

Risk, Responsibility,



How Insurance Works.



www.ief.org



Letter to Educators

Dear Educator:

Thank you for choosing *Risk, Responsibility, Reality: How Insurance Works* as a supplemental learning tool for your students. This DVD video and print program is designed to explain the basics of insurance, especially as they are relevant to your students now or in the foreseeable future, and help students apply them to everyday situations to which they can relate. The program also promotes personal responsibility as a route to controlling risk.

In addition, we have made every effort to tie the video concepts and lesson plans to national content standards in several subject areas to help enhance your current curricula and provide an additional “ready-made” resource to help teach mandated subject areas.

We hope you find this program to be a valuable and worthwhile resource for your classroom.

Thank you.

The Insurance Education Foundation



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1.

About this Program

1-1: Program Overview

The *Risk, Responsibility, Reality: How Insurance Works* program teaches fundamentals of insurance within the context of secondary school subjects, with a focus on types of insurance that are or will be most relevant to your students in the foreseeable future – Renter’s insurance; Automobile insurance; Homeowner’s insurance – as well as risk management. And while the specific messages are presented in the context of insurance, the overall theme of the program is personal responsibility.

Insurance and its applications relate to many disciplines already included in existing curricula. We have designed the program and lessons to be practical, supplemental teaching tools in the subjects of family and consumer sciences, business, social sciences, math and language arts. We have also included a service-learning component.

With the educator in mind, the program was designed to integrate easily with existing curricula and, where possible, lessons have been tied to national content standards in relevant subject areas.

The program title, *Risk, Responsibility, Reality: How Insurance Works*, sets the tone for the program – the truths about life teens are facing or will soon face:

- Risks can and should be identified, and many of them are controllable;
- Personal Responsibility is an important life aspect – one needs to take responsibility for one’s actions and choices;
- There are consequences to actions – this is one of life’s great Realities.

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These messages are brought home to students through the two program components:

- An 18-minute video presented in DVD format.
- Lesson plans that relate to the video.

The *Risk, Responsibility, Reality: How Insurance Works* video sets the scene with a humorous, informative look at how several young adults learn – the hard way – about risks, their responsibility and the harsh realities of life with or without insurance. It is intended to be a discussion starter, with lesson plans used to teach more in-depth concepts and to reinforce the messages of the video.

The lessons can be implemented as a series, or you may pick and choose whatever individual lessons or projects you feel will best suit your students' needs. If an activity seems too advanced, there is likely another lesson referenced that will help you bring your students up to the required level of knowledge.

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1-2: About the Video

Setting the Scene.

The setting of the *Risk, Responsibility, Reality* video is a comedy club, where an improv troupe, The Limited Liability Players, enact three different scenarios based on suggestions from the audience.

Each vignette takes the viewer from the comedy club into a realistic setting where the action plays out. At the end of each skit, the “Insurance Angel” appears – a humorous, wisecracking character whose mission is to put the situation into perspective. The Insurance Angel commiserates with the audience about the foolishness of the players’ actions and the unfortunate end results, for which they are unprepared and now responsible.

The three vignettes are:

- **Vignette 1: Love is Blind on Moving Day** – Chris’s first day in a new apartment turns disastrous as he ignores what’s happening all around him while talking to his girlfriend on the phone.

Insurance focus: Renter’s insurance

- **Vignette 2: Workplace Romance** – Romantically involved co-workers Bill and Luanne find that fast food and fast cars do not always make the best combo, after Bill confesses what happened to Luanne’s car.

Insurance focus: Auto insurance

- **Vignette 3: Truth Bell after a Killer Party** – Jack learns all about liability – and then some – when he throws a party while his parents are gone and things get out of hand. The last guest divulges all when the “truth bell” rings.

Insurance focus: Homeowner’s insurance

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Using the DVD Video.

While the video approach is humorous and geared to capture the attention of students, the messages sent are serious ones. The video is intended to be a discussion starter, providing a broad strokes view of insurance and personal responsibility-related issues. The video is not designed to educate on details, but to get students thinking about how insurance and personal responsibility relate to and affect them, and it sets the stage for more in-depth discussion and lessons.

The video is presented in DVD format on disk, so it can be viewed in its entirety, or as separate segments.

The main menu has two video categories:

- Play Video: Select this if you want to play the video in its entirety.
- Scene Selection: Select this if you want to show the video in segments. Scenes are divided as follows – Introduction, Vignette 1, Vignette 2, Vignette 3 and Wrap.

In addition, there are menu buttons for Teacher's Guide, which provides a blurb about this guide, and IEF, which provides a brief overview of the Insurance Education Foundation, producer of this program.

We recommend that you preview the video so you can determine how it will work best for your class, and so you will know the stopping points if you choose to show it in segments. You should also review the related pre- and post-viewing activities at the same time.



1-3: About Lessons and Activities

Overview.

The lessons and activities provided in this guide are tied to the video and are divided by segments:

- Video pre- and post-viewing activities for each vignette;
- Lessons/activities for Vignette 1: Love is Blind on Moving Day – Case study and related lessons on Renter’s insurance;
- Lessons/activities for Vignette 2: Workplace Romance – Case study and related lessons on Auto insurance;
- Lessons/activities for Vignette 3: Truth Bell after a Killer Party – Case study and related lessons on Homeowner’s insurance;
- Service-learning component.

Segments contain lessons covering multiple disciplines including family and consumer sciences, business, social sciences, math, and language arts. Where applicable, lessons/activities have been tied to national content standards. We have also included a service-learning component.

Lessons/activities related to the three specific vignettes revolve around a more detailed case study provided for each vignette, fleshing out details not seen in the video. These case studies will allow students to do more in-depth research and study on the insurance concepts presented in the video.

Many lessons/activities have information and worksheets supplied in the Appendix, along with a glossary of terms.

While the segments and their lessons can be used independently of one another, they can also be combined as a series.



Teaching Tools.

As part of the lessons and activities, you will come across certain tactics, information sheets and review ideas regularly. These include:

Insurance Information Sheets:

These information sheets provide students with information in a table format on relevant types of insurance. The information is presented in easily understandable segments that will help students grasp insurance concepts and complete exercises.

INSURE Worksheet:

IEF's INSURE procedure helps walk students through the entire process of selecting and purchasing insurance:

Identify the risks you want to insure.

Name the type(s) of insurance that cover these risks.

Select potential policy kind, coverages, limits, and deductibles.

Use resources, when available, to finalize these choices.

Research insurers and obtain premium quotes from independent agents, captive agents or directly from the company.

Evaluate your findings to determine the best policy for you.

This worksheet will help students determine the appropriate types, amounts and coverage they may need in particular situations. The *INSURE* Worksheet will be used in a number of activities to help students organize and synthesize information.

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I Want to Know More About...:

At the end of certain lessons/activities, students will be asked to write out a question that has not been answered or a situation they would like to know more about. For instance, at the end of the renter's segment, they may want to know if a specific peril, hazard or item is covered under Renter's insurance. Have students place their questions in a container. Then have each student select a question from the container. They are responsible for finding the answer to that question and sharing their findings with the class. They can present in any format they wish: Diagram, written response, poem, song, even a videotaped interview from an expert. This activity allows students to teach as well as learn.

Concept Mapping:

Concept mapping is one way to assess whether or not a student grasps a concept by creating linking charts using "action" phrases to link ideas and concepts. Sample concept maps and an explanation can be found under Concept Mapping in the Appendix.

Expert Advice:

You may want to consider bringing in subject matter experts when discussing particular types of insurance or insurance concepts. While answers to specific questions asked in the case study activities are provided, they are hypothetical situations, so you may find having an expert answer student questions directly extremely helpful, especially since students have a way of asking questions we've never thought of!

Insurance Quiz:

We have provided an insurance quiz in the Appendix that includes general insurance questions and questions specific to Renter's, Auto and Homeowner's insurance. You can use this quiz as a pre- and post-program activity, or as a teaching tool as you move through the program.



2.

Lessons and Activities for Pre- and Post-video Viewing

2-1: Overview

The video is divided into three major vignettes with different insurance focuses and an overall theme of personal responsibility. The video can be viewed either in its entirety, or if you prefer, you can view each vignette separately and hold a discussion on the individual vignettes before proceeding to the next.

Following are brief overviews of each vignette and pre- and post-viewing activities. The vignette overviews are for your information. Students should not be given too much information about the video contents before viewing, although we have provided pre-viewing discussion topics and activities to set the stage.

You may also want to tell your students to keep in mind while viewing the video that insurance is designed to cover three basic types of risk situations (possibility of financial loss):

- Losing property;
- Being held liable for causing damage to property or well-being of others;
- Suffering the loss of income and additional expenses of personal injury, illness, or death.



2-2: Vignette 1: Love is Blind on Moving Day

Vignette Overview.

Chris moves into his first apartment and never really thinks about the potential consequences of simple, everyday actions as he talks to his girlfriend on the phone. His complete and total attention is focused on trying to get out of saying “I love you.” However, a running bath, a burning pizza and a burglar who enters through an unlocked window get Chris’s attention only after it’s too late, making this day an expensive lesson in what not to do. Through the haze of disaster, the Insurance Angel appears to give his own lesson – more like a tirade – on Chris’s lack of adequate coverage and common sense.

Pre- and Post-viewing Activity: Show Me What You’ve Got!

An activity where students will create an inventory of possessions from memory and a real inventory of possessions, then compare the two.

Learning Objectives:

In this activity, students will learn:

- How to take an inventory of possessions;
- How to research and determine the value of possessions;
- The difference between estimated value of an object and real value of an object;
- The costs for replacing personal possessions;
- The value of keeping an inventory for purposes of insurance.

Benchmarks/Content Standards:

Consumer Sciences Life Skills Competencies:

- List and describe various types and costs of insurance;
- Research and list factors that affect insurance prices.

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Business Education Competencies:

- Protecting Against Risk: Analyze choices available to consumers for protection against risk and financial loss.
- Managing Finances and Budgeting: Develop and evaluate a spending/savings plan.

Skill/Subject Areas:

Consumer Sciences, Business Education, Critical Thinking, Research, Math (Activity Extension)

Materials/Preparation:

- *Inventory from Memory* sheet
- *Actual Inventory* sheet
- Catalogs, sales flyers or web resources to help students price personal possessions

Discussion/Procedure:

Pre-viewing

Before students begin the activity, discuss the concept of “personal possessions” with your students. Ask them to give examples of personal possessions. Ask them what happens when a personal possession is stolen or destroyed. Who pays for replacing it?

Now tell them to imagine that they are moving into a rental apartment. Hand out the *Inventory from Memory* sheets and tell them they need to list – right now – all their existing personal possessions that they would be moving into the apartment. For purposes of the exercise, tell them the list should include all their bedroom furniture, (including bedding, curtains, rugs), all electronics (including TVs, stereos, MP3 players), clothing, books, collections, bikes and jewelry.

Next, ask them to assign a dollar value to each item – what they paid for it (for clothing, shoes, books, jewelry or collections, they can just give one total value) – and then have them add up all the items to get a total value for all their personal possessions.

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Once they are finished, ask them to imagine that a fire or robbery occurred and some or all of their possessions were destroyed or stolen. Ask them who is responsible for replacing the items. How much would the insurance company pay if they had insurance? What's the appropriate type of insurance to begin with?

Post-viewing

Discuss the concept of Renter's insurance with students as depicted in the video.

- Ask them what general concepts or impressions they picked up about Renter's insurance from watching the video.
- Ask them about the purpose and benefits of Renter's insurance. The primary purpose of Renter's insurance is to cover the risks associated with renting an apartment and to protect your personal property. Renter's policies generally provide protection for personal property and liability risks.
- Ask them what they think "liability risks" are. Explain that liability is the legal responsibility you have to others to compensate them for damages caused by you.
- Ask them how an inventory would help in Chris's situation.

Next, hand out copies of the *Actual Inventory* sheets to the students. Tell them that they are now going to create a real inventory of their personal possessions. Have them take the inventory sheets home, and give them several days to complete it. After they have completed the inventory, have them research and record on the sheet what it would cost to replace those items with comparable items at today's cost (Replacement Cost).

After students have completed their inventories, have them compare their initial "from memory" inventory with their real inventory. Have students present the differences to the class in a presentation format they select.

Ask them what they learned by taking the two inventories, and what surprised them most about the differences in their two inventories (e.g., they owned more than they thought, it cost more to replace items than anticipated, or some other aspect).

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Activity Extension 1:

Have students help their parents inventory items in their home for Homeowner's insurance, using the *Actual Inventory* sheets, a camera for photos or a video camera. Once the inventory is complete, they should make several copies and decide on a safe storage place in case their family ever needs to access it.

Activity Extension 2:

Have student teams research and locate available rental properties in their area. Have them compare monthly rents and analyze the differences in rent based on location and other factors. Have students extend the activity through one or more of the following ideas:

- Students select an apartment from among the available apartments, and draw a floor plan based on information provided. If square footage is included in the advertisement, have them create a scale drawing that depicts an apartment of that square footage, and also includes details such as fireplace, picture window, etc. Or, provide students with floor plans that show room dimensions and have them determine the total square footage. Ask them to calculate the rent per square foot for their apartment. Students or student teams can then compare prices per square foot and determine which apartments are the best values.
- Students determine what additional items they would need to furnish their apartments once they have moved all the items from their *Actual Inventory* sheet into the apartment. Have them price the items through comparison shopping, and have each team present their list of items, where they would buy them and total cost. Or, provide students with a "budget" to furnish the rest of the apartment and have them present their results. To take it one step further, have students bring in pictures of items or create a 3D display of one or more of the rooms.
- Provide students with a job description and "salary." Ask them to create a budget, including costs for apartment rental, insurance to cover possessions, money to cover utilities, food, transportation and other fixed and non-fixed expenses. Have them use the budget to research affordable apartments and furniture options.

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More About Renter's Insurance.

Additional, in-depth lessons and activities on Renter's insurance are presented as part of the lessons and activities. See Vignette Case Studies and Activities, Vignette I.



2-3: Vignette 2: Workplace Romance

Vignette Overview.

In this take on the old-fashioned soap opera, Bill and Luanne work at the OK Burger fast-food restaurant and are also secretly dating. While having a tête-à-tête in the break room, Luanne begins questioning Bill about why he was late getting in that morning. Bill confesses that the car he borrowed from Luanne was wrecked, then stolen, the night before – and that he’s been seeing her best friend, Darlene from the Drive-through.

As Bill relates the events that led up to the car being stolen, Luanne becomes more and more agitated. In the end, Luanne admits that the car was not hers, but belonged to Fred, the Fry Cook. As the import of this statement dawns on Bill, he screams in agony, prompting the Insurance Angel to appear and present a litany of problems created by the situation, especially for Fred the Fry Cook who, through the simple act of lending his car, could end up in a higher risk and rate category for Auto insurance.

Pre- and Post-viewing Activity: You Auto Know Better!

An activity where students will research and compare prices for cars and Auto insurance, and will learn what factors can affect insurance rates.

Learning Objectives:

In this activity, students will investigate:

- The costs of buying a new car vs. a used car;
- Comparison shopping for prices;
- The cost for various types of Auto insurance;
- How factors such as age, sex, grades and driving record can affect insurance coverage and rates.

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Benchmarks/Content Standards:

Consumer Sciences Life Skills Competencies:

- List and compare costs of various types of transportation;
- Compare and contrast buying a new car vs. a used car;
- List and describe various types and costs of insurance;
- Research and list factors that affect insurance prices.

Business Education Competencies:

- **Buying Goods and Services:** Apply a decision-making model to maximize consumer satisfaction when buying goods and services.
- **Protecting Against Risk:** Analyze choices available to consumers for protection against risk and financial loss.

Skill/Subject Areas:

Consumer Sciences, Business Education, Critical Thinking, Research

Materials/Preparation:

- If desired, prepare a list of web sites students can reference for information on car costs, insurance costs, etc. and/or collect ads for cars in newspapers. See Additional Resources section for relevant sites.
- *Vehicle Profile Worksheet*
- *Driver Profile Worksheet*
- *Auto Insurance Information Sheet*
- *INSURE Worksheet*
- *Expert Advice:* If desired, arrange to have an industry speaker or expert come in to help explain Auto insurance and answer student questions.

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Discussion/Procedure:

Pre-viewing

Many of your students probably have their own car or have use of their parents' car. Begin a discussion by asking how many students have their own cars.

- Do they make the car payments themselves? Do they pay for their own insurance?
- Do they know how much they pay for Auto insurance, or how much their parents pay for their Auto insurance?
- Do they know what kind of coverage they have?
- Do they know what affects the cost of that insurance?

