

INSURANCE BASICS: PROTECTING YOURSELF FROM FINANCIAL RISK

RECOMMENDED GRADE LEVELS	AVERAGE TIME TO COMPLETE	ARIZONA STANDARDS
9-12	Anticipatory Set & Facilitation: 40 minutes Conclusion/Assessment Options: 10 minutes	<ul style="list-style-type: none"> BMAS 2.7: Identify the types and benefits of insurance HS.E1.5: Evaluate the ways insurance may minimize personal financial risk.

LESSON PLAN OBJECTIVES

Upon completion of this lesson, students will be able to:

- Understand how insurance works
- Explain the relationship between risk and insurance
- Identify how insurance is a form of income to help cover financial losses when unexpected events occur
- Define common insurance terms

MATERIALS

MATERIALS PROVIDED IN THIS LESSON PLAN	MATERIALS SPECIFIC TO THIS LESSON PLAN BUT AVAILABLE AS A SEPARATE DOWNLOAD	MATERIALS TO ACQUIRE SEPARATELY DEPENDING ON OPTIONS TAUGHT
<ul style="list-style-type: none"> <i>Insurance Basics: Protecting Yourself from Financial Risk</i> Information Sheet <i>An Insurance Story</i> worksheet <i>What Could Go Wrong and How Can You Minimize the Risk</i> worksheet <i>Insurance Basics</i> Vocabulary worksheet Answer key for student activities 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Construction paper or cardstock Markers or colored pencils Scissors Glue Notebook paper

RESOURCES

EXTERNAL RESOURCES

- None

LESSON FACILITATION

PREPARE

Visual indicators to help prepare the lesson

INSTRUCT

*Instructions to conduct the lesson
facilitation*

CUSTOMIZE

*Potential modifications to lesson
facilitation*

VOCABULARY ACTIVITY

An Insurance Story

Approximate time: 10 minutes

Materials to prepare:

- 1 per student - Insurance Basics Vocabulary Sheet
- 1 per student (or projected for entire class) - An Insurance Story

Directions:

1. Provide students with Insurance Basics Vocabulary Sheet.
 - a. Review the vocabulary terms and definitions with the class, providing examples and clarifying as needed.
2. Project *An Insurance Story* on the screen for all students to view or provide a printed copy for each partnership.
 - a. Task partnerships to read the story and identify which vocabulary term is needed to correctly complete the story.
3. Review the correct answers with the class.

ANTICIPATORY SET

What Could Go Wrong and How Can You Minimize the Risk?

Approximate time: 10 minutes

Materials to prepare:

- 1 per student - *What Could Go Wrong and How Can You Minimize the Risk* worksheet

Directions:

1. Ask students if they participate in any activities that may be considered “risky.”
 - a. Have individuals share their activity and the risk involved.
 - b. Ask individuals why they participate when there is risk involved.
2. Tell students that most activities they are involved in carry some sort of risk. Ask them to identify what risks are associated with being in school.

Students can work with a partner on the matching activity or complete it individually.

- a. Risks could include tripping in the hallway, falling down the stairs, injury from a heavy backpack, getting sick from someone else, hearing damage from fire alarms and more.
3. Distribute the *What Could Go Wrong and How Can You Minimize the Risk* worksheet. Tell students that they will be matching typical teenager activities with the potential risk. Then they will select three activities they participate in and identify ways to minimize their risk.
4. Optional: Have students share their responses with the class.

RECOMMENDED FACILITATION

Facilitation: Information Sheet

Approximate time: 20 minutes

Materials to prepare:

- 1 per student - *Insurance Basics: Protecting Yourself from Financial Risk* Information Sheet
- Construction paper or cardstock for the Foldables
- Markers or colored pencils for the Foldable
- Scissors
- Glue

1. Distribute the *Protecting Yourself from Financial Risk* Information Sheet digitally or with a printed copy.
2. Instruct students to review the materials and identify the key concepts about insurance.
 - a. Students will capture the ideas in a foldable.
 - b. The instructor can determine the number of key ideas students should capture such as
 - i. What is insurance?
 - ii. How does insurance address risk?
 - iii. How does insurance impact you financially?
 - iv. How does insurance work?

What is a Foldable?

- A “foldable” is a layered, color-coded, three-dimensional graphic organizer. Foldables allow students to creatively introduce or review concepts, summarize main ideas and key points, take notes, and can also be used as an assessment tool.

You can print the Information Sheet or upload it in your LMS for students to review digitally.



CONCLUSION ACTIVITY

Two Dollar Summary

Approximate time: 5 minutes

Materials to prepare for conclusion option 1:

- Blank notebook paper for students

What is a Two Dollar Summary?

