FINANCEFIEND | UNIT 5: INSURANCE

Name: _____ Class/Period: _____ Date: _____

Directions: Read each FinanceFiend lesson in order. Fill in the missing key terms, amounts, and calculations as you go.

Lesson 1 of 9: What Is Risk and How Do You Manage It?

FINANCIAL RISK

1. _____ is the possibility of harm or loss. Financial risk can involve money, belongings, or the _____ you rely on.

2. Job loss can make rent and car payments harder to afford. This shows that some risks are _____. A cracked phone and job loss may be largely unrelated.

3. Risk management means identifying possible losses, considering their _____ and size, and choosing a response.

FOUR WAYS TO MANAGE RISK

4. You _____ a borrowing-related risk by deciding not to lend out a laptop. Other risks to the laptop can still remain.

5. You _____ risk by locking a car, using strong passwords, or wearing a helmet. Precautions do not guarantee that no loss will occur.

6. You _____ risk when you accept a possible cost yourself, such as using savings for a phone repair you can afford.

7. You _____ some financial risk when an insurer agrees to cover certain losses. Deductibles and costs outside coverage may remain yours.

INSURANCE AND OTHER TOOLS

8. Insurance covers _____ losses under its terms. Ordinary investment losses and rising grocery prices generally require other planning strategies.

9. An emergency _____ helps with setbacks. Reviewing a budget helps with rising prices. _____ spreads investments across assets to reduce some investment risk.

10. Taking more investment risk never _____ a higher return. Compare both the chance of a loss and whether you could afford it.

Lesson 2 of 9: Insurance Basics and Terminology

HOW INSURANCE WORKS

11. An insurance _____ describes the protection purchased. Insurers pool payments from many customers to pay _____ losses.

12. The _____ provides coverage. The _____ owns the contract. The _____ is the person or property protected.

13. An insurance _____ helps customers compare and buy policies. An _____ evaluates application risk to help set coverage terms and price.

COSTS, CLAIMS, AND LIMITS

14. The _____ keeps coverage active, even if you never make a claim. A _____ is your share of a covered cost under the policy.

15. For a covered $2,000 repair with a $500 deductible, the insurer pays $_____, assuming sufficient coverage and no other reductions.

16. A _____ requests help under the policy. A _____ is the payment or service provided. A coverage _____ caps the amount payable.

17. A _____ is a fixed charge for a covered service. A $25 appointment charge does not guarantee that tests or other services are included.

READING AND COMPARING POLICIES

18. The _____ page summarizes who and what is covered, policy dates, premiums, deductibles, and coverage amounts.

19. The _____ agreement explains promised protection. _____ identify losses left out. _____ describe your responsibilities.

20. An _____ or rider changes the policy and can add, remove, or adjust coverage.

21. Raising a deductible from $500 to $1,000 may lower the premium, but requires another $_____ if the full deductible applies. Compare limits and exclusions too.

Lesson 3 of 9: Health Insurance Options and Costs

COVERAGE SOURCES AND COST SHARING

22. Health coverage may come through an employer, an individual plan, a marketplace, or government programs such as Medicaid, _____, CHIP, and TRICARE.

23. The _____ keeps the plan active. For services subject to a _____, you pay that amount before the plan starts sharing those costs. Some services are covered earlier.

24. A copay is a _____ charge. Coinsurance is a _____ of the covered cost. Use the plan's allowed amount for the calculation.

25. With the deductible met, 20% coinsurance on a $200 allowed amount means you pay $_____ and the plan pays $_____, assuming all requirements are met.

LIMITS, NETWORKS, AND PROTECTIONS

26. The out-of-pocket _____ limits eligible costs for covered in-network care during the plan year. Premiums, uncovered services, and generally out-of-network costs do not count.

27. A provider _____ includes doctors and hospitals with insurer agreements. Also check coverage and costs for your _____.

28. Under the ACA, marketplace plans cover _____ conditions and cannot charge more because of them. Eligible applicants may receive financial assistance.

29. Beginning in _____, the federal tax penalty for lacking health coverage became zero. Some states have their own rules.

COMPARING THE FULL COST

30. At $150 per month, annual premiums total $_____. At $200 per month, they total $_____. The difference is $_____ before care costs.