Have students list the factors they think affect insurance costs. Ask if they have personal experience with this or if they know someone who has seen this (these) factor(s) impact rates.

- Ask students if they have, or if anyone they know (in their age range) has had an auto accident. What happened? What was the cause?
- How did it affect (or do they think it affected) that person's Auto insurance rates? What conclusions can they draw from that experience?
- Ask students if they think that the actions of one person can impact rates for others? Why or why not?

Post-viewing

Discuss the purpose of Auto insurance in general: The primary purpose of Auto insurance is to cover the risks associated with auto use and auto ownership. An Auto insurance policy generally provides protection for property, liability, medical expenses and loss of income and/or additional expenses depending on coverage.

Next, discuss concepts of Auto insurance as presented in the video. You may want to ask some of the following questions:

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- Do students have any new or different ideas about Auto insurance than before viewing the video?
- Did they hear about actions that could affect Auto insurance and insurance rates in the video that they hadn't heard before?
- Did students realize that there are different types of coverage for different situations? Do they know what those types are and what they cover?
- Did students realize the potential impact of lending their car to someone?

Tell students that they are going to get some first-hand experience in determining what factors can impact Auto insurance coverage and rates. Since students will be working with several worksheets, you may want to have them create and keep their materials in a “You Auto Know Better” folder (simple manila folder or section in a notebook). You may also want to divide students into teams.

Review Auto Insurance Information Sheet. Begin by handing out copies of the *Auto Insurance Information Sheet* and review it with students to familiarize them with different types of auto coverage. Also review the section “Why Teenagers Pay More Auto Insurance,” which explains why Auto insurance costs for students are higher, as well as other factors that determine rates. You may want to have the Glossary available to help explain unfamiliar terms.

Explain to students that they are going to use this information to better understand Auto insurance, including types of coverage. Review the information with your students.

Review INSURE Worksheet. Next, hand out copies of the *INSURE Worksheet* and the accompanying explanation. Review the worksheet and explain to students how using the *INSURE Worksheet* aids the critical-thinking and decision-making process by helping them organize and synthesize information.

Review and Complete Vehicle Profile. Once students are comfortable with the information presented, hand out the *Vehicle Profile* and *Driver Profile Worksheets*. You can split students up into teams or you can have each student complete them as an individual project. Explain the activity to students:

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Vehicle Profile:

- Have students select a car (or truck or similar vehicle) they would like to have. (It can be any kind of car and model of car that has been out for more than a year, because students are going to be comparing the cost of their new car with that same car as a used model.)
- Have them draw or cut out a picture of the vehicle and place it on their *Vehicle Profile Worksheet*.
- Have them list all features of the car that are standard, and then list separately any options they want to include.
- Send them to the web, to the paper, have them call dealerships or use a combination of sources to research the price of the car with all the features they desire. A useful site for this information is the Kelley Blue Book site at www.kbb.com.
- Have them research and complete the other information on the sheet, including information on depreciation.

Once students or teams have completed their research, hold a class discussion or have students/teams present their findings to the class and discuss what they learned in completing the investigation.

Complete Driver/Vehicle Profiles and Research Insurance Costs. Now that they've investigated their vehicles, students must insure them.

Students will need to refer to their *Auto Insurance Information Sheet* and their *INSURE Worksheets*, and will need to complete their *Driver/Vehicle Profile Worksheets*. Part of this exercise is to determine what factors affect insurance rates on cars.

To prepare students, set up a control profile with the entire class, walking through the entire process, including completing the *INSURE Worksheet* for the control and finding insurance quotes.

Once your control has been set up – e.g., moderate car with an adult driver, living in the suburbs, with a clean driving record – and students understand the process,

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have students or teams research insurance quotes for their vehicle, both new and used, using their real driving profile (if teams, have them select a student's profile to use. If a student does not have a license, that student can use a clean driving record).

Another option is to assign students or teams different factors to determine the impact of that factor on insurance costs (and coverage) beginning with the control example set up earlier and changing one or more options: type of car, age of driver, driving record and – of special relevance to students – grades. Students or teams can investigate one or more factors or you can change one factor every few days and have the entire class or all teams investigate the impact of the same factor.

Have students present and discuss their findings. In addition, you may want students to record their observations and conclusions in their “You Auto Know Better” file.

Educator Note:

If students are having trouble getting the kind of quotes on-line necessary to complete this exercise, you may want to enlist the help of an insurance agent who will partner with the class to answer questions and help provide quote information.

Additional Assessments:

- *Insurance Quiz.* Located in the Appendix of this guide.
- *Concept Mapping.* Information and examples of Concept Mapping can also be found in the Appendix of this guide. Divide students into groups or have students create individual concept maps on Auto insurance.

Interesting Info:

Have students go to the National Insurance Crime Bureau site at <http://www.nicb.org/> to access a list of the most stolen vehicles per state to see if the car they selected is on the list. Students may be surprised to see that the lists aren't made up of super expensive luxury cars! Students can also get important vehicle rating statistics at the Insurance Institute for Highway Safety web site at <http://www.iihs.org>.

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More About Auto Insurance.

Additional, in-depth lessons and activities on Auto insurance are presented as part of the lesson activities. See Vignette Case Studies and Activities, Vignette 2.



2-4: Vignette 3: Truth Bell after a Killer Party

Overview.

In this over-the-top party vignette, Jack learns the hard way that holding a party while your parents are out of town can be costly on many levels, and for a lot of people. Roger, the last partygoer, relates a litany of events that occurred during the party that Jack somehow missed. Roger tries to gloss over the incidents, but is compelled to tell the truth every time he hears a bell ring.

The Insurance Angel appears and finds Jack with his head in his hands, wondering how his friends could have put him in such an awful situation – totally ignoring the fact that he put himself there by holding the party in the first place. The Insurance Angel tries to explain to Jack that the Law of Large Numbers practically guaranteed the outcome of the party. When Jack admits he feels like he’s in the middle of a lesson, he and the Insurance Angel are transported to a classroom, where Jack is finally able to put together the pieces of how Risk, Responsibility and Reality fit together.

Pre- and Post-viewing Activity: The Party of the First Part.

An activity where students will learn about identifying risk and then will categorize risk into avoidable, controllable and transferable categories. Students will then use that knowledge to understand the type of risks covered by Homeowner’s insurance.

Learning Objectives:

In this activity, students will learn:

- To identify risks in life;
- How risk can be managed.

Benchmarks/Content Standards:

Consumer Sciences Life Skills Competencies:

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- List and describe various types and costs of insurance;
- Research and list factors that affect insurance prices.

Business Education Competencies:

- Protecting Against Risk: Analyze choices available to consumers for protection against risk and financial loss.

Skill/Subject Areas:

Consumer Sciences, Business Education, Critical Thinking, Decision-making Skills

Materials/Preparation:

- *Risk Management Worksheets*
- *Renter's/Homeowner's Insurance Information Sheet*
- *Expert Advice:* If desired, arrange to have a subject matter expert or agent in to help answer specific student questions about coverage.

Discussion/Procedure:

Pre-viewing

One of the overriding themes of the video is risk and how risk management and personal responsibility can impact life and insurance.

Begin by discussing the concept of risk with your students. How do you define risk? It's the chance of loss. (In the insurance world, it is the potential for financial loss.)

Have students give examples of situations that involve risk and write them on the board. If they only give examples of obviously high-risk situations, help them see that even the most mundane of everyday activities can involve risk: Being at home could be risky if there's a fire but no smoke detector in your house. Walking to school may not seem risky, but you could trip on the way and injure yourself. You can even have students categorize the risks into low, moderate and high.

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Discuss the concept of managing risk: Risk avoidance, risk control and risk transfer. Ask students what each of these means and have them give examples. They may not be familiar with risk transfer, with insurance being the most familiar transfer technique. Ask them how insurance could be viewed as risk transfer.

Tell them to keep the concepts of risk avoidance, risk control and risk transfer in mind as they watch the video, and to be on the lookout for which kinds of risk transfer might be needed in each instance.

Remind them of the three risk situations that insurance is designed to cover:

- Losing property;
- Being held liable for causing damage to property or well-being of others;
- Suffering the loss of income and additional expenses of personal injury, illness, or death.

Post-viewing

Hand out the *Risk Management Worksheet – Vignette 3*, which contains a partial list of scenarios from the third vignette. Review the concepts of risk management discussed in the video by Jack:

- Risk avoidance – don't do it to begin with;
- Risk control – make it as safe as possible;
- Risk transfer – use insurance where appropriate to cover losses due to risk and to get you back to where you started.

Managing risk often involves exercising personal responsibility. Discuss the role of personal responsibility in managing risk with your students.

Review the *Risk Management Worksheets* with students.

- Ask them to identify risk avoidance and risk control techniques for each listed situation. Leave the risk transfer section for later.

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- Ask them what role personal responsibility (or lack of personal responsibility) played in the situation.
- Ask them how they would have handled the same situation.
- Ask students to identify additional scenarios from the video not listed on the sheet and work through the same process.

Next, hand out the *Renter's/Homeowner's Insurance Information Sheet*. Review it with students. Ask students to go back to the Risk Transfer section of the *Risk Management Worksheet*. Using the *Renter's/Homeowner's Insurance Information Sheet*, have them detail in the Risk Transfer segment the type of Homeowner's coverage that would seem to address each scenario.

Next, divide students into groups and have each group investigate whether Homeowner's insurance would indeed cover the risk transfer scenarios related to loss of property, liability, and loss of income and additional expenses presented in the video.

Have students report their findings to the class.

Activity Extension I:

Hand out the blank *Risk Management Worksheets*. Discuss with students once again the concept of risk. While the killer party vignette (and other vignettes) demonstrate some of the most extreme risks, ask students to fill in the sheet with some risks they face or have faced in their lives.

It can be as simple as failing a test because they haven't studied, thereby risking a bad grade in class, risking getting their bike stolen if they leave it unlocked, risking an injury if they play a sport, to risking an accident when they drive a car carelessly or in an impaired state. Then ask students to go through the process of determining how they can manage that risk. If they think there is a risk transfer option, have them fill it in.

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Activity Extension 2:

Often students don't understand the impact their actions have on others. Discuss the "ripple effect" with students. This is when a seemingly small or isolated action ends up having a much wider impact, and affects many more people than one might think.

Ask them to review once again their *Risk Management Worksheets* and to select one of the biggest or most serious risk situations on their list. Or have students select one of the risks from the video. Have students, teams or the entire class together create a chart or a "ripple" graphic (central event, with impact represented in ever-wider circles around the event, to illustrate impact) that illustrates the ultimate impact of the event: Who or what else did the risk impact and how? Did students realize or even consider the possible ultimate impact or outcome when taking the risk, or did they consider it only as far as it might affect them personally? How might they look at situations differently in the future, or will they?

Additional Assessments:

- *Insurance Quiz*: Located in the Appendix of this guide.
- *Concept Mapping*: Information and examples of Concept Mapping can also be found in the Appendix of this guide. Divide students into groups or have students create individual concept maps about personal responsibility.

More About Homeowner's Insurance and Risk Management.

Additional activities on Homeowner's insurance are presented as part of the case study lessons and activities. See Vignette Case Studies and Activities, Vignette 3.



3.

Vignette Case Studies and Activities

3-1: Overview

We have created a case study for each video vignette, which fleshes out the individual scenarios for students and allows for a more detailed investigation of Renter's, Auto and Homeowner's insurance coverages, as well as risk management and personal responsibility.

We have also provided activities and activity extensions related to each case study. You can use the case studies as presented, along with activities, or you can create your own, embellishing the video vignettes to focus on issues you want to emphasize.



3-2: Vignette 1: Love is Blind on Moving Day

Vignette 1 Case Study.

Chris, a 21-year-old college graduate, is moving into his first apartment.

It's a first-floor, one-bedroom in a transitional urban neighborhood. It has a living room, kitchen/dining area, bathroom and bedroom.

The building contains four apartments in all: 2 one-bedroom apartments and 2 two-bedroom apartments.

Chris's landlord owns several buildings in the area, and he carries standard property insurance, sometimes known as landlord rental dwelling insurance.

The fire in Chris's oven caused smoke damage in the kitchen, leaving the walls covered with soot and grease.

The apartment was equipped with smoke detectors, but Chris disabled them during the move because they kept going off for some reason he couldn't determine.

The overflowing bathtub caused damage to the floors in all the rooms of Chris's apartment, then leaked through to the apartment next door and did damage to the tenant's floor, floor speakers for his stereo and an area rug. In addition, boxes containing Chris's computer got soaked and the computer, monitor and printer were ruined.

Chris's stereo, which was stolen while he was chatting on the phone, was a top-of-the-line stereo that had cost him \$2,500 when he purchased it 3 years ago.

Also damaged in the incident were Chris's other possessions:

- Living room area rug, 8' x 10';
- New computer, flat screen monitor, and printer worth \$3,000;
- Bedspread and 2 sets of queen sheets;

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- Queen size mattress and box spring, which Chris bought 2 years ago for \$1,000, had to be thrown out.

Chris mentions that he has insurance, but it is the most basic renter's policy for contents or personal property, which does not include replacement value or contain any "endorsements" or additional policies for special coverage. That means expensive items that generally require additional coverage would only be covered up to \$1,000 according to the terms of his policy.

Chris had to move into a local motel for 3 days while a service specializing in fire and flood clean-ups made the apartment habitable again.

Vignette 1: Case Study Activities.

What do you mean that's not covered?

An activity where students will use the case study and research to determine who is responsible for what in Chris's situation.

Learning Objectives:

In this activity, students will understand:

- What Renter's insurance covers;
- What Renter's insurance doesn't cover;
- How personal responsibility can affect coverage.

Benchmarks/Content Standards:

Consumer Sciences Life Skills Competencies:

- List and describe various types and costs of insurance;
- Research and list factors that affect insurance prices.

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Business Education Competencies:

- Protecting Against Risk: Analyze choices available to consumers for protection against risk and financial loss.

Skill/Subject Areas:

Consumer Sciences, Business Education, Critical Thinking, Research, English Language Arts

Materials/Preparation:

- Case Study
- *Renter's/Homeowner's Insurance Information Sheet*
- *Expert Advice:* If desired, arrange to have an industry speaker or expert come in to help explain Renter's insurance and answer student questions.

Discussion/Procedure:

Hand out copies of the Vignette I Case Study and review it with students.

Next, hand out copies of the *Renter's/Homeowner's Insurance Information Sheet* and review coverage options with students (shaded areas on the sheet denote coverage for Renter's insurance).

Once students have familiarized themselves and are comfortable with the information, have them answer the following questions. You can have students answer all questions individually, or you can divide into groups and assign various questions to each group.

1. Whose insurance will cover the damage to and cleaning of the walls of the apartment due to smoke damage?
2. Who (or whose insurance) will cover the damage to the floors from the overflowing tub?
3. Who is responsible for the damage to the neighbor's personal property?

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4. For items that are covered by Chris's policy, what value will be designated by the insurance company?
5. Make a list of the items in the case study that will be covered by Chris's Renter's insurance policy, determine how much will be covered, and explain why.
6. Who will pay for Chris's motel stay?
7. If Chris files a claim, will his policy be affected by this situation in terms of cost or rates? Why or why not?
8. In terms of insurance coverage, what did the Insurance Angel mean when he said "And if they find out about your devil-may-care attitude toward fire and flood, it's gonna to be 'hope for a miracle' mister"?

The *Vignette 1 Case Study Answer Sheet* is found in the Appendix. Please note that the answers provided, while accurate within the context of the hypothetical case studies, are representational only, and may vary somewhat from the answers your students provide due to variations in state laws and regulations, differences among insurance providers, and personal interpretations of the case studies. You may want to bring in an outside expert to clarify nuances for your students.

Activity Extension:

Once students have determined what would and wouldn't be covered, have students determine what kind of coverage Chris should have had to mitigate the losses in this situation.

Risky Renter

An activity where students will use the case study and *Risk Management Worksheet* to identify risks and risk management techniques for Chris's situation.

Learning Objectives:

In this activity, students will analyze:

- Potential risks related to rental situations;
- How to manage risks.

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Benchmarks/Content Standards:

Business Education Competencies:

- **Protecting Against Risk:** Analyze choices available to consumers for protection against risk and financial loss.

Skill/Subject Areas:

Business Education, Critical Thinking, Research

Materials/Preparation:

- Case Study
- *Risk Management Worksheet* (blank)
- *Expert Advice:* If desired, arrange to have an industry speaker or expert, such as a claims adjuster, address the class and answer questions.

