



**FINANCIAL
FOUNDATIONS**

A Financial Beginnings Financial Education Program

**RISK MANAGEMENT
Presenter's Guide**

Presented by





Our Mission

Financial Beginnings empowers youth and adults to take control of their financial future. We provide educational programs that incorporate all aspects of personal finance to give individuals the foundation they need to make informed financial decisions.

Our Vision

Financial Beginnings is the pathway to a financially literate nation. In a financially literate nation, individuals cease to see finances as a barrier and instead view them as a tool to realize their dreams. In a financially literate nation, individuals are vested in and contribute to a healthy economic system nationally, regionally, and in their own neighborhood.

Welcome to Financial Foundations!



Financial Foundations is Financial Beginnings' Financial Literacy Program for high school participants and young adults. Financial Foundations is Financial Beginnings' largest program serving approximately 30,000 participants each year. This is a full-service program in which Financial Beginnings provides all of the materials and presenters to deliver the program.

The curriculum is broken down into five subjects which specifically focus on a different area of personal finance and include:

- Banking
- Budgeting
- Credit
- Investing
- Risk Management

Each of the five subjects is taught in 2-one hour classes or 1-1 1/2 hour block period. Educators are given the flexibility to choose the subjects that best fit into their class (though most choose to have all five).

This **Presenter's Guide** will walk presenters through how to deliver the lessons and utilize the accompanying participant **Resource Guides**, **PowerPoint slides** and additional **online resources** to provided an impactful lesson. The goal of this Presenter's Guide is to help you deliver the lessons and effectively utilize the information provided by Financial Beginnings.

Thank you for partnering with Financial Beginnings to provide this valuable financial education program to our community's youth and young adults.

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Using this Presenter's Guide

This Presenter's Guide is just one tool that Financial Beginnings provides you to help you deliver the Financial Foundations programs for high school students and young adults. Below outlines the Financial Foundations resources available for your use:

Volunteer Website— <http://financialbeginnings.org/volunteers/> You have to be an active volunteer in order to gain access to the website. All of the materials for all of Financial Beginnings' programs are available under the *Classroom Materials* page of the Volunteer Website. In addition, there are supplemental videos available to be viewed on the *Videos* page of the Volunteer Website. Before presenting it is always good to go to the Volunteer Website to ensure that you have the most up to date materials.

Resource Guides— Each of the five subjects has a corresponding booklet, called the Resource Guide. Each participant is provided with a Resource Guide for the corresponding subject taught. You can obtain hard copies of the Resource Guides from the Financial Beginnings office or download pdf files from the Volunteer Website. The Resource Guides were developed to serve as an on-going reference guide for participants to save and refer back to in the future.

PowerPoint Slides— Each subject has a set of corresponding slides and presenter's notes. The slides can be downloaded from the Volunteer Website as well as a pdf file showing the notes pages. Volunteers can modify the PowerPoint Slides to provide up to date relevant information to enhance the presentation.

Presenter's Guide— Provides volunteers with detailed directions on how to deliver the Financial Foundations program. The guide is meant to provide an overview off all of the resources and how they work together to make a smooth lesson plan.

We want to provide our volunteers with flexibility in how they present the lessons, but to ensure program consistency and quality we ask that you meet the course objectives and use as many of the activities as possible. A good rule of thumb to follow for program consistency is to stick to the *80/20 Rule*. Make sure that you are using at least 80% of the provided curricula.

This Presenter's Guide is based on the **Financial Foundations Resource Guides Rev. 7**, Last revised September 2016.

Meeting Standards

Increasing individual financial capability remains at the forefront of our nation. Executive Order 13530 established the President's Advisory Council on Financial Capability. The Council was tasked with identifying new approaches to increase capability through financial education and financial access.

Increasing the financial education opportunities available to youth was identified as one of the Council's three major focus areas. A resource guide published by the Council further emphasized the importance of curriculum that is age-appropriate and aligns with each year of K-12 instruction.

Financial Beginnings' Financial Footings program provides age-appropriate curriculum on all areas of personal finance for elementary school students. The partnership between COUNTRY Financial, Financial Beginnings and the Financial Footings program represents a proactive effort to advance these national strategies to increase financial education among youth.

In addition to furthering a national agenda to increase financial capability and stability, the Financial Footings program also meets or exceeds the standards set forth by the individual states, in regards to financial education.

Risk Management

Many times, individuals feel that they are paying money into insurance policies and not getting their fair share back. This is not how insurance should be viewed. Purchasing insurance is a way to manage risk. With insurance, you are paying for the protection of your assets and should hope that you do not have to use it, since using insurances sometimes means something bad happened.

