

I'm In College: I'm Covered (C4)

Course/Grade(s)

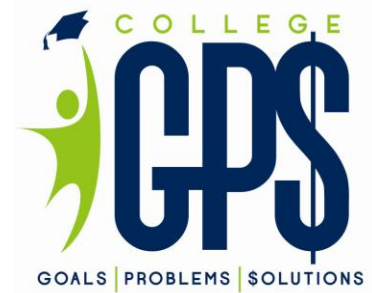
Personal Finance/9-12

Module:

I'm in College!

Lesson Title:

I'm Covered



Duration:

3 - 45 minute classes

Materials/Resources/Technology:

Student Activity Sheet C4

Index Cards

Small Box

Paper

Computers/Internet Access

http://www.insureonline.org/consumer_auto_ten_tips.htm

<http://www.dmv.org/tn-tennessee/car-insurance.php>

<http://www.iii.org/articles/can-i-get-insurance-if-i-rent-my-home.html>

<http://insurance.mo.gov/consumers/documents/RentersInsuranceGuide.pdf>

<https://www.healthcare.gov/why-should-i-have-health-coverage/>

<https://www.healthcare.gov/if-i-m-a-college-student-what-do-i-need-to-know-about-the-marketplace/>

<https://www.healthcare.gov/can-i-keep-my-child-on-my-insurance-until-age-26/>

Classroom Arrangement:

No special classroom arrangement will be needed for this lesson.

Content Background:

Insurance is a financial protection tool to manage against various forms of risk and is often used to reduce the financial impact if a specific event occurs. Insurance comes in many forms and many people find these products confusing. To help students better understand insurance, consider the types of insurance that may be most relevant to them currently or in the near future: auto, renters, and health.

Auto insurance protects from financial loss if you are involved in an accident with your vehicle. Auto insurance provides property, liability, and medical coverages. Auto insurance coverage requirements vary by state. Most auto insurance policies are for six months to one year.¹

¹Insurance Information Institute "What is Auto Insurance?" <http://www.iii.org/articles/what-is-auto-insurance.html>

College GP\$: Goals, Problems, and \$olutions

Renters insurance is a form of financial protection for your possessions when you rent a residence, such as an apartment or house. While your possessions are covered, the dwelling generally is not. In addition to covering possessions, renter’s insurance also covers your financial responsibility to others injured at your home, covers additional living expenses if you are unable to inhabit your residence, though specific limits may apply based on your coverage.²

Health insurance covers costs of medical care. Health insurance protects against the high unexpected costs of medical care.³ The Affordable Care Act has changed requirements and coverage options related to health insurance. For specific information about the Affordable Care Act, visit <https://www.healthcare.gov/>.

All types of insurance use the same basic terminology. A policy is a contract between the insurer (the insurance company) and the insured (the individual). A premium is a period payment for insurance coverage made by the individual to the insurance company. A deductible is the portion of the loss paid by the individual, not the insurance company.⁴

Standards:

National Jump\$tart: Risk Management and Insurance – Standard 1: Identify common types of risks and basic risk management methods.

Tennessee Personal Finance: Standard 14 – Differentiate the benefits and costs associated with various types of insurance, such as health, life, property, and auto. Describe the risks associated with a lack of appropriate coverage in specific situations. Determine the role of insurance in personal financial planning to preserve and build wealth.

Day 1

Learning Targets/Objectives:

Students will research automobile insurance and related terminology, costs, benefits, and risks.

Activating Strategy:

Have students record their definition of insurance and reasons they think people have insurance.

Instruction:

Discuss the definitions of insurance and reasons for having insurance. Tell students they will be exploring three major types of insurance – renter’s, auto, and health – that they may be considering now or in the near future.

²Insurance Information Institute “What You Need to Know About Renters Insurance” <http://www.iii.org/articles/can-i-get-insurance-if-i-rent-my-home.html>

³Healthcare.gov “Why Should I Have Health Insurance” <https://www.healthcare.gov/why-should-i-have-health-coverage/>

⁴Missouri Department of Insurance “Glossary of Terms” <http://insurance.mo.gov/consumers/glossary.php>

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Modifications/Grouping:

Students with learning disabilities or cultural differences may need to be provided with more cues to complete the assignment. Check daily progress on student activity sheet. Monitor and assist as needed. Advanced students could be encouraged to set specific auto insurance goals for themselves. Instructor will determine additional modifications/grouping for each class.

Explain that for all three types, certain terminology is the same. Using the content background, explain policy, premium, and deductible. Place these words on board or your vocabulary word wall, so students are reminded of these terms throughout the lesson.

