

Auto and Homeowner's Insurance

Notes:

Learner Outcomes

Outcome #1: Participants will be able to identify what auto insurance is.

Outcome #2: Participants will be able to identify what a homeowner's policy is.

Outcome #3: Participants will be able to describe how valuable items might be at risk.

Target Audience

Teenagers

Materials

1. Flip chart and markers or a dry-erase board and dry-erase markers
2. Name tags (downloaded for free from the Bank It website), one for each participant
3. A pen or pencil for each participant
4. Something to track time
5. Evaluation #3-PR-T for each participant
6. Bank It Notes #3-PR-T for each participant
7. Optional: PowerPoint Presentation PDF #3-PR-T
8. Optional: Handout #3-PR-T for each participant

Timing

1 hour

Want more background and training tips?

See the free, downloadable Bank It Leader's Guide at www.bankit.com.

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Notes:

1. Welcome and Overview (5 minutes)

Arrive early. Highly consider using the optional PowerPoint Presentation PDF and the optional Handout. Both will greatly enhance your sessions. If you're using the PowerPoint Presentation PDF, show the "Welcome to Bank It" slide as participants enter the room. Greet each participant individually and learn their names as they arrive. Have them create a name tag with their first name only.

Give participants a copy of the Bank It Notes #3-PR-T and either a pen or pencil. Have them sit in clusters of about four people. If possible, have them sit at tables. Then welcome the whole group to the session.

Say: Welcome to Bank It. Bank It delivers real-world financial topics and tools for teens and parents that make it easier to understand, talk about, and manage your money. Bank It was developed by Capital One and Search Institute. I'm glad each one of you is here.

Today we will focus on auto and homeowner's insurance, and we plan on meeting three goals. One: By the end of this session, you will be able to identify what auto insurance is. Two: You will be able to identify what a homeowner's policy is. Three: You will be able to describe how valuable items might be at risk.

Feel free to use your Bank It Notes to write what you learn as we go along. At the end of the session, we will take time to complete a short evaluation. (If this session is not the first session you're presenting to this group, consider briefly discussing the optional challenge that you may have given participants at the end of your previous session.)

2. Activity: Auto or Home (15 minutes)

Say: Today we're going to focus on two types of insurance: homeowner's and auto insurance. Let's briefly define each one. Homeowner's insurance pays for damages or loss of your home and its contents. Auto insurance pays for damages or loss to your car and for any injuries that may occur during an accident.

Explain that you're going to do a quick activity. Have participants place their hands in front of them (in the shape of a roof) whenever they want to answer "homeowner's insurance." Have them slide their hands in front of them (as if their hands were driving a car) if they want to answer "auto insurance."

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Explain that you will say one statement at a time. (If you wish, have volunteers practice the two different responses.) When you're ready to begin, say: *Your home gets struck by lightning. Which type of insurance will cover it?* (Give participants time to respond.)

Then decide if you wish to start a conversation about this statement or continue with other statements, mentioning them one at a time so that participants have time to respond. Other statements include: *Someone drives into your car. Which type of insurance? A storm with damaging hail hits your home and your car.*

Which type of insurance? (Note: This one would be both.) *A fire starts in your kitchen. Which type of insurance? A tree falls over and into your roof. Which type of insurance? Your car gets stolen. Which type of insurance?* Afterward, discuss the activity. Be mindful that some participants may not be familiar with one or both types of insurance.

Once you finish the discussion, ask: *What if you don't own your home? Is there a type of insurance you can still get?* (Give participants time to answer.) Say: *The answer is yes. It's called renter's insurance. Renter's insurance is a type of homeowner's insurance.*

The only difference is that the person who owns the policy rents the home instead of owns it. Now, why would renter's insurance be important if you only rent? (Give participants time to respond.)

On a flip chart, list examples of what renter's insurance may cover. These include: 1. Damage from fire or water. 2. Your valuables in case of theft. 3. Storm damage.

Ask: *If you didn't have renter's insurance and a fire started in another apartment, burning down the entire apartment complex, what would happen?* (Give participants time to respond.)