By the end of of this session participants will:

- Understand what insurance is, why it is needed and how it works,
- Learn what insurance premiums are and how they are determined,
- Know what liability coverage is and how it applies to auto and renters/homeowners insurance policies, and
- Understand insurance contracts and the major decisions that have to be made when purchasing policies.

Risk Management Overview & Timeline

Activity (Time)	Objective	Summary of Activity
Icebreaker (10 Minutes)	Introduce the topic and encourage classroom discussion.	Review session objectives and break the ice with a fun activity, Can you guess which body part and insured amount? .
Lesson 1 (10 minutes)	Understand risk and how insurance is used to manage risk.	Lead participants through a discussion about risk and the basics of why we need insurance.
Lesson 2 (45 Minutes)	Understand the basics of automobile insurance.	Lead participants through a discussion about automobile insurance and engage them with the Car Accident activity .
Lesson 3 (15 Minutes)	Understand the basics of renters/homeowners insurance.	Lead participants through a discussion about renters/homeowners insurance.
Lesson 4 (10 Minutes)	Provide a high level understanding of health, life and disability insurances.	Lead participants through a discussion about health, life and disability insurance.
Conclusion (5-20 Minutes)	Wrap up the lesson.	Wrapping up the day's lesson by reviewing the session objectives and answering any remaining questions. If time allows lead participants through the Activity: Are You Covered? .

Resource Guide

Activities:

- Page 2- Can you guess which body part and insured amount?
- Page 14- Are You Covered?

Appendices:

- Page 10- Appendix A: Auto Insurance Review
- Page 11- Appendix B: Home Inventory Worksheet
- Page 12- Appendix C: Claim Worksheet
- Page 13- Appendix D: Health Insurance Comparison Worksheet

PowerPoint Slides

Slides can be found on the Financial Beginnings Volunteer Website under Classroom Materials

Videos

Can be found on the Financial Beginnings Volunteer Website under Videos.

- Car accident

Risk Management **Understanding Your Audience**

Before beginning any presentation it is helpful to think back to when you were first introduced to the subject. The more that you can understand and relate to your audience, the better your presentation will be because it will allow you to make the information relevant to the participants.

Below are some generalities about attitudes and understanding of young adults relating to insurance:

- Many are already driving automobiles.
- Some pay their own car insurance.
- Many have had an accident or gotten a ticket and love to share the details.
- They will be wondering about insurance if they are going off to college or moving out on their own.

Risk Management Ice Breaker

Time: 10 Minutes

Objective: Introduce the topic and encourage classroom discussion.

Resource Guide

Page #:

2- Can you guess which body part and insured amount lines up with each of these famous people?

Can you guess which body part and insured amount lines up with each of these famous people?

Famous Person	Body Part	Amount Insured
America Ferrera (actress)	Legs	\$27,000,000
Gene Simmons (singer)	Taste Buds	\$1,000,000
David Beckham (MLS player)	Voice	\$10,000,000
Troy Polamalu (NFL player)	Smile	\$1,600,000
Bruce Springsteen (singer)	Teeth	\$30,000,000
Angela Mount (food critic)	Hair	\$195,000,000
Julia Roberts (actress)	Whole Body	\$31,200,000
Daniel Craig (James Bond)	Tongue	\$9,500,000
Jennifer Lopez (singer and actress)	Behind	\$1,000,000

PowerPoint Slides

Slide #:

- Match the star with the body part and insured amount
- But we're not stars!
- Why are we here today?

Discussion

Refer participants to **page 2** of the **Resource Guide** and provide them with a few minutes to work individually or partnered to match the star with their insured body part and the amount it is insured for.

"Who issues these crazy insurance policies?"

Lloyds of London.

Obviously we likely do not have a body part worth insuring, but you can have some fun with participants by sharing some other out of the ordinary insurance policies including:

- Kidnapping Insurance- Think there would be a high ransom on your head? This insurance can help to cover that.
- Fantasy Football Insurance- You can purchase this insurance to help protect you if one of your hot picks is injured and throws off your game.
- Bed Bug Insurance- Get back from a hotel to find that you have brought home bed bugs. It can cost a lot to rid your home of these bugs.
- Chicken Insurance- Just like your policy covering the naughty behaviors of dogs, you can also get insurance to cover the naughty behavior of chickens, which have become all the rage as pets.
- Cold Feet Insurance- Can you imagine if you spent thousands on a wedding and your fiancé got cold feet?
- Multiple Birth Insurance- Kids cost about \$200,000 each by the time they reach 18, can you imagine having 3 when you only planned on one?

