

What is Insurance? by Baron Bedesky (Crabtree Publishing Company; PMB 59051 350 Fifth Ave., 59th Floor, New York, NY 10118) ISBN: 978-0-7787-4455-9 (pbk)

Literature Annotation: This book briefly explains the purpose of insurance and describes different kinds of insurance.

Grade Level: 5

Duration: 60+ minutes

Economic Concepts: Insurance as a service industry, Consumption

Financial Literacy Concepts: Purchasing insurance as a part of financial planning

Maryland State Curriculum

Economics Standard: Students will develop economic reasoning to understand the historical development and current status of economic principles, institutions, and processes needed to be effective citizens, consumers, and workers participating in local communities, the nation, and the world.

Personal Financial Literacy Standards

Standard 6: Students will develop financial planning skills to minimize financial setbacks.

6.5.B Explain the need for and various types of insurance within the life cycle.

6.5.B.1 Explain reasons for insurance.

Objectives: Students will be able to...

- explain what insurance is,
- explain the purpose of insurance,
- identify different kinds of insurance and explain why insurance needs may vary from person to person.

Vocabulary

(A full glossary is included on pages 30-31 of the book ***What is Insurance?***)

insurance: financial protection against loss or damage

claim: request for payment based on the insurance policy as the result of loss

premium: the fee paid for insurance coverage

Teacher Materials

Resource 1a-c: *Kinds of Insurance*, cut into cards. Make sure you have enough cards for one card for each group of 3 students. Extra students could become extra READERS in some groups.

Optional: LCD or Smartboard for projecting online images from Hurricane Katrina

Student Materials

Resource 2a-b: *Individual Insurance: Matching Activity*, 1 copy per student

Additional Resources

Some helpful web resources are identified on page 32 of the book *What is Insurance?*

Motivation

As you draw a large web on the board, tell the students it represents a safety net, like the ones used in the circus when performers are taking risks to do their acts on the high wire. Say: *The greater the risk, the more the need for a safety net.* Write the word “INSURANCE” on the board in the middle of the web and tell students that insurance is like a safety net.

Development

1. Ask students to share what they think they already know about insurance, adding their information on some of the spokes of the web. (Be sure to correct any misinformation when you return to the web later in the lesson.)
2. Show students the picture of the aftermath of Hurricane Katrina found on page 4 of *What is Insurance?* (You may want to show some Hurricane Katrina images electronically from the image collection at Google.com, but be aware that some images on the website will not be appropriate for grade five students.) Read aloud pages 4-5 as an introduction to the important role insurance can play in the aftermath of a hurricane or other natural disaster. Emphasize the key vocabulary words: **insurance**, **policy**, **claims**, **coverage** in your discussion.
3. Read pages 6-7 to find out more about the service offered to consumers by insurance companies. Ask students to add additional information about insurance to the web on the board. Be sure to include and explain the definition of insurance: **financial protection against loss or damage**.
4. **Cooperative group research activity:** Explain to students that they will be working in small groups to investigate different kinds of insurance that individuals might buy. Divide students into groups of three. One student in each group will be assigned the job of READER. A second student will be assigned the job of NOTE-TAKER. The third student will be assigned the job of REPORTER. Distribute one card from Resource 1a-c to each group. Have the student workers read and take notes to answer the questions on their research card. Reconvene the class. Have the REPORTER in each group come forward and report to the class about the information they

recorded. List the 5 types of individual insurance and add important information about each type to the web on the board.

5. Distribute Resource 2a-b: *Individual Insurance: Matching Activity* to each student. Have the students use information from the web on the board to complete Column B of the chart. Have students check their responses against the chart on page 10 of *What is Insurance?* Before proceeding to the assessment, make sure students have labeled Column B correctly. Correct any misinformation on the original web on the board.

Closure

Read page 29 in *What is Insurance?* Remind students of the safety net analogy used in the motivation of the lesson. Say: *In the beginning of class, I mentioned that insurance is like a safety net for a tightrope walker. In what ways do you think insurance is similar to a safety net for a tightrope walker?* Discuss.

Answers may include responses such as: “You hope you never need it, but you are really glad it is there when you do need it; it helps you out when you are in trouble.”

Assessment

Have students work independently to complete Resource 2: *Individual Insurance: Matching Activity*.

Resource 1a ***Kinds of Insurance: Research Cards***

Property Insurance

READER: Read aloud to your group “My House! My Stuff!” on pages 14-15.

