



Insurance

Are You Covered?

Women vs. Men

- ▶ Do you know what a woman and insurance have in common?
- ▶ They are both expensive, difficult to understand and what you get is not guaranteed!
- ▶ Do you know the differences between a man and a whole life policy?
- ▶ A whole life policy eventually matures!

http://www.barricksinsurance.com/insurance_jokes.html

Insurance Quiz

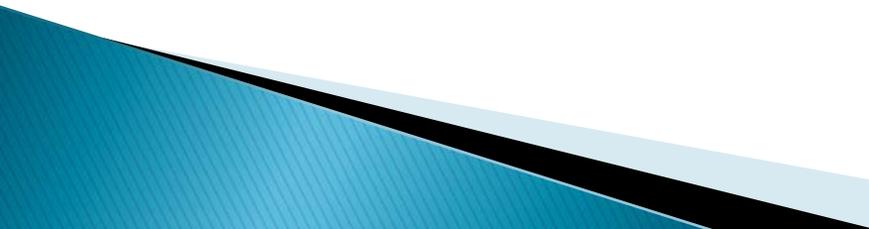
1) Insurance is a type of risk:

a. Avoidance

b. Control

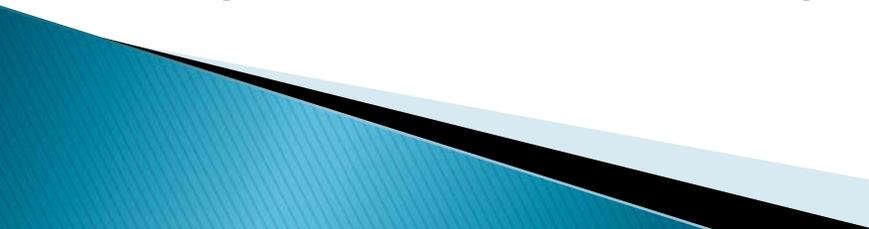
c. Transfer

Correct Answer – C



- 2) Which of the following risks is insurance NOT designed to protect against?
- a. Losing property
 - b. Being held liable for causing damage to property or well-being of others.
 - c. Being held liable for intentional acts that cause damage to property or wellbeing of others
 - d. Suffering the loss of income and additional expenses of personal injury, illness, or death.

Correct Answer – C



3. Insurance is designed to:
- a. Cover everything.
 - b. Get you back to where you started.
 - c. Replace your items with all new items.

Correct Answer – B



4) A deductible is:

- a. The amount of money the policyholder agrees to pay toward the total amount of an insured loss, before the insurance company pays.
- b. The amount of money the insurance company pays toward the total amount of an insured loss, before the policyholder pays the remaining amount.
- c. The amount that is deducted from your premium if you make a claim.

Correct Answer – A

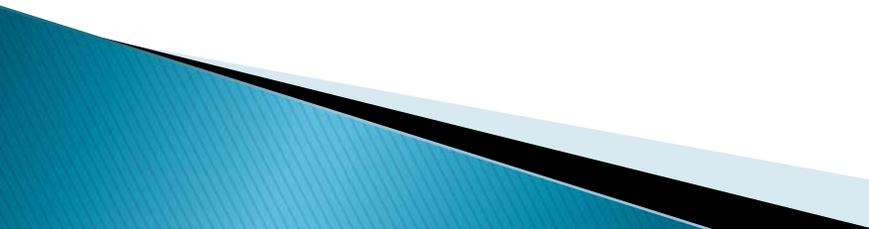
- 5) Opting for a larger deductible generally will:
- a. Increase your premium
 - b. Lower your premium
 - c. Not affect your premium

Correct Answer – B



- 6) Insurers may use your credit score to help determine:
- a. Whether you get insurance and what you're charged for it.
 - b. What your deductible will be.
 - c. They don't consider your credit score.

Correct Answer – A

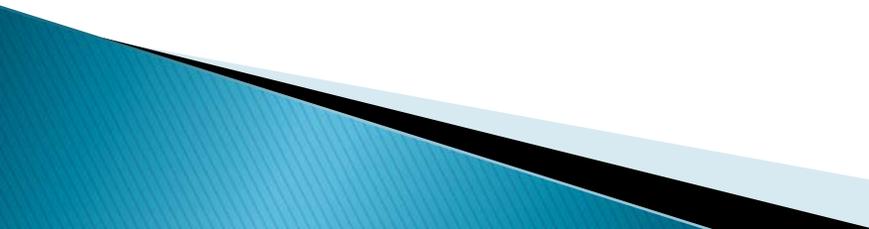


What is insurance?

- ▶ Protection against risk that financially compensates individuals in case of loss



Why should we teach students about insurance?