31. Compare premium, deductible, copays, coinsurance, network, and out-of-pocket maximum. A _____ premium may still fit better if other costs or coverage make needed care more affordable.

Lesson 4 of 9: Disability and Long-Term Care Insurance

REPLACING LOST INCOME

32. Health insurance helps with covered treatment. _____ insurance replaces part of earnings when a qualifying illness or injury prevents work.

33. Disability coverage may be provided through an employer or bought individually. _____-term coverage generally lasts less time than _____-term coverage.

34. The waiting or _____ period is the time before benefits can begin. Check how the policy defines inability to work and how long payments can continue.

35. A hypothetical policy replaces 60% of $3,000 monthly earnings. The benefit is $_____ and the income difference is $_____. Caps, taxes, and other rules can affect actual payment.

PAYING FOR DAILY ASSISTANCE

36. Long-term care involves ongoing help with daily activities such as _____, dressing, or eating.

37. Long-term care insurance may cover qualifying assistance at home, in assisted living, or in a _____ facility, depending on the contract.

38. Match protection to need. Health insurance addresses medical _____, disability coverage addresses lost _____, and long-term care coverage addresses daily assistance.

COMPARING PROTECTION

39. Compare premiums, qualifying definitions, waiting periods, benefit amounts, and benefit _____. For care coverage, check covered services and locations.

40. Government programs have eligibility and coverage rules. Relatives may lack the time, money, or ability to provide all needed _____. Confirm support before relying on it.

Lesson 5 of 9: Life Insurance Options and Costs

PURPOSE AND POLICY TYPES

41. Life insurance can pay a death _____ to a named _____ when the insured dies while covered and the policy's conditions are met.

42. Losing income or unpaid _____ can create household costs. Coverage needs depend on the people and responsibilities financially affected.

43. _____ life insurance covers a specified period, often 10, 20, or 30 years. Standard term usually has no cash value or payout if the insured survives the term.

44. _____ life insurance is designed for lasting coverage if requirements are met. Whole life and _____ life are examples.

45. Whole life generally builds _____ value and costs more than comparable term coverage. Withdrawals or loans may reduce benefits or create interest, fees, tax consequences, or lapse risk.

WORKPLACE COVERAGE AND NEEDS

46. _____ life insurance through work may be affordable. Check its amount and whether it can continue or convert when employment ends.

47. Estimate future needs such as housing, childcare, education, debts, and funeral costs. Subtract available savings and existing coverage without counting a resource _____.

48. With $250,000 in estimated needs and $50,000 in available resources, additional coverage is estimated at $_____. This is a simplified example.

PRICE AND SUITABILITY

49. Age, health, _____ use, policy type, and benefit amount can affect premiums and eligibility. Health information or an examination may be required.

50. Match the amount and _____ of protection to the household's responsibilities and choose a premium that can be maintained.

Lesson 6 of 9: Property Insurance Options and Costs

WHAT PROPERTY POLICIES COVER

51. _____ insurance generally covers a house, certain other structures, belongings, and covered liability. _____ insurance generally protects the tenant's belongings and covered liability.

52. The landlord's policy generally covers the _____, rather than replacing the tenant's belongings. A mortgage or lease may require coverage.

53. A _____ is an event causing loss. Fire, theft, vandalism, and certain storm damage may qualify. Standard policies generally exclude _____ and earthquakes.

54. Normal wear, neglected repairs, and maintenance issues are generally _____. Check the actual contract.

LIABILITY, LIVING COSTS, AND VALUATION

55. _____ coverage may help when you are legally responsible for a covered injury or property damage. An injury at your home does not automatically establish responsibility.

56. Additional _____ expenses coverage may help with qualifying extra costs when a covered loss makes the home unlivable, subject to limits and duration.

57. _____ cost uses comparable new repair or replacement costs. Actual cash value accounts for _____ from age and use.

58. A new comparable laptop costs $900 and the old laptop's depreciated value is $400. These are valuation amounts before deductibles, limits, and claim conditions. The difference is $_____.

CLAIMS AND PREPARATION

59. On a covered $3,000 loss with a $1,000 deductible, the insurer pays $_____, assuming sufficient coverage and no other reductions.

60. Location, rebuilding cost, coverage, claims history, and deductibles can affect premiums. A home _____ with photos, receipts, and descriptions helps document belongings.

