

Lesson/Unit Title	Road Map to Buying Auto Insurance
Day(s)	5 days
Grade Levels	10-12
Curriculum Areas	Economics and/or Personal Finance
Website(s)	<p>www.ohioinsurance.org/teachers/lesson_plans.asp Ohio Insurance Institute resources, including:</p> <ul style="list-style-type: none"> • Crossword insurance puzzle and insurance bowl game • How traffic tickets affect your insurance rates <p>http://www.ohioinsurance.org/teachers/pdfs/Automobile_Insurance.pdf “Automobile Insurance—How Important Is It?” lesson plan</p> <p>http://www.ohioinsurance.org/teachers/pdfs/Traffic_Ticket_Cost12-2005.pdf “How Much Does Traffic Ticket Cost” automobile insurance lesson plan</p> <p>http://www.ohioinsurance.org/pdf/autacdntlist.pdf Automobile accident checklist to keep in glovebox!</p> <p>http://www.ohioinsurance.org/pdf/autoins.pdf Automobile insurance coverage options</p> <p>http://www.ohioinsurance.org/pdf/undauto.pdf Understanding auto insurance, with Teacher’s Key</p> <p>www.carsafety.org Insurance Institute for Highway Safety Excellent site for downloading brochures dealing with insurance, auto safety, airbags, car ratings for insurance costs.</p> <p>http://www.ief.org/edu/edudefault.asp Insurance Education Foundation Educators must register (it’s free!) to download lesson plans, teaching materials, etc. dealing with insurance</p> <p>http://www.iii.org/ Insurance Information Institute Excellent site! Click on “Auto Insurance” link to access:</p> <ul style="list-style-type: none"> • Free brochures and downloadable videos • Online auto insurance quiz (requires RealPlayer®) • Checklist for purchasing auto insurance • Tips for teen and elderly drivers • Auto insurance basics (vocabulary, coverage, etc.) • “Ask the Expert” – submit online questions about auto insurance! • How to file insurance claims • Shopping for a safe car • What to do at scene of an accident • Cell phones & driving • Online videos about “Road Rage,” “Auto Theft,” “Driving in Bad Weather” <p>NOTE: Go to Teacher Resources for additional websites for use by teachers and students!</p>

<p>Teacher Resources</p>	<ul style="list-style-type: none"> • <u>Practical Business Math Procedures</u>, Jeffrey Slater, author. McGraw-Hill/Irwin Publishing, 2006© www.mhhe.com/slater8e ISBN: 0-07-313267-5 Teacher’s Edition; ISBN 0-07-313308-6 Student Edition • <u>Managing Your Personal Finances</u>, Joan S. Ryan, author. Thomson South-Western, 2006© • <u>Responsible Driving</u>, 2006 © Glencoe-McGraw Hill Publishing Order online at www.glencoe.com or through your Glencoe-McGraw Hill representative. • <u>Choice, Chance, Control video kit</u> and instructor resources (kit no longer available for distribution, but video and teacher resources can be downloaded free online at: www.ief.org/edu/edudefault.asp website of the Insurance Foundation www.ief.org/ • Computer Lab • (optional) Calculator to perform mathematical applications <p>Additional recommended websites for teachers and students:</p> <ul style="list-style-type: none"> • http://adtsea.iup.edu/adtsea/curriculum/default.aspx Driver Education curriculum (for purchase) from the American Driver & Traffic Safety Education Association • www.buckleupamerica.org/ Buckle Up America! national website • www.carseat.org/ National Child Passenger Safety website • www.dmv.state.ne.us/highwaysafety/areas/op.html Nebraska DMV seat belt safety link • www.dmv.state.ne.us/highwaysafety/pdf/materials.pdf Nebraska FREE highway safety posters for classroom use • www.dmv.state.ne.us/highwaysafety/items/vandl.html Reserve “Vince and Larry” seat belt dummy costumes! • www.insure.com Free car insurance quotes • www.nsc.org/airbag.htm National Air Bag & Seat Belt Safety Campaign—download fact sheets about seat belt use, fatalities, etc. • www.nhtsa.dot.gov/ National Highway Transportation Safety Administration. Download free videos, include “Crash Test Dummy” results, airbag deployments, etc. (Requires RealPlayer®) • www.progressive.com/RC/DSafety/rc_belt_science.asp Progressive.com insurance’s seat belt safety link
<p>Unit Overview</p>	<p>In the unit, students will become familiar with auto insurance—auto insurance vocabulary and terms, reasons for purchasing, types of policies and coverage, and insurance costs.</p> <p>At the completion of the unit, students will be able to:</p> <ul style="list-style-type: none"> • Explain concepts of liability insurance, umbrella policy’ • Discuss common types of automobile insurance coverage; • Demonstrate and apply appropriate mathematic skills and operations to calculate the cost of auto insurance;