NOTE-TAKER: Discuss the questions below and write answers.

REPORTER: Share information with the whole class.

1. What are some natural disasters that can destroy a person’s property?
2. How does property insurance protect people when a disaster occurs?
3. How does the government sometimes help people when there is a large natural disaster like a hurricane or earthquake?

Group members: _____, _____, _____

Medical or Health Insurance

READER: Read aloud to your group “What if I Get Sick?” on pages 16-17.

NOTE-TAKER: Discuss the questions below and write answers.

REPORTER: Share information with the whole class.

1. How does health insurance help people when they get sick?
2. What are some of the good and bad points about a government health care insurance such as Medicare?
3. Some businesses offer health care insurance for their workers. What is an HMO (Health Maintenance Organization)?

Group members: _____, _____, _____

Resource 1b ***Kinds of Insurance: Research Cards***

Unemployment Insurance

READER: Read aloud to your group “What if I Lose My Job?” on pages 18-19.

NOTE-TAKER: Discuss the questions below and write answers.

REPORTER: Share information with the whole class.

1. How does unemployment insurance protect people?
2. Where does the money for unemployment insurance come from in the United States?
3. What are some reasons why a person may not receive unemployment insurance?

Group members: _____, _____, _____

Life Insurance

READER: Read aloud to your group “What About the Future?” on pages 20-21.

NOTE-TAKER: Discuss the questions below and write answers.

REPORTER: Share information with the whole class.

1. Why do people buy life insurance?
2. What is the cost of an average life insurance policy per year (see the yellow box)?
3. Why is the rate (cost) of the life insurance policy higher for some people?

Group members: _____, _____, _____

Resource 1c ***Kinds of Insurance: Research Cards***

Automobile or Vehicle Insurance

READER: Read aloud to your group “Shopping Around” on pages 26-27.

NOTE-TAKER: Discuss the questions below and write answers.

REPORTER: Share information with the whole class.

1. What are some reasons people might get a lower rate for automobile insurance?
2. What are some reasons people might get a higher rate for automobile insurance?
3. Why is it important to check the reputation of the auto insurance company you wish to use?

Group members: _____, _____, _____

Resource 2a

Individual Insurance: Matching Activity

Directions: Each box in column A describes a kind of insurance. Use the information you learned from the group research activity to complete Column B. On page 2b of this resource sheet you will find examples of situations in which insurance would be helpful. Write the letter of the example from Resource 2b in Column C next to the type of insurance needed.

Individual Insurance		
A. What the Insurance Covers	B. Type of Insurance	C. Matching
This insurance sends money to people who have lost their jobs to help cover their expenses until they can get a new job. It also pays for some or all of the cost for health care or pensions for elderly people, poor people, and veterans.		
This insurance pays for fixing or replacing a vehicle, usually after an accident has damaged the vehicle.		
When a person dies, this kind of insurance is paid to the person's family. It helps to cover some of the income the person would have earned if he or she were still living.		
This insurance pays for some or all of visits to the doctor, hospital stays, tests ordered by the doctor, medicines, therapy, etc.		
This insurance pays for lost, stolen, or damaged property, such as houses, cars, furniture, jewelry, etc. It covers the cost of a lawsuit in case a visitor is injured.		

Individual Insurance: Matching Activity**Example A**

Emma's mother fell while working in her garden. A neighbor called an ambulance and Emma's mother was taken to the hospital for some tests and x-rays. Luckily, she had insurance to help her pay the hospital and ambulance bills. What kind of insurance did she have?

Example B

Darren's older brother skidded on some wet leaves while driving his car home from work. Luckily, no one was hurt but the car was severely damaged when it ran into a fence by the road. The repairs will cost more money than Darren has in his savings account. Darren has insurance that will help him pay for the repairs to his car. What kind of insurance does Darren have?

Example C

Thomas' aunt lost her job when the company she worked for went out of business. Without that income, she was worried about paying her rent and food bills. Luckily, there was insurance to help her out while she looked for work. What kind of insurance helped Thomas' aunt?

Example D

Lightening struck a tree in Emil's yard and caused the tree to fall onto the garage. The garage roof will have to be replaced with new wood and shingles. What kind of insurance will help Emil's family pay for the repairs to the garage?

Example E

Tracie's grandfather died after a long illness. Years before, he had purchased insurance that would help his wife pay the bills after he died. What kind of insurance did William's grandfather buy?