- A Two Dollar (\$2.00) Summary is a fun way for students to share knowledge of the subject they just learned. This activity helps them simplify complex ideas and grow their understanding of the topic.
1. Instruct students to write two or more sentences summarizing what they learned about insurance.
 2. Each word is worth ten cents (\$0.10) and each summary must equal a minimum of \$2.00. Students should "Total up" their words for a final dollar amount. (It's okay if they go over \$2.00 but they must reach the \$2.00 minimum.)
 - a. Example Two Dollar Summary: "Insurance helps me feel safer because when something serious happens to me, the insurance company will help pay for my medical costs as long as I pay my part first."
 - i. Total of my summary: 30 words \times .10 = \$3.00

Insurance Basics Vocabulary

	TERM	DEFINITION
1	Claim	A formal request by a policyholder to an insurance company for coverage or compensation for a covered loss.
2	Co-pay	A fixed dollar amount the insured pays upfront for a covered health insurance service. For example, a doctor appointment, a prescription, an x-ray, or a lab test.
3	Damages or losses	The costs or expenses that are covered by an insurance policy.
4	Deductible	The amount of a claim that the insured must pay first before the insurance company pays for the approved damages. The higher your deductible, the lower your premium.
5	Expiration Date	The date on which the policy ends.
6	Insurance	A means of protection from financial loss in which, in exchange for a fee, a party agrees to compensate another party in the event of a certain loss, damage, or injury. Insurance is a form of risk management, primarily used to protect against the risk of uncertain loss.
7	Insured	Also known as the policyholder. The person who is protected in case of a loss or claim.
8	Insurer	The insurance company who provides the policy.
9	Limit	The maximum amount a policy will pay either overall or under a particular coverage.
10	Peril	The cause of a possible loss. For example, fire, theft, or hail.
11	Policy	The written contract of insurance.
12	Policyholder	Also known as the insured. The person who purchased an insurance policy and is protected in case of a loss or claim.
13	Premium	The amount of money an insurance company charges for insurance coverage.
14	Waiting Period	A period of time set forth in a policy which must pass before some or all coverages begin.

An Insurance Story

	Total Points Earned
13	Total Points Possible
	Percentage

Name _____

Date _____

Class _____

Directions: Use the insurance vocabulary terms to fill in the blanks of this insurance story. Terms may be used more than once.

Camryn had always relied on her parents' insurance, but now that she had graduated from college, it was time to take charge of her own vision care. After searching through several insurance carriers, she finally found a vision insurance __1__ that fit her needs and her post-grad budget. As the __2__, Camryn would be the __3__ and her new insurance company was the __4__.

Excited about her first step into financial independence, she reviewed the details of the policy. She learned about the __5__ she would need to pay monthly to keep the insurance active. The policy also had a small __6__ for routine eye exams, and a __7__ she'd have to meet for any major services or purchases, like new glasses or contacts. Fortunately, there was no __8__ so she could use the insurance right away.

A few weeks later, Camryn made an appointment with her eye doctor, using her new insurance for the first time. When she arrived, she paid her __9__ at the front desk and had a thorough eye exam. Unfortunately, her prescription had changed slightly, meaning she would need new glasses.

Camryn had been planning to get new glasses soon, but her decision became urgent when, just a few days later, her friend accidentally sat on her old pair, leaving them bent and scratched beyond repair. The __10__ to the glasses meant they were unusable, so she called her insurer to confirm how her policy would help cover the cost of replacing them. She learned that she could file a __11__ under her policy for part of the replacement cost, though she would need to pay the __12__ first.

Luckily, Camryn's insurance covered a large portion of the cost after her deductible was met, and she was able to purchase stylish new glasses without breaking the bank. She made a mental note to keep track of the __13__ of her policy so she could renew it before it ran out. Feeling responsible and prepared, Camryn realized how much her understanding of insurance terminology had grown. With this newfound knowledge, she was confident she could handle her future insurance needs with ease.

Enter your answers below

1.	5.	9.	13.
----	----	----	-----

2.	6.	10.	
3.	7.	11.	
4.	8.	12.	

What Could Go Wrong and How Can You Minimize the Risk?

	Total Points Earned
15	Total Points Possible
	Percentage

Name _____

Date _____

Class _____

Directions: Match the activity shown with what could go wrong. Then choose three activities and include an action you would take to minimize your risk when participating in those activities.

- | Activity | What Could Go Wrong? |
|----------------------------------|--|
| _____ 1. Driving a vehicle | a. Accident due to distracted driving or bad weather. |
| _____ 2. Playing sports | b. Burns or cuts from kitchen accidents. |
| _____ 3. Skateboarding | c. Slipping on wet surfaces. |
| _____ 4. Working a part-time job | d. Eye strain or repetitive strain injury. |
| _____ 5. Attending a concert | e. Falling and breaking a bone or hitting the head. |
| _____ 6. Riding a bicycle | f. Getting lost on a trail. |
| _____ 7. Hiking | g. Getting hurt in a crowd (trampled or pushed) and losing personal items. |
| _____ 8. Playing video games | h. Getting hit by a car with a distracted driver. |
| _____ 9. Cooking | i. Hearing damage from loud music or repetitive strain from practicing. |
| _____ 10. Swimming | j. Injuries from lifting heavy objects or using kitchen equipment. |
| _____ 11. Playing an instrument | k. Privacy invasion, cyberbullying, or identity theft. |
| _____ 12. Social media use | l. Sprains, fractures, or concussions from falls or collisions with other competitors. |

Activity	How I would minimize my risk when participating in this activity
#1	
#2	
#3	

Insurance Basics: Protecting Yourself from Financial Risk

Why Do We Need Insurance?

