

## Procedure/Lecture Outline

- 1) Ask students if they can define insurance
- 2) Show the clip from the Risk Responsibility Reality video <http://www.theiei.org/edu/materials/rrr/classroom.wmv>
- 3) Guide students through the Power Point presentation (link)
  - a. What is the likelihood you will be in an automobile accident?
  - b. There are more than 12 million motor vehicle accidents annually
  - c. The typical driver will have a near automobile accident one or two times per month
  - d. The typical driver will be in a collision of some type on average of every 6 years
  - e. Crashes are the leading cause of death for ages 3-33
  - f. Even a minor accident can result in thousands of dollars in damages
    - i. Damage to your car
    - ii. Damage to other cars involved
    - iii. Medical Bills
    - iv. Lost wages
    - v. Pain and suffering
    - vi. Prosecution
    - vii. Legal Fees
    - viii. Fines
  - g. If you are in an accident how do you pay for it?
    - i. Bank Account?
    - ii. Parents?
    - iii. Rich Uncle?
    - iv. Best Friend?
    - v. Insurance?
  - h. What is Automobile Insurance?
    - i. An auto insurance policy is a contract between you and an insurance company.
    - ii. You pay a premium, and in exchange, the insurance company promises to pay for specific car-related financial losses during the term of the policy.
  - i. Why do I need auto insurance?
    - i. It's the law!
    - ii. There are risks you can't afford to take
    - iii. What happens if...
      1. You're involved in a crash that causes property damage?
      2. You hurt yourself or someone else?
      3. Your car is damaged when you're not driving it? (by weather, vandalism or a hit-and-run)
      4. Your car is stolen?
      5. Your car breaks down and needs to be towed?
  - j. Are you a risk to the insurance company?
    - i. To keep premiums as low as possible to the insured, a screening process is completed before an insurance contract is completed

## Procedure/Lecture Outline (Page 2)

- k. What is the insurance company looking for?
  - i. Some vehicles, and some drivers, carry more risk than others
    - 1. Low risks will be charged a lower premium
    - 2. High risks will be charged a higher premium
- l. What determines your premium?
  - i. Age
  - ii. Gender
  - iii. Vehicle Type
  - iv. Driving Record
  - v. Geographic Location
- m. What is a Deductible?
  - i. This is the amount per accident that you pay out of pocket before insurance starts to pay
  - ii. Common deductible amounts are usually \$250, \$500, and \$1000
  - iii. The higher the deductible amount you pay the lower your premiums are
- n. Automobile Insurance: The Policy
  - i. A common mistake when shopping for automobile insurance is looking only at the price between two policies
  - ii. Policies differ from policy to policy and company to company
  - iii. Five parts to an insurance policy
    - 1. Declarations
    - 2. Coverages
    - 3. Exclusions
    - 4. Conditions
    - 5. Definitions
- o. What can you do to reduce risk and lower premiums?
  - i. Use your seatbelt
  - ii. Observe Speed Limits
  - iii. Know your own limits
  - iv. Concentrate on driving
  - v. Be Patient
  - vi. Don't Drink and Drive
  - vii. Get good grades