure of an Insurance Plan

The cost of your premium is determined by many factors, but the insurance provider bases the cost on how much risk you represent. Slides 9–11 indicate the various factors that are evaluated to determine the cost of your premium.

When looking at the auto insurance risk factors, for example (Slide 9), you can see that each person in this class would probably pay a different amount for an auto insurance policy. For example, in some states, women or drivers over 25-years-of-age pay less for auto insurance since they are seen to be less likely to have an accident. Generally speaking, men under the age of 25 will pay the highest amount for auto insurance because this group is considered the most risky. Students with good grades often get a discount. Every traffic ticket on your record could make your premium higher. And people who choose high-performance cars (like a Ferrari) are statistically shown to have more chance of accidents: they will pay more for insurance.

Instructor's Notes:**Display Slides 8–11: *Risk Factors***

Facilitate a discussion on some of the risk factors under the homeowners/renter's insurance and life insurance categories. Can the participants point out why some of the factors contribute to the overall risk of the insured? Which factors are under your control, and which are not?

Part II — Categories of Risk

As can be seen from the above examples, there are four basic types of risk: personal traits (you cannot control/provider can discriminate), personal fault (you can control/provider can discriminate), the fault of another (you cannot control/provider cannot discriminate) and acts of God (you cannot control/provider can discriminate). Insurance providers normally cover each category of risk but a provider may choose to deny you coverage or charge you a higher premium because you are perceived to be higher risk.

Instructor's Notes:**Display Slides 12–16: *Categories of Risk*.**

Ask participants to indicate which type of insurance is likely to be affected by each type of risk. For example, medical history = life insurance.

Activity 4: Insurance Vocabulary

Time: 10 minutes

Purpose: Understand policy terms and definitions, coverage, limits and deductibles, and other important concepts.

Materials Needed: Overhead or LCD projector. If possible, ask an insurance professional to visit the class during this activity and continue through Activity 5. Some questions may be technical and best answered by someone familiar with the business. If this is not possible, you can always respond by saying you will get back to the student with the correct answer.

Instructor's Notes:

Distribute Handout 2: *Insurance Terms You Need to Know*. Briefly go over the vocabulary and remind the class to keep this handout close by so that they can review the definitions as they come across the terms in future lessons. If an internet connection is available, you may wish to visit the following website, which contains an extensive glossary of insurance terms. You can demonstrate accessing this site to the participants so that they can look up terms after the course ends. You can either click on the link to go directly, or show participants how to find the information starting on the Nationwide website.

<http://nwinsurance.nationwide.com/Infocenter/icGlossary.asp?view=default&module=glossary>.

Introduction:

The first step toward understanding something as complex as insurance is to understand the vocabulary. Review the terms on the handout. Many of them have already come up in previous discussions. Are there any that are unfamiliar? Think back to the game you played at the start of class. Which of these concepts applied?

Activity 5: The Types of Insurance

Time: 10 minutes

Purpose:

Understand the options for dealing with risk and what each type of insurance provides

Materials Needed:

Copies of Handout 3

Instructor's Notes:

Distribute Handout 3: *Insurance Types*. This activity should serve as an overview for the detailed workshops on each type of insurance to come.

Introduction:

As we learned at the beginning, the best way to determine if you should take out an insurance policy is to think about whether you can afford to lose the thing you would like to insure. In the case of life insurance, the question is whether your family members could afford to function without your financial contribution.

Ask volunteers to review Handout 3: Insurance Options and respond to the following questions:

1. Hector is graduating from high school in one month and looking to share an apartment for the summer in New York. What kind of insurance should he consider? (*answer: renters. Also auto, health and life.*)
2. Monica is moving from the suburbs to the city. Is her auto insurance likely to increase? Why or why not? (*answer: Yes, because her car will be more at risk of being damaged or stolen.*)
3. Bill and Maria just had their first baby. Bill is looking to make some major changes to his insurance. Which type of policy should be updated? (*answer: life. Also disability and health*)
4. Which insurance is most likely to be offered by your employer? (*answer: health. Also life, disability, long-term care, dental, vision*)
5. When Esteban came back from vacation, he found out his condominium had flooded due to a pipe leak. Now he has to stay in a hotel for two weeks while the damage is repaired. What optional insurance policy would pay his hotel bill? (*answer: loss of use, which is part of homeowners, renters, and condo insurance*)
6. If you live in Miami, what type of additional coverage is critical for your home, apartment or business? (*answer: flood, often caused by hurricanes/windstorms*).
7. Marco has a very old car that isn't worth much. What portion or portions of his auto insurance might he choose not to buy? Why? (*Answer: Collision and comprehensive. Because the monthly insurance cost adds up to more money than what the car is worth: see note to only insure what you cannot afford to replace*)

Ask participants to come up with an appropriate scenario for each type of insurance.