ALTERNATIVE ICEBREAKER

You have likely heard of some crazy insurance claims in your time. Share any stories that you have heard or before class take a few minutes to look up crazy insurance claims that you can share with participants. Anyone can make a claim. It is really a matter of if the insurance company will pay it because it is covered under the policy.

Examples:

- A man is helping his cousin replace the roof on the cousin's house and shoots the nail gun through his hand. The homeowners policy will provide for \$1000 in medical coverage, but nothing more since the man was negligent for shooting his own hand.
- A woman watches an accident happen, but does not sustain any property loss. She files a claim for mental distress from having to watch the accident. She would likely have a hard time making a case for her loss.
- A neighbor of a winery sprays weed killer on blackberries on their property and the vines next to the blackberries are killed. The winery might have a valid claim here.
- Two drivers get into an accident. When police come to the scene they determine that one of the drivers ran a red light and the other driver's alcohol level was above the legal limit. Even though one party's alcohol level was above the legal limit, it does not mean he was negligent for the accident.
- A child runs straight out of school into the crosswalk, excited to get home, and gets hit by a car. Even though the driver is suppose to yield to the cross walk, it does not mean he is necessarily at fault because the child did not give him an opportunity to stop.

REVIEW COURSE OBJECTIVES

Review the course objectives, found on **page 1** of the **Resource Guide**.

Ask participants if they have any other aspects of insurance they would be interested in learning during the day's lesson.

Risk Management Lesson 1

Time: 10 Minutes

Objective: Understand risk and how insurance is used to manage risk.

Resource Guide

Page #:

2-What is insurance and how does it relate to risk?

2-How does insurance work?

2-Insurance terminology

PowerPoint Slides

Slide #:

• What is risk?

• Calculating possible loss

• But how likely is it?

• Weighing the risk

• Common types of insurance

• Some of the basics

Discussion

RISK

“What is risk?”

“Can you give examples of risks you face every day?”

“How do you manage those risks?”

Risk is the exposure to injury or loss. Examples of how we manage risk could be: wearing a helmet or seatbelt, purchasing insurance, or following laws.

We know that we face a multitude of risks in our everyday lives. In order to help us determine the insurance we need, we have to take into account the possible loss exposure.

For example if you have a car that is paid off, you can decide if you want to carry collision coverage. If you total the car, the most that you would be out is the value of the car. You can put a dollar figure on the potential loss and decide if you are willing to assume the risk. On the other hand, health insurance is one of the most expensive coverages to maintain, but part of the reason for that is the potential for loss is so great. If you end up getting really ill and needing a lot of medical attention, there could be no end to the amount of possible medical bills.

In addition to the exposure of loss we have to consider the likelihood of loss.

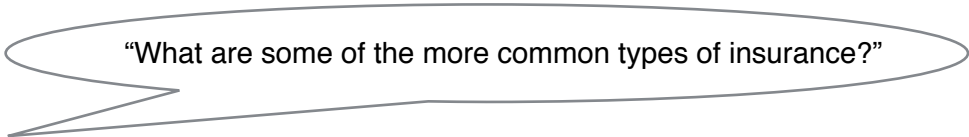
How likely is it that you'll die in a:

- Plane crash 1 in 5,051
- Shark attack 1 in 50,453
- Train crash 1 in 156,169
- Car accident 1 in 84

Questions to ask yourself in determining if you should purchase insurance:

- How much would I lose financially?
- How much would it cost to insure against the loss?
- What is the likelihood of loss?
- Am I willing to accept the risk?
- Will it provide me piece of mind to have this coverage?

COMMON TYPES OF INSURANCE



“What are some of the more common types of insurance?”

Be sure they bring up:

- Automobile
- Homeowners
- Renters
- Health
- Life
- Disability

INSURANCE BASICS

Walk participants through the basics how insurance works by covering some of these basics:

- Risk pooling- You can help make this relevant by saying if one of us totaled a new car it would be really hard for any one of us to cover the entire cost. When purchasing insurance one is pooling their money together with several others in case of a loss.
- Insurance policy- Is a contract between the policyholder and insurance company outlining what is covered under the policy.
- Premium- Coverage cost, broken out into monthly, bi-annual or annual payments.
- Liability- Provides coverage to others for losses for which you are at fault.

Risk Management Lesson 2

Time: 45 Minutes

Objective: Understand the basics of automobile insurance.