Divide the class into small groups of two to three students. Each group will complete an insurance analysis (using Student Activity Sheet C4) of key terminology, benefits, costs, factors that could impact cost, and risks of lack of coverage. Each student should have a completed copy of the activity sheet based on the information gathered by members of their group. Allow groups to work for the remainder of the class on completing the questions on the activity sheet.

Assessment/Evaluation/Closure:

Have students brainstorm a list of scenarios where insurance would have been helpful in their life or for someone they know. Ask the class specifically what they have learned about automobile insurance. Are there any benefits to having automobile insurance? During the next class session, students will research renters insurance and medical insurance.

Reflect on the students' questions and make notes for future lessons. Do clarifications need to be made with regards to the items in the activating strategy? Did the special needs students require extra assistance with the assignment?

Day 2

Learning Targets/Objectives:

Students will research renters insurance and medical insurance and related terminology, costs, benefits, and risks.

Activating Strategy:

Students will discuss any surprising information they discovered about insurance during the course of their research in the previous lesson.

Instruction:

Upon completion of the activating strategy, clarify any unfamiliar vocabulary. Have students continue to work in their groups to complete the Student Activity Sheet C4.

Modifications/Grouping:

Students with learning disabilities or cultural differences may need to be provided with more cues to complete the assignment. Monitor and assist as needed. Advanced students could be encouraged to set specific renter/homeowner insurance goals for themselves. Instructor will determine additional modifications/grouping for each class.

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Assessment/Evaluation/Closure:

Ask students what they learned about the importance of having renters insurance. Does the cost outweigh the risk of not having renters insurance? Is there really any need for a college student to have medical insurance? The next lesson will involve a small group activity where each group will address several insurance related questions posed by their classmates. Students will submit the Student Activity Sheet C4 for a formative grade.

Reflect on the students' questions and make notes for future lessons. Do clarifications need to be made with regards to the items in the activating strategy? Did the special needs students require extra assistance with the assignment?

Day 3

Learning Targets/Objectives:

Students will discuss the role insurance plays in overall financial planning as a risk management strategy.

Activating Strategy:

Provide each student with an index card. On the index card, have each student write one question about insurance based on the information researched and written on Student Activity Sheet C4. The student should write his/her name on the back of the card and place it in the small box.

Instruction:

Ask students what new information they learned about insurance from their group's research the previous day. Clarify any questions or share content background with students, as needed.

Have students return to their groups from the previous day. Explain to students that they will be working in their groups to answer the questions that they wrote on the index cards.

Each group should select an index card from the box. Within their groups, have students discuss the question their group selected and determine the correct answer. After groups have had an adequate amount of time to formulate their response, have each group read aloud the question they selected and present their answer. Request input from the other groups about whether they agree or disagree with the response or have additional information to share. Repeat with all groups for the first round of questions until all groups have responded to their question. Repeat until all index cards have been used. It may be necessary to provide clarification or to share content background during the discussions in order to ensure that students have an understanding of the concepts.

To further evaluate students' understanding on the insurance products, have students provide recommendations for the following scenarios (possible responses are in parenthesis):

- Jared gets good grades and has a safe driving record. How might this impact his auto insurance? (Some insurance companies may offer discounts for good grades. A safe driving record may also lower his premium.)

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- Sara and Franklin were driving separate vehicles. When leaving school, they both ran stop signs and crashed into each other. How might this impact their auto insurance? (It may increase their rates. If either person had previous accidents, it could possibly cause loss of insurance.)
- Camden has a good credit score. How might this impact his insurance policy? (He is more likely to be able to obtain an insurance policy and may have lower insurance rates than someone with a lower credit score.)
- Harold is moving out of town to attend college in another city and will be living in his own apartment. What recommendations can you give to Harold about his potential insurance needs? (He should obtain renters insurance and health insurance coverage, and have auto insurance if he has owns a vehicle.)

Modifications/Grouping:

Students with learning disabilities or cultural differences may need to be provided with more cues to complete the assignment. Monitor and assist as needed. Advanced students could be encouraged to set specific medical insurance goals for themselves. Instructor will determine additional modifications/grouping for each class.

Assessment/Evaluation/Closure:

Ask students to complete a three-minute write explaining the role that insurance plays in overall financial planning as a risk management strategy. Preview the next lesson, informing students that they will begin the summative presentation project for the I'm In College learning module.

Reflect on the students' questions and make notes for future lessons. Do clarifications need to be made with regards to the items in the activating strategy? Did the special needs students require extra assistance with the assignment?

**I'm In College: I'm Covered
Student Activity Sheet C4**

Student Name: _____ Period: _____

INSTRUCTIONS

Your group will work collaboratively to answer these questions related to three types of insurance: auto, renters, and health. Each student should have a completed copy of the student activity sheet.

