

# Insurance and Online Safety

Lesson 2: Teacher's Guide | Ages 14 & up

## THE PAYOFF



### Performance Expectations

When making insurance and online safety decisions during the game, communicate to students that they are to:

- Purchase antivirus software immediately
- Purchase insurance

### Alignment to Jump\$tart Coalition for Personal Financial Literacy Risk Management and Insurance Knowledge Statements and Standards\*

People must weigh the cost and benefits of insurance coverage.

Recommend insurance for the types of risks that young adults might face.

Demonstrate how to file an insurance claim.

\*Source: [https://www.jumpstart.org/wp-content/uploads/2018/01/2017\\_NationalStandardsBook.pdf](https://www.jumpstart.org/wp-content/uploads/2018/01/2017_NationalStandardsBook.pdf)

# Lesson Procedures

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## Part 1: Direct students to play The Payoff

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## Part 2: Instructional guide

**Directions:** Assign students one of six topics. Task students with independently conducting a web search to complete the questions below. Give students The Payoff Terms and Definitions to assist them with new vocabulary to help answer the following questions. Review the correct answers with the students following this activity.

### Six topics for students:

- Renters Insurance
- Auto Insurance
- Homeowners Insurance
- Medical Insurance
- Disability Insurance
- Life Insurance

1. What is the purpose of \_\_\_\_\_ (Insert assigned topic: online safety, renters insurance, auto insurance, home insurance, medical insurance, life insurance)? What does it protect you against?

**Renters Insurance:** Protects the tenant's personal property and provides liability coverage.

**Auto Insurance:** Protects against financial loss of the vehicle & property, medical coverage, and liability.

**Homeowners Insurance:** Protects the structure and contents of the home, along with liability coverage.

**Medical Insurance:** Helps pay for medical care — surgery, preventative, medication, exams, etc.

**Disability Insurance:** Designed to replace your income if you become disabled and cannot work.

**Life Insurance:** Provides a benefit in the case of death. It is designed to replace an income stream.

2. What is an insurance premium, and what is the average premium cost for this type of insurance?

### Part 1:

**Premium:** An amount to be paid for an insurance policy.

### Part 2:

**Renters:** \$12–\$15 monthly

**Auto:** \$66–\$83 monthly

**Homeowners:** \$81 monthly

**Medical:** \$476 monthly

**Disability:** \$38 monthly

**Life:** \$67 monthly

It is important to note that averages vary greatly from year to year and based on variables.

## Part 2: Instructional guide, cont.

3. What is a deductible, and what is the average deductible cost for this type of insurance, if there is a deductible?

### Part 1:

**Deductible:** A specified amount of money that the insured must pay before an insurance company will pay a claim.

### Part 2:

**Auto:** Wide range: \$250–\$1,000

**Renters:** \$500–\$1,000

**Homeowners:** \$1,000

**Medical:** \$4,000 (individual) – \$8,000 (family)

**Disability:** \$0

**Life:** \$0

Answers may vary greatly.

4. What factors influence the cost of premiums, and how can the price of premiums be reduced without reducing coverage?

### Part 1:

**Renters:** Value of personal property, amount of liability coverage

**Auto:** Age, type of vehicle, driving record, credit score

**Homeowners:** Value of home, value of personal property

**Medical:** Medical history, age, lifestyle, plan category

**Disability:** Waiting period, elimination period

**Life:** Age, gender, medical history

### Part 2:

Answers will vary, but should center around decisions and behaviors that reduce the risk associated with what is being insured. With some types of insurance, an increase in the deductible reduces the premium. For example, the cost of auto insurance can be minimized by avoiding citations and accidents and earning a good student discount. Good student discounts reward students financially for doing well in school, and can be a great way to save money on car insurance for young drivers.

## Part 2: Instructional guide, cont.

5. Is this a type of insurance that could be offered by your employer? Or do you need to seek it personally?

Possibly obtain from employer: Medical, disability, life

Possibly obtain personally: Renters, auto, homeowners (medical, disability, life — if not provided by employer or not enough coverage)

6. Who needs this type of insurance? Why?

**Renters:** Anyone renting a property to reduce property and personal liability

**Auto:** Anyone of legal driving age, especially if required by law to reduce property and personal liability if they plan to drive a car

**Homeowners:** Anyone who owns a home to reduce property and personal liability

**Medical:** Everyone to reduce or eliminate the cost of medical bills

**Disability:** All working adults to protect income

**Life:** Typically those with dependents who rely on the income stream of the insured

7. What is one additional important fact about this type of insurance?

Answers will vary.

