

Name:	Date:
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INTRO

TRY THIS

INTERACTIVE: [What's Your Stuff Worth?](#)

Use the slider under each picture to “decorate” four rooms in the first home you picture for your future. Then, on the final screen, click the orange “Get It Covered” button.

1. How much is your stuff worth?

2. “Disposable income” means leftover money after you’ve paid all your required bills for the month. If you had a disposable income of \$1000 per month, how long would it take you to buy everything again?

3. How much would renters insurance cost per month?



LEARN IT

EDPUZZLE: [Intro to Insurance](#)

The game you just played gave you the cost you could pay for something called “renters insurance.” Let’s learn more about what insurance is and how it works.

1. The purpose of insurance is to...
 - a. build wealth
 - b. transfer risk
 - c. manage assets
 - d. build relationships

2. Why is it important for insurance companies to have a large risk pool of people paying premiums?
 - a. If a large pool of people pay premiums, insurance company employees will get more bonuses included in their next paycheck
 - b. The premium payments of all the insured clients will cover the costs for the emergencies of the few who need it
 - c. The more people that pay premiums, the more careful each insured client becomes with their lifestyle choices
 - d. A large pool of people paying premiums allows insurance companies to have a larger social media following

3. What role does math play in the insurance industry?
 - a. Insurance companies use statistics to find how likely a client will need to use the insurance so they can set premiums in order to have the highest chance of making a profit
 - b. Insurance companies use algebra and geometry to calculate the distance from clients' major emergencies to nearest hospitals
 - c. Insurance companies use statistics to hypothesize how likely clients are to switch over to competitive companies
 - d. Insurance companies use calculus to find out how likely a client will need to use the insurance so they can set premiums in order to have the highest chance of making a profit

INFOGRAPHIC: [5 Different Types of Insurance Policies & Coverage That You Need](#) [←CLICK FOR LARGE VERSION]

Basically, you make insurance payments monthly (a premium) and the insurance company covers costs if something bad happens. Here are 5 of the most important types of insurance.

Next to each type, write how old you think someone is when they start needing that type of insurance.

5 Types of Insurance Everyone Should Have



1 - Health Insurance
Make sure you're covered in the event of a medical emergency, whether a surgery or doctor's appointment

2 - Car Insurance
From collision insurance to liability insurance, there are numerous types of car insurance to choose from that cover different scenarios

3 - Homeowners or Renters Insurance
Keep your belongings and property safe with either homeowners or renters insurance, depending on your living situation

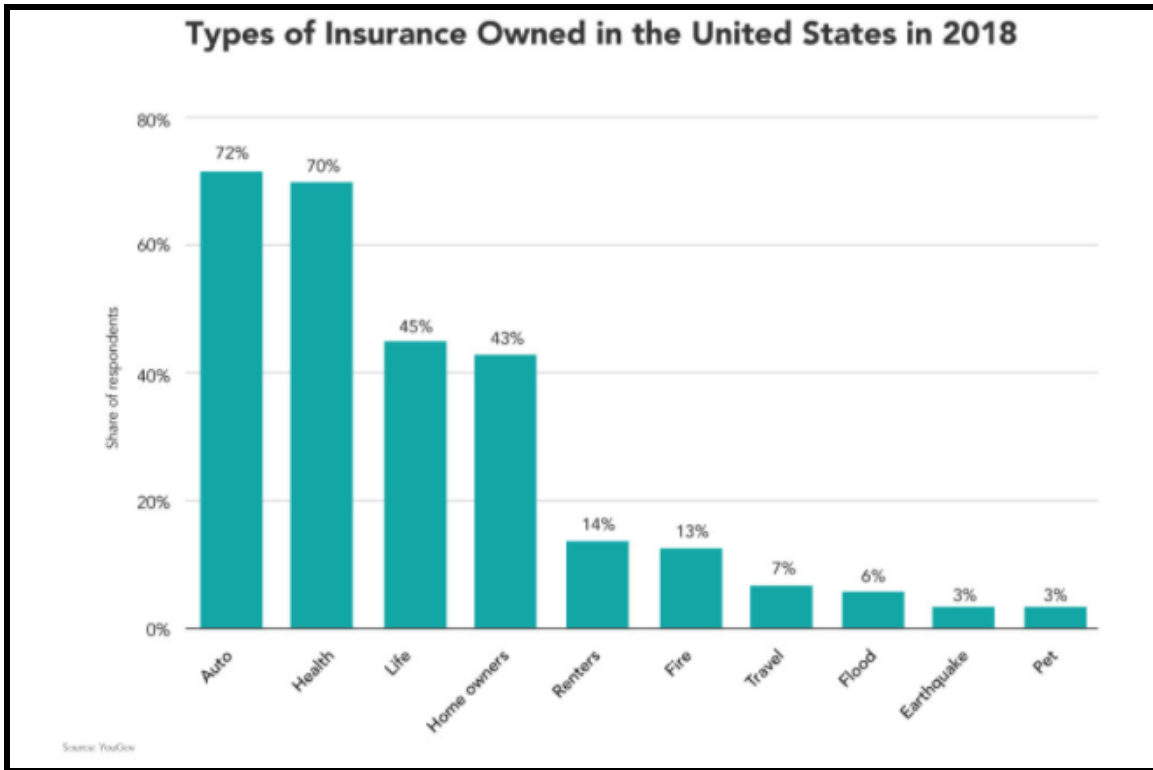
4 - Life Insurance
If you have a family, keep them protected with life insurance that will keep them financially stable if you pass before your time

