

Insurance: Facilitator Guide

Overview and Purpose

This lesson is designed to increase students' proficiency in financial literacy. This hour-long session plan, along with your expert knowledge and real-life examples, should enable the next generation of leaders to understand the basics of insurance. At the end of the session students will reflect on the skills and knowledge they have developed and their potential next steps.

The national curriculum does not require students to be taught the basics of insurance, including how to apply for insurance and the importance of this. This session should help to fill that gap in their formal education through an interactive session.

Objectives

Students will be able to:

- Know how to apply for insurance
- Understand key terminology
- Have an awareness of the different types of Insurance
- Understand the key influences on the cost of insurance

Vocabulary

- **Insurance policy** - A contract between you and the insurer setting out details of what losses are covered by your insurance and will include any Excess, Exclusions, limit on claims etc
- **Premium** - is the cost of buying an insurance product
- **Excess** - The first portion of the loss that is not covered by the insurance. This will be agreed upfront
- **Exclusions** - What your policy does not cover
- **Fully comprehensive car insurance** - Includes third party car insurance and provides cover for the cost of damage to your own car and your injuries.
- **Third party car insurance** - Covers you against the costs incurred by another person as a result of an accident caused by you (including costs resulting from damage to their car, injuries etc)
- **Under-insure** - Under-estimating the value of the asset you are insuring (or the cost of replacing it) when taking out an insurance Policy. It is likely to result in a significantly limited payout when a claim is made.
- **Cooling down period** - A period of time in which you can decide to withdraw from the Policy and have any payments you have made refunded in full. The insurance Policy is treated as never having taken effect.

Preparation / Materials Needed

- Chart Paper / Post It Notes
- Marker pens
- Download the session PowerPoint

For virtual delivery, students can make their own notes (on paper or on a device) and can download their own copy of the activities pack.

Agenda

Getting Started - Introduction to Insurance (10 min)

- What is insurance and why is it important?

Practicalities of Insurance (45 min)

- How insurance works
- Premiums, excess and policy exclusions
- No claims discount
- How to choose an insurance policy
- Caveats

Wrap-up & Reflection (5 mins)

- Reflection on the session and its learning objectives

Insurance: Teaching Guide

This guide includes a suggested script for the session (in orange). However, please feel free to tailor and adapt this accordingly when delivering.

Section 1: Introduction to insurance (12 minutes)

Good morning/afternoon everyone. My name is _____. Thank you for having me in your class today. Today we are going to talk about Insurance.

Share the agenda (slide 2) and then move to slide 3 to share objectives of the session.

Ask students to discuss in pairs what they think insurance is, why we have it and how they think it works (slide 5). Debrief the class for 4 minutes (slide 6) after asking each pair to turn their thoughts.

Move to slide 7 and go through the different types of insurance (2 mins).

Section 2: Practicalities of Insurance

Move to slide 9 and explain to the students how insurance works (3 mins)

Move to slide 10 explain the next activity. Ask the students, in pairs, to define the terms in relation to insurance and consider how they interact. (3 mins)

Move to slide 11 and explain the term premium and excess. Explain to the students that the excess is the first portion of money that is not covered by your insurance - this is the amount you must pay. (3 mins)

Move to slide 12, and explain what Insurance Policies do not cover.

Slide 13 covers part 2 of how insurance works. Ask the students to consider and jot down what factors might influence the amount of the premium. (5 mins)

Impact of factors on insurance premium:

- Age: for health-related or life insurance, greater age will normally increase the premium; however, premiums for car insurance typically reduce once drivers are over a certain age (eg 25).
- Location: if property is in an area of a high prevalence of crime, the household insurance premium is likely to be higher
Claims history: previous claims (even on a different insurance policy for the same risk) may increase premiums
- Marital status: for private medical insurance, being married, or in a stable relationship, is regarded as reducing risk
Ask students to in table groups complete Activity 4 of Activity pack in table groups (5 minutes).
- Clarify that there is no right or wrong answer and the purpose is to consider which aspects of each scenario may affect premiums.

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Ask each table groups for their thoughts and reasoning, then debrief (6 minutes) the below points. (Also mention that multiple factors are taken into consideration so a conclusive decision on which premium is higher cannot be made.)

- Insurance uses statistics and probability, which is why older people might have lower insurance e.g. after 25 insurance costs decrease
- Despite having less to cover (2 bed house) the likelihood of insurance claim is higher in an area with higher crime - so may cause a higher quote
- Medical history as well as lifestyle choices are factored into insurance relating to an individual's health insurance and the risk of the smoker may be considered higher by some insurers which might mean they have a higher premium

Move to slide 14 and explain what a no claims discount is. (2 mins)

Slide 15 gives a general overview into how insurance is calculated and gives examples of risk factors that might influence the size of the premium. (3 mins)

Move to slide 16 which explains how to choose an insurance policy. Remember to highlight to the students that when comparing policies ensure you check what they cover. The next slide (slide 17) goes over cancellation policies.

Slide 18 covers caveats (2 mins)

Slide 19 acts as a glossary - no need to go over this slide

Section 3: Wrap up and Reflection

Move to slide 21 and ask the students to think about what employability skills they have developed this session. Ask the students to share a key learning with a partner and if time allows ask for volunteers to share with the wider group.

Ask if there are any questions