Say: *You would have lost everything. The owner of the building may have had insurance for the building, but he or she will get that money—not you. If you want to protect the valuables in your home, you'll need renter's insurance if you're renting and homeowner's insurance if you own your home. What are some important valuables in your home that would be expensive to replace?* (Give participants time to respond.)

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On a flip chart, write what they say. Make sure you include these items: Computer. TVs. Appliances (if participants own them). Jewelry. Food in a refrigerator or freezer from an electrical failure. Antiques.

Say: Just because you get renter's or homeowner's insurance doesn't mean that everything is covered. You may need to ask about some of your specific valuables. For example, you can often insure specific valuables for a small price with either no deductible or a small deductible for a small extra premium.

I just used some big words there. A deductible is the amount of money you pay before you get coverage from the insurance company for a claim. A premium is the amount of money you pay each year to keep your insurance coverage up to date.

How can valuable items be at risk within our homes? On a flip chart, write: 1. Damage (such as from fire or water). 2. Theft. Say: A common way for items to get damaged in homes is from water. It may be from a hot water heater malfunctioning or a water pipe bursting. Fires are also another common cause of damage.

3. Present: Auto Insurance (15 minutes)

Say: Let's move on to auto insurance. Auto insurance is a type of insurance that pays for damages or loss to your car and for any injuries that may occur during an accident.

In every state, you are required to have auto insurance if you own a car. You also need to have coverage on every car you own. Every state has different requirements for the amount of auto insurance you need to have, and your insurance agent will know these requirements.

On a flip chart, write the six major examples of what auto insurance may provide. 1. Collision coverage. 2. Comprehensive coverage. 3. Bodily injury liability. 4. Property damage liability. 5. Personal injury protection (PIP). 6. Uninsured/underinsured motorist coverage.

Say: There are a lot of big words here, so let's go through each one. Collision pays for the damage to your car when it gets into an accident. Whether you have a fender bender or your car gets rammed from behind, the collision part of your auto insurance covers this.

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The next is comprehensive. Comprehensive pays for damage to your car that is from anything but a car accident. That could be a fire, hail damage, theft, or vandalism. The next three are all about liability issues. This is to protect you in case someone else gets hurt—or if any property is damaged.

For example, let's say your brakes go out as you're driving. You're having a hard time controlling the car. You hit another car and then land in someone's front yard. The bodily injury liability part of your insurance would cover any injuries you cause to another person.

Property damage liability covers any damages you cause to someone's property, such as knocking over a fence—or even accidentally landing in their living room with your car. Both the bodily injury liability and the property damage liability also will protect you, to a certain extent, from lawsuits.

If you're sued for \$25,000 in damages, that will be covered by your auto insurance if you have \$25,000 in that type of insurance. However, if you have only \$15,000 of coverage, that means the insurance will cover the \$15,000, and you'll have to cover the other \$10,000 out of your pocket.

That's why auto insurance is important. It's to protect you money-wise.

Let's move to number 5, personal injury protection, also known as PIP. Right now only 16 states require this type of coverage, but even if your state doesn't require it, it may be helpful to consider. This type of auto insurance covers your medical expenses, lost wages, and even funeral costs.

What's different about PIP is that it covers you—and your passengers. That's different from bodily injury liability, which covers only the people in the other car—or on the property where your car may land.

The last aspect of auto insurance is uninsured/underinsured motorist coverage. Now a lot of people ask: Why do we have to get that if it's the law that everyone who drives a car must have car insurance?

Well, as you know, not everyone follows the rules. So if you get hit by someone who does not have insurance—or doesn't have enough insurance—your insurance will cover you if you have this type of auto insurance. This also is helpful if someone damages your car in a hit-and-run.

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This is a lot of information to take in. For most people, insurance is something they'd rather not deal with because they may find it confusing, boring, and even unimportant. For example, it's hard to think about spending your money on insurance when you're hungry and would rather just buy something to eat.