Resource Guide

Page #:

3- Auto insurance

4- Coverage types

5- Exclusions

6- What to do if you are in a car accident

Page 4 of the **Resource Guide** has a chart that outlines the different types of coverage.

General liability	Liability coverage covers you if you are legally liable for damage, including property and bodily injuries caused by your automobile. It covers defense and court costs as well as any judgment against you. Oregon requires 25/50/20 which means \$25,000 per person, \$50,000 per accident, \$20,000 for property damage. Washington requires 25/50/10 which means \$25,000 per person, \$50,000 per accident, \$10,000 for property damage.
Personal injury protection (PIP)	PIP coverage pays for medical expenses for you and your passengers. Oregon requires \$15,000 in coverage. Washington does not require it.
Uninsured motorist protection coverage	Uninsured motorist protection coverage covers you when another party causes damages to you but does not have insurance to cover your damages. Oregon requires this coverage; Washington does not.
Underinsured motorist protection coverage	Underinsured motorist protection coverage covers you when another party causes damage to you and has insurance, but the other party does not have enough insurance to cover your costs in full. This coverage will kick in once the other party's insurance is exhausted. Neither Oregon nor Washington requires its drivers to have this coverage.
Collision coverage	Collision coverage is optional and covers repairs for damage caused to your vehicle. This is a no-fault coverage, which means your car is fixed whether the damage is your fault or not.
Comprehensive coverage	Comprehensive coverage covers non-collision damage to your vehicle such as vandalism, theft, and break-ins, as well as damage from natural disasters such as, earthquakes, floods, and so forth. Just as with collision coverage, this coverage is optional.

Activity:

3- While driving, what distractions are you or someone you have seen guilty of?

While driving, what distractions are you or someone you have seen guilty of? Fill in the table below with a list of distractions that can cause car wrecks.

Texting While Driving

Appendices:

10- Appendix A: Auto Insurance Review

12- Appendix C: Claim Worksheet

PowerPoint Slides

Slide #:

- Auto insurance
- Why do we need auto insurance?
- Even a minor accident can add up to a lot
- We're legally required to have it if we drive
- Breakdown of an Auto Policy
- How do I get my car fixed?
- Not covered:
- What determines your premium?
- What to do if you get into an accident?
- Let's put this into play

Other Resources

Activity:

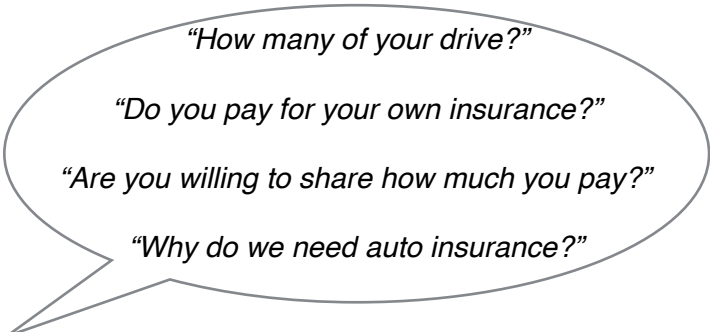
Car Accident Activity

Discussion

The discussion around automobile insurance is always lively because the participants usually are driving and have lots of great stories to share.

WHY AUTO INSURANCE IS NEEDED

Engage participants in a discussion asking the following questions:



Getting into an auto accident can add up to a lot of money:

- Damage to your car
- Damage to other car(s) involved
- Medical bills
- Lost wages
- Pain and suffering
- Prosecution
- Legal fees
- Fines

We are legally required to carry insurance if we drive.

“Why would the government require we have insurance to drive?”

Drivers are required by law to carry liability insurance. The government wants to ensure that others are protected if you cause damage to them or their property.

This can be a little bit complicated for participants to understand. When discussing with participants liability insurance and why it is legally required on vehicles. It can be helpful to refer them to **page 4** of the **Resource Guide** where the coverage types and the requirements.

General Liability Sample 25/50/20
\$25,000 per personal bodily injury
\$50,000 bodily injury per accident
\$20,000 property damage

“If you run into a new BMW, how far is your \$20,000 in property damage going to go?”

BREAKDOWN OF AN AUTO POLICY

Purchasing insurance can be a complicated process. Help participants to understand that there are coverages that are required by law, those that are sometimes optional and those that are purely optional to purchase.

Required by law-

- General liability
- Personal Injury Protection or PIP (depending on the state)
- Uninsured motorist coverage

“If you total your car are you going to still want to make payments on it?”