Discussion/Procedure:

Hand out copies of the blank *Risk Management Worksheet*. Have students use the case study and the video to identify the risk situations in Chris's apartment. Students can work in groups or individually.

For example, a few of the more obvious risk situations involve security. Students could conclude that since Chris was robbed, he lived in a reasonably high-crime neighborhood. Putting locks on his windows and installing an alarm system would be risk management techniques to consider.

Once students have identified 5 to 10 risk situations, have them fill in appropriate Risk Avoidance, Risk Control and Risk Transfer options on the worksheet.

Case By Case

An activity where students will create their own case study for Renter's insurance and determine appropriate policy options.

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Learning Objectives:

In this activity, students will learn:

- How to determine and purchase appropriate insurance coverage as a risk transfer technique.

Benchmarks/Content Standards:

Consumer Sciences Life Skills Competencies:

- List and describe various types and costs of insurance;
- Research and list factors that affect insurance prices.

Skill/Subject Areas:

Consumer Sciences, Critical Thinking, English Language Arts

Materials/Preparation:

- Case Study
- *Renter's/Homeowner's Insurance Information Sheet*
- *INSURE Worksheet*

Discussion/Procedure:

Allow students to create their own case studies. Students or groups of students will provide an overview of their living situation and a complete inventory of items. If desired, students can create scenarios whereby items are stolen or destroyed.

A second group of students will then use the *INSURE Worksheet* to determine the appropriate insurance coverage for the apartment, items, and any reported incidents, and then will provide a set of quotes for that coverage.

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Additional Activities:

I want to know more about... Have students each write a question or a situation involving Renter's insurance that they want answered, and place all questions in a container. Have each student (or group) draw a question from the container. Students are then responsible for researching and providing an answer for the question. The response can be presented in any format desired.

When Is a Flood Not a Flood?

An activity where students will learn about flood zones, flood insurance and other natural disasters.

Learning Objectives:

In this activity, students will investigate:

- Flood insurance;
- Flood zones;
- Other weather and geological events that can have catastrophic impact.

Benchmarks/Content Standards:

Science in Personal and Social Perspectives: Students should develop an understanding of:

- Natural resources;
- Environmental quality;
- Natural and human-induced hazards;
- Science and technology in local, national and global challenges.

Consumer Sciences Life Skills Competencies:

- List and describe various types and costs of insurance;
- Research and list factors that affect insurance prices.

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Business Education Competencies:

- Protecting Against Risk: Analyze choices available to consumers for protection against risk and financial loss.

Skill/Subject Areas:

Consumer Sciences, Business Education, Science, English Language Arts, Research

Materials/Preparation:

- Review the official web site of the National Flood Insurance Program at www.FloodSmart.gov.

Discussion/Procedure:

When the Insurance Angel appears in Chris's apartment, one of the comments he makes is "And if they find out about your devil-may-care attitude toward fire and flood, it's gonna be 'hope for a miracle,' mister."

Explain to your students that while the Insurance Angel used the word "flood," he was just being dramatic. He really was referring to the fact that the water damage was caused through Chris's negligence in leaving the bathtub running, and that his insurance company may take that into consideration when considering a rate increase or renewal of his policy.

In reality and in the insurance world, "flooding" is a whole different ballgame, and requires a special type of insurance coverage altogether, because Renter's and Homeowner's insurance don't cover flood damage.

The FloodSmart.gov web site has a wealth of information about flooding, risk assessments and flood insurance.

Begin by defining a "flood": According to FloodSmart.gov, the most basic definition of a flood "is an excess of water (or mud) on land that's normally dry."

Discuss with your students what can contribute to floods:

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- Overflowing bodies of water due to heavy rain or snow melting;
- Flash floods from severe rain;
- The inability of land to naturally absorb water due to overdevelopment of meadowland and forests;
- Changing weather patterns.

Discuss which of these factors, if any, affect your area (whether your area experiences regular flooding or not). You may want to have students research and investigate rain, flood and general weather patterns over a 10-, 20-, 50- and 100-year period to see if they can detect any trends over time.

Ask students if they think they live in a flood zone. After they have responded, tell your students that everyone lives in a flood zone! Some flood zones are very low risk and others are higher risk.

Have your students go to the FloodSmart.gov site at www.FloodSmart.gov and click on the “What’s Your Flood Risk?” section. Have them enter the address information requested to get an assessment of the flood risk at that address. Once they have determined the risk, have them investigate what flood insurance coverage might be recommended given the risk level. This information can also be found on the FloodSmart.gov site.

Comparisons:

If you are located in an area where some homes are closer to a body of water or at lower levels, have students compare flood risks for addresses closer to the water or at lower levels in your community to those higher up or farther away.

Have your students enter an address for a family member or friend who lives elsewhere in the United States, and have them compare the flood risk assessment for that address with their own. Have them also compare the recommended flood insurance coverage and rates, which can be found under the “Estimate Your Premium” section of FloodSmart.gov.

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Interesting Info:

FloodSmart.gov/FastFacts contains some interesting statistics on floods that might surprise your students (e.g., Flash floods often bring walls of water 10 to 20 feet high).

Activity Extension I:

Students are often surprised to learn that flooding occurs in all 50 states. Even desert areas experience flash floods! Other weather/geologic events occur in many or most states, yet students may not realize it.

Earthquakes: While there are certain areas in the United States more prone to earthquake activity than others, earthquakes have been recorded in all 50 states sometime over the past 250 years. The U.S. Geological Survey site for the Earthquake Hazards program (<http://neic.usgs.gov>) has a lot of interesting information, including historical information on earthquakes in the 50 states.

Materials/Preparation:

- Go to the historical information section at http://neic.usgs.gov/neis/states/state_largest.html. Here you will find an alphabetical listing of all 50 states, along with earthquake information on the largest recorded earthquake for that state.
- Print out the following information from the site:
 - The 50 states page. The page listing all 50 states in alphabetical order and the largest earthquake reported for each, including year, longitude, latitude and intensity.
 - Earthquake description pages. You can click on most states from the 50 states page to be taken to a page that includes a description of the quake and its location. Print this out for each available state.
 - Isoseismal maps. On the earthquake description page for about half the states, you will see a link to an isoseismal map, which illustrates the range and intensity of the earthquake. Print this out for all available states.

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- Print out the Modified Mercalli Intensity scale (can be found at <http://pubs.usgs.gov/gip/earthq4/severitygip.html>).
- Have detailed maps available (either in print or printable from computer) of all 50 states.

Discussion/Procedure:

Assign states to students or groups of students and provide them with the information from the 50-state-listing page only.

You may also want to discuss and hand out the Modified Mercalli Intensity scale at the same time so they'll understand the intensity ratings listed. (They will also use this information later in the exercise). They have probably heard of the Richter scale, which measures the magnitude of an earthquake by measuring seismic waves, but they may not be as familiar with the Mercalli scale, which measures intensity, or the effect of an earthquake on the earth's surface. This intensity scale goes from I to XII and is based on certain levels of response and observation rather than any mathematical framework.

Part 1: Have students use the longitude and latitude information listed to pinpoint the earthquake's exact location within the state, and have them name the closest town to the epicenter on a modern map. Since some of the quakes occurred during the 18th and 19th centuries, you may want to increase the difficulty of the assignment by having the students locate a map contemporary to the earthquake event, and have them pinpoint its historical location as well.

Part 2: Once students have pinpointed the location they believe to be the epicenter, hand out the earthquake description and location information pages. Review results with the class to determine accuracy and correct calculations where necessary.

Part 3: Discuss with your students the concept of the isoseismal map: Isoseismal maps are based on intensity estimates from data and observations, and show the range and intensity of an earthquake using the Mercalli scale. The maps indicate intensity from epicenter outward to the farthest observed impact. Show students an example.

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Have students use the earthquake description and location sheets, along with their Mercalli scales, to draw their own isoseismal map for each earthquake they have been assigned. Some students will have more information than others – the idea is to do the best they can based on the information provided.

Once they have completed their isoseismal maps, have them compare their drawing to the actual isoseismal maps presented on the site. (Note: The impact of several of the quakes went beyond the borders of just one state, so you may want to have larger maps available for students).

Tornadoes: Like earthquakes, tornadoes have occurred in all 50 states in the United States. The Tornado Project web site (<http://www.tornadoproject.com/alltorns/ustorns.htm>) has a clickable United States map that lists tornadoes and their intensity by county for each state using the Fujita Scale: F0 through F5.

The Fujita Scale is used to rate the intensity of a tornado by examining the damage caused by the tornado after it has passed over a man-made structure.

Have your students investigate your county, and all other counties in your state to determine what areas seem most prone to tornadoes. Have students select other states or counties for purposes of comparing tornado incidents.

Unlike flood damage, which is not covered under Homeowner's insurance or earthquakes, which require a special endorsement or separate policy, tornadoes can be covered under a Homeowner's policy as a wind storm. However, you may want to have your students do research to come up with that information on their own. In addition, you may want to have them investigate limits based on various coverages.



3-3: Vignette 2: Workplace Romance

Vignette 2 Case Study.

Bill and Luanne work at the OK Burger as cashiers. They are also dating each other – as well as dating other co-workers. What a soap opera!

Luanne lent Bill her car to get home. Actually, the car belonged to her other boyfriend, Fred the Fry Cook.

Bill got distracted and, through a series of mishaps, let the car get stolen – after he wrecked it.

The car is a 3 year-old Toyota Camry with 35,000 miles on it. It is in excellent condition, and its book value is about \$11,000. Fred still owes about \$6,000 on the car. He parks it in a garage every night.

Fred has a clean driving record and gets a discount on his insurance premiums for good driving. His auto insurance policy has the minimum liability coverage required by his state, which is 20/40/10. This means that in the event of an accident, Fred would have up to \$20,000 coverage for any bodily injury to each person in an accident and up to \$40,000 total for the accident if more than one person is injured, as well as up to \$10,000 in coverage for any property damage for which he is liable in the same accident. In addition to his liability coverage, he has comprehensive coverage with a \$500 deductible, collision coverage with a \$500 deductible and medical payments with a limit of \$5,000.

Bill has a history of driving violations: 2 speeding tickets, 5 unpaid parking tickets, and he was involved in (caused) two accidents last year. His insurance company declined to renew his policy, and he is still looking for insurance.

When Bill had the accident, he was talking on his cell phone, which caused him to spill coffee on his pants, which made him swerve and hit the curb. When he opened the door to check the damage, the door was clipped by another driver who happened to be passing by, causing an accident in which the other driver received minor injuries. They took her car to the hospital, and Luanne's (Fred's) car was

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stolen when Bill forgot to lock the doors and roll up the windows. Unfortunately, Fred's car make and model is one of the most stolen cars and is often stolen for its parts.

Bill was found liable for the clipping accident, since he did not look before opening the car door, and was also liable for property damage in which a mailbox, an exotic garden and a custom sprinkler system were destroyed. They were worth about \$8,500.

The other driver sprained her wrist, and incurred \$1,500 in expenses for the emergency room visit and treatment. Her right front fender and right front panel were damaged when she hit Fred's car door. She was driving a late model Infiniti worth about \$36,000. Repairs will cost around \$7,500.

Before Fred's car was stolen, it had sustained the following damage: a flat tire, missing driver side door, dented left side panel, dented right side panel – or about \$5,000 in damage.

Vignette 2 Case Study Activities.

What do you mean that's not covered, too?

An activity where students will use the case study and research to determine who is responsible for what in Bill/Fred's situation.

Learning Objectives:

In this activity, students will understand:

- What Auto insurance covers;
- What Auto insurance doesn't cover;
- The difference between various coverages;
- How factors affect rates.

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Benchmarks/Content Standards:

Consumer Sciences Life Skills Competencies:

- List and describe various types and costs of insurance;
- Research and list factors that affect insurance prices.

Business Education Competencies:

- Protecting Against Risk: Analyze choices available to consumers for protection against risk and financial loss.

Math: Instructional programs should enable all students to:

- Organize and consolidate their mathematical thinking through communication;
- Communicate their mathematical thinking coherently and clearly to peers, teachers, and others;
- Solve problems that arise in mathematics and in other contexts;
- Apply and adapt a variety of appropriate strategies to solve problems.

Skill/Subject Areas:

Consumer Sciences, Business, Critical Thinking, Research, Math

Materials/Preparation:

- Case Study
- *Auto Insurance Information Sheet*

Discussion/Procedure:

Hand out copies of the Vignette 2 Case Study and review it with students.

Next, hand out copies of the *Auto Insurance Information Sheet* and review coverage options with students.

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Once students have familiarized themselves and are comfortable with the information, have them answer the following questions. You can have students answer all questions individually, or you can divide them into groups and assign various questions to each group. Students may have to consult experts or do additional research for some of the answers.

1. If Fred's car had only been wrecked and not been stolen, whose insurance would be responsible for paying for repairs and any other liability?
2. How much would that insurance company have paid toward repairing the damage? Under what type of coverage?
3. How much will the insurance company pay toward replacing Fred's stolen car? And under what type of coverage?
4. How much will Fred end up with to put toward a new car?
5. How much will his insurance company pay toward repairing the car that clipped his door? And under what type of coverage?
6. What about the property damage to the mailbox, lawn and sprinkler system?
7. Is Fred responsible for paying for medical treatment for the injured woman? If so, to what extent? And under what type of coverage?
8. Given the circumstances, was Fred's coverage adequate? If not, what coverage should he have had?
9. Given that Fred did not know that Bill was driving his car, did he have to pay?
10. What could the net cost be to Fred after taking into consideration what his policy will and won't cover?
11. How could these claims affect Fred's policy?

You may steer your students to the web or to local insurance groups or agents for help in answering their questions. Check the Additional Resources section for some useful sites. It might be an interesting exercise to have students work with their parents to answer questions – it could be a learning experience for both!

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Once students or groups have answered the questions, review the information with the entire class.

The *Vignette 2 Case Study Answer Sheet* is found in the Appendix. Please note that the answers provided, while accurate within the context of the hypothetical case studies, are representational only, and may vary from the answers your students provide due to variations in state laws and regulations, differences among insurance providers, and personal interpretations of the case studies. You may want to bring in an outside expert to clarify nuances for your students.

Interesting Info:

If your students are interested in learning the minimum Auto insurance and liability requirements for your state, go to the Insurance Information Institute web site (www.iii.org) and look under the Auto section, Auto Insurance Basics: What are the driving laws in my state?

Driving Me to Distraction

An activity where students will use the case study, personal experience and research to determine the impact of distractions on driving.

Learning Objectives:

In this activity, students will determine:

- What constitutes a driving distraction;
- What driving distractions they and other students find most prevalent;
- How those distractions impact reaction times.

Benchmarks/Content Standards:

Math Reasoning and Statistics Standards:

- Continued study of data analysis and statistics so that all students can construct and draw inferences from charts, tables, and graphs that summarize data from real-world situations;

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- Reinforce and extend logical reasoning skills so that all students can make and test conjectures.

Skill/Subject Areas:

Consumer Sciences, Math, Critical Thinking, Research

Materials/Preparation:

- Vignette 2 Case Study
- PEMCO Survey on driving distractions
(<http://www.drivers.com/article/705/> or go to the PEMCO Mutual Insurance Company site at www.pemco.com/about-us/pressreleases.asp and select the release “Eating while driving unsafe, but common.”)

Discussion/Procedure:

Discuss with students the distractions that led to Bill’s accident and ultimately resulted in Fred’s car being stolen.

Begin with the simple question: What is a distraction? According to AAA (the American Automobile Association), “distraction occurs when a driver is delayed in the recognition of information needed to safely accomplish the driving task, because something within or outside the vehicle draws his attention away from driving. The presence of a triggering event distinguishes a distracted driver from one who is simply inattentive or ‘lost in thought.’”

A recent survey conducted by PEMCO, a Washington-state based insurance company, found that the distraction most often undertaken (or admitted to) by respondents was eating, with 65% admitting that they did or do eat while driving.

Survey respondents were also asked to rank the danger they felt different distractions posed. For example, on a scale of one to five, eating ranked 3.8, or very dangerous.

Ask students to name distractions they face when driving, or distractions they notice when they are a passenger in someone else’s car.

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List all the distractions on the board. Or you can have students write down distractions, then go around the class to have students read their lists. Tabulate distractions to see which are most prevalent among your students. If desired, have students rank the danger of each distraction as well, and calculate an average for each.

Then ask students what distractions they participate in: Eating, tuning the radio, talking on a cell phone, putting on make-up, driving or riding with a lot of people in the car talking and moving around.

Discuss possible repercussions of distractions. Do they know anyone who has been in an accident due to distractions? Which distractions played a role? What do they think the impact is of various distractions? Use the following research to stimulate discussion.