5 - Disability Insurance
Disability insurance will reimburse you for lost income if you were to succumb to an injury or illness that prevents you from working

The infographic features a teal background with a central illustration of a family (a man holding a child, a woman, and another child) standing under a large blue umbrella. To the right of the family are icons for a heart with a pulse line, a clipboard labeled 'Insurance', a stack of money, and a doctor with a patient. Below this are five numbered sections, each with an icon in a rounded square and a brief description. Five grey arrows point from the left and right sides of the page towards the numbered sections.

GRAPH: [Types of Insurance Owned in the United States in 2018](#) [←CLICK FOR LARGE VERSION]

Review this graph of what percent of Americans have each type of insurance.



1. Why do you think auto insurance is the most popular?

2. According to this graph, what percent of Americans do NOT have health insurance?

3. What percent of Americans do NOT have earthquake insurance?

4. Which is riskier -- having no health insurance or having no earthquake insurance? Explain.



DO IT

MATH: Assessing the Value of a Higher Premium

When choosing your insurance plan, you typically have the option of paying a higher premium in exchange for more coverage or a lower premium with less coverage. When applied to health care, it should not impact the **quality** of your healthcare, but rather the amount you must pay out-of-pocket.

Health insurance is categorized by “tiers.” Here is the monthly cost of health insurance premiums for a 21-year-old and the average percent of their medical expenses that will be covered by the plan.

Tier	Monthly Premium ¹	Portion of bills your plan pays ²	Portion you pay out-of-pocket
Bronze	\$201	60%	40%
Silver	\$247	70%	30%
Gold	\$291	80%	20%
Platinum	\$363	90%	10%

Use the chart above to answer the following questions, which should illustrate the pros and cons of choosing a high premium insurance plan.

¹ Source: [The Street](#)

² Source: [Nerd Wallet](#)

Example A: High Premium Pays Off

Lyla purchases a Gold plan, pays her premiums for 14 months, and then suffers a broken ankle that costs \$17,000 for surgery.

Question	Work + Answer
a. How much did Lyla pay in premiums and her out-of-pocket expenses combined?	
b. How much would Lyla have paid for her medical expense without insurance?	
c. Did the insurance “pay for itself” in this case?	

Example B: High Premium Does Not Pay Off

Kai purchases a Platinum plan, pays his premiums for 40 months, and then needs an appendectomy for \$10,000.

Question	Work + Answer
a. How much did Kai pay in premiums and his out-of-pocket expenses combined?	

b. How much would Kai have paid for his medical expense without insurance?	
c. Did the insurance “pay for itself” in this case?	

- Juliet purchases a Bronze plan, pays her premiums for 10 months, and then needs to have her gallbladder removed at a cost of \$20,000.

Question	Work + Answer
a. How much did Juliet pay in premiums and her out-of-pocket expenses combined?	
b. How much would Juliet have paid for her medical expense without insurance?	
c. Did the insurance “pay for itself” in this case?	

2. Weston purchases a Silver plan, pays his premiums for 18 months, and then needs a bone marrow transplant for \$350,000.

Question	Work + Answer
a. How much did Weston pay in premiums and his out-of-pocket expenses combined?	
b. How much would Weston have paid for his medical expense without insurance?	
c. Did the insurance "pay for itself" in this case?	

3. Natalia purchases a Gold plan, pays her premiums for 60 months, and then needs an ER visit for \$150 and an X-ray for \$3000.

Question	Work + Answer
a. How much did Natalia pay in premiums and her out-of-pocket expenses combined?	
b. How much would Natalia have paid for her medical expenses without insurance?	

c. Did the insurance “pay for itself” in this case?	
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4. Melody purchases a Silver plan, pays her premiums for 6 months, then becomes pregnant and has monthly visits for 10 months (\$100 each), 4 blood tests (\$100 each), labor and delivery (\$9,000), and one postpartum checkup (\$100) a month after the baby is born.

Question	Work + Answer
a. How much did Melody pay in premiums and her out-of-pocket expenses combined?	
b. How much would Melody have paid for her medical expenses without insurance?	
c. Did the insurance “pay for itself” in this case?	

5. In the cases above where paying for insurance was MORE expensive than paying for the full cost of medical care, would you recommend those people cancel their health insurance? Why or why not?

6. If you pay the least out-of-pocket when you purchase a Platinum plan, why doesn't everyone purchase high premium insurance?



EXIT TICKET

1. The amount you pay monthly for your insurance is called _____.
a. Medical expenses
b. Deductible
c. Premium

2. True or False: Once you sign up for health insurance, your medical costs will be \$0.
Explain.

3. Explain how insurance reduces your risk of falling deep into debt.