Required/options-

- Collision
- Comprehensive

It is important that participants understand that if they finance a vehicle these coverages will likely be required by the lender.

Optional-

- Underinsured Motorist
- Gap Insurance
- Rental car
- Roadside assistance

HOW TO GET YOUR CAR FIXED

Cover the basics of comprehensive and collision coverage. Provide examples of both:

Comprehensive

- Chipped windshield
- Stolen
- Break in
- Hitting an animal

Collision

- Even if you are driving someone else's car
- Or if someone else is driving your car
- Does not matter if the damage is your fault or not

Explain to participants that a deductible comes into play when fixing your own car. The deductible is the amount of responsibility one is willing to accept for their loss. It is important for participants to understand the higher their deductible, the lower their premium.

An example:

Let participants know they have a \$500 deductible and they get into an accident with a total of \$700 in damage.

Usually there will be participants who will say not to make the claim because their insurance rates may go up.

"How much would you have to pay?"
\$500

"How much will the insurance company pay?"
\$200

"Do you make the claim?"

"What if the damage is \$2,000, would that change your mind in filing a claim?"

Explain to participants this is a good way to determine what they should set their deductible at. They should not pay a higher premium for a lower deductible if they are not going to make a claim for that lower amount.

NOT COVERED

There are several things not covered in an auto policy including:

- Intentional damage
- Do not have owners permission to drive
- Have regular use of the car but not insured on it
- A car you own, but don't have insured
- Carrying passengers for a fee
- Racing

WHAT DETERMINES THE PREMIUM?

Explain to participants how insurance premiums are determined. Let them know that actuaries study trends in losses and then use those trends to set rates for premiums.

"Who's more expensive to insure?"

"Younger or older"

"Guys or girls?"

Common factors used to determine insurance rates:

- Age - Initially young drivers are a higher risk because they are still learning to drive, but as they get older rates go down as the risk goes down. But, when they get to be much older and reflexes slow they are a higher risk.
- Gender - At a younger age men are a higher risk than women, but then that changes as they get older.
- Vehicle type - Obviously the more expensive the car is to replace the more expensive the coverage is.
- Zip code - Based on all of the drivers in your area.
- Driving record - Tickets and accidents will increase rates for 3 years.
- Credit - In some states one's credit score can be used to determine insurance rates. This does not apply in all states.

WHAT TO DO IF IN AN ACCIDENT

It is important for participants to understand what they should do if they are involved in an accident including:

- Help injured parties
- Move car, if this can be done safely
- Get contact information of everyone involved, including witnesses
- Take pictures of cars and scene
- Contact insurance agent
- Do not admit fault
- Call police, if appropriate
- Get police report
- Keep records
- Get treatment right away if needed
- File with DMV if necessary

You can refer participants to **Appendix A: Claim Worksheet** on **page 12** of the **Resource Guide** for future reference if they are ever in an accident and need to track information on their claim.

ACTIVITY

Directions for the **Car Accident Activity** can also be found on the following pages. You can link to the supplemental video on the Financial Beginnings **Volunteer Website** under **Videos**.

FOR FUTURE REFERENCE

Direct participants to **Appendix A: Auto Insurance Review** on **page 10** of the **Resource Guide**. This can be a good tool for them to apply what they learned in today's lesson by reviewing their auto insurance policy.

Car Accident Activity

Activity Overview:

This activity is a fun way to apply lessons learned about automobile insurance. Participants get to pretend they are the jury for an automobile accident and decide who is at fault, determine how much the accident will cost and then how insurance policies apply.

Directions:

Watch the video:

Utilize the Car Accident video on the video page of the **Volunteer Website** or go to YouTube and type in “pedestrian gets hit by car” to find video. The video is only 10 seconds and the participants will want to watch it several times. Many times the participants will not see the pedestrian the first time they watch the video.

The pedestrian in the accident survives the accident because where the PT Cruiser hits the SUV it makes a dent, and then what rolls over the pedestrian.

Discuss fault:

“Who’s at fault and why?” Explain to participants about comparative negligence and how very seldom is one party 100% responsible for an accident. In this accident each party is partially responsible:

- **PT Cruiser**- Ran a red light. The light had been red for over 20 seconds
- **SUV**- Driving law states that before you enter an intersection you have to make sure the intersection is clear. It is hard to tell if the SUV could have seen the PT before entering the intersection.
- **Pedestrian**- Since the light was red for the PT cruiser, it was also red for the Pedestrian. The Pedestrian was jaywalking!

