

Risk and Insurance

Insurance Why's and How's

PwC's *Earn Your Future*[™] Curriculum

Table of contents

Introduction.....	3
Lesson description.....	3
Grade(s)	3
Lesson Time	3
Pre-Visit Prep.....	4
Student learning objectives.....	4
Materials	4

5 Minute Prep	5
---------------------	---

Background.....	5
Vocabulary	5
Sources	5
Pre and Post Assessments.....	5
Lesson Activities	6
Evaluation/assessment of student learning.....	11
Extensions/enrichment.....	12

Introduction

“The reality is that all children don’t know the basics of saving and investing. It’s a skill they need to be successful in our economy.”

-Education Secretary Arne Duncan, April 2011.

Recent history underscores the immediate need for youth to develop skills in math and financial literacy, and yet, current data shows there is a lack of access to curricula for students to learn:

- A 2011 survey conducted by American Express found that a majority of parents with children in high school or college gave schools below-average or failing grades in teaching responsible spending.
- A 2012 survey by Junior Achievement and Allstate Foundation showed 23 percent of teens are uncertain about their ability to budget successfully.
- Despite the fact that 13 states mandate personal finance coursework as a high school graduation requirement, there is no national legislation mandating that it be a requirement in schools.*

The enclosed lesson plan about financial literacy is designed to increase students’ proficiency in financial literacy. Your expert knowledge and real-life examples, coupled with this one- hour lesson plan aligned to national standards in personal finance education, will fill a critical gap in our current education system, and better prepare the next generation of leaders to make sound financial decisions and be productive citizens.

We applaud your efforts to bolster students’ understanding of concepts critical to the health of our economy and stability of our nation. Furthermore, we thank you for serving as an ambassador for PwC, reinforcing our commitment to helping students improve their skills in financial literacy and to youth education overall.

Lesson description

Students will explain the primary purpose of various insurance types and the individuals that may benefit the most from the insurance coverage. Students will examine the factors that may increase or reduce insurance premiums.

Grade(s)

6-8

Lesson Time

45-60 min

Pre-Visit Prep

- Review the 5 minute prep to familiarize yourself with the lesson topic and vocabulary
- Review the handouts to familiarize yourself with their structure and requirements
- Obtain lesson materials listed under the “Materials” section below

Student learning objectives

Students will:

- Define insurance, premiums, beneficiary
- Determine the various types of insurance and those who most benefit from each type
- Identify key features of each insurance type

Materials

For up to 30 students, obtain ahead of time:

Class/Group

- Chart paper or blackboard/whiteboard/overhead projector
- Markers
- White/typing/computer paper
- Handout A Answer Key – Types of Insurance (1 copy for the facilitator)
- Handout C Answer Key- Pros and Cons (1 copy for the facilitator)
- Handout D Answer Key – A comparison (1 copy for the facilitator)

Student (one for each student)

- Handout A – Types of Insurance
- Handout B – Rating Your Insurance Needs
- Handout C – Pros and Cons
- Handout D – A Comparison
- Handout E – Insurance Types

5 Minute Prep

Background

As we grow older, acquire assets and begin to earn an income, we must consider how to protect ourselves from loss. Insurance is an important factor in protecting ourselves and our property. When we purchase insurance we allow a company to handle the financial aspects of whatever loss we may incur. Given the various types of insurance available to individuals, it is important to evaluate which types of insurance best suit our needs.

Vocabulary

- **Insurance:** a contract by which someone guarantees for a fee to pay someone else for the value of property if it is lost or damaged (as through theft or fire) or to pay usually a specified amount for injury or death
- **Premium:** the amount paid for a contract of insurance
- **Beneficiary:** a person who benefits or is expected to benefit from something; the person who receives the insurance money when policy funds are dispersed
- **Liability:** covers cost of damage or injury that is caused to someone else during an accident

Sources

Background information and vocabulary adaptations based on information from:

- *Council for Economic Education 2011 Survey of the States
- Vocabulary adapted from Merriam Webster Dictionary for Kids: www.wordcentral.com
- Definitions for Insurance Matching Activity adapted from Oklahoma State Department of Education: <http://ok.gov/sde/personal-financial-literacy>
- Insurance descriptors adapted from Insurance Information Institute: www.iii.org

Pre and Post Assessments

Before beginning the lesson, facilitators should introduce themselves and **distribute** the Pre-Assessment to the students. If time allows, consider conducting a mini icebreaker before the Pre-Assessment.

