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# BASIC POLICY TYPES

## GOALS

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**DESCRIBE** BASIC PROPERTY AND CASUALTY POLICIES.

**DESCRIBE** BASIC LIFE, HEALTH, AND DISABILITY POLICIES.

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# TERMS

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- Liability
- Real property
- Personal property

# STANDARDS

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- **BMA-IBT-10**
- **Research and interpret the various risks involved in operating a business while determining the role of insurance for a business.**
- 10.1 Identify possible business threats and employ risk management strategies and techniques to minimize potential financial loss.
- 10.2 Identify types of business insurance and the need for insurance in a business.
- 10.3 Explain basic insurance concepts: insurance, policyholder, premium, probability, risk, claim, coverage, deductible, policy, insured, insurer, and liability.
- 10.4 Analyze risks to make insurance decisions.

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# INSURANCE SCENE

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- Pg. 10
- What safety and insurance issues will LaShawne have to consider?
- What do you it means when someone says, “You are liable for that.”?



# PROPERTY AND CASUALTY INSURANCE

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- **Property and casualty insurance includes insurance policies for homes, cars, and businesses.**
    - **Protects the insured against losses to his or her property or losses caused by injury to other people or damage to other's property.**
    - **Events such as fire, burglary, and other damage, are covered by policies.**
  - **Liability**
    - A legal responsibility to provide compensation for certain types of injury or loss
    - Ex. Person falls down stairs in your home b/c they were holding onto a loose railing, you may be liable for paying any medical bills incurred.
    - Property and casualty insurance protects you from financial loss due to liability.

# PROPERTY AND CASUALTY INSURANCE

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- **Both real property and personal property are covered by property and casualty insurance.**
- **Real property**
  - Permanent structures and objects such as buildings, fences, and built-in appliances.
- **Personal property**
  - Anything not permanently attach, such as cars, RVs, furniture, clothing, and personal items.

# AUTOMOBILE INSURANCE

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- The most important automobile coverage is **liability**.
  - Most states mandate a minimum amount of liability insurance individuals must carry to cover property damage and personal injury in case of an auto accident.
  - Each state has specific regulations for types of automobile insurance policies including:
    - No-fault
    - Uninsured
    - Underinsured motorist coverage



# AUTOMOBILE INSURANCE

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- No-fault insurance
  - Provides compensation regardless of who was at fault
- Uninsured motorist
  - Provides compensation for accidents caused by a driver who is either uninsured or underinsured
- Underinsured motorist
  - Provides coverage for items not covered by an underinsured driver's policy

# COMPREHENSIVE COVERAGE

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- Comprehensive auto insurance covers
  - Theft
  - Collision
  - Vandalism
  - Damage from fire
- Collision insurance should not exceed the value of the car.

# HOMEOWNER'S INSURANCE

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- Basic homeowner's coverage includes damage to or loss of
    - The dwelling
    - Other structures (garage and sheds)
    - Personal property on the insured premises
  - Additional coverage may include
    - Loss of use of the property
    - Personal liability
    - Medical payments in case of an accident on the property

# RENTER'S INSURANCE

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- Renter's insurance covers
  - Personal possessions
  - Liability
- The owner of the structure should have insurance to cover the structure.
- Coverage depends on the circumstances of the insured.



# LIFE, HEALTH AND DISABILITY INSURANCE

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- Life expectancy continues to rise.
  - Varies among races and gender
- An increased life span increase the need for various types of insurance.