A 2001 study conducted by the University of Utah regarding the impact of talking on a cell phone reported the following results:

Those engaged in cell phone conversations:

- Missed twice as many simulated traffic signals as when they were not talking on the cell phone.
- Took longer to react to those signals that they did detect.

These results were equivalent for both hand-held and hands-free cell phone users.

Another study by the United Kingdom's Transport Research Laboratory (TRL) reported that drivers talking on cell phones reacted nearly 50 percent slower than under normal driving conditions.

Survey Says...: Have students develop their own survey about driver distractions. Then have them conduct the survey:

- Among students at the school. Have them write up the results for submission to the school paper or web site.

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- Among teachers and/or administrators. Have them compare the results to student results.

Have students graph their results and write up their conclusions. If desired, have students hypothesize outcomes before conducting the survey based on the results of your in-class discussion.

Activity Extension:

The Insurance Angel briefly explains the Law of Large Numbers to Jack in the video: “The larger the group studied, the more reliably and accurately you can predict the outcome. So. If you study umpteen thousands of teenagers involved in certain nefarious activities, you can say with some certainty that there’s gonna be umpteen problems.”

Ask your students if they recall the Law of Large Numbers and if they understand the concept. Students can test this concept on a small scale by conducting a survey on student auto accidents. Statistics show that, generally speaking, 16-year-old drivers:

- have almost 10 times the crash risk of drivers 30-59; and
- 3 times the crash risk of teenagers 17-19.

Have students select one of these two statistics to test.

Have students survey as many people as they can – 50 to 100 from each group named in their selected statistic if possible – as to whether they had an accident in the past year. After the survey is complete, have students analyze the results as follows:

- Have students randomly select a small sample of the responses – 5 or 6 from each group – and analyze the results. Based on the small sample, what is the ratio of accidents?
- Then have students add in another 10 or 15 randomly selected responses – and analyze the new results based on the larger group. Does the accident ratio change?

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- Finally, have students analyze the results of all survey respondents. How were the final combined survey results different from the results for the smallest group? Were they close to the statistical ratios? Did the Law of Large Numbers hold true for this relatively small survey size? What factors may have had an impact on results?

It's Going to Take Some Time.: Have students perform a simple experiment to illustrate that distractions can impact reaction times.

Divide students into groups of four. Provide each group with the following materials, or have groups bring materials to class:

- A ruler or yardstick;
- Pencil and paper;
- Distraction items (radio, cell phone, food, drink);
- Stop watch.

Procedure:

Have one student hold the ruler between his thumb and forefinger at the top of the ruler, making sure that the 0 mark is at the bottom of the ruler. Have another student hold his/her thumb and forefinger on either side of the ruler at the zero mark, but not touching the ruler.

Have the student holding the top of the ruler let it go without warning, allowing it to fall. The second student should then try to grasp the ruler as fast as possible. Have a third student measure how far the ruler has dropped by observing where the second student's fingers are on the ruler.

Have another student record the information on a chart or piece of paper. Students may also use the stopwatch to record the time it takes for the second student to grasp the ruler from when the first student lets go.

Repeat this experiment 3 to 5 times and average the results for distance or time, or both. This is the control data.

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Next, have students add distractions to see how they impact the student responsible for catching the ruler after the first student lets it go:

- Have the student drinking a drink.
- Have the student answer a cell phone call.
- Have other students asking the student a question, and have the student answer.
- Have the student tune a radio.

Students can also devise their own distractions.

Have students graph the impact of their reaction times for each event by recording the distance the ruler falls and/or time differential. Convert the distance to an increased percentage in reaction time. Have students compare reaction times among groups. Ask students to record their conclusions based on the data gathered.

Activity Extension 1:

Closely related to “distractions” are other factors that impair safe driving, such as driving while tired, bad weather, alcohol and drugs.

Distractions and other impairments have an impact on driver response time.

What impact do they think impairments have on response time? There is a wealth of information on driving impaired that includes some very valuable statistics, as well as anecdotal and other information on the impact of impaired driving. Ask students to do their own research on this subject area, and ask each student to bring in 5 facts and one true story (it doesn't have to be personal, but it can be) about driving impaired that taught them something they didn't already know. Have students share their findings with the rest of the class.

Activity Extension 2:

Young teens are probably sick of hearing that they are the highest risk group for auto accidents, but that is the reality. But teens often don't think about the effect of these statistics from the point of view of being a passenger in another teen's car:

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a whopping 61% of teenage passenger deaths in 2002 occurred in crashes in which another teenager was driving (Insurance Institute for Highway Safety). So, not only is it in their interests to be a safe driver, but it is in their interests if their friends are safe drivers too!

Efforts are being made to teach young drivers to be safer drivers (and passengers) and to mitigate accident impact. Two of these efforts focus on graduated licensing to introduce driving situations gradually to young drivers and seatbelt use to reduce fatalities and injuries when there is an accident.

Graduated Licensing. The concept of graduated licensing is phasing in the on-road experience for young drivers, with younger drivers getting initial experience in lower risk situations, and then gradually moving into more complex driving situations.

Discuss the concept of graduated licensing with your students. Does your state have graduated licensing? Do they think it's a good idea? Why or why not? Take a class vote. If students are responding simply on the basis of opinion, have students research graduated licensing for information on its impact on accidents. Ask them if the research has altered their opinion. You could also turn this into a class debate project, where students defend their positions in a public-speaking forum – even if it's just in front of the class.

For more comprehensive information on graduated licensing and the licensing requirements in all 50 states, check out the Insurance Institute for Highway Safety's downloadable report, "Graduated Licensing, A Blueprint for North America," found on their web site at http://www.iihs.org/safety_facts/teens/blueprint.pdf

Seatbelt Usage. While seatbelt usage has increased dramatically over the years, there are still stories every day about people who are injured because they weren't wearing their seatbelts, and teen drivers are among the lowest users of seatbelts. Survey your students about their seatbelt usage: Do they wear seatbelts all the time? Some of the time? Infrequently? Never? Why or why not? Do they understand the impact of wearing a seatbelt vs. not?

Have students do research on seatbelt usage and related statistics. Have them graph seatbelt usage over the past 20 years against fatalities/injuries prevented due to

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usage. If possible, have them separate out statistics for teen usage vs. national usage. Ask them to present conclusions. What did they learn about seatbelt usage that they didn't already know?

After they have had a chance to review statistics about teen driving and seatbelt usage, have your class or teams of students from your class design a seatbelt awareness campaign for the school. The campaign should have a memorable tagline and could include posters, flyers, announcements in the school paper or web site, public service announcements over the loudspeaker – even public service video-taped commercials. Have students create the campaigns based on what they feel would be effective for their audience. If you want, you can have some students design the campaign, while other students design and implement pre- and post-campaign surveys.



3-4: Vignette 3: Truth Bell after a Killer Party

Vignette 3 Case Study.

When Jack's parents returned home, they found the house and yard in shambles, and a police officer waiting on their doorstep.

All in all, more than \$45,000 in damage was done to the house and yard:

- Damage from the clogged toilet ruined wall-to-wall carpeting in 4 rooms and ruined wood floors in the hallway and stairs (\$15,000).
- Three full-grown boxwood bushes in the front yard were destroyed and the yard needed to be re-sodded (\$3,700).
- Two Oriental carpets worth \$7,000 each were ruined beyond repair.
- Jack's father's 40" flat screen TV was ruined by a spilled beer (\$8,000).
- Jack's mother's entire set of antique china (8 place settings, 2 serving platters, soup bowls, cream and sugar pitchers and coffee pot) were broken when Roger tossed them at Mrs. Krinsky's husband (\$6,800).

Missing from the house were:

- \$7,500 worth of jewelry from Jack's mother's jewelry box.
- Antique silverware worth \$3,500.
- The only picture Jack's father had of his father (Jack's grandfather).
- Jack's sister's bicycle worth \$450.

In addition, there were several personal injuries:

- After the party, 2 underage teens were driving home drunk, wrecked their car and ended up in the hospital with serious injuries. The hospital bills came to \$100,000 at the end of the day, and the car was totaled (\$20,000). Their parents are planning to sue.

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- Roger actually had a broken ankle, which required a cast and medical bills of \$2,500. Roger has no health insurance.
- Mrs. Krinsky required 5 stitches and had a mild concussion from the head-butting incident with Roger, which occurred when she came over to complain about Roger throwing china at her husband. Her medical costs came to \$2,300.

Also, the cat required trauma care including special cat therapy, and there were \$4,000 in vet bills.

Jack's parents had the following homeowner's coverage: Dwelling (\$100,000), Contents and Personal Property (replacement value up to \$50,000), Back up of Sewer or Drain/Sump Pump, Medical Payments to Others (\$5,000) and Personal Liability (\$300,000). They also have special riders covering jewelry (\$10,000), paintings (\$15,000) and furs (\$5,000).

The police officer took Jack's parents to jail for serving alcohol to minors (even though they didn't even know there was a party). They made bail the next morning and headed home to deal with entire mess.

Vignette 3 Case Study Activities.

Party Pooper!

An activity where students will use the case study and research to determine who is responsible for what in Jack's situation.

Learning Objectives:

In this activity, students will understand:

- What Homeowner's insurance covers;
- What Homeowner's insurance doesn't cover;
- The difference between various coverages;
- How factors affect rates.

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Benchmarks/Content Standards:

Consumer Sciences Life Skills Competencies:

- List and describe various types and costs of insurance;
- Research and list factors that affect insurance prices.

Business Education Competencies:

- Protecting Against Risk: Analyze choices available to consumers for protection against risk and financial loss.

Math: Instructional programs should enable all students to:

- Organize and consolidate their mathematical thinking through communication;
- Communicate their mathematical thinking coherently and clearly to peers, teachers and others;
- Solve problems that arise in mathematics and in other contexts;
- Apply and adapt a variety of appropriate strategies to solve problems.

Skill/Subject Areas:

Consumer Sciences, Business Education, Math, Critical Thinking, Research

Materials/Preparation:

- Case Study
- *Renter's/Homeowner's Insurance Information Sheet*
- *INSURE Worksheet*

Discussion/Procedure:

Hand out copies of the Vignette 3 Case Study and review it with students.

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Next, hand out copies of the *Renter's/Homeowner's Insurance Information Sheet* and review coverage options with students.

Once students have familiarized themselves and are comfortable with the information, have them answer the following questions. You can have students answer all questions individually, or you can divide them into groups and assign various questions to each group. Students may have to consult experts or do additional research for some of the answers.

1. Which items damaged in the house and the yard will be covered under the homeowner's policy and under which specific coverage? Which items would not be covered?
2. How much of the stolen jewelry, silverware, and the bike will be covered under Jack's parents' policy? Under what coverage? What will they be responsible for?
3. Based on the fact that intentional acts are not covered under comprehensive homeowner's policies, which items might not be covered under the insurance policy? If not, how much would Jack's parents have to pay?
4. How much of the losses in household contents wouldn't be covered by the homeowner's policy?
5. Which personal injuries would be covered under the homeowner's policy? Are Jack's parents responsible for the medical care costs?
6. What are Jack's parents' responsibilities regarding the two underage teens who were driving drunk from the party? Will their insurance cover the medical expenses?
7. What sort of additional policy might Jack's parents want to consider in the future to protect against liability?
8. Can the insurance company cancel Jack's parents' insurance for a claim situation like this? What about their rates?
9. What about the cat?

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Once students or groups have answered the questions, review the information with the entire class.

The *Vignette 3 Case Study Answer Sheet* is found in the Appendix. Please note that the answers provided, while accurate within the context of the hypothetical case studies, are representational only, and may vary from the answers your students provide due to variations in state laws and regulations, differences among insurance providers, and personal interpretations of the case studies. You may want to bring in an outside expert to clarify nuances for your students.

Activity Extension:

Using the *INSURE Worksheet*, determine what coverage at what levels Jack's parents would have needed to weather this situation.

Fraud or Fiction?

An activity where students will learn about insurance fraud.

Learning Objectives:

In this activity, students will understand:

- The definition of insurance fraud;
- Examples of insurance fraud;
- Consequences of insurance fraud;
- How insurance fraud affects insurance rates.

Benchmarks/Content Standards:

English Language Arts:

- Evaluation Strategies: Students apply a wide range of strategies to comprehend, interpret, evaluate and appreciate texts.

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- Communication Strategies: Students employ a wide range of strategies as they write and use different writing process elements appropriately to communicate with different audiences for a variety of purposes.
- Applying Knowledge: Students apply knowledge of language structure, language conventions, media techniques, figurative language and genre to create, critique, and discuss print and nonprint texts.
- Evaluating Data: Students gather, evaluate and synthesize data from a variety of sources (e.g., print and nonprint texts, artifacts, people) to communicate their discoveries in ways that suit their purpose and audience.

Skill/Subject Areas:

Consumer Sciences, Business, Critical Thinking, Research, English Language Arts

Materials/Preparation:

- Review fraud information at the Insurance Information Institute web site (www.iii.org) and the Coalition Against Insurance Fraud web site (www.insurancefraud.org).
- Vignette case studies

Discussion/Procedure:

One factor that can affect everyone's insurance rates is fraud: Insurance fraud occurs when people deceive an insurance company or agent to collect money to which they aren't entitled. Similarly, insurers and agents also can defraud consumers, or even each other. Insurance fraud can be "hard" (arson, staging accidents) or "soft" (padding claims). (The Coalition Against Insurance Fraud)

Ask your students for their definition of insurance fraud. Then ask them for examples. According to the Insurance Information Institute, common frauds include:

- Padding – inflating actual claims;
- Misrepresenting facts on an insurance application;

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- Submitting claims for injuries or damage that never occurred;
- Staging accidents.

Ask students if they think it's wrong to do any of these things. In fact, people who are normally honest sometimes pad their claims, thinking there is nothing wrong with it – what's a few extra dollars to the insurance companies?

Ask students what would happen if everyone in their town decided to “pad” a claim by \$250 (have students do the math based on your population).

Do they have any idea how that affects their insurance costs? A Coalition Against Insurance Fraud study pinpointed fraud as among the most prominent cost components escalating the costs of insurance. Here are some cost statistics that might surprise your students:

- Insurance fraud costs Americans at least \$80 billion a year, or nearly \$950 for each family, the Coalition Against Insurance Fraud estimates.
- Fraudulent property/casualty insurance claims cost insurers about \$30 billion annually. (Insurance Information Institute)
- More than one-third of people hurt in auto accidents exaggerate their injuries. This adds \$13-\$18 billion to America's annual insurance bill. (Rand Institute for Civil Justice)

Ask students what some of the other “costs” of fraud might be. Here is the list provided by the Coalition Against Insurance Fraud on their web site:

- People lose their savings. Trusting citizens are bilked out of thousands of dollars, often their entire life savings, by insurance investment schemes. The elderly are especially vulnerable.
- Health is endangered. People's health and lives are endangered by swindlers who sell nonexistent health policies or perform quack medical care to illegally inflate health insurance claims.
- Premiums stay high. Auto and Homeowner insurance prices stay high because insurance companies must pass the large costs of insurance fraud to policyholders.

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- Consumer goods cost more. Prices of goods at your department or grocery store keep rising when businesses pass higher costs of their health and commercial insurance onto customers.
- Honest businesses lose money. Businesses lose millions in income annually because fraud increases their costs for employee health coverage and business insurance.
- Innocent people are killed and maimed. People die from insurance schemes such as staged auto accidents and arson – including children and entire families. People and even animals also are murdered for life insurance money.
- Employees lose jobs. People lose jobs, careers and health coverage when insurance companies go bankrupt after being looted by fraud thieves.

Some people commit or ignore insurance fraud because they believe it is a “victimless” crime, never considering that the costs of fraud are actually being passed on to them. In addition to the monetary and personal costs of insurance fraud, there are consequences to those who commit fraud – which is a criminal act – because many don’t realize the seriousness with which authorities view insurance fraud. Consequences of insurance fraud include heavy fines and lengthy imprisonment.

Expert Advice: This would be an excellent time to bring an expert into the classroom to discuss how insurance fraud is investigated and give examples of real fraud.

An investigator from the insurance side (claims department) or the public side (investigators, lawyers, attorney general’s office) could provide insight on how investigations are conducted and the costs to consumers and consequences. In addition, identity theft tied to insurance fraud is becoming a serious problem. An expert could provide useful advice to students on how to avoid identity theft.

Before you begin the exercise, you may want to provide your students with a few examples of fraud scams. We have provided several, and you, or a visiting expert, may want to provide additional examples.