PART 1: AUTO INSURANCE

Use the website, http://www.insureonline.org/consumer_auto_ten_tips.htm, to answer the following questions:

What two components affect how much you pay for your auto insurance? Explain each of these components.

What seven specific factors influence your rate? Explain your situation for each and how this may impact your rate.

Factor	Factor Explanation	Your Situation	How Rate May be Impacted?
Driving Record			
Geographic Territory			
Gender and Age			

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Factor	Factor Explanation	Your Situation	How Rate May be Impacted?
Marital Status			
Prior Insurance Coverage			
Vehicle Use			
Make and Model of Vehicle			

If you are a good student how can this affect the rate you pay? What other conditions may impact your rate? And how may these impact you?

Explain collision and comprehensive coverages. Are these required by law? How do their costs compare?

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Explain the Tort and No-Fault Systems. What agency can provide more information about the state's system?

Use the website, <http://www.dmv.org/tn-tennessee/car-insurance.php>, or if in a state other than Tennessee, locate your state on this site) to answer the following questions:

In your state, what type of insurance is required, if any? And, what are the minimum limits for this type of insurance.

Based on the information in the last question, do you think Tennessee operates on a Tort or No-Fault System? Why?

Based on the information about auto insurance, what would be the benefit of having auto insurance?

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PART 2: RENTERS INSURANCE

Use the website, <http://www.iii.org/articles/can-i-get-insurance-if-i-rent-my-home.html>, to answer the following questions:

What is renters insurance?

What is covered by renters insurance?

What types of events are covered under renters insurance?

Explain Actual Cash Value and Replacement Cost policies.

Use the website, <http://insurance.mo.gov/consumers/documents/RentersInsuranceGuide.pdf>, to answer the following questions:

What is the average cost of renters insurance? How much coverage does this provide?

Based on the information about renters insurance, what would be the benefit of having renters insurance?

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PART 3: HEALTH INSURANCE

Use the website, <https://www.healthcare.gov/why-should-i-have-health-coverage/>, to answer the following questions:

Why do you need health insurance? What does health insurance protect against?

What is a health insurance copayment?

What is an out-of-pocket maximum? Who pays for the remainder of the cost?

Use the website, <https://www.healthcare.gov/if-i-m-a-college-student-what-do-i-need-to-know-about-the-marketplace/>, to answer the following questions:

Are college students exempt from having health insurance coverage? Why or why not?

Use the website, <https://www.healthcare.gov/can-i-keep-my-child-on-my-insurance-until-age-26/>, to answer the following questions:

When do you need to have your own health insurance plan? Why not before that time?

Based on the information about health insurance, what would be the benefit of having health insurance?

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I'm In College: I'm Covered Teacher Answer Key for Student Activity Sheet C4

INSTRUCTIONS

Your group will work collaboratively to answer these questions related to three types of insurance: auto, renters, and health. Each student should have a completed copy of the student activity sheet.

PART 1: AUTO INSURANCE

Use the website, http://www.insureuonline.org/consumer_auto_ten_tips.htm, to answer the following questions:

What two components affect how much you pay for your auto insurance? Explain each of these components.

Underwriting – the risk associated with the insurance applicant. Applicants are compared against other similar risks and the insurance company will determine whether they want to accept that risk.

Rating – assigns a price what the insurance company believes it will cost (the financial responsibility) if the insurance applicant would file a claim

What seven specific factors influence your rate? Explain your situation for each and how this may impact your rate.

Factor	Factor Explanation	Your Situation	How Rate May be Impacted?
Driving Record	Previous violations or accidents are considered higher risk	Responses will vary	Responses will vary
Geographic Territory	Urban areas generally have more claims than rural areas	Responses will vary	Responses will vary
Gender and Age	Males have more accidents and females have fewer accidents; Certain age groups generally have more accidents and claims	Responses will vary	Responses will vary

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Factor	Factor Explanation	Your Situation	How Rate May be Impacted?
Marital Status	Married people generally have fewer claims	Responses will vary	Responses will vary
Prior Insurance Coverage	If previous insurance was cancelled for non-payment or too many accidents	Responses will vary	Responses will vary
Vehicle Use	More risk is associated with higher annual mileage	Responses will vary	Responses will vary
Make and Model of Vehicle	Luxury and sports cars generally have more claims	Responses will vary	Responses will vary

If you are a good student how can this affect the rate you pay? What other conditions may impact your rate? And how may these impact you?

Some insurance companies offer discounts for being a good student.

