

# Buying Insurance



## Objective

In this lesson, you will

## Introduction

**Insurance:** a form of \_\_\_\_\_ management; protection that guarantees you are paid in the event of financial \_\_\_\_\_

**Insurance** \_\_\_\_\_ (carrier): insures your things for you

**Premium:** an amount of money charged for insurance, based on the \_\_\_\_\_ of the insured item

**Insurance** \_\_\_\_\_: a document that notes the specifics of insurance coverage

**Policyholder:** the person or entity that pays for the policy, thus \_\_\_\_\_ the policy

**Face value:** the \_\_\_\_\_ for which the item, property, or person is insured

**Claim:** an \_\_\_\_\_ for compensation for her loss.



Insurance works on two assumptions:

- **Indemnity:** the practice of \_\_\_\_\_ a sum of money as compensation for \_\_\_\_\_ or restoring the insured person to the financial position he or she had \_\_\_\_\_ the loss occurred.
- **Insurable interest:** refers to your financial \_\_\_\_\_ in the risk being insured.

## Life and Health Insurance

### Life Insurance

Life insurance protects the financial interests of dependents and it can be a good \_\_\_\_\_:

- invest in life insurance to get \_\_\_\_\_ income, usually after retirement
- premiums can act as savings that earn \_\_\_\_\_ interest \_\_\_\_\_ discounts
- use life insurance as a guarantee \_\_\_\_\_ against \_\_\_\_\_ for a loan

There are two main types of life insurance policies:

Term insurance	Permanent insurance
<ul style="list-style-type: none"> <li>• protection for a _____ period</li> <li>• policy <u>pays</u> <u>forfeits</u> the benefit if the policyholder dies within the stated period</li> <li>• policyholder gets no benefit if the policyholder lives till the _____ of the term and does not _____ the policy</li> <li>• a _____ - _____ policy: lower premiums than for permanent insurance</li> <li>• no _____ feature.</li> </ul>	<ul style="list-style-type: none"> <li>• protection for an entire _____</li> <li>• protection and an _____</li> <li>• _____ includes the cost of insurance coverage plus an additional amount that is put into an investment _____</li> <li>• Earnings from the additional amount (investment account) are called _____</li> <li>• Available in _____ common forms</li> </ul>

The four common forms of permanent life insurance:

**Whole life:** policy remains in force for your \_\_\_\_\_ life or as long as you pay the premiums.



**Limited-payment life:** premiums only paid for a \_\_\_\_\_ number of years, but policy will be in \_\_\_\_\_ for life.

**Universal life:** based on a set cash value and will give an assured rate of return on your cash value.

You can increase or decrease the \_\_\_\_\_ value of your policy, depending on financial needs.

**Variable life:** you can decide how or where the cash value is invested.

You will not get an assured rate of return but will get an assured minimum maximum face value.

## Health Insurance

Health insurance:

- protects a person from the high costs of \_\_\_\_\_ bills
- can supply income to an insured person who is unable to \_\_\_\_\_ due to injury or \_\_\_\_\_.

Insurance companies offer different types of coverage for different health care plans.

- Minimal coverage may include only medical \_\_\_\_\_.
- Maximum coverage may include everything from routine doctor visits to elective surgeries.

<b>Medical benefits</b>	coverage for medical care such as _____ doctor visits and prescriptions
<b>Major medical</b>	coverage for major illnesses, costs of long _____ stays, and surgeries
<b>Dental</b>	coverage for _____, routine examinations, _____, X-rays, dental surgery, and other repairs
<b>Vision</b>	covers a _____ or all of the costs of _____ exams, glasses, and contact lenses
<b>Disability</b>	provides weekly or monthly _____ if you can't _____ as a result of an illness or accident
<b>Long-term-care</b>	covers a _____ stay in a hospital or a nursing home

If you are \_\_\_\_\_ jobs and were covered by a group plan with your \_\_\_\_\_ employer, you can continue your previous group coverage at your own expense for up to \_\_\_\_\_ months under the Consolidated Omnibus Budget Reconciliation Act (\_\_\_\_\_).

Two of the different types of health care plans that you can buy from \_\_\_\_\_ companies:

**Fee-for-service plan:**

- ✓ charges for \_\_\_\_\_ medical service received, and the insurance plan pays a portion of that fee
- ✓ gives the \_\_\_\_\_ widest narrowest range of choices of doctors and hospitals.

**Managed health care plan:**

- ✓ offers lower costs for the \_\_\_\_\_ insurer facility consumer
- ✓ involves a network of selected health care provider

Health insurance coverage programs offered by the federal and state \_\_\_\_\_:

- **Medicare:** a federal health insurance program that provides coverage for U.S. citizens who are \_\_\_\_\_ or older and for some people \_\_\_\_\_ 65 who are \_\_\_\_\_.
- **Medicaid:** offered by federal and \_\_\_\_\_ governments to \_\_\_\_\_-income families.
- **Social Security \_\_\_\_\_ benefits:** offered to \_\_\_\_\_ who paid Social Security and who develop conditions that prevent them from \_\_\_\_\_.

# Home Insurance

- protects you against financial risk if your home is \_\_\_\_\_
- insures \_\_\_\_\_ property, structure of the house, against \_\_\_\_\_ and natural disasters
- insures \_\_\_\_\_ property against theft or damage
- personal \_\_\_\_\_ coverage
- medical payment coverage protects from any \_\_\_\_\_-related medical expenses
- physical \_\_\_\_\_ coverage protects against \_\_\_\_\_ such as hitting a baseball through a neighbor's window

### Renters Insurance

- Renters don't need insurance for the \_\_\_\_\_ (real property)
- But they do need their \_\_\_\_\_ insurance for their \_\_\_\_\_ property or if injured on the property.

## Household Inventory

A \_\_\_\_\_ renter \_\_\_\_\_ landlord \_\_\_\_\_ homeowner, when filing a \_\_\_\_\_ on your home insurance, needs to provide the claims inspector a \_\_\_\_\_ of the things in the home.

→ it is important to prepare and keep a \_\_\_\_\_ household \_\_\_\_\_.

# Auto Insurance



Compensation for theft or damage. It will also cover damage to other \_\_\_\_\_ and injuries to others.

<b>Collision</b>	pays for damage to your own vehicle after a _____ accident
<b>Comprehensive physical damage</b>	pays for _____ or _____ to your own vehicle due to theft, fire, and hail
<b>Liability</b>	pays for _____ or damage that the covered driver _____ to other people or their property
<b>Medical payments and personal injury protection</b>	pays if you or passengers are _____ in an auto accident.
<b>Uninsured/underinsured motorist</b>	pays if an accident caused by a driver who is _____ adequately insured

Optional types of coverage that you can add to your auto insurance policy:

- Emergency \_\_\_\_\_ service coverage that pays for towing and labor costs of your vehicle.
- Rental-car reimbursement that provides coverage for the cost of \_\_\_\_\_ a car while your car is being \_\_\_\_\_.

## Tips for Handling an Auto Insurance Claim

- Choose your own agent's repair shop to estimate the damage.
- Get proper \_\_\_\_\_ care and be prepared to justify it.
- Seek \_\_\_\_\_ help from an attorney if you are in an accident.
- Ask the claims \_\_\_\_\_ for a copy of your claim form for your own records.

## Summary

Imagine you have moved to a new town, rented an apartment, and are considering buying a vehicle. What types of insurance should you look into and why?