In summary, insurance companies are gamblers in the game of risk. In offering you a policy, they are in effect becoming responsible for the risk that is part of your day-to-day life. Many factors are assessed to determine the risk you represent — some that you control and some that you cannot control. Your level of risk determines whether the insurance provider will offer you coverage and, if you are approved, how much you will pay for your premium. While the cost of insurance may not be certain until you request a quote, what is certain is that insurance is something you cannot afford to do without. Life is, after all, the riskiest business of all.

Activity 6: Shopping for a Policy

Time: 40 minutes

Purpose:

Understand how to get a quote and practice getting a quote from a website. Learn about basic costs of different types of insurance. Look at a sample policy and discuss how to read it. Consider what life changes will require you to consider buying different types of insurance and/or making changes to your policy

Materials needed:

Computer(s) with Internet access. Access to an insurance professional, if possible. Sample policies requested from local Nationwide representative.

Notes:

The following website will allow participants to enter their personal (or fictitious) information to come up with a quote:

<http://www.nationwide.com>

You may wish to visit these sites ahead of time to know their format. If you have enough computers for privacy, you can encourage students to personalize the information for auto, renters or life insurance. If possible, the instructor should connect via an overhead projector so that the class can observe as s/he simultaneously enters information.

The last 20 minutes of the class should be dedicated to reviewing a sample policy, discussing when it is appropriate to make changes to a policy (and the effects) and answering any questions related to the entire module.

Part 1: Shopping for a Policy

Introduction:

Now that you have learned about how insurance works, why it is necessary and what the basic types of insurance coverage are, it's time to practice selecting a plan. Using the Internet allows you to access insurance quotes and made decisions about what provider to choose. An insurance shopper should feel comfortable getting quotes from multiple providers before making a decision. It is also easy to get quotes by calling the providers.

Exercise A: What insurance do you need?

Before beginning to look for a quote, decide what kind of insurance you want to look for. At this time, you might want to consider your actual needs or you may be more comfortable thinking of the needs of a fictional person. Think about what the most important issues for this particular plan and what you will use to compare quotes.

Instructor's Notes:

Ask participants to write down their three top priorities for the plan they will shop for. If they are comfortable, ask volunteers to share their considerations. Some items mentioned might be:

1. Name recognition/reputation of provider;
2. Parents or family members have relationship with provider;
3. Access to a quick or instant quote;
4. Price of the policy;
5. Ability to tailor the coverage to individual needs;
6. Special features unique to plan

Exercise B: Getting a Quote**Instructor's Notes:**

The following steps will allow you to give the demo to participants.

1. Connect the laptop to the Internet with the screen on display via an LCD projector. Alternatively, you can conduct the class in a computer lab and participants can practice shopping for insurance individually or in groups. Connect to the Nationwide Insurance website at <http://nwinsurance.nationwide.com/nwinsurance/>. If the Nationwide site does not provide quotes in your region, please see one of the following sites:

<http://www.insuremarket.com>

<http://www.insure.com>

<http://www.insweb.com>

2. On the left side, enter the state and type of quote (auto) you are looking for. The select "Start a Quick Quote."

3. Ask if any of the students would like to volunteer information. If not, use your own. Enter the zip code and county where the driver lives, followed by the driver's name and birth date. You may wish to use your own email address.

4. Enter the car information. You may wish to ask students to imagine a car they might buy, the car they will most likely drive or even their dream car.

5. Once you receive the quote, you may want to show the students the difference between a teenage driver and one over 25; males v. females; and between zip code in the area where you live.