	<p>Daily Lesson Overview: Day 1: Automobile insurance premiums Day 2: Types of automobile insurance coverage Day 3: Calculate premiums for compulsory insurance Day 4: Calculate optional insurance coverage Day 5: Project</p>
<p>Nebraska Frameworks Essential Learnings</p>	<p>Business Administration (Pages 45-46) Economics and Personal Finance BE 12.5.1 Students will understand basic economic and financial principles in order to make wise domestic and global economic decisions related to their personal financial affairs, the successful operation of organizations and the economic activities of the country. They will demonstrate competency by applying economic and personal financial reasoning to individual, business and government practices.</p> <p>Example Indicators <i>Consumer Management</i> – explain and identify a research technique and decision-making model to maximize consumer satisfaction and safety when buying goods and services <i>Personal Decision Making/Resource Management</i> – use sound decision-making process as it applies to the roles of consumers, workers, and citizens</p>
<p>Link to Nebraska Standards</p>	<p>Reading/Speaking/Listening</p> <ul style="list-style-type: none"> Students will locate, evaluate, and use primary and secondary resources for research (12.1.2) <p>Mathematics</p> <ul style="list-style-type: none"> Students will justify solutions to mathematical problems. (12.2.2) Students will perform estimations and computations of real numbers mentally, with paper and pencil, and with technology. (12.2.3)
<p>NBEA Curriculum Standards</p>	<p>Personal Finance: (Pages 63-67) V. Buying Goods and Services Level 1: Performance Expectations</p> <ul style="list-style-type: none"> Apply a rational decision-making process to personal buying decisions Apply comparison shopping practices <p>Level 2: Performance Expectations</p> <ul style="list-style-type: none"> Describe reasons why there are variances in price for a given item bought from different providers Use reliable consumer resources to collect information for making buying decisions about durable/nondurable goods
<p>Nebraska Math Standards</p>	<p>12.2 Computation/Estimation 12.2.1 Solve theoretical and applied problems using numbers in equivalent forms 12.2.2 Justify solutions to mathematical problems Perform estimations and computations of real numbers, mentally, with paper and pencil, and with technology</p>

**Teaching Strategies,
Procedures and Activities**

Day 1

Outcome: Students will list the factors premiums are based on.

Step 1: Bell Ringer: What is an insurance policy? A policy constitutes a contract by which a company promises to pay to, or on behalf of, an insured certain losses under specified conditions. The policy also provides certain services.

Automobile insurance contracts generally spell out the dollar limits of coverage and the conditions applicable to a loss occurrence. (www.ohioinsurance.org)

Step 2: Introduce Automobile Insurance unit

Step 3: Watch video, *Choice, Chance, Control*.

Step 4: Assignment 1—Complete Activity Sheet #1 of Choice, Chance, Control video kit

Step 5: Discuss all factors influencing insurance premiums. Lesson 26.2, pages 631-633. Managing Your Personal Finances, Ryan, J.S.

Day 2

Outcome: Students will list/identify and explain the various types of automobile insurance coverage.

Step 1: Bell Ringer: Find on the internet: “Is liability insurance required in the state of Nebraska and if so, what is the minimum amount?”

www.dmv.state.ne.us/mvreg/insurance.html

Step 2: Review Handout, “Understanding Automobile Insurance”, Ohio Insurance Institute.

Step 4: Assignment 2—Quiz on last page of “Understanding Automobile Insurance” Ohio Insurance Institute handout

Day 3

Outcome: Students will calculate premiums for compulsory insurance.

Step 1: Bell Ringer: Read Wall Street Journal Clipping, “Auto Insurers Offer Discounts to Professionals” (Pg 480, Practical Business Math Procedures, Slater, J.). Which occupations save you money on auto insurance premiums?

Step 2: Read and discuss pages 479-481.

Step 3: Explain how to calculate the premium for compulsory insurance. Practical Business Math Procedures, Pages 480-481.

Do practice problems. (Practice Quiz solution attached.)

Step 4: Assignment 3—Drill Problems 1 and 2

Day 4

Outcome: Students will calculate optional insurance coverage costs

Step 1: Explain how to calculate the premium for optional insurance coverage. Practical Business Math Procedures, pages 481-483. Do practice problems.