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The following examples of insurance fraud are found in the insurance fraud section of the Pennsylvania Attorney General's office web site (<http://www.attorneygeneral.gov/cld/articles/insure.cfm>).

Example 1: You want to upgrade your car stereo system but cannot raise the \$3,000 for the system you want. You sell your existing system to a friend for \$1,200, break a window on your car and file a theft report to the local police. You then file an insurance claim for the stereo equipment and receive a benefit check in the amount of \$1,500 for the "stolen" equipment. You now have \$2,700 cash to use toward the system you really want.

Example 2: This time your car really is broken into and your \$300 radio is stolen. However, when you fill out the affidavit of theft for the insurance company, you claim that a state-of-the-art CD changer and speakers valued at over \$1,500 was stolen and provide a "borrowed" receipt from a friend to support your claim that you owned this equipment.

Example 3: You are playing football with friends and seriously injure your back. Instead of going to the doctor immediately, you recognize an opportunity and suffer through the night in pain. At work the next day you stand next to a heavy box and, when no one is looking, fall to the ground screaming in agony. You are rushed to the hospital where the doctor discovers several dislocated vertebrae. The next day you complete worker's compensation forms falsely claiming you were injured in the workplace.

In each of these examples the subjects have committed insurance fraud, even if they never receive any money from the insurance company. These examples are from actual case files and resulted in the arrest and prosecution of the individuals involved.

Once your students understand the concept of fraud, have them act as fraud detectives. Divide students into groups, and have each group create a case study of an incident that involves an apartment, an auto or a house (they can use existing vignette case studies and embellish or create from scratch). As part of the case study, the group should include some incident of fraud (hard or soft), but it shouldn't be too obvious. Have the group also create an "epilogue" that details the fraud incident, to be revealed after investigations are complete.

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The case studies should be detailed enough that another group can “investigate” the information. (For example, if the group is padding the claim, the case study should list particular products so that the investigating group can research the “replacement cost.”)

Have groups trade case studies and review, then make a list of “suspicious” items or actions in the case study.

You may want to provide students with options to obtain additional information from each other once a case study has been initially reviewed:

- Sample insurance claim forms to complete.
- Ability to interview for additional information.
- Ability to provide a list of questions for written response.

Students may want to assign roles to each person in their group and discuss a response strategy if they are questioned by the investigators.

Each group should weigh all the information, reach a conclusion as to the fraud they believe the group is trying to perpetrate, and put together a presentation for the class. After a group presents its conclusions, the “epilogue” should be read to see if the investigating group’s conclusions were correct.

Activity Extension:

To illustrate some of the most egregious examples of fraud, you may want to do a little “Fact or Fraud” with your students. The Coalition Against Insurance Fraud has a Hall of Shame segment and a Case of the Month segment that highlight some almost unbelievable examples of insurance fraud. Create a few of your own that are not real, but could be. Read off (or have students read) some of the stories and have the class guess if it’s “Fact or Fraud.”



4.

Service-Learning

4-1: Overview

Service-learning is defined in many ways, but generally speaking, it combines activities that serve the learner's community with related academic study. It is a teaching methodology that allows students to use newly acquired classroom academic skills to help solve a real-life problem or meet a need in the community. Through hands-on experiences, students apply what they learn in the classroom to the real world.

Service-learning sites abound on the internet that go into great detail about the planning, execution and evaluation of service-learning. For example, a good resource is www.servicelearning.org, a site devoted to service-learning, which has free downloadable toolkits (PDF files) to help guide educators through the entire process.

Most service-learning projects embrace four main criteria or some variation on these four basic elements:

- Preparation: Research, planning and preparation of a project that meets a community need and combines academic achievement.
- Service: Execution of the project.
- Reflection/evaluation: Reflection of students on the outcomes and evaluation of the program in terms of community benefit and academic viability.
- Celebration/recognition: Celebration and/or recognition of student participation.

For purposes of this service-learning component, students will use the delivery vehicle format of *Risk, Responsibility, Reality: How Insurance Works* to create safety and awareness programs for members of the community from young children to teens. Students will create their own vignettes through script-writing and production to address community safety issues.



4-2: Program Execution

Program Objective:

To create a viable service-learning project to aid the community and enhance academic achievement.

Benchmarks/Content Standards:

English Language Arts:

- **Communication Skills:** Students adjust their use of spoken, written, and visual language (e.g., conventions, style, vocabulary) to communicate effectively with a variety of audiences and for different purposes.
- **Communication Strategies:** Students employ a wide range of strategies as they write and use different writing process elements appropriately to communicate with different audiences for a variety of purposes.
- **Applying Knowledge:** Students apply knowledge of language structure, language conventions (e.g., spelling and punctuation), media techniques, figurative language and genre to create, critique and discuss print and nonprint texts.
- **Evaluating Data:** Students conduct research on issues and interests by generating ideas and questions and by posing problems. They gather, evaluate and synthesize data from a variety of sources (e.g., print and nonprint texts, artifacts, people) to communicate their discoveries in ways that suit their purpose and audience.
- **Applying Language Skills:** Students use spoken, written and visual language to accomplish their own purposes (e.g., for learning, enjoyment, persuasion and the exchange of information).

Civics:

Roles of the Citizen: How can citizens take part in civic life?

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Subject Areas:

English Language Arts, Civics, Career Exploration. Depending on the project selected by your students, other subject areas could also be covered.

Materials:

- *Sample Script Excerpt*

Discussion/Procedure:

Begin by explaining the service-learning concept and the four elements to your students if they are not familiar with it. Service-learning differs from community service in that projects are not just volunteer opportunities – they are tied to academics and classroom learning.

Explain that the class will be building the program in the format of *Risk, Responsibility, Reality: How Insurance Works*. That is, once they decide what community issues they want to tackle, they will develop a program that uses role-play and presentation to deliver the messages.

Share the following steps with your students to help guide the process.

1. Choose your Issue and Target Audience/Set Goals.

The first step is to research and identify issues of importance in the community – especially for younger children and teens. Depending on your community, issues may include farm safety, stranger danger, how to avoid pet bites, or swimming pool safety – or something totally different. For teens, your students can use their newfound expertise on insurance and personal responsibility to reach out to other teens on important issues ranging from driving under the influence, to seat belt usage, to liability, to risk management techniques.

Either as a class, as groups or individually, have students brainstorm issues education concepts that would benefit your community. These can include any class subject area or a combination of disciplines.

Once you have a list of ideas, have the class vote on the final selection.

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Next, determine your goals for the program, and create your goal list.

Have students determine the target audience including age group and where and when to deliver the messages. For example, if students decide to create a program on farm safety for younger children, have them determine the age group so they can create an age-appropriate presentation, and where they would make the presentations: local 4-H meetings, area schools, local fairs.

2. Create a List of Tasks and/or an Organizational Project Roadmap or Chart and Assign Tasks.

The program will require total class participation. You may want to assign a group to design the list of tasks or project roadmap and have a class meeting to revise, or you may want to map the project yourself first. Once the roadmap and/or task list has been approved, a timetable should be developed against all the tasks.

You may assign tasks or let students/groups select tasks that interest them. In this instance, there will be research, writing, scripting, casting, presentation, acting, and, if your group desires, set design, costumes, make-up and even video production. In addition, someone needs to act as the contact with proposed presentation sites to set up a presentation schedule. There is something for everyone.

3. Research the Issue.

Once the issue (or issues) has been selected, research must be conducted to find accurate and meaningful information. Then results should be presented in a fashion that allows students to easily select the final messages.

4. Develop the Program.

Now your students are ready to develop the program. In addition to the presentation component, it should also have a pre- and post-quiz or assessment element to gauge the effectiveness of the program and to determine learning levels. The basic program components should include:

- Pre-test or other introductory element;
- Vignette (or video vignette) presentation;

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- Q&A period;
- Post-test or other assessment element.

Have assigned students and/or student groups work in tandem on the program elements, according to the roadmap.

Have students review the *Sample Script Excerpt* located in the Appendix. It is from the original professional scriptwriter's *Risk, Responsibility, Reality: How Insurance Works* script, and students can use it to guide them in writing and formatting their own scripts.

As part of the program development, students may want to take the program a step further and create their own video of the entire program presentation, a copy of which can be left behind at the presentation site for future use, along with copies of assessment materials.

Once the program is complete, do several run-throughs for tweaking, including testing of pre- and post-assessment elements.

Educator Note:

The development process could also be wrapped into a career exploration program, given the many tasks involved in the program – especially if students make a video of the presentation (e.g., producer, director, writer, script supervisor, cameraman, make-up, wardrobe, event organizer, actor, teacher).

5. Service.

Have students present their program at the events/places scheduled during the preparation process.

Assign students at each presentation to observe and take notes about the presentation, including audience reaction and questions that were asked.

Assign students to distribute and collect pre- and post-assessment tools and analyze results.



6. Reflection and Evaluation.

Reflection allows students to look back on, think critically about, and learn from their service experience. Reflection may include acknowledging and/or sharing of reactions, feelings, observations and ideas about anything regarding the activity.

You may want to offer students various options for reflection, allowing them to select the format most comfortable for them. It can be through writing, speaking, listening, reading, drawing, acting – even creating a vignette for presentation!

Evaluation allows students to analyze, measure and understand program results. Students can determine if program goals were appropriate and reasonable, if goals were met and determine if changes would make the program better or more effective.

Once students have evaluated the program, have them implement any changes the class has determined would improve the program.

7. Celebration/Recognition.

Students benefit from effective recognition. It makes them feel good about what they have done, it strengthens their self-esteem and can provide closure to projects. And it can help motivate them, which is more likely to keep them involved in service.

Recognition doesn't have to be flashy or expensive. A thank-you from the audience, a celebratory event such as a potluck dinner or even a group photo are small ways to celebrate a completed service-learning project.



5.

Appendix

5-1: Glossary

This glossary contains common insurance terms and definitions.

Actual Cash Value (ACV): The amount it would cost today to replace property with comparable property, minus depreciation.

Bodily Injury Liability: Insurance that pays for another person's bodily injury or death in an automobile accident that you caused.

Collision: Insurance that pays for damages to your own car if it is involved in a collision, regardless of who is at fault. Collision coverage may carry a deductible - a stated amount that you must first pay out of your own pocket.

Comprehensive: Insurance that pays for non-collision losses to your car such as fire, theft, flood, hail, vandalism, glass breakage and falling objects.

Coverage: The protection for specific losses provided under the terms of an insurance policy.

Deductible: The amount of money the policyholder agrees to pay toward the total amount of an insured loss, before the insurance company pays.

Depreciation: The decrease in the value of property due to use, wear and tear, age, obsolescence or other cause.

Endorsement: An amendment attached to an insurance policy to add to or change the terms of the policy contract.

Insurance Policy: A legal contract that sets forth the rights and obligations of both the policyholder and the insurance company.

Insurer: Another name for an insurance company.

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Liability: The legal responsibility you have to others to compensate them for damages caused by you.

Limit: The maximum amount that will be paid for a covered loss by an insurance company.

Medical Payments: Insurance that pays the medical expenses, up to the limits purchased, for you or any passengers riding in your car at the time of an accident (Auto insurance) or for others accidentally injured on your property (Renter's and Homeowner's insurance), regardless of fault.

Named Insured: The person designated on the declarations page of the policy.

Peril: The cause of a possible loss, such as fire and theft.

Policyholder: A person who has purchased an insurance policy.

Policy Term: The period during which the policy provides coverage.

Premium: The amount of money you pay to the insurance company in return for insurance protection.

Replacement Cost: The amount it would cost today to replace property with comparable property. Note: Insurance companies often reimburse claims on the basis of ACV until the damaged or lost goods are replaced, at which time the depreciation component is then paid to the insured.

Risk: The potential for financial loss.

Umbrella Policy: A liability insurance policy that takes over where basic liability insurance policies leave off, and is added on top of the limit for another policy, such as a homeowner's policy that covers liability.



5-2: Concept Mapping

About Concept Mapping.

Concept mapping is a technique for representing knowledge in a graphic or diagram format. A typical concept map consists of a network of idea or concept “nodes” or cells that are linked with lines/arcs labeled to illustrate the relationships between the concepts. Concept maps have a number of teaching/learning applications.

Teaching a complex topic.

Concept maps can be used to help clarify difficult concepts, by arranging them in a systematic order and illustrating the relationship among key ideas or concepts.

Reinforcing student understanding.

Concept maps can be used to reinforce understanding by enabling a student to visualize the key concepts and their relationship to each other.

Identifying knowledge gaps.

Concept maps can help educators assess student understanding by identifying knowledge gaps or misconceptions.

Assessing student comprehension.

Concept maps can be used as an assessment/evaluation tool in instances where students create concept maps to demonstrate understanding of a topic.

Building a Concept Map.

1. Decide on a theme or central concept. E.g., insurance.
2. Identify key related words, concepts, phrases associated with the theme. It's generally easier to work from abstract/general down to more specific. E.g., the three types of risk insurance is designed to protect against.

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3. Cluster closely related concepts. You may want to use different shaped nodes, cells or colors to separate clusters. Arrange them in the selected diagram/map format.
4. Link nodes or cells using “action” phrases or words to illustrate an understanding of the relationships. E.g., link the main theme, insurance, to the three types of risk insurance is designed to protect against using a linking or action phrase such as “protects against.” The concept represented would be that insurance protects against loss of property, injury to others or their property and loss of income.

Concept maps do not have to be neat, perfect works of art. The idea is to show relationships between concepts. Many concept maps are hand drawn, and as they grow outward and downward from the central theme, they take on a somewhat random look and feel. If you feel the results are too random, you can modify the map to better organize contents.

You can also create nodes or cells from different pieces of colored construction paper, and have students use them to create “clusters” of concepts. They can then place them on a board, table or large piece of paper and move them around until they have an arrangement they like. The pieces can then be affixed and the action statements connecting the concepts can be added.

Types of Concept Maps.

There are many different types of concept maps; however, the two most applicable to your students may be the spider map and the hierarchy map.

The spider concept map has the central theme in the center or top position of the map with sub-themes and more specific concepts radiating outward. The hierarchy map features the theme at the top of the map, with sub-themes and concepts linked below in descending order of importance.

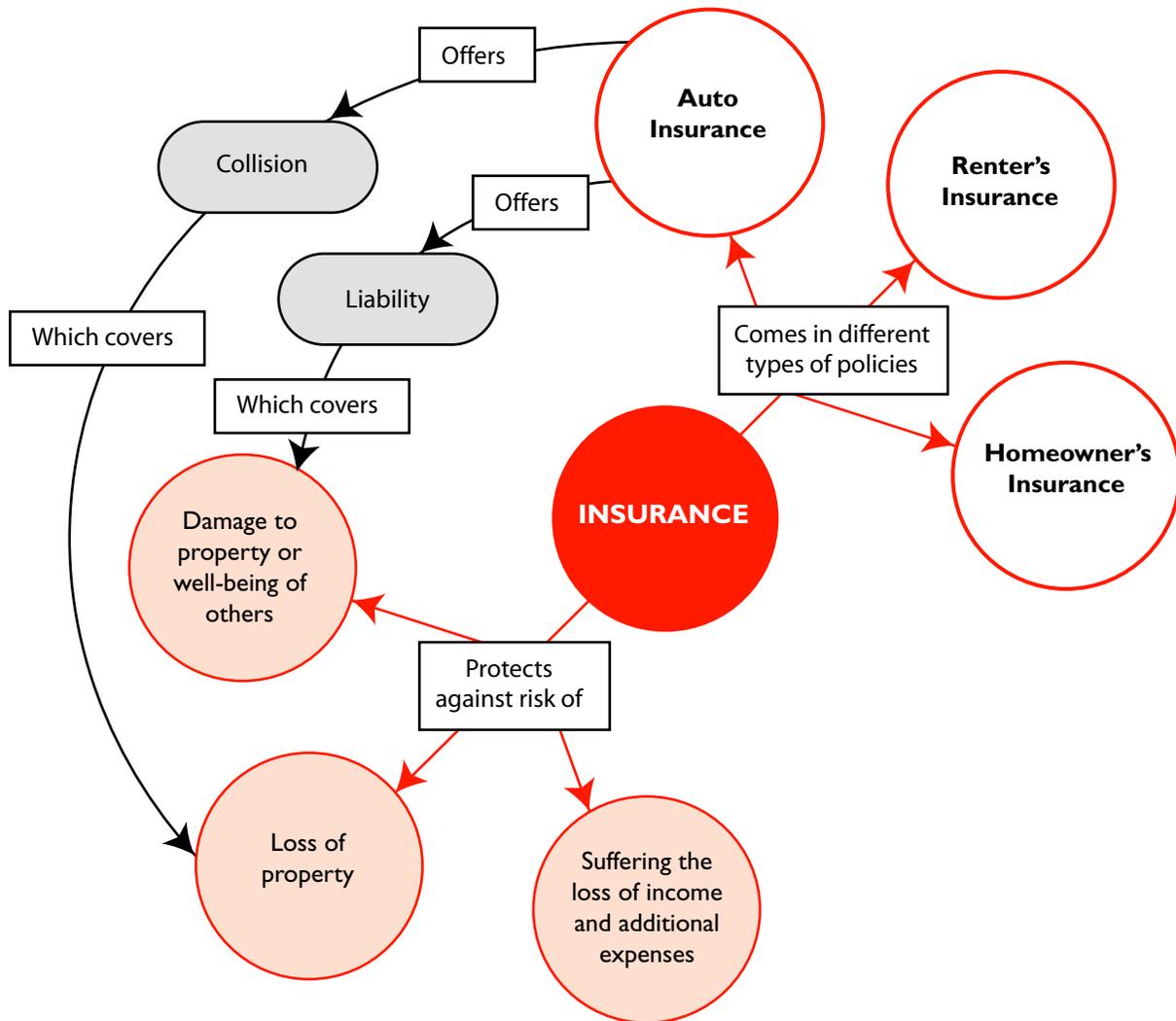
The following map samples are extremely simple examples that represent the beginnings of a concept map. Most concept maps would contain additional information and concepts.