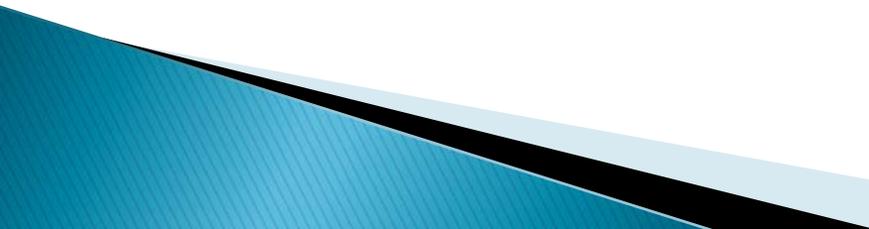
- ▶ More students than ever before are working while attending school
 - ▶ Perfect opportunity to teach insurance as many students are already in a “real work–world” setting
 - ▶ Work–study/apprenticeship students in insurance–related jobs
 - ▶ Teach them to be wise consumers of insurance
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Why and how should we teach insurance to our students?

- ▶ Everyone needs it.
 - Needing insurance is like needing a parachute.
 - If it isn't there the first time, chances are you won't be needing it again!
- ▶ Incorporate into most any of your current business classes as well as FCS, IT, and Voc Ag



Insurance Topics to Teach Students

- ▶ Insurance Basics
 - ▶ Automobile Insurance
 - ▶ Health Insurance
 - ▶ Workers' Compensation and Unemployment Insurance
 - ▶ Retirement Plans
 - ▶ Renter's and Homeowner's Insurance
 - ▶ Life Insurance
 - ▶ Disability and Long Term Care
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Insurance Basics

- ▶ Ways of dealing with risk
 - Avoid risk – don't smoke
 - Reduce risk – limit the number of cigarettes you smoke
 - Ignore risk – smoke 3 packs a day
 - Transfer risk – buy health insurance to compensate you for medical treatment for conditions caused by smoking
- ▶ How insurance works
 - The insured transfers risk to the insurer by making periodic payments (premiums) to the insuring company.
 - Premiums usually paid once a month, every 6 months, or once a year
 - Insurer reimburses insured for a covered loss after the insured submits a claim for reimbursement after suffering a loss

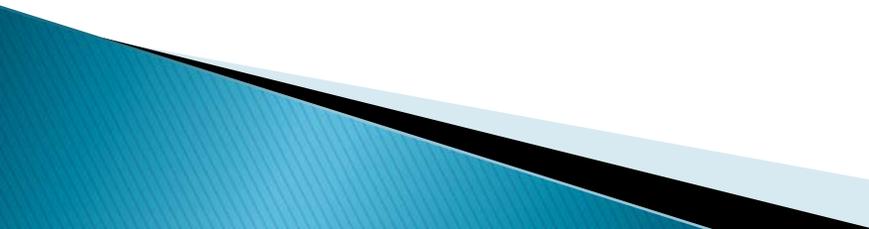
Automobile Insurance

- ▶ Auto crashes are the leading cause of death for ages 3–33 – particularly ages 16–19
- ▶ 50% of teenage driver crashes occur on Friday, Saturday, or Sunday
- ▶ Even a minor accident can result in thousands of dollars in damages
 - Damage to your car
 - Damage to other cars involved
 - Medical Bills
 - Lost wages
 - Pain and suffering
 - Prosecution
 - Legal Fees
 - Fines



Automobile Insurance cont.

▶ Automobile Insurance Coverage

- Liability – covers injury/damage you cause
 - Medical expenses – covers injuries you/your passengers encounter
 - Physical damage – covers damage and other losses to your vehicle
 - Uninsured/underinsured motorist – covers you in case of an accident caused by someone not properly insured
- 

Believe it or not!



- ▶ I collided with a stationary truck coming the other way.
- ▶ When I saw I could not avoid a collision I stepped on the gas and crashed into the other car.
- ▶ Coming home I drove into the wrong house and collided with a tree I don't have.
- ▶ I pulled away from the side of the road, glanced at my mother-in-law and headed over the embankment.
- ▶ I thought my window was down, but I found it was up when I put my head through it.
- ▶ No one was to blame for the accident but it would never have happened if the other driver had been alert.
- ▶ I had been driving for forty years when I fell asleep at the wheel and had an accident.
- ▶ I left for work this morning at 7am as usual when I collided straight into a bus. The bus was 5 minutes early.