Lesson 7 of 9: Car Insurance Options and Costs

COVERAGE TYPES

61. Texas drivers must show financial _____. Most do this through liability coverage. A lender generally requires collision and comprehensive on a financed car.

62. _____ coverage helps with other people's injuries or property damage when you are responsible. It generally does not repair your car after a crash you caused.

63. _____ covers your vehicle's damage from a covered collision. _____ covers specified events such as theft, hail, fire, or vandalism.

64. _____ or underinsured motorist coverage can help when a responsible driver has no insurance or too little coverage.

65. Medical payments coverage or _____ may help with covered injury-related costs. Rental reimbursement and roadside assistance address separate needs.

CLAIMS AND YOUR SHARE

66. For covered collision damage of $2,500 with a $500 deductible, the insurer pays $_____, assuming sufficient coverage and no other reductions.

67. With _____-only coverage, your policy generally does not repair your own car after an accident you cause.

68. A total-loss settlement is generally based on vehicle _____ under the contract, with applicable deductions. The settlement can be smaller than the remaining _____.

COMPARING QUOTES

69. Experience, driving history, location, vehicle, coverage, and deductibles can affect the _____. Compare similar limits and deductibles.

70. The phrase _____ coverage does not describe a standard package or guarantee that every loss is covered. Ask exactly what is included.

Lesson 8 of 9: Supplemental Insurance Options and Costs

OPTIONAL PLANS AND DEBT COVERAGE

71. Supplemental products target particular gaps. Some are insurance, while others are service _____ or debt-protection agreements.

72. An extended warranty may exclude accidental damage or require a service fee. A $120 plan plus one $50 service fee costs $_____ if used once.

73. Mortgage protection life insurance or _____ life insurance can pay eligible debt after a covered borrower dies. Check the recipient and whether the benefit shrinks with the debt.

74. Mortgage protection life differs from mortgage insurance that protects the _____ after borrower default.

ACCIDENTS AND VEHICLE LOANS

75. AD&D stands for accidental death and _____. It pays for specified accidental deaths or injuries, rather than broadly covering illness-related deaths.

76. A $17,000 car loan minus a $14,000 vehicle settlement leaves a $_____ difference. _____ coverage may help with an eligible difference, subject to limits and exclusions.

77. Gap coverage may leave fees, missed payments, deductibles, or other excluded amounts _____. Read the agreement.

CANCELLING OR POSTPONING PAYMENTS

78. A debt-protection agreement may cancel eligible debt or _____ payments after a qualifying event such as disability or involuntary job loss.

79. If payments are only delayed, the _____ may remain. Check what happens to interest and the payment schedule.

80. Before buying extras, compare the exact gap, price, restrictions, existing coverage, and available _____.

Lesson 9 of 9: Estate Planning and Legal Instruments

PROPERTY, CHILDREN, AND BENEFICIARIES

81. _____ planning prepares for property and responsibilities after death or inability to decide. An estate includes property and financial interests left behind.

82. A _____ directs distribution of property covered by it after death. The _____ handles the estate through the applicable legal process.

83. A parent can nominate a _____ for minor children. A court makes the legal appointment under applicable law and the child's interests.

84. _____ is a court process that may establish a will's validity and handle estate matters. Having a will does not automatically eliminate it.

85. A _____ receives money or property. Direct designations on life insurance or certain accounts generally control those assets, so review them alongside the will.

86. A _____ holds and manages property under rules. The _____ manages it for beneficiaries, such as administering a child's education funds.

AUTHORITY WHILE SOMEONE IS ALIVE

87. A power of attorney grants an _____ authority within the written powers. A limited document may authorize one task, while a financial document may cover bills or property.

88. A _____ power of attorney can remain effective after incapacity. Powers of attorney generally end at _____.

89. A _____ power of attorney addresses healthcare decisions when legal conditions are met. Texas financial and medical powers have separate purposes.

MEDICAL WISHES AND UPDATES

90. A _____ will records wishes about certain treatments under specified circumstances. Texas commonly calls it a directive to _____.

91. _____ directives communicate healthcare wishes or appoint a decision-maker. Forms and signing, witness, or notarization rules vary by document and state.

92. Review documents and beneficiaries after major life _____. A qualified legal professional can help with state-specific requirements.