



MIDFIRST BANK

PRESENTS

MONEY MOMENTS 2019

Insurance

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Oklahoma PFL Standard 11: Insurance

Insurance helps protect people against the risk of loss, such as damages from a house fire or car accident. Insurance policies have a deductible, which is the amount of money to be paid out of pocket before the insurance provider covers a loss. For example, if you have a medical procedure that costs \$5,000, and you have a \$500 deductible, you are responsible for the first \$500 and your insurance will pay the remaining \$4,500. When choosing your deductible, you have to decide how much risk you are willing to accept or how much you can afford to pay out of pocket in the event of a loss. Naturally, a lower deductible plan costs more than a high deductible plan.

Objective

- Analyze the level of risk in each scenario
- Identify deductible category: high, medium, low

Activity

Students will choose the insurance deductible for three scenarios.

Label 3 corners of the classroom as high, medium, and low deductible categories. Read scenario 1, then have the students go stand in their chosen deductible corner. Have each group discuss among themselves why they chose that particular deductible category. Have a group spokesperson share the group's collective thoughts on why they chose that particular deductible category. Repeat with Scenarios 2 and 3.

Scenario 1: Car Insurance: Kacey just turned 16 and is excited about getting her driver's license. She plans to drive to school every day. Since most of her friends don't have their license yet, she also plans to be the driver for her friends when they go out or attend events.

Scenario 2: Home Insurance: Travis bought a house in Moore. He has lived in Oklahoma all his life and knows that Moore residents experience more than their share of tornados.

Scenario 3: Medical Insurance: At age 40, Antoine is considered in good health. He's the only one in his group of friends and co-workers who is not on any medications or dietary restrictions. He is projected to live a long life, as his parents and grandparents were centenarians.

Reflection:

Discuss the factors to be considered when choosing an insurance deductible, such as cost vs. coverage, probability of loss, and how saving for a rainy day plays a part in the decision.