Let the participants know that the Pedestrian ends up suing the drivers of the PT Cruiser and SUV and they are going to act as the jury. On the board draw a table, but leave the percentages in blank for now:

Ask the participants:

	Pedestrian
Pedestrian	50%
PT Cruiser	45%
SUV	5%
Total %	100%

“How responsible is the Pedestrian for his own injuries because he was jay walking?” This answer will vary greatly between classes. Some feel that he has a high responsibility because he was breaking the law, while others feel that he has a low level of responsibility. Fill in the % of fault of the pedestrian into the table.

“With the remaining % how do you split the responsibility of the PT Cruiser and SUV?” Usually the participants will give a very low percentage of responsibility to the SUV.

Discuss how much the accident will cost:

Start by writing the state minimums for liability on the board:

OR-25/50/20- WA 25/50/10

“How much is the property damage for the SUV?” Normally the participants will answer between \$15,000-35,000.

“If the driver of the PT Cruiser carries the state minimums for liability how much will the policy pay?” \$10,000 for Washington and \$20,000 for Oregon.

Depending on what they answer for the cost of the SUV subtract the state minimum from the total for the SUV.

25,000
-20,000
\$5,000 short

“Now how much will the medical costs for the Pedestrian be?”

“Will he be going back to work anytime soon?”

“How much should he be compensated for his pain and discomfort?”

It likely could end up being \$1,000,000

Whatever the total cost ends up being we now have to subtract out the % above for the pedestrian’s responsibility of his injuries.

\$1,000,000
-500,000 for 50% of Pedestrian’s responsibility
\$500,000 owed

The majority of what is owed is from the driver of the PT Cruiser. *“If the driver of the PT Cruiser has the minimum liability limits then how much will the policy pay?”* \$25,000 Bodily Injury Per Person

\$500,000
-\$25,000
\$475,000 Short

This explains the need to have more than the minimum liability limits. You can increase your liability limits. *“If you had 250/500/100 would you be covered?”* For property damage, yes! But for the Bodily Injury you’d still be short.

Then explain umbrella policies. *“How much do you think an Million dollar Umbrella Policy costs per year?”* Participants are often surprised to find that it’s just a few hundred dollars.

Participants can refer to **Appendix A: Auto Insurance Review** on **page 10** of the **Resource Guide** to review their own auto insurance coverage.

APPENDIX A: Auto Insurance Review

It is important to ensure you understand your auto insurance and maintain proper coverage. Review you auto insurance declarations page and fill out this worksheet.

Liability coverage:

What is liability coverage?

_____ Bodily Injury Per Person/_____ BI Per Accident/_____ Property Damage

Is your liability coverage more than the state minimum? If not, why?

Collision Coverage:

What is collision coverage?

Do you carry collision coverage? If so, how much is your deductible?

Comprehensive Coverage:

What is comprehensive coverage?

Do you carry comprehensive coverage? If so, how much is your deductible?

Other:

After the insurance lecture, what other items struck you as important relating to auto insurance?

Participants can refer to **Appendix C: Claim Worksheet** on **page 12** of the **Resource Guide** if they ever need to track an insurance claim.

APPENDIX C: Claim Worksheet

This worksheet can be used to track important information for an automobile claim.

Date of loss (Accident):

Description of accident:

Location of accident:

Time of the accident:

Name of other driver(s):

Name(s) of your passenger(s):

Name(s) of passenger(s) in other vehicle(s):

Name(s) of witness(es):

Other vehicle(s) involved:

Police report number (if applicable):

Claim number with your insurance carrier:

Claims representative name and contact information with your insurance carrier:

Claim number with other party's insurance carrier:

Claims representative name and contact information with other party's insurance carrier:

Risk Management Lesson 3

Time: 15 Minutes

Objective: Understand the basics of renters/homeowners insurance.

Resource Guide

Page #:

5- Renter/homeowner's insurance

Page 5 of the Resource Guide

What could happen to cause damage to your belongings? *List some of the items you own and estimate their value.*

Item	Price
1)	
2)	
3)	
4)	
5)	

Appendix:

11- Appendix B: Home Inventory Worksheet

PowerPoint Slides

Slide #:

- How much money is everything in your room worth?
 - 2 out of 3 renters do not have renters insurance
 - How much will I get for my belongings?
 - How does the insurance company know I had the laptop?
 - Back to liability
-

Discussion

WHY RENTERS/HOMEOWNERS INSURANCE IS NEEDED

Start the discussion by referring participants to **page 5** of the **Resource Guide** and asking them to fill in the 5 most expensive items in their room.

