

Matching

Match the following terms to the correct definition below.

Deductible	Premium	Out-of-Pocket Expense
Policy	Liability	
Claim	Coverage	

- _____ Specific amount of money that you pay when insurance only covers a portion of costs
- _____ Paperwork filed with an insurance company in order to get them to cover a loss for someone they insure
- _____ Describes the type of coverage in an insurance agreement
- _____ Amount you pay monthly, quarterly, semiannually or annually to purchase different types of insurance
- _____ Applies to the amount of protection you have through an insurance company in the event of a loss
- _____ Amount you must pay before you begin receiving any benefits from your insurance company
- _____ The state or quality of being obligated according to law or equity

Multiple Choice

Circle the correct answer.

- Raising your deductible may be a good option when it comes to lowering your premium, but it is important to do a break-even analysis before making that decision.
 - True
 - False
- Financially, it makes sense to stay on your parents' auto insurance policy through college if possible.
 - True
 - False
- Which of the following would *not* be a huge financial risk (and, therefore would not require insurance) if you had a full emergency fund of \$500 or more?
 - A car accident
 - A lost cell phone
 - A medical emergency
 - Stolen identity
- The time between the disabling event and the beginning of payments in your disability coverage is called:
 - Deductible
 - Out of pocket
 - Stop gap
 - Elimination period
- A life insurance policy that covers a specific period of time is called:
 - Whole life
 - Term
 - Universal
 - Level

Short Answer

Respond in the space provided.

- What does it mean to "transfer risk"?

- Explain the importance of liability protection.

- Why should life insurance not be used as an investment?

- Explain how someone becomes self-insured.

- What are some unnecessary types of insurance? Why are these unnecessary?

Ch. 9 Review