6. Below the premium information, you will see other options. Ask students to look at Handout 2: What Does Auto Insurance Cover? when evaluating each option. Explain the inverse relationship between deductibles and premium: a higher deductible (or more money to pay out-of-pocket in case of an incident) means a lower premium, and a lower deductible means a higher premium. Students should decide if they would prefer to pay a little less each month in return for high costs at the time of an incident, or pay a little more each month to avoid this. Where does risk come into play for the policyholder?

Explain the concept of "limits" or the maximum that the insurance company would pay in the case of an incident. For property damage, for instance, what might happen if the limit was \$25,000, but you were involved in a crash that totaled a Mercedes? Who would pay for the difference? Adjust the various options and recalculate the premium so that students can see the relationship.

If students seem overwhelmed with the cost, remind them to review the tips for saving money that were handed out, and to consider their choice of car. Also, ask them to think back to the game and what they learned about what happens in a world without insurance.

If you are unable to complete this activity in class, consider writing the addresses down on a flip chart for participants to copy and bring home with them.

Step 2: Your Policy

Once you have compared quotes and chosen a provider, you will receive your policy statement in the mail. This policy is a legal contract between you and the provider, detailing the responsibilities of both parties.

Instructor's Notes:

Distribute copies of the sample policy and, if possible, display the first page on the projector.

Review the following sections of the sample policy and ask students to identify the pages that contain the following:

- Summary Page
- Policy period (dates)
- Total policy premium (annual and/or monthly cost)
- Coverage (amounts) —

- Collision
- Comprehensive
- Limits
- Personal Liability
- Medical Payments
- Discounts (for safe driving record, good grades, etc.)
- Other special coverage (towing, rental)
- Endorsements
- Deductible amount

Step 3: Making an Informed Decision

The following exercise is meant to generate discussion about how life changing events should trigger thoughts about making insurance choices. In insurance, just like in life, there is no such thing as a right or wrong choice. But there are informed choices, and this course was designed to make sure that every participant could now make informed choices about insurance.

Instructor's Notes:

Display Slide 18: *Life Event Challenges.*

Use the overhead to prompt class discussion. Reveal one line at a time and allow the participants to volunteer what kind of insurance and what other considerations come to mind when faced with each situation.

The participants' comfort level and correctness when responding to each event serve as an evaluation tool to determine what has been learned during the session. The responses can also provide feedback to help direct the participants to future sessions.

CLOSING

Instructor's Notes:

Ask if there are any final comments or questions. Agree to investigate any questions you were unable to answer and get back to the participants. If there are upcoming sessions, give a preview of things to come. Thank participants for attending.

Budget Template for *The Scenario Game*

	ADDITIONS	SUBTRACTIONS	BALANCE
STARTING			\$5000
TURN 1			
TURN 2			
TURN 3			
TURN 4			
TURN 5			
TURN 6			
TURN 7			
TURN 8			
TURN 9			
TURN 10			

Money for *The Scenario Game*

 <p style="text-align: center;">500 Bank of Pitirre</p> 	 <p style="text-align: center;">500 Bank of Pitirre</p> 
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Introduction to Insurance



Participant Handouts

Introduction to Insurance

Handout 1

Risk	Insurance	Coverage
1. You lose your job	Mortgage and Credit	Will cover your debts for a fixed period while you are unemployed, but only if you become disabled
2. Your stocks lose value	None	None
3. You have a car accident	Auto	Will pay for damage to your car and other damaged vehicles and property. Will pay for medical expenses for you and other parties.
4. Your friend falls in your home and breaks his leg	Homeowners, Renters, Condo, Mobile Home	Will pay fixed amount for medical expenses
5. A pipe bursts in your apartment building and ruins your sofa	Renters	Will pay replacement value for sofa
6. The police give you a speeding ticket	None	None
7. You are hurt on the job	Disability, Workers' Compensation	Will pay your lost wages and medical expenses
8. Your necklace is stolen	Homeowners, Renters, Condo, Mobile Home	Will pay subject to policy limits
9. You die	Life Insurance	Will distribute money to your beneficiary and cover household expenses
10. Suggestions from class	???	???