Other conditions that may impact the rate and/or result in a discount include multiple vehicles, driver education courses, safety devices, anti-theft devices, low mileage, and good driver/renewal.

Responses will vary about individual impact.

Explain collision and comprehensive coverages. Are these required by law? How do their costs compare?

Collision coverage, which is not required by law, pays for damage to your vehicle as a result of colliding with an object, such as another car or tree.

Comprehensive coverage, which is not required by law, pays for damage, including broken glass and windshield damage, to your vehicle from many other causes, such as fire, severe weather, vandalism, and theft.

Comprehensive coverage costs less than collision coverage.

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College GP\$: Goals, Problems, and Solutions

Explain the Tort and No-Fault Systems. What agency can provide more information about the state's system?

Tort system – coverages sold under the tort system include bodily injury liability insurance, property damage liability insurance, and uninsured motorist coverage.

No fault system – the insurance company pays you directly for your losses, regardless of who is at fault.

The state insurance department can provide more information about the state's system.

Use the website, <http://www.dmv.org/tn-tennessee/car-insurance.php>, or if in a state other than Tennessee, locate your state on this site) to answer the following questions:

In your state, what type of insurance is required, if any? And, what are the minimum limits for this type of insurance.

In Tennessee, liability insurance is required. The required minimum limits are:

- For each injury or death per accident = \$25,0000
- For total injuries or deaths per accident = \$50,000
- For property damage per accident = \$15,000

In other states, the response may vary.

Based on the information in the last question, do you think Tennessee operates on a Tort or No-Fault System? Why?

Tennessee operates on a Tort system. Liability, property damage, and other specific coverages are required.

Based on the information about auto insurance, what would be the benefit of having auto insurance?

By having auto insurance, individuals have protected themselves against financial risk should an auto accident occur.

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PART 2: RENTERS INSURANCE

Use the website, <http://www.iii.org/articles/can-i-get-insurance-if-i-rent-my-home.html>, to answer the following questions:

What is renters insurance?

Renters insurance is a form of financial protection for your possessions when you rent a residence, such as an apartment or house.

What is covered by renters insurance?

Your possessions are covered, but the dwelling generally is not. In addition to covering possessions, renter's insurance also covers your financial responsibility to others injured at your home, covers additional living expenses if you are unable to inhabit your residence, though specific limits may apply based on your coverage.

What types of events are covered under renters insurance?

Events generally covered under renters insurance include theft, vandalism, fire, smoke, lightning, explosion, windstorm, and water damage (not including floods).

Explain Actual Cash Value and Replacement Cost policies.

Actual Cash Value – pays to replace possessions minus a depreciation deduction

Replacement Cost – pays the actual cost of replacing possessions

Both types have limits based on the policy.

Use the website, <http://insurance.mo.gov/consumers/documents/RentersInsuranceGuide.pdf>, to answer the following questions:

What is the average cost of renters insurance? How much coverage does this provide?

The average cost of renter's insurance is \$8-\$21 per month for \$20,000-\$30,000 of coverage.

Based on the information about renters insurance, what would be the benefit of having renters insurance?

By having renters insurance, individuals have protected themselves against risk and would not have to pay to replace all of their possessions should they incur one of the listed events.

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PART 3: HEALTH INSURANCE

Use the website, <https://www.healthcare.gov/why-should-i-have-health-coverage/>, to answer the following questions:

Why do you need health insurance? What does health insurance protect against?

Health insurance covers costs of medical care. Health insurance protects against the high unexpected costs of medical care.

What is a health insurance copayment?

Is a fixed amount you will pay at each medical visit after the deductible is met.

What is an out-of-pocket maximum? Who pays for the remainder of the cost?

This is the total maximum amount you would pay if you were to need medical treatment. The insurance company will pay for the remainder of the cost.

Use the website, <https://www.healthcare.gov/if-i-m-a-college-student-what-do-i-need-to-know-about-the-marketplace/>, to answer the following questions:

Are college students exempt from having health insurance coverage? Why or why not?

No. There is no special student exemption for college students.

What options do college students have for health insurance coverage?

College students may be covered by their school's student health plan, a Marketplace plan, a parent's plan, or Medicaid coverage.

Use the website, <https://www.healthcare.gov/can-i-keep-my-child-on-my-insurance-until-age-26/>, to answer the following questions:

When do you need to have your own health insurance plan? Why not before that time?

Individuals need their own health insurance plan when they turn 26. Individuals under age 26 can be added to or remain on a parent's health insurance plan until that time.

Based on the information about health insurance, what would be the benefit of having health insurance?

By having health insurance, individuals will protect themselves against high medical costs if they become sick or are hurt.

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