Health Insurance



- ▶ Ensures medical care
- ▶ Protects against significant financial loss
- ▶ FFS (Fee-for-Service) Plans
- ▶ Managed care plans
 - HMOs (Health Maintenance Organizations)
 - Most common – least expensive
 - PPOs (Preferred Provider Organizations)
 - Must use providers within designated network
 - More expensive than HMOs
 - POSs (Point of Service) – features of HMO & PPO

Worker's Compensation and Unemployment Insurance

- ▶ Worker's Compensation – insurance paid by the employer to provide employees protection if they're injured/killed on the job
 - ▶ Unemployment Insurance – pays temporary benefits to workers who have lost their jobs through no fault of their own
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Retirement Plans



- ▶ Life expectancy is greater
- ▶ Insecurity/inefficiency of Social Security
- ▶ Investing in a retirement plan while young protects yourself financially after you retire and no longer receive a paycheck
- ▶ Employer retirement plans
 - Pension plans, 401(k)s, 403(b)s, SEP-IRAs
- ▶ Individual retirement plans
 - Annuities, traditional IRAs, Roth IRAs
- ▶ Tax-deferred

Renter's and Homeowner's Insurance

- ▶ Homeowner's Insurance – protection for your home, detached structures on your property, your belongings, your family, guests, and visitors
- ▶ Renter's Insurance – similar to homeowner's insurance except it does not cover the dwelling
 - Relatively inexpensive, very important, and often overlooked
- ▶ Umbrella policy – sits on top of your auto and homeowner/renter's insurance
 - Sold in increments of \$1 million
 - Rates are very reasonable
 - Protects against unusual and expensive losses like being sued for any number of things



Life Insurance



- ▶ Protection for your loved ones upon your death
 - Provides funding for funeral
 - Ensures dependent family members will be able to afford to maintain the lifestyle they are used to
 - Helps provide for future educational needs of children
- ▶ Provides funds to pay off mortgage or other loans
- ▶ Assist business partners if so designated
- ▶ Allows for a final gift to a nonprofit cause that is important to the insured

Disability and Long Term Care

- ▶ Disability insurance – protection to provide you with an income if you can no longer work due to a disability
- ▶ Long-term care – protection to cover expenses involved in the extended care of individuals who can no longer care for themselves
 - People are living longer
 - Families are spread out all over the country/world



Insurer's Responsibilities

- ▶ Shop wisely for insurance
- ▶ Become familiar with laws about insurance
- ▶ Know insurance agent responsibilities to you as a customer
- ▶ Know your what you are covered for and know your exclusions
- ▶ Know your policy
 - What it says, where it is, how to handle claims
- ▶ Beware of insurance fraud



Careers in Insurance

- ▶ Currently there is a shortage of workers in the insurance field.
- ▶ Educate students and make them aware of the many career opportunities available in insurance.

InsuranceJobChannel.com
"The proven source for jobs in the insurance industry"

- ✔ Claim Jobs
- ✔ Underwriting Jobs
- ✔ Insurance Sales Jobs
- ✔ Life Insurance Jobs
- ✔ Health Insurance Jobs
- ✔ Property & Casualty Jobs
- ✔ Agent & Brokerage Jobs

**List Your Job
For As Little As
\$25.00**

Popular Insurance Careers...

- ▶ Actuary
- ▶ Insurance agent/broker
- ▶ Claims adjuster
- ▶ Underwriter
- ▶ Service representative
- ▶ Loss control specialist
- ▶ Administrative, Litigation, Marketing, Human Resources, Financial Operations, etc.



Want more info and teaching tips?

- ▶ Attend the Insurance Institute in Ft. Collins, CO that will be held before the M-PBEA
- ▶ Check out last two slides of this presentation!



Insurance Issues for Students to Research (found at www.iii.org)

- ▶ Arson
- ▶ Asbestos Liability
- ▶ Auto Safety
- ▶ Auto Theft
- ▶ Catastrophes
- ▶ Cell Phones & Driving
- ▶ Crop Insurance
- ▶ Dog Bite Liability
- ▶ Drunk Driving
- ▶ Earthquakes
- ▶ Environmental Pollution
- ▶ Hurricane & Windstorms
- ▶ Insurance Fraud
- ▶ Medical Malpractice
- ▶ Mold & the Insurance Ind
- ▶ No-Fault Auto Insurance
- ▶ Older Drivers
- ▶ Rates and Regulation
- ▶ Reinsurance
- ▶ Residual Markets
- ▶ Teen Drivers
- ▶ Terrorism & Its Impact on Insurance
- ▶ Workers Compensation
- ▶ And more...

Sources

- ▶ Tena Crews, University of South Carolina
- ▶ Crews, Tena. *Fundamentals of Insurance*. 2nd Edition. Mason, Ohio: South-Western Cengage Learning, 2010.
- ▶ www.iii.org
- ▶ www.ief.org
- ▶ <http://fefe.arizona.edu/>
- ▶ www.bls.gov

Free Lesson Plans for Teaching Insurance

- ▶ www.moneyinstructor.com/insurancelessons.asp
- ▶ lessonplans.btskinner.com/genbus.html
- ▶ www.lessonplans4teachers.com/
- ▶ <http://www.griffithfoundation.org/k-12/curriculum-online/>