CHAPTER 11
LESSON PLANS

CHAPTER OVERVIEW
Dave describes seven basic types of insurance coverage needed and explains the terminology so it makes sense. This chapter will break down the different types of life insurance and how and when to get the right coverage.

Ins and Outs of Insurance

Getting Started
• Watch Message for the Instructor [Unit 4 Disc, Ins and Outs of Insurance Chapter]
• Complete Before You Begin [page 156 in workbook] prior to watching the video lesson
• Review Key Terms

Video Segments
• Message for the Instructor – :45 seconds
• Part 1 – 10:28 minutes
• Part 2 – 15:03 minutes
• Part 3 – 8:37 minutes
• Part 4 – 11:47 minutes
• Part 5 – 15:09 minutes
• Part 6 – 12:10 minutes
• Bonus: Insurance for Students – 2:57 minutes

Learning Outcomes
• Explain why insurance is an essential part of a healthy financial plan:
  - The purpose of insurance is to transfer risk. Unless you have a large amount of cash set aside, you need to transfer that risk to someone who can afford to pay for it.
• Identify and describe the seven basic types of insurance coverage needed:
  - Homeowner’s
  - Renter’s
  - Auto
  - Health
  - Disability
  - Life
  - Long-term care
• Understand the importance of disability insurance:
  - Disability insurance is designed to replace income lost due to short-term or permanent disability. If you are unable to work, you need some type of income.
Evaluate the reasons why life insurance is not an investment:
- The only type of life insurance that has a savings plan built into it is Cash Value Insurance and that's not a good investment.
- It is expensive, the returns are historically low, the company keeps the cash value when you die, and the fees deducted are high.

Differentiate between Term and Cash Value Life Insurance:
- Term insurance is for a specified period of time and is very affordable.
- Cash Value is also known as permanent life insurance. Premiums include a death benefit and a plan to build savings within the policy. Two main types are whole life and universal life; significantly more expensive than term life insurance.

List types of insurances to avoid:
- Credit life and disability
- Credit card protection
- Cancer and hospital indemnity
- Accidental death
- Insurances with cash value, investments or refunds
- Pre-paid burial policies
- Mortgage life insurance
- Any duplicate coverage

**Key Terms**

**Cash Value Insurance**: Life insurance that is expensive in order to fund a savings plan within it.

**Collision**: Portion of auto insurance that covers losses due to vehicle damage in an accident.

**Comprehensive**: Portion of auto insurance that pays for damage to your car that is not a result of an accident.

**Disability Insurance**: Insurance designed to replace income due to short-term or permanent disability

**Health Insurance**: Insurance that covers you in the event of an illness or injury.

**Homeowner’s Insurance**: Insurance that covers a loss due to damage, theft or injury within one’s home.

**Renter’s Insurance**: Insurance that covers your possessions in an apartment or place of residence other than your permanent home.

**Term Insurance**: Life insurance for a specified period of time: very affordable.

**Discussion Questions**

1. Discuss how having an emergency fund in place can affect your insurance premiums and deductibles.

2. Should you carry insurance if money is tight and you’re having a hard time financially? Explain.

3. What could happen to you financially if you do not have the proper amount of insurance?
4. Why do you need renter's insurance, even if you don’t think you have a lot of valuable items?

5. Dave says that you should deal only with insurance agents who have the heart of a teacher, who will help you understand what you are buying. What should you say to them if they don’t have the heart of a teacher?

**Bonus Video**
*Insurance for Students [✦ Unit 4 Disc, Ins and Outs of Insurance Chapter, Additional Video]*

**Audio Clips**
*From The Dave Ramsey Show [✦ Teacher’s Guide CD-ROM]*
- *Car Accident (16 Year Old)*

**Assessments**
- Test A, Test B, Test C [✦ Teacher’s Guide CD-ROM]

**Activities [✦ Teacher’s Guide CD-ROM]**
- Comparing Rates
- Understanding Renter’s Insurance
- Health Plan Overview
- Comparing Insurance
- Presenting Risks

**Academic Standards Met in Chapter 11**
*Foundations in Personal Finance* aligns to the National Standards for Financial Literacy provided by the Jump$tart Coalition for Personal Financial Literacy.
- Risk Management and Insurance: Use appropriate and cost-effective risk management strategies.
  - Standard 1: Identify common types of risks and basic risk management methods.
  - Standard 2: Explain the purpose and importance of property and liability insurance protection.
  - Standard 3: Explain the purpose and importance of health, disability and life insurance protection.