



# Junior Achievement *Save, USA*

## Staying Insured

### High School Lesson

Nobody likes to think about accidents, injuries, or disasters, but a glance at newspaper headlines reminds us that misfortunes happen all the time:

- Sixty-Car Pileup on Snowy Highway
- Construction Worker Injured in Fall from Downtown Hi-Rise
- Thousands Left Homeless in Aftermath of Hurricane

Usually such unexpected emergencies have costly consequences, including repairs for autos and homes as well as medical treatment for the people involved. However, the financial burden of accidents, injuries, and disasters can be reduced if you have insurance.

Insurance is a way to manage risk. You cannot completely eliminate the possibility of an accident, but you can lower potential costs with insurance.

Auto insurance is a good example. You might pay \$2,000 a year for auto insurance, but if you're involved in a crash and break a leg, the cost of fixing both you and your car could amount to much more than the \$2,000 premium you pay for the insurance. That's a pretty good deal.

Then, there's renters' insurance, which protects you in case of theft, fire, or other problems. When you move into your first apartment, you might be surprised to learn that the landlord's insurance only covers the building and the things that belong to her. Your furniture, clothes, cameras, TV, CD collection, and everything else you own are your

responsibility. You probably have thousands of dollars worth of stuff in your apartment. For about \$200 a year, you can protect it.

Health insurance is another important risk-management tool. It pays part or all of your doctor and hospital bills, and some companies include health insurance coverage as part of the benefits given to full-time employees. Because the cost of health care is rising, it is really important to consider good health insurance when you are no longer covered by your parents' policy.

How are insurance costs calculated? Probability has a lot to do with it. If you own a sports car, you'll pay more because it's more likely to be stolen. If you live in a wooden house, you'll pay more because it's more likely to burn. If you smoke, you'll pay more because you're more likely to get sick.

You can lower your insurance costs by making safe decisions about what you drive, where you live, and how you take care of yourself.

There are ways to lower your insurance costs, especially for car insurance.

1. Shop around. There are many insurance companies. You can get cost estimates from local agents or on the Internet.
2. Choose a higher deductible (the amount of money you have to pay before the insurance company pays the rest). Usually, the higher the deductible, the lower the annual premium.

3. Drop collision coverage on an older car. Collision coverage pays for damage to your car if it is hit by somebody else. As a rule, if a car is worth less than \$2,000, it probably will cost more to insure it than to replace it.
4. Buy a car that has a low theft rate and is inexpensive to repair. If you buy a flashy sports car, insurance will be more costly.
5. Carpool or try to limit the number of miles you drive. Most insurance companies offer low mileage discounts.
6. Ask about discounts for anti-lock brakes, air bags, and other safety features. A safe car means less chance of injury if you're in an accident.
7. Check on other discounts. An insurance company may offer discounts if you have

no accidents for several years, take driver's education in school, have an alarm on your car, and are a good student.

Health insurance premiums also can be reduced. Choosing a healthy lifestyle and having regular medical checkups can cut your costs. Similarly, the price of renters' insurance may be lower if you spend a few dollars for deadbolt locks or for a basic security system for your apartment.

Being insured is a good economic decision. You pay a little bit now to avoid paying a lot in the future. For more information about insurance, see [www.allstate.com](http://www.allstate.com).



# Activity for High School

Rank the following students as either **High Insurance Risk (HIR)** or **Low Insurance Risk (LIR)** by circling your answer. Then, on the lines below each statement, give a reason for your answer.

1. Eddie drives a new SUV to work every day, a round trip of about 80 miles. **HIR or LIR?**

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2. Caryn's recent diet has brought her to her ideal weight. She has quit smoking and joined a health club. **HIR or LIR?**

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3. Pablo's apartment is located in new suburban subdivision near the police station. It has smoke alarms and a sprinkler system in case of fire. **HIR or LIR?**

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4. Renata just made the honor roll at school, and her green sedan is parked in a garage every night. **HIR or LIR?**

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5. Takeisha has a chronic cough as a result of pneumonia as a child. She works as a roofer. **HIR or LIR?**

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6. Tyler recently moved into a posh apartment near downtown. Though the crime rate is high there, he enjoys being close to the excitement of big city life. **HIR or LIR?**

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#### About JA Worldwide® (Junior Achievement)

Junior Achievement is the world's largest organization dedicated to inspiring and preparing young people to succeed in a global economy. Through a dedicated volunteer network, Junior Achievement provides in-school and after-school programs for students which focus on three key content areas: work readiness, entrepreneurship, and financial literacy. Today, 137 individual area operations reach more than four million students in the United States, with an additional five million students served by operations in 123 other countries worldwide. For more information, visit [www.ja.org](http://www.ja.org).