

Reading about insurance

By analyzing a text about insurance, students learn ways they can protect themselves from risk and avoid high costs when something goes wrong.

Learning goals

Big idea

Insurance helps protect people from health and financial risks.

Essential questions

- What are some common types of insurance people buy to protect themselves from risk?
- How does insurance protect you from paying high costs if something goes wrong?

Objectives


- Identify some common types of insurance
- Describe how insurance works

What students will do

- Read and analyze a text about insurance to understand how insurance can help people manage risk.
- Answer reading comprehension questions.
- Discuss the reading to deepen their understanding of insurance.

KEY INFORMATION

Building block:

 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), English or language arts, Social studies or history

Teaching strategy: Direct instruction

Bloom's Taxonomy level: Understand

Activity duration: 45-60 minutes

STANDARDS

Council for Economic Education
Standard VI. Protecting and insuring

Jump\$tart Coalition
Risk management and insurance -
Standard 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

- Reading about insurance (guide)
[cfpb_building_block_activities_reading-about-insurance_guide.pdf](#)

STUDENT MATERIALS

- Reading about insurance (worksheet)
[cfpb_building_block_activities_reading-about-insurance_worksheet.pdf](#)
- What is insurance? (handout)
[cfpb_building_block_activities_what-is-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 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

Visit CFPB's financial education glossary at [consumerfinance.gov/financial-education-glossary/](#).

Teaching this activity

Whole-class introduction

- Distribute the “What is insurance?” handout and the “Reading about insurance” worksheet, or direct students to access them digitally.
- Explain that they’ll be learning about why insurance is important and how insurance helps people manage their risk.

Individual and group work

- Ask students to first review the “Reading about insurance” worksheet; that will help them think about what information they’ll need from the “What is insurance?” handout to answer the questions.
- Ask students to read through the “What is insurance?” handout quietly.
- Students can work individually or with a partner to answer the questions in the “Reading about insurance” worksheet.

Wrap-up

- Bring students together to engage in a wrap-up discussion about insurance.
- Review students’ definitions and make sure they understand the terms.
- Ask students to discuss how insurance works, providing a few examples.
- Through discussion, help students better understand why insurance is an important part of managing risk.

Suggested next steps

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

Measuring student learning

This answer guide provides possible answers for the reading response section of the “Reading about insurance” worksheet.

Keep in mind that students’ answers may vary. The important thing is for students to have reasonable justification for their answers.

Answer guide

Student definitions should be similar to the following:

- **Deductible:** The amount of expenses an insured must pay before the insurance company will contribute toward the covered item. For example, the amount you pay for covered health care services before your insurance plan starts to pay is your deductible.
- **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 may 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.

Fill-in-the-blank answers:

Each year, you must pay the PREMIUM on your car insurance policy to keep it active. If you're in an accident, you must first pay your DEDUCTIBLE and then the insurance company will often cover the remainder of the costs related to repairing your car.

The company offering the insurance policy is called the INSURER and the person who is covered by the policy is the INSURED.

Students' responses to the "Digging deeper" questions on their worksheets will help you gauge how well they understand insurance.