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Spider Map Sample



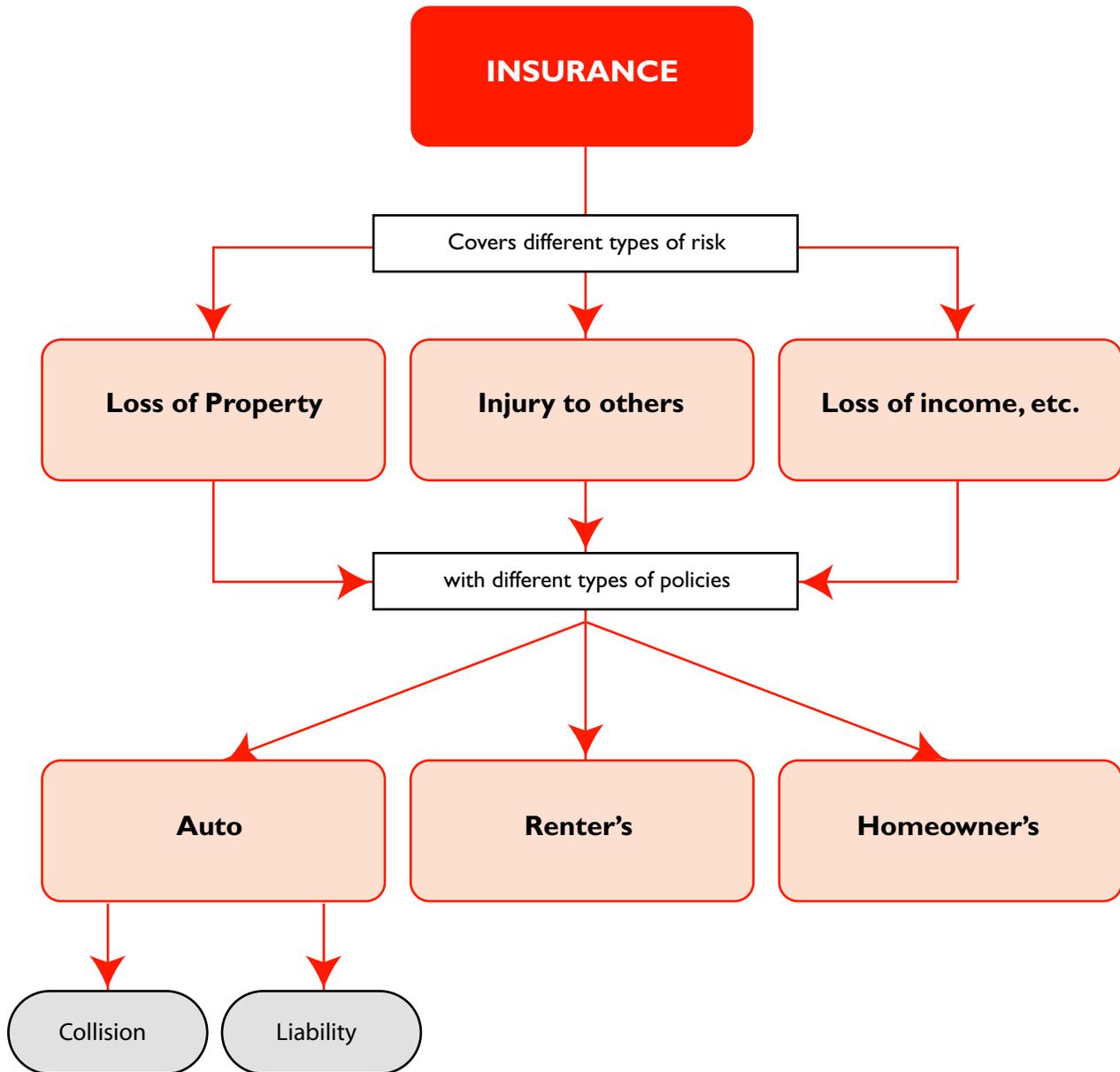
Note: This is only a partial map.

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Hierarchy Map Sample



Note: This is only a partial map.



5-3: Insurance Quiz

General Insurance Information

1. Insurance is a type of risk:
 - a) Avoidance
 - b) Control
 - c) Transfer
2. Which of the following risks is insurance NOT designed to protect against:
 - a) Losing property.
 - b) Being held liable for causing damage to property or well-being of others.
 - c) Being held liable for intentional acts that cause damage to property or well-being of others.
 - d) Suffering the loss of income and additional expenses of personal injury, illness, or death.
3. Insurance is designed to:
 - a) Cover everything.
 - b) Get you back to where you started.
 - c) Replace your items with all new items.
4. Actual Cash Value means that your insurance policy will replace items at:
 - a) What they are worth right now (original cost minus depreciation).
 - b) What it would cost to go out and replace them with cash right now (cost today).
 - c) What it would cost to get the items on sale (cost today minus percentage off for sale).

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5. A deductible is:
 - a) The amount of money the policyholder agrees to pay toward the total amount of an insured loss, before the insurance company pays.
 - b) The amount of money the insurance company pays toward the total amount of an insured loss, before the policyholder pays the remaining amount.
 - c) The amount that is deducted from your premium if you make a claim.
6. Opting for a larger deductible generally will:
 - a) Increase your premium
 - b) Lower your premium
 - c) Not affect your premium
7. If you want to insure specific items for a greater value than what would be covered under your policy, you would get a(n):
 - a) Codicil
 - b) Addendum
 - c) Floater
 - d) Endorsement
8. Insurers may use your credit score to help determine:
 - a) Whether you get insurance and what you're charged for it.
 - b) What your deductible will be.
 - c) They don't consider your credit score.



Renter's Insurance – True/False

1. Your landlord's insurance covers your personal property in case of loss, so only people whose landlords don't have insurance need Renter's insurance.
True False
2. Your Renter's insurance automatically covers your personal property up to replacement value.
True False
3. Most standard Renter's insurance policies also cover liability if someone is injured in your apartment.
True False
4. Standard limits on coverage for valuable items generally run from about \$1,000 to \$5,000.
True False
5. Renter's insurance covers your possessions lost or stolen when you're away from home.
True False
6. Most people don't get Renter's insurance because it is very expensive.
True False



Auto Insurance – True/False

1. Insurance premiums are affected by factors including your age, gender and the type of car you drive.

True False

2. You can choose what kind and how much auto coverage you want – there are no mandated requirements as long as you have some type of Auto insurance.

True False

3. Teens are generally charged less for Auto insurance because they are less likely to have accidents.

True False

4. Collision insurance covers damage to your vehicle from such things as theft or vandalism.

True False

5. If you lend your car to someone and they have an accident, your collision insurance will cover damage to your car.

True False

6. Your grade point average can affect your insurance rates.

True False



Homeowner's Insurance – True/False

1. A basic Homeowner's policy generally covers your house, personal possessions and liability.
True False
2. Your Homeowner's policy automatically covers the cost of replacing your home (dwelling).
True False
3. A basic Homeowner's policy covers Replacement Cost for your personal possessions.
True False
4. Homeowner's insurance will cover flood damage.
True False
5. Your parents' Homeowner's insurance will cover damage or loss of your property in a college dorm.
True False



Answers

General Insurance Information

1. c) Insurance “transfers” the risk of financial loss from you to your insurer.
2. c) Insurance does not cover intentional acts.
3. b) Insurance is meant to get you back to where you started.
4. a) Actual Cash Value means what an item is worth right now, not what it would cost to replace it today. That is Replacement Value.
5. a) The deductible is the amount that a policyholder agrees to pay toward the amount of the insured loss. Once the deductible is paid, the insurance company then covers the remainder to the limit defined in the policy.
6. b) A larger deductible means a lower premium, because you are agreeing to take on some of the risk by paying a larger amount upfront, which lowers the insurer’s obligation.
7. c) or d) A floater or an endorsement is an addition to a policy that covers specific items like jewelry, computers, art, furs or other items that exceed the value allowed in a general policy.
8. a) While most people think a credit score only affects whether or not they can get a credit card, a credit score may be used by insurance companies (depending on the company), mortgage lenders, landlords and even potential employers to gauge your level of responsibility and the risk you pose. That’s one reason why maintaining good credit and a good credit score is so important.

Renter’s Insurance – True/False

1. False. Your landlord’s insurance will cover the building, but not your personal property. That’s what Renter’s insurance is for.
2. False. Renter’s insurance will cover most items up to Actual Cash Value at the time they were destroyed or ruined (up to policy limits) unless you purchase

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Replacement Value, which will pay to replace items with the same or similarly valued items at today's cost.

3. True. Standard Renter's insurance policies generally cover not only loss of your personal property, but cover to some extent bodily injury and property damage to others due to your negligence. Some even cover living expenses if you have to move out of your apartment due to damage.
4. False. Standard coverage generally runs from \$1,000 (jewelry, watches, furs, precious stones) to \$2,500 (silverware) for big ticket items. Greater coverage requires additional coverage or endorsements.
5. True. Renter's insurance generally will cover your possessions away from home as well. In addition it covers items such as bicycles, but not cars or motorcycles. There is normally a maximum amount specified in the policy that will be paid to cover property away from home.
6. False. Renter's insurance is generally inexpensive. Insurers are not insuring a building, only possessions and liability.

Auto Insurance – True/False

1. True. There are a number of factors that insurers take into consideration when setting rates and premiums, including age, type of car you drive, where you'll be driving, how much you'll be driving, and even your grades if you're a student.
2. False. While it is true that certain coverages may be optional, most states have minimum liability and other Auto insurance requirements. Check your state's minimum requirements at your state insurance board/bureau or web site.
3. False. Teens are charged more for Auto insurance because they have more accidents than other age groups.
4. False. Collision insurance will cover damage to your car from collision with another object. Comprehensive insurance covers damage to a vehicle from theft and vandalism.

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5. True. Generally speaking, if someone borrows your car with your permission (and permission is generally implied unless specifically denied), your insurance should cover it to your policy's limits and after any applicable deductible is paid. However, always check your policy before making any assumptions! And, knowing that the number of claims you make against your policy can affect your rates and ability to keep insurance, always be careful about lending your car.
6. True. Many insurance companies offer both good driver discounts and discounts for students who maintain a particular grade point average.

Homeowner's Insurance – True/False

1. True. Homeowner's policies generally cover your house, adjacent structures (e.g., garage), and personal possessions from specific loss situations up to specified limits. They also generally provide liability coverage, and pay living expenses if you couldn't stay in your home because of covered damage up to the policy's specified limits.
2. False. Your Homeowner's policy will cover up to whatever you've insured your home for. For example, if you insure your house for \$100,000, that's the most you will get if it is destroyed, even if it would cost more to replace it. That is one reason it is so important to understand policy limits and the cost to rebuild your house.
3. False. A basic Homeowner's policy will only pay the actual cash value of personal possessions. You have to purchase Replacement Cost coverage.
4. False. Generally, Homeowner's policies cover loss from fire, theft, wind damage and vandalism. Floods require a separate policy, and earthquakes require either a special endorsement or a separate policy.
5. True. Your parent's Homeowner's insurance would cover damage or loss of your property in a dorm room, but only up to limits specified in the policy and providing you were not emancipated.

Disclaimer: Please note that the answers provided for the insurance quiz are general in nature and for informational purposes only, as laws, regulations, policies and coverages vary from state to state and company to company. Experts should always be consulted with regard to any specific questions related to any real-life or hypothetical scenarios related to insurance.



5-6: Vehicle Profile Worksheet

Select a car you'd like to have, along with the options you find desirable. You need to select a car model that has been in production at least two years, so that you can compare new and used prices for the same model car (e.g., Jeep Cherokee, Ford Taurus, Toyota Camry, Honda Accord).

DRAW OR PLACE VEHICLE PICTURE HERE

Vehicle Type Selected:

Vehicle Model Selected:

Vehicle Options Selected:

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Find prices for this car – new and used – from at least 3 sources. You can use newspaper ads, Internet resources or contact a local dealer. Which is the best deal? Be sure to list and include any taxes, delivery or additional charges over the base cost when you are considering the best deal.

Base Cost New (Year): _____ Base Cost Used (Year): _____

Additional Costs: _____ Additional Costs: _____

Total Cost: _____ Total Cost: _____

Find the Kelley Blue Book Value for the car for the years selected:

Blue Book Value: \$ _____ Blue Book Value: \$ _____

Depreciation:

How much value did the car you selected lose as soon as you drove it off the lot?

\$ _____

How much value did the car you selected lose on average per year?

\$ _____

Using the Internet or other resources, research why your selected car did or did not hold value (e.g., perhaps it was a limited production car or perhaps the car requires numerous repairs throughout its life span). Explain what you discovered:



5-7: Driver Profile Worksheet

Use this sheet to create driver profiles for purposes of obtaining an Auto insurance quote.

Personal Information

Driver Name: _____

Sex: ___ Male ___ Female

Age: ____

Where driver lives: _____ City/Town _____ State ___ ZIP _____

Car Information

How many miles will you drive per year? _____

Setting: ___ Urban ___ Suburban ___ Rural

Parking location: ___ Street ___ Driveway ___ Garage

Driving Record Information

Driving for how many years? _____

Moving Violations? ___ Yes ___ No If yes, how many? _____

Driving Under the Influence? ___ Yes ___ No If yes, how many times? _____

Accidents? ___ Yes ___ No

If yes, please describe, _____

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Other Information Requested for Quote (If required)

If a student, what is your grade point average? For the past 3 years?

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5-8: Auto Insurance Information Sheet

COVERAGE NAME(S)	PAYS FOR:	DEDUCTIBLE	LIMIT INFORMATION AND GUIDELINES	GENERAL COMMENTS
Bodily Injury Liability or BI	<ul style="list-style-type: none"> injuries you cause to other people arising out of the ownership, maintenance, or use of an auto. Includes payment for medical costs, loss of income, pain and suffering, and funeral expenses. legal costs should other people you hurt decide to sue you. (This portion of coverage is not subject to limit.) 	N/A	Suggested minimum: <ul style="list-style-type: none"> per person injured: \$100,000 per accident: \$300,000 	Mandatory in most states. Coverage generally extends to: <ul style="list-style-type: none"> anyone using your car, and family members using any car.
Property Damage Liability or PD	<ul style="list-style-type: none"> property damage you cause to others. 	N/A	Suggested minimum: \$50,000	Mandatory in most states.
Collision	<ul style="list-style-type: none"> cost to repair or replace your car if it is damaged by collision with another vehicle or object. 	X	Typical limit: Actual Cash Value	Required by lender if you have a car loan. Consider cost of this coverage versus the value of your car.
Comprehensive	<ul style="list-style-type: none"> cost to repair or replace your car as the result of damage not caused by collision (e.g., fire, theft, flood, hail, etc). 	X	Typical limit: Actual Cash Value	Required by lender if you have a car loan. Consider cost of this coverage versus value of your car.
Medical Payments or Med Pay	<ul style="list-style-type: none"> medical and/or funeral expenses for you or your passengers; also covers family members if struck as pedestrians. 	N/A	Suggested minimum: \$5,000	
Personal Injury Protection or PIP	<ul style="list-style-type: none"> lost wages, medical care, and cost to replace services normally performed by the injured person. 	?	Law may specify minimum amount of coverage.	Mandatory in most states that offer PIP coverage.
Uninsured and Underinsured Motorist or UM-BI/UIM-BI	<ul style="list-style-type: none"> your medical, loss of income, pain and suffering, and funeral costs resulting from an accident caused by an uninsured, hit and run, or underinsured motorist. 	N/A	Suggested minimum: <ul style="list-style-type: none"> per person injured: \$100,000 per accident: \$300,000 	Mandatory in most states.
Uninsured Motorist Property Damage or UM-PD	<ul style="list-style-type: none"> damage to your vehicle by a motorist without insurance. 	N/A	Suggested minimum: \$25,000	Consider purchasing this if you do not have collision coverage. May be packaged with UM-BI.