Step 2: Assignment 4—Drill Problems 3, 4, and 5

	<p>Day 5 Outcome: Students will use the information from the auto unit to find an insurance premium for the car of their choice. Step 1: Students correct their own Assignment 4. Step 2: Review and explain assignment. Step 3: Assignment 5—Using internet sources, obtain at least two price-quotes from two insurers for full-coverage automobile insurance on the car of your choice.</p>																																			
Assignments	<p>Assignment 1: Activity Sheet 1, <i>Choice, Chance Control</i> Assignment 2: Understanding Automobile Insurance Quiz Assignment 3: Drill Problems 1 and 2 Assignment 4: Drill Problems 3, 4, and 5 Assignment 5: Internet “insurance price quote” project</p> <ul style="list-style-type: none"> • Using internet sources, obtain at least two price-quotes from two insurers for full-coverage automobile insurance on the car of your choice. • Identify/list ways you could reduce premium costs through discounts or other methods. • Choose the price-quote that provides the best coverage for your premium dollar and explain why. • Write a paper that summarizes your research and results. 																																			
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School	Sterling Public School																																			

Assignment 1: Activity Sheet 1, *Choice, Chance Control* with answers

1. Why do Victor's car insurance premiums keep going up?
Victor has been involved in numerous accidents.
2. What is "underwriting"? Where did it originate?
Technically, modern insurance began in Italy in the 12th Century when groups of people provided protection against the risks of travel on the seas. They signed their names at the bottom of an insurance contract and were called "underwriters." Today such a contract is called a policy, from the Italian word "polizza," meaning "promise". The practice of underwriting was refined in London in the 15th Century, where ship owners and underwriters met to reach agreements on ship insurance. They often met in coffeehouses, such as one called Lloyd's, that became the insurance organization we know today as Lloyd's of London!
3. Who was a founder of fire insurance in the United States?
Inventor and statesman Ben Franklin played an important role in the development of insurance. His Philadelphia Contributorship of Houses from Loss by Fire, formed in 1757 is still in existence today.
4. What does the invention of the lightning rod have to do with insurance?
The invention of the lightning rod reduced the risk of fire and thus insurance rates for fire insurance.
5. What are other, more current inventions that help control risk? In your auto? In your home?
Examples: Auto: seat belts, air bags... Home: smoke detectors, security alarms... Answers may vary.
6. How does the type of car you drive affect your insurance rates?
More expensive cars, sporty cars, less safe vehicles have higher insurance rates.
7. If you were playing "The Game" seen in the video, which of the players would you want to insure? Why? *Answers will vary.*
8. What did Victor learn about the information insurance companies need to have about people they insure?
When insurers figure premiums, they take into account many of the characteristics surrounding the item to be insured. These characteristics are the variables that go into figuring rates for specific policyholders. To figure rates for auto insurance, the insurer considers the differences in driving records indicated by the age, sex, marital status, accident record on the drive, as well as the value of the car, and the probability (based on statistics) of that particular make and model incurring loss through theft or accident.
- 9a. Define Choice, Chance, and Control as you saw those ideas expressed in the video.
Choice is a decision to do something such as riding a bike, buying a car, wearing a safety belt. A healthy choice means moving toward improving or protecting our lives.

Chance is uncertainty, the concept that an unpredictable event may occur at any time. Insurance applies to events that result in losses such as accidents, illness and fires. Riding or driving in heavy rain carries a chance of skidding, which may result in damage to the vehicle and/or the rider. Though no event is completely predictable, the probability of an event occurring can be documented; insurance decisions are made based on such documentation.

Control is an action taken to assure a desired outcome. In many cases, this means reducing or avoiding the risks of loss. Rust proofing a car helps control corrosion; you may be able to control the spread of a small fire in your home with a fire extinguisher. Insurance is a form of control over financial devastation. Purchasing an insurance policy means transferring the risk of financial loss from you to the insurer.

9b. Then, define Choice Chance, and Control as those ideas apply to you. (Examples: passing a class, riding a bike.) What do you do every day to control risks in your life?

Answers will vary.

10. If you were insuring the bikes or cars of a group of students you didn't know, what would you want to ask them before you insured them?

The age of the driver, driver's record, how the car would be used, how far the car would be driven, where the car would be driven, sex of the driver, marital status of driver and where the driver lives/parking facilities (chance of theft/vandalism).

