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|  | **Semester Course****8.1 Intro to Insurance**Student Activity PacketUNIT: INSURANCE |

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### Name:

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| In this lesson, you will learn to:* Identify risks and protection strategies
* Illustrate how everyone risks financial loss and how insurance shares that risk
* Discuss factors that impact insurance premiums and the relationship between premiums and out-of-pocket expenses
* Explain the basics of how insurance companies operate
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| **RESOURCES** | QUESTIONS |
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| **1**  | [**Discussion Prompt**](https://docs.google.com/presentation/d/14dhn_6PigYt8j4_uMtqQYH2GxcgKLCO-pyCd9jFmQC8/edit?usp=sharing)Discuss these questions with your classmates or with a partner. |

 | *Estimated time: 5 mins*Think about your average day:* What risks do you take in an average day? (Pick 3)
* What are the potential consequences?
* What (if anything) do you do to protect yourself against those risks?
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| **2**  | [**Intro to Insurance**](https://vimeo.com/162189638)Maybe you and/or other members of your family have insurance, but how does it actually work? Watch this video and then answer these questions.  |

 | *Estimated time: 5 mins*1. The purpose of insurance is to…
	1. build wealth
	2. transfer risk
	3. manage assets
	4. build relationships
2. Why is it important for insurance companies to have a large pool of people paying premiums?
	1. If a large pool of people pay premiums, insurance company employees will get more bonuses included in their next paycheck.
	2. The premium payments of all the insured clients will cover the costs for the emergencies of the few who need it.
	3. The more people that pay premiums, the less likely each insured client will experience an emergency.
	4. A large pool of people paying premiums yields insurance companies to have a larger social media following.
3. What role does math play in the insurance industry?
	1. Insurance companies use statistics to find how likely a client will need to use the insurance so they can set premiums in order to have the highest chance of making a profit.
	2. Insurance companies use algebra and geometry to calculate the distance from clients' major emergencies to nearest hospitals.
	3. Insurance companies use statistics to hypothesize how likely clients are to switch over to competitive companies.
	4. Insurance companies use calculus to find out how likely a client will need to use the insurance so they can set premiums in order to have the highest chance of making a profit.
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| **3**  | [**Four Types of Insurance Everyone Should Have**](http://savvyadvisor.com/insurance/four-types-insurance-everybody-needs/)Now that you know a little bit about how insurance works, let’s see what types of insurance coverage are important. Review this infographic and answer these questions.  |

 | *Estimated time: 5 mins*1. Rank the four types of insurance on this infographic from MOST important to LEAST important (in your opinion) for a high school student to have.
2. What other types of insurance have you heard of that are NOT listed on this infographic? Put a star next to any types you think are MORE important than the four listed.
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| **4** | [**Insurance Premiums, Deductibles, & Limits**](https://www.allstate.com/resources/Allstate/images/tools-resources-articles/insurance-basics/premium-limits-deductibles-infographic-desktop.jpg?v=40eb2a5e-d4e5-12f0-d905-e3b2f172119f)[**Relationship Between Deductibles and Premiums**](https://allnationinsurance.com/wp-content/uploads/2019/02/relationship-between-insurance-deductible-premium-2.jpg)In addition to paying a fixed premium, most insurance plans also have a deductible and a coverage limit. Use these two infographics to answer the questions on the right.  |

 | *Estimated time: 5 mins*Jerry has an insurance policy with a premium of $150 per month. In June, he’s in an accident and receives a bill with a total cost of $6000. His deductible is $1500, and his coverage limit is $4000. 1. Describe “insurance premium” in your own words.
2. How much total money will Jerry pay in the month of June?
3. Assume Lauren has the same exact accident, but her monthly premium she pays for the insurance policy is $250. Would you expect Lauren’s deductible to be higher, lower, or the same as Jerry’s? Why?
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