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ADDITIONAL COVERAGE OPTIONS OR ENDORSEMENTS				
Rental Reimbursement	• rental car charges when you are unable to drive your car due to a covered loss.	N/A	Limit per day generally applies.	Consider cost of this coverage versus your need for a rental car.
Towing and Labor or Emergency Road Service	• some services usually provided by an auto club membership such as towing your car, delivery of gas, oil, etc.	N/A	Limit generally applies.	An alternative to auto club membership.

TABLE KEY:

X = Deductible applies to the coverage.

? = Deductible may apply to the coverage.

N/A = Deductible does not apply to the coverage.

Why Teenagers Pay More for Auto Insurance.

To calculate the cost of insurance, companies compute the odds that particular losses (like car accidents, thefts, and fires) will occur and use these calculations to estimate how much they will need to pay those who suffer losses.

Then they add administrative expenses and other costs to this estimate and divide the total among insured members.

To ensure fairness to each member of the pool, the amount that each member pays of the total depends on the odds of particular losses happening to that member. So if the odds are greater for each member of that pool that a particular loss will happen, then the company is going to be paying out more to those members – so rates will be higher to cover the greater anticipated losses.

And, as a group, teenagers are far more likely to be in an accident than adults over 25 years of age.

Driver Characteristics	Odds of Being Involved in an Accident (per year)
Age 25 yrs and older	11%
Age 21 yrs and under	31%

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Based on these statistics and assuming that all other factors are equal, drivers 21 years and younger can expect to pay more for Auto insurance than drivers 25 years and older.

Other factors besides age that may have an impact on the amount of money teenagers and adults pay for Auto insurance include:

- the type of car you drive,
- your driving record,
- how many miles you drive each year,
- your gender,
- whether or not you are a good student, or took a driver's ed. class,
- what you will be using the car for (back and forth to school or work, business, or pleasure use),
- where you'll be driving and parking the car, and
- the cost of repairing your car.

All of these factors have been shown to have predictive value when projecting the odds of losses.

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5-9: INSURE Worksheet

Identify the risks you want to insure.

List risks here.

Name the type(s) of insurance that cover(s) these risks.

List type(s) of insurance here.

Select potential policy kind, coverages, limits, and deductibles.

Use the space below to list your preliminary selections and notes.

Coverage

Limit

Deductible

Notes

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Use resources, when available, to finalize these choices.

List resources used here. Adjust preliminary selections listed above as necessary.

Research insurers and obtain premium quotes.

Use the space below to summarize your findings.

	Company #1	Company #2	Company #3
Company Name:			
Overall Company Rating:			
Deductible:			
Premium every _____ (how often) for the following coverages/limits:			

Evaluate your findings to determine the best policy for you.

Indicate here which company you would select and why.



The *INSURE* Process.

To purchase the best insurance policy for a particular situation, try following the *INSURE* process outlined below:

Identify the risks you want to insure.

Name the type(s) of insurance that cover these risks.

Select potential policy kind, coverages, limits, and deductibles.

Use resources, when available, to finalize these choices.

Research insurers and obtain premium quotes from independent agents, captive agents or directly from the company.

Evaluate your findings to determine the best policy for you.

Using the *INSURE* Process

Let's walk through the *INSURE* process step by step.

Identify the risks you want to insure.

Think of the situation in light of the three basic types of risks (possibility of financial loss) that insurance can cover:

- Losing property;
- Being held liable for causing damage to property or well-being of others;
- Suffering the loss of income and additional expenses of personal injury, illness, or death.

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Next, ask yourself: “If any or all of these losses actually happened, would I be able to recover easily from the loss? How would my lifestyle be affected?”

Risks that have minimum financial consequences can be retained, but where the potential financial consequences are large, consider insurance.

Name the type(s) of insurance that cover these risks.

Use Insurance Information Sheets to help you.

Select potential policy kind, coverages, limits, and deductibles.

Make preliminary decisions regarding selection of coverages, limits and, if applicable, deductibles. Select the coverages, limits, and, if appropriate, the deductibles and/or policy kind that you feel may provide the best protection. Use Insurance Information Sheets to help you select. You will have the chance in the remaining steps to test your initial selections.

Use resources, when available, to finalize these choices.

Whenever possible, use other resources to personalize the tabled information. Find out about:

- the coverages and coverage “packages” that are offered by insurers in your area,
- any coverages that may be required in your state,
- any coverage or coverages that best address risks specific to your area, and
- deductible options, limits and premiums.

You can opt to obtain information about insurance products from a variety of sources.

Internet. Many insurance companies have web sites that may contain the information that you are looking for. There are also web sites that are shared by multiple insurers. New sites appear everyday. You may find others to use as you surf the web, but here are a few addresses for multiple company sites that handle more than one type of insurance: www.insuremarket.com; www.insure.com; and www.insweb.com.

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Using a company-shared web site can be an efficient way to gather information. To ensure that you will be paying the correct premium, insurance companies need to ask you many questions to learn as much as they can about you and your risk profile. These Internet sites, and ones like them, allow you to answer all of these questions once to obtain multiple preliminary quotes. Remember: while a web site can be an efficient way to gather information, it is not always the most accurate. All information, especially online quotes, should always be verified by calling the company or an agent.

Phone. Another way to gather information is to get your questions ready and call a few company representatives and/or agents. While this is often more accurate than using the quote system on the web, it is somewhat time-consuming as you will need to answer a list of questions for each phone call.

Other Sources of Information. Periodicals, consumer publications, knowledgeable family and friends can also be used as resources to help you make your preliminary decisions.

Research insurers and obtain premium quotes from independent agents, captive agents or directly from the company.

At this point, you should have a firm idea of the coverage, limits, deductibles and/or policy types that seem best for the situation. You should also know the appropriate state's requirements with regard to coverage and limits, and what types of policies are available to you in your area. You may have obtained some preliminary quote information and may have decided on a few candidate insurance companies.

Before you begin calling agents or company representatives to obtain final quotes, remember to research the companies. Obtain final quotes from the companies that meet or exceed your standards.

Obtain insurance quotes from at least three insurers. Use your notes to make sure that you are getting information for the same coverages, limits, etc., so you are comparing apples to apples and not apples to oranges!

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Evaluate your findings to determine the best policy for you.

By this time, you have asked all the questions and recorded the answers. Now it's time to evaluate your options and make your decision. This step is about personal choice and like most decisions in this step-by-step procedure, the final decision is up to you!

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5-10: Renter's and Homeowner's Insurance Information Sheet

COVERAGE NAME(S)	PAYS FOR:	DEDUCTIBLE	LIMIT INFORMATION AND GUIDELINES	GENERAL COMMENTS
Dwelling	<ul style="list-style-type: none"> damages to your residence. 	X	Suggested minimum: <ul style="list-style-type: none"> buy at least 80% of your home's replacement cost. Consider an extra Replacement Cost policy or option. 	Required by lender if you have a home loan.
Detached Structures	<ul style="list-style-type: none"> damages to detached structures (garage, pool, tool shed, etc.) on your property. 	X	Typical limit: 10% of your Dwelling coverage limit. If you think you'll need more to cover your losses, opt for raising this coverage limit.	Required by lender if you have a home loan.
**Contents or Personal Property	<ul style="list-style-type: none"> damages to, or theft of personal possessions. 	X	Limit applies. Losses paid at Actual Cash Value unless you purchase Replacement Cost coverage.	Parent's policy will usually cover your property while away at college.
Additional Living Expenses or ALE	<ul style="list-style-type: none"> increased costs for living away from your home while it is uninhabitable because of a covered loss. 	N/A	Typical limit: <ul style="list-style-type: none"> 20% of dwelling coverage or costs for a certain number of months. 	
Medical Payments to Others or MPO	<ul style="list-style-type: none"> medical costs of other people hurt by you or hurt on your property. 	N/A	Suggested minimum: \$1,000	
Personal Liability	<ul style="list-style-type: none"> injuries or property damage to others caused by you. 	N/A	Suggested minimum: \$100,000	Coverage generally applies to family members.

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ADDITIONAL COVERAGE OPTIONS OR ENDORSEMENTS

Replacement Cost on Contents	<ul style="list-style-type: none"> the cost to replace your property with comparable goods. 	X	Limit applies.	This provides Replacement Cost coverage.
Extra Replacement Cost on Dwelling	<ul style="list-style-type: none"> damages to your residence at replacement cost. 	X	Limit applies.	Only offered if you insure your home at 100% Replacement Cost.
Backup of Sewer or Drain/Sump Pump	<ul style="list-style-type: none"> damages (such as drying or replacing the carpeting, etc.) caused when a sewer or drain in the house backs up or the sump pump fails. 	X	Limit applies.	
Incidental Business	<ul style="list-style-type: none"> cost to replace or repair business property and liability arising from the business activity. 	X	Limit applies.	
Earthquake	<ul style="list-style-type: none"> cost to repair or replace damage done to your property as a result of an earthquake. 	X	Limit applies.	Damage from an earthquake is not covered unless you buy this protection.
Flood	<ul style="list-style-type: none"> cost to repair or replace damage done to your property as a result of natural flooding. 	X	Limit applies.	This is a separate policy backed by the federal government.

***No matter how much personal property protection you buy, all policies set limits on what will be paid for certain categories of items, and for certain types of losses (for example, theft). Here are typical limits for these categories. When comparison shopping, be sure to ask about these limits and whether the company offers an endorsement or option to increase the limit/coverage if you should need more.*

Jewelry, watches, furs: \$1,000
 Guns: \$2,000
 Silverware, goldware: \$2,500
 Electronics: \$1,000

Money, coins, gold, silver: \$ 200
 Stamps, securities, valuable paper: \$1,000
 Business property: \$1,000

Remember that these limits apply to each category of item, not for each item within a category. For example, if a burglar steals a \$1,200 watch and a \$1,000 ring from you, your insurance would cover the limit (\$1,000), not the total loss (\$2,200).

TABLE KEY:

X = Deductible applies to the coverage.

? = Deductible may apply to the coverage.

N/A = Deductible does not apply to the coverage.

Shaded areas indicate Renter's insurance coverages; All tabled coverages apply to Homeowner's.

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5-11: Risk Management Worksheets

RISK MANAGEMENT SHEET – Vignette 3

Use this sheet to identify what risk management techniques you (or the character) could employ for the particular situation. Then identify the responsible party.

Scenario	Risk Avoidance Technique	Risk Control Technique	Risk Transfer Technique	Personal Responsibility
Trashed House				
Neighbor Injury				
Damage from Clogged Toilet				
Underage Drinking				
Roger's Twisted Ankle				



5-12: Vignette 1 Case Study Answer Sheet

1. Whose insurance will cover the damage to and cleaning of the walls of the apartment due to smoke damage?

The landlord's insurance should cover any damage to the structure itself. However, if the landlord's insurance company feels that Chris was negligent, the insurance company could subrogate (substitute one creditor for another) Chris's insurance company for the damages. If Chris's insurance company has to pay, then it will show up on Chris's insurance record as a loss.

2. Who (or whose insurance) will cover the damage to the floors from the overflowing tub?

In theory, the landlord's insurance should pay for the damage to the floors from the overflowing tub. However, if the landlord's insurance company feels that Chris was negligent, the insurance company could subrogate Chris's insurance company for the damages. Once again, if they subrogate, then it will show up on Chris's insurance record as a loss.

3. Who is responsible for the damage to the neighbor's personal property?

Chris's Renter's insurance liability coverage should cover damage to his neighbor's personal property.

4. For items that are covered by the policy, what value will be designated by the insurance company?

Since Chris did not opt for Replacement Value on his Renter's insurance policy, items will be covered at Actual Cash Value, or what they're worth today (cost minus depreciation) for older items.

However, in some instances, an item's Actual Cash Value may be greater than the limits for the policy. For instance, electronics may be covered only up to \$1,000 without an endorsement or separate policy that provides additional coverage for specific items. So Chris's stereo, which was \$2,500 when new three years ago, may still be worth more than \$1,000. If that's the case, his policy will only cover up to \$1,000.

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For new items, such as his computer, since he did not have an endorsement or separate policy providing additional coverage, the coverage will only be up to standard policy coverage, which is \$1,000 in this case.

5. Make a list of the items in the case study that will be covered by Chris's Renter's insurance policy, how much will be covered and why.
 - His stereo, but only to Actual Cash Value or up to the limit of his policy, whichever is lower, because he did not have Replacement Value, nor did he have an endorsement or separate policy to cover expensive electronics.
 - Living Room area rug, 8' x 10', but only to Actual Cash Value because he did not have Replacement Value coverage.
 - His new computer, flat screen monitor, and printer only up to a total of \$1,000, because he did not have an endorsement or separate policy, and his standard policy only covers up to \$1,000 on computer items.
 - A bedspread and 2 sets of queen sheets, but only to Actual Cash Value.
 - A queen size mattress and box spring, but only to Actual Cash Value.

6. Who will pay for Chris's motel stay?

Chris's Renter's insurance should pay for his motel stay, within the limits of his policy.

7. If Chris files a claim, will his policy be affected by this situation in terms of cost or rates? Why or why not?

Depending on the insurance company and circumstances, the rates may or may not change. Insurance companies definitely look at a person's claim history at the time he/she wishes to renew a policy or looks for a new policy. Depending on whether the insurance company determines Chris was negligent by leaving the pizza in the oven and leaving the bathtub running, his rates may be higher at the time of renewal or the company may decline to renew his policy. If this is Chris's first claim, he will probably be renewed. However, if Chris has filed multiple claims, regardless of fault, his insurance company may decide the risk of insuring him is too great, and may decide not to renew his policy.

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8. In terms of insurance coverage, what did the Insurance Angel mean when he said “And if they find out about your devil may care attitude toward fire and flood, it’s going to be ‘hope for a miracle’ mister?”

While the Angel was clearly using rhetoric when he used the phrase “fire and flood” (he really meant smoke damage and an overflowing tub causing some water damage), his point was that while Chris’s insurance will cover damage to the limits of his policy, when the insurance company reviews the circumstances and Chris’s claims record, it could decide to raise his rates or refuse to renew his policy if they believe his actions and record indicate that he has a tendency toward negligence and would not be a good risk. The bottom line is that while insurance covered Chris’s negligent acts, he could end up paying more for insurance or having a harder time getting insurance down the line if he builds a track record of claims.

Disclaimer: Please note that the answers provided for the case study questions, while accurate within the context of the hypothetical case studies, are provided for representational purposes only and should not be construed to apply to any specific real-life situation. As laws, regulations, policies and coverages vary from state to state and company to company, experts should be consulted with regard to any questions related to any real-life or other hypothetical scenarios.



5-13: Vignette 2 Case Study Answer Sheet

1. If Fred's car had only been wrecked and not been stolen, whose insurance would be responsible for paying for repairs and any other liability?

The vehicle insurance is the primary insurance, so since it's Fred's car, his auto insurance would kick in. And even though Bill didn't have Fred's permission to drive the car, unless it can be shown that permission was specifically denied, permission is implied and Fred's insurance company will cover damages within the limits of the policy.

2. How much would that insurance company have paid toward repairing the damage? Under what type of coverage?

Fred has a \$500 collision deductible, so he would be responsible for the first \$500 in repair costs, with the insurance company picking up the balance or \$4,500. The damage would have been covered under Fred's collision insurance.

3. How much will the insurance company pay toward replacing Fred's stolen car? And under what type of coverage?

Under comprehensive coverage, Fred's insurance company would pay to replace his stolen car up to Actual Cash Value of the car. Fred's car was worth \$11,000, and his insurance will cover \$10,500, (\$11,000 minus the \$500 comprehensive deductible).

4. How much will Fred end up with to put toward a new car?

Fred still owes \$6,000 on his car loan, so the insurance company will first pay \$6,000 to the holder of the loan, with the remainder going to Fred. So he only ends up with about \$4,500 to put toward a new car ($\$10,500 - \$6,000 = \$4,500$).