On average a two bedroom apartment is going to have over \$20,000 in belongings. One may think there is not much value in their items, but the items can quickly add up. Allow participants a minute to

list out some of the larger items they own now. Jog their memory by mentioning items like a: computer, phone, game systems and games, clothes, collectibles, etc.

Two out of three renters do not carry renter's insurance. They may assume that their landlord's insurance coverage will cover them, but it will not cover the renter's belongings.

"How much do you think renter's insurance costs monthly?"

Participants may be surprised to find out that the cost is as low as \$10-15 per month. Even better, if the renter's insurance is purchased from the same company that insures your car it may lower the auto insurance premium.

When living in an apartment it is especially important to have renter's insurance because you have to consider the negligence of others in the building as well as your own.

HOW MUCH THE INSURANCE COMPANY WILL PAY FOR A LOSS

Explain to participants the difference between replacement cost and actual cash value. When obtaining a policy usually the default is actual cash value, but for an additional cost replacement coverage can be purchased.

"If a three year old laptop is destroyed in a fire and the policy provides actual cash value how much is that laptop worth if you were to sell it?"

Likely not much. Explain to participants that they would still need the laptop and to purchase a new one it would cost hundreds of dollars. If they have replacement cost coverage then the policy would pay to replace the laptop instead of providing what the item is worth at the time of the loss.

When moving out on your own for the first time it is likely that you have several hand-me-down items, which may not have a very high actual cash value.

"How does the insurance company know what I have?"

It is important to have documentation showing what you own and store it in a place that is safe. It is a good idea to take photos of your possessions. Let participants know that renters/homeowners insurance provides very broad protection for a relatively low cost. Things that can be covered:

- Liability— In case you burn down the kitchen.
- Personal article floaters — Covering collectibles or jewelry, even if they are lost outside of the home.
- Naughty pets— Just in case your dog bites the mailman.
- Loss of use — Paying for lodging if you find you have to move out for a while due to a loss.

Participants can refer to **Appendix B: Home Inventory Worksheet** on **page 11** of the **Resource Guide** to inventory their belongings.

APPENDIX B: Home Inventory Worksheet

It is important to keep a proper inventory of your household items for your homeowners/renters insurance. Use this sheet to help guide you through the process of developing an inventory of your items. Make copies of the sheet and use one sheet per room in your house. Be sure to save copies of this inventory in a safe space.

Room: _____ Date Modified: _____

Item	Manufacturer	Model/Serial Number	Purchase Date	Purchase Price

Risk Management Lesson 4

Time: 20 Minutes

Objective: Provide a high level understanding of health, life and disability insurances.

Resource Guide

Page #:

6- Health insurance

7- Life insurance

8- Disability insurance

Page 7 of the **Resource Guide** outlines reasons life insurance may be necessary.

Generally, life insurance is not necessary if:	Consider life insurance if:
You are single with no dependents	You have children
You're married, a double-income couple, with no children	You're married, a single-income couple with no children who needs to provide income for your spouse
You're married, but aren't employed	You own your own business
You're retired	The value of your estate is over the estate-tax-free threshold, then insurance money can pay the estate taxes

Appendix:

13- Appendix D: Health Insurance Comparison Worksheet

PowerPoint Slides

Slide #:

- Why health insurance?
 - Life insurance: Need it or not?
 - How much life insurance?
 - Disability coverage
-

Discussion

LIFE INSURANCE

Participants sometimes think that health, life and disability insurance are not necessarily for them because they are young. When explaining life insurance, it is important for them to understand when life insurance is generally needed. There is a table **page 7** of the **Resource Guide**, which provides a few examples of when life insurance may be necessary.

Explain to participants how to calculate how much life insurance they will need using either the needs approach or earnings multiplier.

HEALTH INSURANCE

Health insurance is likely the most confusing of the common types of insurance. For our participants, we want them to have a high level understanding of what health insurance is and why it is important to maintain it.

With the recent implementation of the Affordable Care Act everyone now is required to have health insurance. Participants may wonder how long they can be covered under their parents' health insurance plan.

Many colleges and universities include the cost of health insurance in the tuition. Participants can sometimes get the insurance waived if they are already covered under another policy and have their tuition reduced.

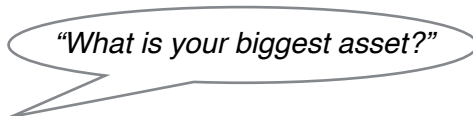
Many times employers will offer health insurance as a benefit of employment and cover some or all of the cost of the health insurance. This benefit can be worth hundreds of dollars monthly.