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Handout 2

Insurance Terms You Need to Know

Actual cash value	The cost value of your property today, minus age, wear and tear, and depreciation.
At fault	Describes the person who is legally responsible for or contributes to the cause of an accident or claim, such as in an auto accident.
Claim	A report of a loss sent to the insurance company.
Coverage	Protection provided by an insurance policy.
Deductible	The amount the policyholder agrees to pay out-of-pocket in case of a loss. The insurance company pays the remaining amount, up to the limit.
Depreciation	The decrease in the value of property due to wear and tear and age.
Endorsement	A written amendment attached to an insurance policy to change, restrict or broaden coverage.
Exclusion	A provision in an insurance policy that eliminates coverage for certain risks, people, property classes, or locations.
Insurance	A system to make large financial losses more affordable by pooling the risks of many individuals and business entities and transferring them to an insurance company or other large group in return for a premium.
Insured	A person who is insured by an insurance policy.
Insurance company	The company who provides the insurance coverage and services on a specific policy.
(Auto) Liability	Pays the losses of other people which an insured may cause unintentionally, or through negligence.

Limit	The maximum amount that an insurance company will pay for a covered loss.
Loss	Damage or destruction to something of value.
Peril	Causes of loss under an insurance policy, such as fire, windstorm, explosion, vandalism, etc.
Policy	A legal contract that sets forth the rights and obligations of both the policyholder and the insurance company
Policyholder	The person who owns the policy.
Premium	The monthly or annual cost of insurance.
Quote	Estimate from the insurance company of the premium you will pay for an insurance policy. This is used to shop for a policy and compare providers.
Replacement cost	The amount it would cost to replace damaged property at today's prices, without a deduction for depreciation.
Risk	The chance of financial loss.
Underwriter	Insurance professional who evaluates requests for insurance, determines who will be awarded coverage, and at what cost. This person is an expert in assessing risk.

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Handout 3

Insurance Type	Insurance Components
Auto	<p><u>Liability</u>: Pays for damage to someone else's car or property if you are at fault.</p> <p style="padding-left: 40px;">A) <u>Bodily Injury</u>: Pays for injuries you may cause to others as the result of an accident.</p> <p style="padding-left: 40px;">B) <u>Property Damage</u>: Pays for damage or loss to another person's property</p> <p><u>Collision</u>: Pays for damage to your car if you hit another car or object.</p> <p><u>Comprehensive</u>: Pays for damage caused by events such as fire, theft, vandalism, weather, windshield breakage and collisions with animals.</p> <p><u>UM/UIM</u>: Uninsured and underinsured motorists coverage</p>
Home	<p><u>Dwelling</u>: pays for the cost to rebuild or repair the structure of your home</p> <p><u>Personal property</u>: Sets an amount to be paid for damage to or loss of items inside the home, like furniture, clothing, electronics, and jewelry.</p> <p><u>Liability</u>: Covers injury or property damage you cause to someone else.</p> <p><u>Medical Payments</u>: Pays medical costs for a guest who is injured in your home.</p> <p><u>Loss of use</u>: Covers costs if you have to leave home temporarily during repairs/construction.</p> <p>In some areas, homeowners should purchase additional policies to cover acts of God including floods, earthquakes, hurricanes and windstorms.</p>

Renter's

Personal property: Sets an amount to be paid for damage to or loss of items inside the home, like furniture, clothing, electronics, and jewelry.

Liability: Covers injury or property damage you cause to someone else.

Medical Payments: Pays medical costs for a guest who is injured in your home.

Loss of use: Covers costs if you have to leave home temporarily during repairs/construction.

In some areas, renters should purchase additional policies to cover acts of God including floods, earthquakes, hurricanes and windstorms.

Life

Variety of coverage options and policy types falling into two categories: term or permanent. The purpose for purchasing life insurance include: burial costs, college costs for your children, covering the legal costs for estate, paying monthly mortgage or rent, covering family emergencies. Some plans offer a one-time payment of benefits to designated beneficiary. Some types of life insurance allow you to borrow against the value of the policy to pay for emergencies, fund a major purchase, or send children to college.

Health*

Variety of coverage options and policy types. Some offer only emergency coverage in the event of hospitalization. Others cover doctors' visits, medical treatments, prescription medicine, and other types of health care. Sometimes offered through an employer, but can be purchased from an insurance broker.

* Due to the complexity of the issues surrounding health insurance, this topic will not be covered in detail as part of this course.

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Handout 4

Sample Auto Policy