

Procedure/Lecture Outline

- 1) Ask students if they can define insurance
- 2) Show the clip from the Risk Responsibility Reality video <http://www.theiei.org/edu/materials/rrr/classroom.wmv>
- 3) Guide students through the Power Point presentation (link)
 - a. What is the likelihood you will be in an automobile accident?
 - b. There are more than 12 million motor vehicle accidents annually
 - c. The typical driver will have a near automobile accident one or two times per month
 - d. The typical driver will be in a collision of some type on average of every 6 years
 - e. Crashes are the leading cause of death for ages 3-33
 - f. Even a minor accident can result in thousands of dollars in damages
 - i. Damage to your car
 - ii. Damage to other cars involved
 - iii. Medical Bills
 - iv. Lost wages
 - v. Pain and suffering
 - vi. Prosecution
 - vii. Legal Fees
 - viii. Fines
 - g. If you are in an accident how do you pay for it?
 - i. Bank Account?
 - ii. Parents?
 - iii. Rich Uncle?
 - iv. Best Friend?
 - v. Insurance?
 - h. What is Automobile Insurance?
 - i. An auto insurance policy is a contract between you and an insurance company.
 - ii. You pay a premium, and in exchange, the insurance company promises to pay for specific car-related financial losses during the term of the policy.
 - i. Why do I need auto insurance?
 - i. It's the law!
 - ii. There are risks you can't afford to take
 - iii. What happens if...
 1. You're involved in a crash that causes property damage?
 2. You hurt yourself or someone else?
 3. Your car is damaged when you're not driving it? (by weather, vandalism or a hit-and-run)
 4. Your car is stolen?
 5. Your car breaks down and needs to be towed?
 - j. Are you a risk to the insurance company?
 - i. To keep premiums as low as possible to the insured, a screening process is completed before an insurance contract is completed

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- k. What is the insurance company looking for?
 - i. Some vehicles, and some drivers, carry more risk than others
 - 1. Low risks will be charged a lower premium
 - 2. High risks will be charged a higher premium
- l. What determines your premium?
 - i. Age
 - ii. Gender
 - iii. Vehicle Type
 - iv. Driving Record
 - v. Geographic Location
- m. What is a Deductible?
 - i. This is the amount per accident that you pay out of pocket before insurance starts to pay
 - ii. Common deductible amounts are usually \$250, \$500, and \$1000
 - iii. The higher the deductible amount you pay the lower your premiums are
- n. Automobile Insurance: The Policy
 - i. A common mistake when shopping for automobile insurance is looking only at the price between two policies
 - ii. Policies differ from policy to policy and company to company
 - iii. Five parts to an insurance policy
 - 1. Declarations
 - 2. Coverages
 - 3. Exclusions
 - 4. Conditions
 - 5. Definitions
- o. What can you do to reduce risk and lower premiums?
 - i. Use your seatbelt
 - ii. Observe Speed Limits
 - iii. Know your own limits
 - iv. Concentrate on driving
 - v. Be Patient
 - vi. Don't Drink and Drive
 - vii. Get good grades