

Lesson 2: Insurance Facilitator Guide

Overview

This lesson is designed to increase students' proficiency in financial literacy. This hour-long session plan, along with your expert knowledge and real-life examples, should enable the next generation of leaders to make understand the basics of insurance. At the end of the session students will reflect on the skills and knowledge they have developed and their potential next steps.

Purpose

The national curriculum does not require students to be taught the basics of insurance including how to apply for insurance and the importance of this. This session should help to fill that gap in their formal education through an interactive session relating to insurance.

Objectives

At the end of this session, students will:

- ☐ Know how to apply for insurance
- ☐ Understand key terminology
- ☐ Have an awareness of the different types of Insurance
- ☐ Understand the key influences on the cost of insurance

Agenda

Introduction to insurance (12 min)

- What is insurance
- Why do we have insurance?

Practicalities of insurance (42 mins)

- How it works
- Premiums, excess and exclusions
- No claims Discount
- How Insurance is calculated
- How to choose an insurance policy
- Cancellations
- Caveats

Wrap-up & Reflection (6 mins)

Preparation / Materials Needed

- ☐ Class Handouts - print 1 copy per student
- ☐ Download the session PowerPoint
- ☐ A3 sheets of paper
- ☐ Marker pens

Vocabulary

Insurance policy - A contract between you and the insurer setting out details of what losses are covered by your insurance and will include any Excess, Exclusions, limit on claims etc

Premium - is the cost of buying an insurance product

Excess - The first portion of the loss that is not covered by the insurance. This will be agreed upfront

Exclusions - What your policy does not cover

Fully comprehensive car insurance - Includes third party car insurance and provides cover for the cost of damage to your own car and your injuries.

Third party car insurance - Covers you against the costs incurred by another person as a result of an accident caused by you (including costs resulting from damage to their car, injuries etc)

Under-insure - Under-estimating the value of the asset you are insuring (or the cost of replacing it) when taking out an insurance Policy. It is likely to result in a significantly limited payout when a claim is made.

Cooling down period - A period of time in which you can decide to withdraw from the Policy and have any payments you have made refunded in full. The insurance Policy is treated as never having taken effect.

Teaching Guide

This guide includes a suggested script for the session (in orange). However, please feel free to tailor and adapt this accordingly when delivering.

Section 1: Introduction to insurance (12 minutes)

Good morning/afternoon everyone. My name is _____. Thank you for having me in your class today. Today we are going to talk about Insurance.

Share the objectives of the session on the screen (slide 2)

Each table will have a big piece of paper. Ask each group to spend **3 minutes** doing a quick brainstorm of what they think Insurance is, why we have it and how they think it works (slide 3). They should jot their ideas in Activity 1 of the activity pack.

Debrief the class for **4 minutes** (slide 4) after asking each table in turn their thoughts.

Ask the class to individually jot down in Activity 1 of the activity pack a list of the different types of insurance they can think of. **(2 minutes)**

Ask pupils for their thoughts and add responses to a whiteboard. Then go through different types of insurance (slide 5) **(3 mins)**

Section 2: Practicalities of Insurance (43 minutes)

Ask the class to raise their hands if they have an insurance policy and of those ask if they know how to purchase an insurance policy **(2 minutes)**. Debrief class (slide 6) **(1 minute)**

Move on to slide 7 - ask the class in pairs to define premiums, excess and exclusions and consider their interactions. Thoughts should be jotted down on Activity 2 of the Activity pack. **(4 minutes)**. Debrief the class (slide 8/9 and using answer pack) after asking some pupils for their thoughts **(3 minutes)**.

Slide 10 - talk through slide then ask pupils to consider which factors affect premiums in pairs and jot down ideas- Activity 3 of activity pack **(3 minutes)**. Provide answers after asking pupils for their thoughts **(2 minute)**

Slide 11 - talk through slide **(1 minute)**. Once completed ask some pupils if they can remember the risk factors mentioned earlier which affect premiums (slide 5) **(1 minute)** then continue to slide 12.

Slide 12 - talk through slide **(2 minutes)**.

Impact of factors on insurance premium:

Age: for health-related or life insurance, greater age will normally increase the premium; however, premiums for car insurance typically reduce once drivers are over a certain age (eg 25).

Location: if property is in an area of a high prevalence of crime, the household insurance premium is likely to be higher

Claims history: previous claims (even on a different insurance policy for the same risk) may increase premiums

Marital status: for private medical insurance, being married, or in a stable relationship, is regarded as reducing risk

Ask students to in table groups complete Activity 4 of Activity pack in table groups **(5 minutes)**. Clarify that there is no right or wrong answer and the purpose is to consider which aspects of each scenario may affect premiums. Ask each table groups for their thoughts and reasoning, then debrief **(6 minutes)** the below points. Also mention that multiple factors are taken into consideration so a conclusive decision on which premium is higher cannot be made.

- Insurance uses statistics and probability, which is why older people might have lower insurance e.g. after 25 insurance costs decrease
- Despite having less to cover (2 bed house) the likelihood of insurance claim is higher in an area with higher crime - so may cause a higher quote
- Medical history as well as lifestyle choices are factored into insurance relating to an individual's health insurance and the risk of the smoker may be considered higher by some insurers which might mean they have a higher premium

Talk through slide 13 and ask students to in table groups answer Activity 5 of the activity pack. **(4 minutes)**. Debrief class **(3 minutes)**

Talk through slide 14 **(2 minutes)**

Talk through slide 15 **(2 minute)**

Slide 16 is meant to be a glossary and does not need to be covered during the lesson but can be used as a handout

Q&A time - ask pupils if they have any questions? **(2 minutes)**

Section 3: Wrap Up & Reflection (5 minutes)

Time for students to reflect on what they have learnt from this session and what employability skills they have developed (use slide 18 as a reference or discussion starter).

Ask students to share a key learning with a partner. If time allows, ask for volunteers to share with the wider group.

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