5. How much will his insurance company pay toward repairing the car that clipped his door? And under what type of coverage?

Since Bill opened the door without looking, he was found responsible for the damage to the other car. Since Bill had implied permission to use Fred's car, Fred's liability insurance will be primary, and will pay for damage to the other car, up to its limit of \$10,000.

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6. What about the property damage to the mailbox, lawn and sprinkler system?

Since Bill was found liable for the damage and was an implied permissive user, Fred's insurance will pay up to its limit of \$10,000. However, since his policy is already paying out \$7,500 for repairs to the other driver's car and his limit is \$10,000 total property damage, there is only \$2,500 left on his policy to cover the damage. That means that Bill or Fred will be responsible for the difference: $\$8,500 - \$2,500 = \$6,000!$ While it is Bill's responsibility technically, the property owners could go after Fred for negligently allowing Bill to drive the car. If Bill had been insured, Bill's insurance company would have paid for damages in excess of Fred's \$10,000 limit.

7. Is Fred responsible for paying for medical treatment for the injured woman? If so, to what extent? And under what type of coverage?

Since Bill was determined to be liable for the accident, as the driver, he is responsible for expenses stemming from the injury claim. These expenses may involve items beyond just the cost of medical treatment. As a permissive user, Bill qualifies as an insured under Fred's policy. Therefore, Fred's policy will pay for the expenses associated with the woman's injury, up to the policy limit of \$20,000. If the woman's injury costs exceeded Fred's liability insurance limits, her auto insurance or her uninsured or underinsured motorist coverage may have picked up the additional costs. The woman's insurance company may then seek recovery from Bill and/or Fred of the monies paid.

8. Given the circumstances, was Fred's coverage adequate? What coverage should he have had?

Fred's coverage was not adequate. Since Bill did not carry other insurance, Fred's insurance covered most costs, but if the property owners come after him for the damages outside of his coverage instead of or in addition to coming after Bill, he could be out-of-pocket for the \$6,000 additional in property damage caused by the accident. He should consider increasing his property damage coverage in the future, and he should be very careful about lending his car to anyone!

9. Even though Fred did not know that Bill was driving his car, did he have to pay?

Yes. Several factors come into play here. Primary auto coverage usually goes with the vehicle, not the driver, so Fred's insurance was the applicable insurance for

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most of the costs of the accident. In addition, auto insurance generally assumes implied permission to drive a car; that is, unless permission is specifically denied, it is assumed permission is granted, and will cover applicable costs to policy limits. So even though Fred knew nothing about Bill driving his car, he did not specifically deny him permission, nor did he place any limitations on Luanne's use of his car, so his insurance kicked in. If Fred had specifically told Luanne not to let anyone else drive his car, it could be a different story.

Note: In the video, the Insurance Angel says: "Liability coverage takes care of injury to someone else or property – if the driver had permission to use the car. Not the case here." In the case study we bring out the fact that in this particular interpretation Fred's insurance does cover Bill because Luanne was not given any specific instruction from Fred not to let anyone else drive the car. We have supplied this interpretation for the case study because students are more likely to encounter this implied permission situation in real life. However, we want students to understand that there are circumstances in which their coverage may not apply and to think about consequences, which is what the Insurance Angel's statement is meant to do.

10. What could the net cost be to Fred after taking into consideration what his policy will and won't cover?

Fred will end up paying his \$500 deductible and will receive the difference between his deductible and his car's value from his insurance company. Since his insurance company will pay the lienholder the \$6,000 loan balance, Fred will receive \$4,500 ($\$11,000 - \$500 - \$6,000 = \$4,500$). However, if the owners of the property that was severely damaged go after Fred for the \$6,000 that his insurance doesn't cover, at the end of the day, Fred could be out of pocket this additional \$6,000 in addition to his \$500 deductible. If Fred applied the \$4,500 insurance proceeds to offset these expenses, he would still be out \$1,500 and his deductible. Let's remember Fred still also needs to pay for a new car!

11. How could these claims affect Fred's policy?

Since insurance companies take your claims record into consideration when determining whether to change your rates or renew your policy, this claims mess may result in an increase in Fred's premiums. Even if it wasn't Fred's fault, his insurance company has to pay out a claim, and that shows up on Fred's insurance record. In addition, this case study involves situations that could possibly result in litigation, which Fred could be drawn into, and that may also appear on Fred's insurance and credit records.

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Disclaimer: Please note that the answers provided for the case study questions, while accurate within the context of the hypothetical case studies, are provided for representational purposes only and should not be construed to apply to any specific real-life situation. As laws, regulations, policies and coverages vary from state to state and company to company, experts should be consulted with regard to any questions related to any real-life or other hypothetical scenarios.



5-14: Vignette 3 Case Study Answer Sheet

- I. Which items damaged in the house and the yard will be covered under the homeowner's policy and under which specific coverage? Which items would not be covered?

While the total amount of damage done to the dwelling and contents of the house do not exceed Jack's parents' total limits, there are certain specific categories that have limits and the policy will only pay to that limit (e.g., \$1,000 for electronics) unless there is a special endorsement (extra coverage) for that item or category.

All coverage will depend on specific limits, but in general, the following items will be covered:

- Because the damage to the lawn and bushes were due to "vandalism" more or less, they are probably covered under the homeowner's policy, but probably only up to about \$1,000. Since the boxwoods and re-sodding cost more than \$1,000, Jack's parents will have to pick up the \$2,700 difference.
- Damage from the clogged toilet ruined wall-to-wall carpeting in 4 rooms and ruined wood floors in the hallway and stairs. This should be covered under Dwelling coverage of their homeowner's policy (\$15,000), because the water damage was due to plumbing.
- The two Oriental carpets worth \$7,000 would not be covered, because they did not fall under any named peril covered in the policy.
- Jack's father's 40" flat screen TV (\$8,000) would not be covered because it did not fall under any named peril covered in the policy (that is, beer spillage was not a peril named in the policy, so that kind of damage is not covered).
- Jack's mother's entire set of antique china (8 place settings, 2 serving platters, soup bowls, cream and sugar pitchers and coffee pot) (\$6,800) would not be covered, because it did not fall under any named peril covered in the policy.

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2. How much of the stolen jewelry, silverware and the bike will be covered under their policy? Under what coverage? What will they be responsible for?
 - All of the stolen jewelry will be covered under the special jewelry endorsement, since the total amount was under \$10,000.
 - The stolen silverware will be covered only up to the \$2,500 provided for in the standard Contents and Personal Property coverage; they did not have a special endorsement increasing the standard coverage. Since the silverware was worth \$3,500, Jack's parents will be out \$1,000 on that item.
 - The stolen bike would be covered at Replacement Value under the Contents and Personal Property coverage.

3. Based on the fact that intentional acts are not covered under comprehensive homeowner's policies, which items might not be covered under the insurance policy? If so, how much would Jack's parents have to pay?

This is a little bit of a trick question. The concept of "intentional acts" not being covered generally relates to intentional acts performed by the insured. While the head-butting of Mrs. Krinsky by Roger could be deemed intentional, he was not the insured, so Jack's parents' homeowner's insurance would cover applicable costs up to its limits if Mrs. Krinsky presents her \$2,300 medical bill to Jack's family. This would be covered under Medical Payments to Others.

4. How much of the losses in household contents wouldn't be covered by the homeowner's policy?
 - Yard damage (\$2,700).
 - Two Oriental carpets (\$14,000).
 - Jack's father's 40" flat screen TV (\$8,000).
 - Jack's mother's antique china (\$6,800).
 - Antique silverware (\$1,000).

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- The only picture Jack's father had of his father (Jack's grandfather) (Irreplaceable).
5. Which personal injuries would be covered under the homeowner's policy? Are Jack's parents responsible for the medical care costs?

Injuries to Roger would be covered under Medical Payments to Others coverage. Mrs. Krinsky would be covered under the same clause, if she presents a medical bill to Jack's parents rather than trying to get payment from Roger.

In addition, the parents of the two teens injured in the car accident may make a claim against Jack's parents' liability insurance.

6. What are Jack's parent's responsibilities regarding the two underage teens who were driving drunk from the party? Will their insurance cover the medical expenses?

Depending on where Jack and his family live, the legal, civil and insurance consequences may differ according to the laws of the state. However, some potential consequences might be as follows: Since it is against the law to serve alcohol to teens or to allow them to drink alcohol in your home or on other property under your control, it is possible, depending on state laws, that Jack's parents will be prosecuted criminally, facing fines and imprisonment – even though they didn't know about the party.

Once again, depending on the state, the teens' parents may file a civil suit, with a jury deciding how much they will have to pay. If Jack's parents' insurance doesn't specifically exclude injuries related to alcohol, then personal liability insurance may cover the costs if they are held liable. However, if those costs exceed \$300,000, then Jack's parents could be held liable for the difference.

7. What sort of additional policy might Jack's parents want to consider in the future to protect against liability?

Jack's parents would have been well-served to think about an umbrella liability policy to supplement their homeowner's personal liability coverage. An umbrella policy is a liability insurance policy that takes over where basic liability insurance

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policies leave off, and is added on top of the limit for another policy, such as a homeowner's policy that covers liability.

8. Can the insurance company cancel Jack's parents' insurance for a claim situation like this? What about their rates?

The insurance company could cancel Jack's parents' insurance if they felt they had reasonable cause. However, it may be more likely that the insurance company will raise his parents' rates or choose not to renew the homeowner's policy when it comes due. Then Jack's parents would have to look for a new policy, which would likely cost them much higher premiums.

9. What about the cat?

The cat's expenses would not be covered under the homeowner's policy; animals are excluded, so Jack's parents would have to pay the \$4,000 out of pocket.

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5-15: Risk, Responsibility, Reality Script Excerpt

Below is an excerpt from the actual script for *Risk, Responsibility, Reality*, written in the format used by scriptwriters. It contains stage directions, setting information and dialogue. Students can use this excerpt to help format their own scripts.

TITLE:

RISK * RESPONSIBILITY * REALITY

INT. SMALL COMEDY-STYLE CLUB - NIGHT

An intimate space with a small stage. The room is packed with a young audience. NICK, a college-aged guy, jeans and a T-shirt comes out from behind a curtain, grabs the mic.

Yo, I'm Nick. Welcome to our show!

HECKLER guy (O.S.)
You stink!

NICK
I've only said six words.

HECKLER guy (O.S.)
You still stink!

Nick squints into the spotlight...

NICK
Dad? Is that you?

This gets a laugh, quiets the heckler.

NICK (CONT'D)
Okay, let's hear it for the Limited
Liability Players!

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The four other college-age improv players come out on stage, bounce around to the applause, in jeans and matching LLP T-shirts.

NICK (CONT'D)

Beth, Roger, Jack and Chris! The four gather side by side.

AUDIENCE:

Hoots, yells.

NICK:

Our first sketch tonight is for Chris and it's called "Love is Blind" - I need a stressful event in a "young person's" life.

Various MEMBERS OF THE AUDIENCE shout out suggestions: "first date", "driving test", "being born," "first day in a new apartment"

NICK (CONT'D)

Okay, "Moving Day". Now, how about some things that can go wrong?

Again the AUDIENCE shouts out ideas. Nick repeats the ones they'll use, adding his own comments on the fly:

NICK (CONT'D)

Okay, fire, plague, pestilence, ((shakes head, (No)) moving van gets lost, break stuff... clogged toilet... Great. Okay, I give you "Love is Blind on Moving Day."

The LLP's clear the stage as we...

DISSOLVE TO the next scene:

FADE UP:

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INT. APARTMENT - DAY

Simple apartment set. There are boxes everywhere, indicating that someone has just moved in. CHRIS talks on a cel phone as he moves around the apartment, opening boxes, etc. His manner is very low-key, he sounds a bit tired - and it's obvious that he's talking to his girlfriend in that subdued "I'm talking to my girlfriend, not my guys friends" voice.

CHRIS

...yeah, it's really great. Landlord gave me two weeks free rent because there's no front door. No, I haven't met the neighbors yet. I think they're artists or something. Yeah, they spray painted a bunch of really cool designs in the hallway.

Sure I miss you. I'm just tired, moving boxes and stuff all day.

First thing I unpacked? My stereo.

(There's a nice stereo on the floor behind him. All hooked up.)

CHRIS

Yeah, well, I meant first thing I unpacked after I unpacked your picture. Of course, I got it right here in front of me. I'm looking at it right now.

(There's no picture.)

CHRIS

I don't know. Probably just gonna take a bath and make a pizza.

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(He opens the door to the fridge and grabs a frozen pizza. He reads from the label.)

CHRIS

Sure, I know - Preheat oven to three hundred twenty five. Cook for twenty minutes. Think that if I turn the oven up twice as high, it'll like cook twice as fast?

(He dials the oven up to 500 and throws the pizza in without removing the wrapper. He then walks to the tub.)

CUT TO:

BATHROOM

CHRIS enters, still talking on the phone.

CHRIS

Yeah, me too. What? Of course I do. You know I do. Why do you need to hear me say it?

He turns on the water to the tub, holds his hand under it for a moment, then walks away.

CUT TO:

LIVING ROOM/KITCHEN AREA.

CHRIS sits on a sofa. We can see the stereo behind him.

CHRIS

No, it's just. C'mon. I mean if you know that I do, then why do you have to hear me say it?

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As he speaks, a BURGLAR enters, walks behind him and take his stereo. CHRIS is occupied with his phone conversation.

CHRIS

No, I did say it. Once. That time after the party. Yeah. Well, I remember that I did.

The BURGLAR exits, with stereo. CHRIS acknowledges burglar with a small nod and a wave

CHRIS

Okay, well, then... you say it first. I know you said it already. But maybe if you say it again, then maybe I'll say it too.

Thick black smoke starts to emanate from the oven. CHRIS picks up magazine and waves smoke away.

CHRIS

Me too. See? I said it. Why? What do you mean that's not saying it? You said it and I said "me too." That's just like saying it. Same thing.

CUT TO:

BATHROOM

Water overflows tub.

CUT TO:

LIVING AREA

CHRIS is sitting on sofa.

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CHRIS

Oh, come on. Why are you saying that? You know I do. I just said it.

LOW ANGLE ON:

BATHROOM DOORWAY

Water begins to appear on the floor, creeping out from the bathroom into the living area where CHRIS is.

The smoke is getting thicker.

CHRIS

Okay. Okay. All right. Here goes.
(whispers, quickly) I-la-you.

LOW ANGLE ON:

The floor by CHRIS's feet. Water is fast approaching. Just as it's about to reach his feet, he lifts them up to recline fully on the sofa.

The smoke continues to increase.

CHRIS

What? I said it. Yes I did. I said
(whispers again quickly) I-la-you.

There. No, I said it. Yes I did. Yes
I did. I did...

The smoke hangs to form a layer from the ceiling down to a few inches above CHRIS's head. There are boxes that appear to be floating by as Chris continues to recline.

SFX: SIRENS

MARS lights flash from off-screen, as if a fire truck were outside the window.

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CHRIS

(Speaking above the noise of the sirens)

I don't know, something outside, I guess. Yeah, the pizza's smokin a little bit, the floor's a liiittle moist, and I think some guys just made off with my stereo ... but heh- I got insurance (ha) Yeah. Okay, Okay. Okay. I LOVE YOU!

The smoke becomes very thick - we can barely see Chris.



6.

Other Resources

Web Sites

Listed below are certain web sites referenced in this guide, which provide additional information outside the scope mentioned in specific activities, as well as some additional informational sites.*

Additional Educational Information and Materials.

Insurance Education Foundation (www.ief.org)

Statistical Information.

Insurance Information Institute (www.iii.org)

Insurance Institute for Highway Safety (www.iihs.org)

National Highway Traffic Safety Administration (www.nhtsa.dot.gov)

Advocates for Highway and Auto Safety (www.saferoads.org/)

Coalition Against Insurance Fraud (www.insurancefraud.org)

National Insurance Crime Bureau (www.nicb.org)

State-specific Information.

For state insurance fraud bureau information, see the Coalition Against Insurance Fraud at www.insurancefraud.org/fraud_bureaus_list.htm

For links to state insurance bureaus, see www.consumeraction.gov/insurance.shtml

For links to state DMV sites, see www.mycarstats.com/content/statemvd.asp

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Insurance Quotes (Auto, Renter's, Homeowner's).

www.insureme.com
www.insurance.com
www.insurancetracker.com
www.answerfinancial.com

You can also go to web sites for individual insurance companies for quote information.

Flood Insurance.

www.FloodSmart.gov (information and premium estimates)

Service-Learning.

www.servicelearning.org

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