Even when we're careful, life is full of unexpected events that can cause financial loss. Accidents, natural disasters, and medical emergencies can happen to anyone. For example, being in a car accident, losing your home to a fire, or facing unexpected medical bills can seriously hurt your financial situation. These risks are unpredictable and often beyond our control.

Risk is the chance of loss from something unexpected. While we can reduce risk, like wearing a seatbelt to lower the chance of injury in a car accident, we can't eliminate it completely.

How Insurance Protects You

To protect yourself from financial losses, you can create a plan to manage risk. One way to do this is by building an **emergency savings fund**. Experts recommend having savings equal to at least six months of your expenses. This will help cover smaller, unexpected expenses like fixing a broken phone or replacing your car tires.

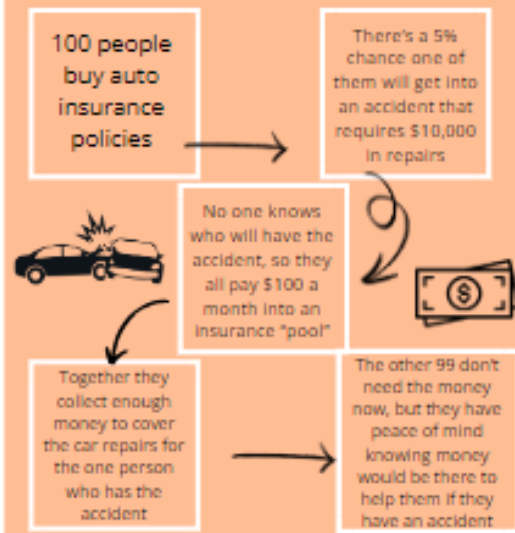
For bigger risks, you can purchase **insurance**. Insurance is a financial product that helps protect you from major losses. It works like this: You buy an insurance policy, which is a contract between you (the insured) and the insurance company (the insurer). This policy describes the risks that are covered and how much the insurance company will pay if you experience a loss.

If something happens that's covered by your policy, the insurance company will pay for some or all of your loss. In exchange, you pay a regular amount called a **premium** to keep your coverage active.

How Insurance Helps You Financially

- **Car accident:** If you hit a deer and damage your car, the insurance company will help pay for repairs once you've paid the deductible.
- **Home damage:** If a pipe bursts and ruins your property, homeowners or renters insurance can help cover the cost of repairs.

How Insurance Works: Sharing Risk



The Benefits of Insurance

When you buy insurance, you're managing your financial risk. If something bad happens, the insurance company pays the costs, minus your **deductible** (the portion you pay out of pocket).

Insurance policies only cover what's described in the policy, so it's important to carefully read and understand what your policy includes.



Filing a Claim

If an accident or loss happens, you need to submit a **claim** to the insurance company. A claim is a request for payment based on the terms of your policy. After you submit a claim, the insurance company reviews it to make sure the **loss** is covered. Once approved, they pay for the covered loss.

Most insurance policies include a **deductible**, meaning you pay a portion of the loss before the insurance company covers the rest. Health insurance policies often have co-insurance or **co-pays**, where you pay part of the cost for medical care even after the deductible is met.

How Insurance Impacts Your Finances

Month	Action	Potential Financial Impact in one year
January	You purchase an auto insurance policy and pay your monthly premium	You pay \$120.00
February-October	You pay your monthly premium	You pay \$1,080.00
November	You pay your monthly premium	You pay \$120.00
November	You are in an accident and file a claim for damage to your vehicle. The repair will cost \$8,000. You have a \$500 deductible.	You pay your \$500 deductible. The insurance company pays the remaining \$7,500 repair.
December	You pay your monthly premium	You pay \$120.00

Total It Up

With insurance, you paid **\$1,940**.
The insurance company paid **\$7,500**.

Without insurance, you would have paid **\$8,000**.

Why Insurance Policies Have Deductibles and Co-Pays

Insurance companies use deductibles and co-pays to prevent a problem called "**moral hazard**." Moral hazard happens when people take bigger risks because they know someone else will pay for the consequences. By having you share some of the cost, insurance policies encourage responsible behavior and help prevent unnecessary losses.

Moral Hazard?

When you get a rental car, do you treat that car with care, knowing it does not belong to you, or do you take more risks when driving?



An Insurance Story

Answer Key

1. Policy
2. Policyholder
3. Insured
4. Insurer
5. Premium
6. Co-pay
7. Deductible
8. Waiting period
9. Co-pay
10. Damages
11. Claim
12. Deductible
13. Expiration date

What Could Go Wrong and How Can You Minimize the Risk?

Answer Key

1. a
2. l
3. e
4. j
5. g
6. h
7. f
8. d
9. b
10. c
11. i
12. k