Note: It is highly recommended that facilitators read the questions aloud to the students and encourage students to select answers as they move through the questions. Reassure the students that the assessments are not graded tests or quizzes, and they do **not** need to put their names on the assessments. The assessments are a tool to measure classroom comprehension of a given module and gauge effectiveness of instructor delivery.

Collect the Pre-Assessments once completed.

Facilitators should teach the lesson to the students and administer and collect the Post-Assessment at the end of class, **keeping in mind the same considerations outlined above**. Again, students do **not** need to put their names on Post-Assessments.

Lesson Activities

Greeting

Say: Hello everyone. My name is _____. It is a pleasure to be here today. I am excited about working with you and I think we are going to learn a lot.

Activity A – Insurance Matching Activity (10 minutes)

Materials

Class/Group

- Chart paper OR blackboard/whiteboard/overhead projector
- Markers
- Handout A Answer Key – Types of Insurance (1 copy for the facilitator)

Student (one for each student)

- Handout A – Types of Insurance

Say: Today we are going to talk about insurance. I am sure that you have seen all kinds of insurance commercials on television.

Ask: What are some of the insurance companies you have seen advertised on television?

Select volunteers to share ideas.

Note: If students are stumped give them some hints. For example, you could sing the “Like a good neighbor” jingle to jog students’ memories about State Farm, or mention the lizard for Geico, or say “you’re in good hands with...”

Say: It seems like we all have some ideas about the different insurance companies that exist. So this might be a good time to actually define the term insurance.

Write: Insurance is a contract by which someone guarantees for a fee to pay someone else for the value of property if it is lost or damaged (as through theft or fire) or to pay usually a specified amount for injury or death [You may paraphrase or shorten this definition as long as the essential idea remains intact.]

Say: We are essentially talking about a contract you set up to protect yourself from some type of loss. There are many ways we can experience loss and because of this, there are many different types of insurance.

Say: Now we want to do a little work to see if we know anything about the different types of insurance that are out there. I am going to pass out a worksheet that lists descriptions of different types of insurance and the names of different types of insurance. Your job is to see if you can match each type with the correct description.

Distribute Handout A.

Say: You have 5 minutes. Do your best and we will go over this when time is up.

Allow students 5 minutes to complete the worksheet.

Say: Okay, let's see how you did. Listen carefully as I read off the correct answers. Make sure you make changes so that you have the right answer because you will need this for the next activity.

Read each number (off the Handout A Answer Key) and then the corresponding correct answer ("number 1 is a, number two is b", etc.)

Ask: How did you do? Does anyone have any questions?

Allow students a moment respond.

Say: Alright, let's keep going so that we can understand this topic a little more.

Activity B – Understanding our Changing Insurance Needs (10 minutes)

Materials

Student (one per student)

- Handout B – Rating Your Insurance Needs

Say: You can see from our last activity that there are all kinds of insurance. Remember that we said insurance is designed to help protect us from loss. Since an insurance company is protecting the things we value, we have to pay for that protection. The amount we pay is called a premium.

Write the word "premium" on the board/chart paper.

Say: That means that for everything you insure you have to pay a price.

Say: Imagine if you had lots and lots of insurance contracts or policies—that could get really expensive. So one thing you have to decide is what insurance you actually need to have. One thing you need to know is that as you get older your insurance needs will change.

Ask: Why do you think your age might have an impact on the insurance that you need?

Select 1-3 volunteers to share their ideas.

Say: Those are some good ideas. I think this next activity will help you understand this even more.