Also you would want to know the value of their bike or the make and model, condition/repair, mileage and cost of the car. Other factors that are considered for car insurance are deductibles and medical coverage.

Additional information:

The "**law of large numbers**" (or the "**law of averages**") is an important insurance principle. Briefly, it states that "actual results tend to equal expected (probable) results as the number of independent events increases." The law of large numbers also applies when it comes to the number of policyholders in an insurance program: The insurer can more accurately predict losses to a group of 50,000 than a group of 5.

Assignment 2: Understanding Automobile Insurance Quiz
Calculating Premiums

Possible Points: 0 - 8 points

Source: Practical Business Math Procedures, Pg 483-484, Jeffrey Slater, Author.

Calculate the annual auto premium for Mel Jones who lives in Territory 5, is a driver classified 18, and has a car with age 4 and symbol 7. His state has compulsory insurance, and Mel wants to add the following options. HINT: Since Mel lives in Territory 5, use Table 20.5 on Pg 481 of the above text. [NOTE TO INSTRUCTORS: Annual premium answer appears in red]

Compulsory Insurance (Use Class 18)

Bodily Injury to Others	80.00
Damage to Someone Else's Property	<u>160.00</u>
Total Compulsory	\$240.00

1. Bodily Injury 100/300
Use Table 20.6 on Page 481
Class 18, 100/300

	\$124.00
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2. Damage to someone else's Property
Use Table 20.7 on Page 481
Class 18, 10M

	\$164.00
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3. Collision, \$200 Deductible
Use Table 20.8 on Page 482
Age group 4 (age of car), Symbol 7
Class 18, From \$300 to \$200

	176.00
	<u>16.00</u>

Total Collision \$192.00

4. Comprehensive, \$200 deductible
(Use Table 20.9, page 482.)
Age group 4, Symbol 7
From \$300 to \$200, add

	99.00
	<u>4.00</u>

Total Comprehensive \$103.00

5. Towing
Use Table 20.10, Page 483

	\$ 4.00
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Total annual premium **\$ 827.00**

Assignment 3: Calculating Premiums for Compulsory Automobile Coverage:

DRILL PROBLEMS

1. Calculate the annual premium for compulsory coverage for each of the following:

	Driver Classification	Bodily	Property	Total Premium
a.	17	\$98	\$160	\$258
b.	20	\$116	\$186	\$302
c.	10	\$55	\$129	\$184

2. Calculate the amount of money the insurance company and the driver should pay for each of the following accidents, assuming the driver carries compulsory insurance only:

	Accident and Court Award	Insurance Co. Pays	Driver Pays
a.	Driver hit one person and court awarded \$15,000.	\$10,000	\$5,000
b.	Driver hit one person and court awarded \$12,000.	\$10,000	\$2,000
c.	Driver hit two people; court awarded first person \$9,000 and the second person \$12,000.	\$19,000	\$2,000

Assignment 4: Calculate Premiums for Optional Automobile Insurance Coverage

DRILL PROBLEMS

3. Calculate the additional premium payment for each of the following options:

Optional insurance coverage	Additional Premium?
a. Bodily injury 50/100/25, driver class 20	\$312
b. Bodily injury 25/60/10, driver class 17	\$233
c. Collision insurance, driver class 10, age group 3, symbol 5, deductible \$100	\$181
d. Comprehensive insurance, driver class 10, age group 3, symbol 5, deductible \$200	\$59
e. Substitute transportation, towing, and labor; driver class 10, age group 3, symbol 5	\$20

4. Compute the annual premium for compulsory insurance with optional liability coverage for bodily injury and damage to someone else’s property.

Driver Classification	Bodily coverage	Premium
17	50/100/25	\$528
20	100/300/10	\$661
10	25/60/25	\$365
18	250/500/50	\$601
20	25/50/10	\$565

5. Calculate the annual premium for each of the following drivers with the indicated options. All drivers must carry compulsory insurance.

Driver Classification	Car Age	Car Symbol	Bodily Injury	Collision	Comprehensive	Transportation And towing	Annual Premium
10	2	4	50/100/10	\$100 deductible	\$300 deductible	Yes	\$647
18	3	2	25/60/25	\$200 deductible	\$200 deductible	Yes	\$706

Assignment 5: Internet “insurance price quote” project

- Citing internet sources, obtain at least two price-quotes from two insurers for full-coverage automobile insurance on the car of your choice.
- Identify/list ways to reduce your premium costs through discounts or other methods.
- Select the price quote that provides the best coverage for your premium dollar and explain why.
- Write a paper summarizing your research and results.