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### Part 3: Reflection

**Directions:** Direct students to meet as a group with other students assigned the same insurance type. Have them SHARE their answers with one another and PREPARE a collective response to share with the class. Task them with nominating a student from their group to SHARE

their collective responses with the class. As groups with other topics present their information, have all students complete this chart.

Insurance Type	What is the purpose?	What variables impact your premium?	Other important information
Renters			
Auto			
Homeowners			
Medical			
Disability			
Life			

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## Part 4: Application of Instruction

**Directions:** Instruct students to review each of the two scenarios and respond to the prompt.

**SCENARIO 1:** Alex is now a 27-year-old professional. He has graduated from college and is working and living in a large city. He rents an apartment, drives a car, and is single. He has no children, is very healthy, has built up savings equal to 6 months of expenses for emergencies, but remains on a tight budget.

**PROMPT:** Which insurance types presented by your classmates does Alex need, and why? Recommend strategies to reduce his annual insurance costs while maintaining an appropriate amount of coverage.

Which of the insurance types presented by your classmates do you think Alex needs? Possible answers:

- Alex will likely need renters, auto, medical, and disability.
- He rents an apartment, renters insurance will cover his belongings.
- He has his own vehicle, so auto insurance is required.
- All adults should have medical insurance.
- Since he is working, disability would replace a percentage of his income if he were to become disabled. Life insurance is not necessary because nobody is dependent on his income stream to live.

Recommend strategies to reduce annual insurance costs while maintaining an appropriate amount of coverage.

Possible answers:

Answers will vary but should include selecting higher deductibles as a trade off for lower premiums and making personal choices, such as not speeding, to reduce risk.

**SCENARIO 2:** Jess is now a 24-year-old professional. Like in *The Payoff*, she uses online financial resources such as online banking.

**PROMPT:** Conduct an internet search to construct a list of at least 4 online safety tips that Jess can apply to her life.

Possible answers:

- Purchase anti-virus software
- Make sure a site is secure with https:
- Create and use complex passwords
- Be careful of scams, phishing scams, or any tactics to steal your personal information
- Set up fraud alerts
- Be on guard

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## Part 5: Play Again

**Directions:** Instruct students to PLAY The Payoff again, using their reflection that includes applying what they have learned from the activities to improve their score.

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## Additional Resources

Resource	Resource URL
<p><b>MyMoney.gov Protect:</b> <i>This website is a product of the Congressionally chartered Federal Financial Literacy and Education Commission, which is made up of more than 20 Federal entities that are coordinating and collaborating to strengthen financial capability and increase access to financial services for all Americans.</i></p>	<a href="https://mymoney.gov/protect/Pages/Protect.aspx">mymoney.gov/protect/Pages/Protect.aspx</a>
<p><b>USA.gov Insurance:</b> <i>Learn about common types of insurance and how to choose the ones that make the most sense for you.</i></p>	<a href="https://usa.gov/insurance">usa.gov/insurance</a>
<p><b>FTC Consumer Information Privacy, Identity, and Online Security:</b> <i>The FTC works to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them.</i></p>	<a href="https://consumer.ftc.gov/topics/privacy-identity-online-security">consumer.ftc.gov/topics/privacy-identity-online-security</a>
<p><b>OnguardOnline.gov:</b> <i>Check out the FTC's free online security tips and resources, and share with your friends, family, coworkers, and community.</i></p>	<a href="https://consumer.ftc.gov/features/feature-0038-onguardonline">consumer.ftc.gov/features/feature-0038-onguardonline</a>
<p><b>Practical Money Skills Practical Money Guide: Identity Theft:</b> <i>Features tips on protecting your identity and your finances.</i></p>	<a href="https://practicalmoneyskills.com/resources/free_materials/practical_money_guide-identity_theft">practicalmoneyskills.com/resources/free_materials/practical_money_guide-identity_theft</a>
<p><b>Practical Money Skills Lessons 9-12:</b> <i>Lesson plans and student activities for high school educators and students. High schoolers learn about relevant financial skills like managing salary, buying a car and avoiding debt.</i></p>	<a href="https://practicalmoneyskills.com/teach/lesson_plans/grades_9_12">practicalmoneyskills.com/teach/lesson_plans/grades_9_12</a>