Say: I am going to hand out a worksheet. On the paper are different types of insurance and a rating scale. For each type of insurance, I want you to rate how much you think you need it now, how much think you will need it in 5 years, and how much you think you will need it in 10 years. Then I want you to tell me how your needs change over time. Let me pass it out so that you can see what I am saying.

Distribute Handout B.

Say: If you take a look at the sheet, you will see the chart I was telling you about. In each of the columns you are going to choose a number between 1 and 5 to indicate how much you think you need that insurance at that

particular time in your life. Then in the last column tell me about the change you noticed. Remember a 1 means you don't really need it and a 5 means you definitely need it.

Say: I will give you 5 minutes to work on this. If you don't remember the definitions for each type of insurance, go back and look at the matching activity we did at the beginning of class.

Ask: Are there any questions?

Answer any questions.

Allow students 5 minutes to complete the rating chart.

Say: Time's up. Let's discuss some of your ratings and whatever you noticed about the changes in your needs.

Ask: Do I have any volunteers to share some thoughts?

Select 2-5 students to share.

Say: Just like I said before, your insurance needs change as you get older. You also want to remember that all of this costs money, which means you want to make sure that you are paying for something that actually fits your needs. I want us to take some time to talk a little more about the premiums that we pay for insurance.

Activity C – Understanding How Insurance Works (15 minutes)

Materials

Class/Group

- Chart paper OR white board/blackboard
- Markers
- Handout D Answer Key – A Comparison (1 copy for the facilitator)

Students (one per student)

- Handout D – A Comparison

Say: We have talked a bit about insurance and insurance premiums. In the United States, it is required by law for all drivers to have automobile insurance. You must have at least standard coverage and each state has different laws that may require additional coverage.

Say: Standard coverage refers to liability insurance. This is insurance that pays for damage or injury that you cause during a car accident. When we talk about car insurance, we discuss it using three numbers.

Say and Write: The first number refers to “bodily injury to a single individual”, the second number refers to “bodily injury to everyone” involved in the accident, and the third number refers to “property damage.”

Say and Write: Usually you will see the policy written like this “50/100/25.”

Ask Who thinks they can guess what these numbers mean exactly?

Select one student to share an idea.

Say: The numbers represent thousands of dollars. So if your policy is 50/100/25, you have \$50,000 of coverage for bodily injury to a single individual, \$100,000 of coverage for bodily injury to everyone involved in the accident, and \$25,000 to cover property damage. [**Note:** point to each number as you explain the value.]

Say and Write: When you purchase your car insurance, you will select one of the following types of policies:

- 50/100/25
- 100/200/50
- 150/300/75

Ask: Who thinks they can tell us again what each of these numbers mean?

Select 1-2 students to share ideas.

Say: There are a few other important points you want to keep in mind about car insurance in the United States. First, the more insurance coverage you have, the more you will pay for your policy. Second, your insurance costs will go up if you have a car accident. The final thing you want to keep in mind is that if you are a teenager, your rates will be higher than what an adult pays.

Ask: Why do you think car insurance companies charge more to insure a teenage driver?

Select 1-2 students to share ideas.

Say: Car insurance companies automatically consider teenagers more of a risk. In other words, they think teenagers are more likely to get into an accident and so they charge more for them to have insurance.

Say: It's important to remember that this is only how the United States handles insurance. There are other countries where things are done differently.

Say: There are some countries where people talk about an accident right on the spot and then pay each other for damages. That means that they don't call the insurance company, their insurance payments wouldn't go up because of an accident, and it probably wouldn't matter if you were a teenager or adult driving the car.

Say: I am going to distribute a worksheet that has two fictional scenarios: one based on auto insurance practices in China and one based on auto insurance practices in the United States. I want you to read the scenarios and think about the pros and cons of our system of automobile insurance in comparison to a system like the one that is in operation in the Chinese scenario. After you think about all of this, I want you to write a statement in which you explain which system makes the most sense and why.

Distribute Handout D.

Ask: Does anyone have any questions?

Allow students 6-8 minutes to complete the worksheet.

Move around the room as students are working and answer questions as necessary. If students finish early, continue with the lesson before the time is up.

