Insuring the Unexpected

Trading a small certain cost today for protection against a big uncertain one later.

Name: _____ Date: _____

OBJECTIVE

Explain why people buy insurance, compare types of coverage, and calculate the cost of a claim using premiums, deductibles, and coverage limits.

1. Match the insurance type to the scenario

____ 1. Auto	A. Covers your belongings in an apartment you don't own
____ 2. Health	B. Replaces part of your income if you can't work due to injury or illness
____ 3. Renters	C. Pays a benefit to your beneficiaries if you die during the coverage period
____ 4. Disability	D. Covers a collision that damages your car or someone else's
____ 5. Life (term)	E. Covers doctor visits, prescriptions, and hospital stays

2. Do the math on a claim

Maria's renters policy has a $500 deductible and a $30,000 coverage limit. A break-in causes $2,400 in losses.

Term	Meaning	Amount
Premium	What Maria pays regularly for the policy	$14/month
Deductible	What Maria pays out of pocket before insurance pays	$500
Insurance pays	Loss minus deductible (if under the limit)	_____

3. Why does insurability vary?

List two factors that could raise someone's insurance rates: _____ _____

STANDARD NOTE

SSEPF7d: insurability and rates depend on risk factors like age, driving record, health history, location, and even credit-based insurance scores in some states.

4. Why do people buy insurance even though most years they pay premiums and never file a claim?

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