But insurance is thinking about the big picture. It's about taking care of yourself and your family. It's about protecting yourselves so that if something bad happens, it doesn't sink you money-wise.

Over and over, we hear of stories of people losing everything or going bankrupt because they got hit with a medical emergency, a car accident that totaled their car, or a fire that gutted their home and destroyed everything.

What raises the cost of auto and housing insurance? (Give participants time to respond. Write their answers on a flip chart.) Include these items: Having more than one car. Having more than one licensed driver. Being a teenage driver. Having multiple accidents or tickets. Having a low deductible. Buying your auto and home insurance from different places.

If you plan to distribute the optional handout, use it at this time.

4. Discuss (10 minutes)

Say: Take some time to talk to the people near you. Talk to about two or three people. Take turns. I want you to do two things: 1. Say your first name. 2. Talk about an incident you've heard of where not having insurance really hurt someone money-wise.

Start with the person who had a cavity most recently. Then have each person take a turn. (Note: If participants have trouble talking about this topic in small groups, consider discussing the question with the entire group since some participants will not have heard of stories.)

5. Review and Evaluate (10 minutes)

Review what was accomplished during this session. Ask: *What is a homeowner's insurance policy?* (Answer: Homeowner's insurance is a type of insurance that pays for damages or loss of your home and its contents.)

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Ask: *What is renter's insurance?* (Answer: Renter's insurance is a type of homeowner's insurance. The only difference is that the person who owns the policy rents the home instead of owns it.)

Ask: *How could valuable items be at risk if you don't have insurance?* (Answers: 1. Damage from water or fire. 2. Theft.)

Ask: *What is auto insurance?* (Answer: Auto insurance pays for damages or loss to your car and for any injuries that may occur during an accident.)

Ask: *What are examples of what auto insurance may provide?* (Answers: 1. Collision coverage. 2. Comprehensive coverage. 3. Bodily injury liability. 4. Property damage liability. 5. Personal injury protection [PIP]. 6. Uninsured/underinsured motorist coverage.)

Ask: *What raises the cost of auto and housing insurance?* (Answers: Having more than one car. Having more than one licensed driver. Being a teenage driver. Having multiple accidents or tickets. Having a low deductible. Buying your auto and home insurance from different places.)

At the end of the review, distribute Evaluation #3-PR-T to each participant. Give participants time to fill out the evaluation. Collect all the evaluations after participants finish so you can find out the measurable outcomes for the session.

6. Close (5 minutes)

Ask participants to stand if they ever want to own a car. (Have participants look around to see how many people are standing.) Say: *When you own a car, you need to protect yourself and your car. That's what auto insurance is for. Ask participants to sit down.*

Then ask them to stand if they ever want to live away from home. (Have participants look around to see how many people are standing.) Say: *When you own a home—or rent a home—you need to protect yourself and the valuables you own. That's what homeowner's and renter's insurance are for. Ask participants to sit down.*

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Say: *Take a moment to think about this question: How do you plan to protect your home, your valuables, and your car when you become an adult? (Pause. Create a moment of silence.) Then say: Thanks for all of your hard work today.*

Challenge participants to talk to family members about this topic, which is listed under the Talk about It section of their Bank It Notes. Thank everyone for coming.

Optional Activities

1. Distribute Handout #3-PR-T: Saving Money When Buying Auto Insurance for Teenagers. Walk through the handout. Explain key terms. Talk about why this handout can be helpful.

2. Show the PowerPoint Presentation PDF #3-PR-T. Use the presentation to accompany the one-hour session.

3. Give Participants a Challenge. Encourage participants to use the next week to talk with their family about home and auto insurance.

Questions? Looking for more ideas? Visit www.bankit.com for answers and more resources.

For More Information

- *National Standards in K–12 Personal Finance Education* (Washington, D.C., Jump\$tart Coalition for Personal Financial Literacy, 2007), standard 2 in the area of Risk Management and Insurance.
- *An Asset Builder's Guide to Youth and Money* by Jolene Roehlkepartain (Minneapolis: Search Institute, 1999).