Say: You have two minutes left to finish up.

Say: Alright. Let's take a few volunteers to share. After reviewing each system's pros and cons, I'd like you to explain which system you think makes the most sense and why.

Select 3-4 students to share responses and use the Handout D Answer Key to guide the discussion.

Say: Thank you for sharing your ideas.

Activity D – Insurance Key Concepts (20 minutes)

Note: If running short on time, consider splitting the class into two groups and having the students present within the two groups. Have the PwC instructor supervise one group and the classroom instructor supervise the second group.

Materials **Students**

- Chart paper and markers (1 set per group ~ 5 sets)
- Handout E - Insurance Types (1 per student ~ 30 copies)

Say: We have talked a lot about car insurance. We have also thought about other types of insurance and when we think we might need those types of insurance. Now I want to give you a chance to learn a little bit more about a specific type of insurance.

Say: In a minute you all are going to work in groups. Each group is going to be assigned one specific type of insurance to examine. I will give you a sheet that contains information about your insurance. Your group has to decide what is most essential to know about your insurance.

Say: Once you have decided what is most important to know, I want your group to create a poster sharing what you learned about your assigned insurance. You want to make sure that your poster emphasizes the key concepts you selected. You should try to come up with a clever way to help others remember the key concepts. All of the groups will present their posters to the class.

Say: Each group is also going to write 3 quiz questions based on their poster and presentation. You should write these questions on a separate piece of notebook paper.

Say: Okay, let's first break up into 5 groups. [You may divide the groups in whatever manner you see fit—counting off, birthdays, colors people are wearing, seating chart, etc.]

Say: Now I am going to give you all of your supplies.

Distribute Handout E, chart paper, and markers.

Assign each group a specific insurance type.

Say: Now you need to read about your specific insurance type, determine the key concepts or most important things to know about this insurance, and create your poster. You will have 10 minutes to complete this activity. Don't forget to write your quiz questions.

Allow students 10 minutes to work. [If you notice students are finished early, you can move on to the next part of the activity.]

Say: Okay, time is up. Before we start the presentations, let me collect the quiz questions from each group.

Collect the quiz questions.

Ask: Is there any group that would like to present first?

Select a group to present first.

Say: Remember to pay close attention because you will be quizzed on this information.

Allow each group 1-2 minutes to present.

Say: Thank you all for your informative presentations. I hope everyone was listening because now I am going to see how much you remember!

Closing Reflections (5 minutes)

Say: I want everyone to take out a sheet of paper. I am going to read some of the quiz questions you all created. After I read each question, write your answer on your paper.

Read at least 1 question from each group.

Allow students 10-20 seconds to respond to each question. When students have had an opportunity to respond to each question, go back and state the correct answer for each question.

Say: Good job! I am going to leave these with your teacher.

Say: Thank you so much for letting me spend this time with you. We learned a lot about insurance and how it is a helpful tool for protecting ourselves from loss. Be sure to share what you learned with other members of your family.

Evaluation/assessment of student learning

During Lesson/In-class

- Students define various types of insurance by matching terms with definitions
- Students evaluate their insurance needs at different stages in their lives
- Students analyze ways to reduce insurance premiums
- Students gather and present key information regarding specific types of insurance
- Students demonstrate knowledge of key insurance concepts (quiz)

Ideas for Post-Lesson Assessments

- Students create skits in which one person is the insurance agent and the other is the client. The agent should help the client determine the most appropriate types of insurance needed.
- Students conduct a class debate based on the topic “insurance is a waste of money.” Groups pick a position and agree or disagree with that position.
- Students take a scenario-based test. Students read various scenarios and determine which type(s) of insurance would be most appropriate for the person and/or situation described.

Extensions/enrichment

- Students can research best rates for auto insurance.
- Students can create a brief speech that emphasizes key points about insurance. Students must then deliver the speech to a family member or some other adult in their life. They must ask the adult to rate them on the thoroughness and clarity of their presentations.
- Students can learn more about insurance for young people at www.insureuonline.org.