It can be helpful to cover common health insurance terms such as co-payment and deductible.

Explain that many health insurance policies will cover the entire cost of preventative care. It is much less expensive to prevent an illness than it is to treat one.

Refer participants to **Appendix D: Health Insurance Comparison Worksheet** on **page 13** of the **Resource Guide** to use to compare health insurance policies.

DISABILITY INSURANCE



They will likely give you several different answers like their car or savings account. Still for most their largest asset is the ability to be able to earn income overtime.

Explain to participants that short-term disability replaces a portion of ones income for a few months. An example would be a woman on maternity leave. Whereas, long-term disability replaces a portion of the income indefinitely if one becomes disabled.

Disability insurance can be very expensive because the risk is greater than life insurance.

Participants can refer to **Appendix D: Health Insurance Comparison Worksheet** on **page 13** of the **Resource Guide** to compare health insurance policies.

APPENDIX D: Health Insurance Comparison Worksheet

Use this worksheet to compare health insurance policies.

	Policy A	Policy B	Policy C
Provider			
Monthly premium			
Deductible			
Type of plan (HMO, PPO, EPO, POS)			
Co-payment for hospital visits			
Co-payment for office visits			
Out of pocket maximum			
Maximum medical expenses covered			
Prescription drug coverage			
Are my doctors preferred providers?			
Do I need referrals to specialists?			
Is chiropractic care covered?			
Is naturopathic care covered?			
Is preventative care treated differently?			

Risk Management Conclusion

Time: 5-20 Minutes

Objective: Wrap up the day's lesson by reviewing the session objectives and answering any remaining questions. If time allows wrap up with an activity.

Resource Guide

Page #:

19- Risk management session summary

Activity:

14- Are you covered?

PowerPoint Slides

Slide #:

- Takeaways
 - Got it?
-

Discussion

TAKEAWAYS

Answer any remaining questions the participants may have about the subject and stress some key takeaways for the lesson including:

- Be sure to carry appropriate car insurance,
- Always have renters/homeowners insurance,
- Maintain health insurance, and
- Know when life insurance will be needed.

Please allow a few minutes at the end of the course for participants to fill out the survey on **page 15** of the **Resource Guide**. Collect the surveys and deliver or send to Financial Beginnings.

ACTIVITY

If time allows ask participants time to complete **Activity: Are You Covered?** on **page 14** of the **Resource Guide**. The key for this activity can be found on the next page.

Key for **Activity: Are You Covered?** on page 16 of the **Resource Guide**.

ACTIVITY: Are You Covered?

Accidents happen all too often, do you know which type of insurance keeps you covered? Look at these different accident scenarios and enter the insurance policy it would be covered under.

Insurance Policies:

- Auto- Liability
- Auto- PIP
- Auto- Comprehensive • Auto- Collision
- Renters
- Health
- Life
- Disability
- Not covered

Accident	Type of Insurance
You go to the hospital after a car accident	Auto- PIP
You take time off after having a baby	Disability
Your bike is stolen at work	Renters
You hit a deer with your car	Auto Comprehensive
Your car gets stolen	Auto- Comprehensive
You break your leg skiing	Health
You burn down the kitchen cooking	Renters
You run your car into a pole	Auto- Collision

Survey (Optional)

The final page of the student workbook is an optional retrospective survey designed to measure knowledge gained by the participants from this program. This is essentially a combined pre- and post-program survey taken at the end of the module. Results will be used to make improvements in how we deliver our programs, for marketing purposes, and to share with donors and stakeholders as appropriate.

Please set aside about **5-10 minutes** at the end of class to administer the survey. Your role will be to introduce the surveys to participants, ask them to complete the surveys, answer any questions, and then collect the surveys when they have been completed.

Below is a suggested script to use when administering the survey. Please feel free to modify as you see fit.

*"We want to know what you learned today. On the
last page of your workbook is a short survey. Auto- PIP Please
spend 5-10 minutes filling this out, and tear it off when
you finish.*

"This test is separated into two sections. The first section asks about what you now know after this class. The second section asks you to think back before you had this class, and to answer about what you knew then. This survey helps us determine how effective are programs are. It will also help us improve the program and the results will be shared with our supporters and other teachers and schools. Thank you for taking the survey seriously and for your help in making this program effective for you."

Please mail or drop off completed surveys to:

Financial Beginnings
9600 SW Capitol Hwy.
Suite 150,
Portland OR 97219.

If you have any questions about the survey, its protocols, or use of results don't hesitate to contact us at programs@financialbeginnings.org or via phone at 800-406-1876.

