

Exploring types of insurance

Students investigate different types of insurance and determine which types they will most likely use in their lifetimes.

Learning goals

Big idea

We all face risks in life, and insurance is one way to help reduce financial costs when these challenging life events happen.

Essential questions

- Which types of insurance will I most likely purchase in my lifetime?
- Without insurance, what financial risks might I face?

Objectives



- Identify the purpose of different types of insurance
- Understand the risks of not having insurance

What students will do

- Review the “Types of insurance” handout and identify who or what is being insured (property or person).
- Consider how likely they would be to buy each type of insurance when they’re an adult.
- Select three types of insurance they think would be most important when they become an adult and explain why they selected these types.

KEY INFORMATION

Building block:

-  Executive Function
-  Financial knowledge and decision-making skills

Grade level: High school (9-12)

Age range: 13-19

Topic: Protect (Managing risk)

School subject: CTE (Career and technical education), Physical education and health, Social studies or history

Teaching strategy: Cooperative learning

Bloom’s Taxonomy level: Understand, Evaluate

Activity duration: 45-60 minutes

STANDARDS

Council for Economic Education
Standard VI. Protecting and insuring

Jump\$tart Coalition
Risk management and insurance -
Standards 1, 2, and 3

Preparing for this activity

- Print copies of all student materials for each student, or prepare for students to access them electronically.

What you'll need

THIS TEACHER GUIDE

- Exploring types of insurance (guide)
[cfpb_building_block_activities_exploring-types-of-insurance_guide.pdf](#)

STUDENT MATERIALS

- Exploring types of insurance (worksheet)
[cfpb_building_block_activities_exploring-types-of-insurance_worksheet.pdf](#)
- Types of insurance (handout)
[cfpb_building_block_activities_types-of-insurance_handout.pdf](#)

Exploring key financial concepts

A risk is something that exposes us to danger, harm, or loss. We face risks every day, and often these risks can have a financial impact on our lives. Getting sick, breaking a leg, having a car accident, or experiencing a house fire are examples of risks that may happen to any of us. If we had to pay the full costs for doctor's visits, surgeries, and automobile repairs ourselves, it could cause a substantial financial burden in our lives.

To protect against the financial consequences associated with these risks, people often choose or are required to purchase insurance policies. Insurance policies reduce a person's financial risk in areas such as health (medical insurance), eyesight (vision insurance), automobiles (auto insurance), property (homeowner's or renter's insurance), and death (life insurance). Consumers pay a fee for these policies, called a premium, which is typically much less than the costs associated with this risk without insurance. The consumer who buys the insurance policy is called a policyholder. The policyholder might pay the premium all at once or through a payment plan that divides the total cost into payments that are made monthly, quarterly, or some other agreed payment schedule.

TIP

Because financial details and product terms change frequently, students should be encouraged to always look for the most up-to-date information.

Teaching this activity

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

Whole-class introduction

- Introduce students to the idea that insurance helps manage a person's risk.
- Be sure students understand key vocabulary:
 - **Insurance:** The practice or arrangement in which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.
 - **Insured:** The person, group, or organization whose life or property is covered by an insurance policy.
 - **Insurer:** A person or company offering insurance policies in return for premiums; person or organization that insures.
 - **Policy:** In the insurance context, it is a written contract between the insured and the insurer.
 - **Policyholder:** The individual or firm that acquires and wants protection from the risk and generally in whose name an insurance policy is written. The holder is not necessarily the insured. For instance, life insurance policies might be bought by employers of key employees, or a husband might buy and be the holder of a life insurance policy on his wife. In such cases, the buyer is the policyholder.
 - **Premium:** The amount of money that has to be paid for an insurance policy.
 - **Risk:** Exposure to danger, harm, or loss.
- Distribute the "Types of insurance" handout and the "Exploring types of insurance" worksheet, or direct students to access them digitally.

Individual and group work

- Group students into pairs or small groups and ask them to review the "Types of insurance" handout.
- For each listing in the "Types of insurance" handout, students will:
 - Identify who or what is being insured (property or a person) on the "Exploring types of insurance" worksheet.
 - Estimate how important this insurance will be to them when they're an adult living on their own and then explain their thinking.

- Ask students to choose three types of insurance they think would be most important when they become an adult.
- To build students' connection and understanding, ask them to explain why they chose those three insurance types.

Wrap-up

- Bring students back together to review and discuss their findings.
- Whenever students have differing answers, ask them to share their reasons for their answers. Emphasize that insurance needs will vary, since different people have different risk factors based on their age and circumstances. The important takeaway is for students to understand that, to the extent their monthly budget allows, they'll want to dedicate a portion of their budget toward insurance protections.
- Optional: Create a graph or chart depicting students' votes for the most important types of insurance to determine trends and outliers.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topics of protection and managing risk.

Measuring student learning

Review responses to the "Digging deeper" section of the worksheet to assess how well students are able to connect their own lives to risks and the importance of insurance that's designed to minimize their financial risk. **Keep in mind that students' answers may vary.** The important thing is for students to have reasonable justification for their answers.