<http://www.worldlifeexpectancy.com/georgia-cause-of-death-by-age-and-gender>

		Choose gender select age																	
		FEMALE						MALE						Both					
		All Ages		0 - 14		15 - 24		25 - 34		35 - 44		45 - 54		55 - 64		65 - 74		75 +	
CAUSE OF DEATH RANKING		Rnk	Deaths	Rnk	Deaths	Rnk	Deaths	Rnk	Deaths	Rnk	Deaths	Rnk	Deaths	Rnk	Deaths	Rnk	Deaths	Rnk	Deaths
ROAD TRAFFIC ACCIDENTS	13	1,294	3	76	1	233	1	193	3	173	9	210	15	178	24	105	28	126	
HOMICIDE	25	598	6	27	2	172	3	168	8	96	19	88	36	47	44	0	49	0	
SUICIDE	15	1,113	22	0	3	140	4	161	2	199	6	251	14	187	23	111	35	64	
POISONING	17	942	24	0	4	91	2	174	1	236	4	293	19	134	40	14	46	0	
OTHER INJURIES	23	650	5	42	5	44	8	43	13	58	21	78	26	82	27	94	22	209	
OTHER NEOPLASMS	6	2,417	14	0	6	24	7	44	9	87	5	275	3	547	5	594	9	846	
DROWNINGS	44	94	7	27	7	19	17	11	27	11	38	16	44	10	47	0	51	0	
ENDOCRINE DISORDERS	16	977	23	0	8	13	6	45	12	65	15	133	16	174	17	166	16	381	
LOW BIRTH WEIGHT	40	187	1	187	9	0	19	0	32	0	42	0	49	0	51	0	55	0	
CONGENITAL ANOMALIES	41	179	2	155	10	0	20	0	33	0	43	0	40	24	45	0	50	0	
BIRTH TRAUMA	48	60	4	60	11	0	21	0	34	0	44	0	50	0	52	0	56	0	
DIARRHOEAL DISEASES	38	187	8	11	12	0	22	0	35	0	45	0	51	0	35	31	26	145	
CORONARY HEART DISEASE	1	7,495	9	0	13	0	9	32	4	165	1	692	1	1,260	2	1,433	1	3,913	
LUNG CANCERS	2	4,411	10	0	14	0	23	0	16	50	2	438	2	1,043	1	1,460	5	1,420	
STROKE	3	3,740	11	0	15	0	10	32	7	98	7	241	5	483	4	636	2	2,250	
LUNG DISEASE	4	3,673	12	0	16	0	24	0	36	0	14	159	6	473	3	1,013	3	2,028	
HYPERTENSION	5	2,531	13	0	17	0	11	29	6	102	3	306	4	487	7	424	6	1,183	
ALZHEIMERS	7	2,073	15	0	18	0	25	0	37	0	46	0	38	28	19	138	4	1,907	
DIABETES MELLITUS	8	1,984	16	0	19	0	14	12	11	80	8	218	7	376	6	473	10	825	
KIDNEY DISEASE	9	1,776	17	0	20	0	12	22	15	53	17	99	10	259	8	358	7	985	
COLON-RECTUM CANCERS	10	1,453	18	0	21	0	26	0	14	58	12	187	8	341	9	333	12	534	
INFLUENZA & PNEUMONIA	11	1,410	19	0	22	0	18	11	20	31	22	72	20	126	13	221	8	949	
BLOOD POISONING	12	1,345	20	0	23	0	27	0	19	38	16	116	12	225	10	310	11	656	
BREAST CANCER	14	1,213	21	0	24	0	28	0	10	82	10	210	9	310	11	266	18	345	
PANCREAS CANCER	18	927	25	0	25	0	29	0	28	10	20	85	13	205	12	265	17	362	
PROSTATE CANCER	19	774	26	0	26	0	30	0	38	0	36	19	24	95	15	185	13	475	
INFLAMMATORY/HEART	20	755	27	0	27	0	31	0	17	47	18	95	21	116	16	167	20	330	
LYMPHOMAS	21	754	28	0	28	0	32	0	23	18	24	64	18	138	14	190	19	344	



# LIFE INSURANCE

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- Life insurance pays a set amount of money to specified beneficiaries upon the insured's death.
- Life insurance was an early form of insurance developed to protect families financially when their major wage earner died.
- Beneficiary
  - A person or entity named in the insured's will who should receive the benefits upon the insured's death
- When purchasing life insurance, consider the standard of living you want for your beneficiaries.
- Life insurance funds can be used to pay funeral expenses, debts, and fees incurred in settling the estate of the deceased.

# DON'T BUY WHAT YOU DON'T NEED

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- Not everyone needs to purchase life insurance.
- If you do not have dependents and your assets would cover your debts and funeral expenses, you could use the money you would pay for insurance premiums for more important purposes
- Dependents
  - A person who relies on you for financial support
- Assets
  - The money and property you own
- Money not spent on premiums could be used for other investments.

# HEALTH AND MEDICAL INSURANCE

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- Health/medical insurance plans provide compensation for medical care costs due to disease or injury.
  - Managed care
    - May cover preventive treatments
  - Fee-for-service plans
    - Requires individuals to pay a larger percentage of all care received.

# HEALTH AND MEDICAL INSURANCE

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- Government health/medical plans
  - Medicare
    - Provides hospital, medical, and surgical benefits to individuals age 65 or older or those under 65 with certain disabilities.
  - Medicaid
    - Government medical assistance program based on need.
    - Provides medical benefits to low-income families with children and others in need who cannot afford medical insurance.

# LONG-TERM CARE INSURANCE

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- Long-term care policies include compensation for:
  - Nursing homes
  - Home health care
  - Institutional care
  - Assisted living facilities
  - Personal care
  - Other related services for the elderly and disabled
- The cost of premiums for LTC insurance is affected by existing health problems, lifestyle choices, age, and family history, and desired level of care.



# SOCIAL INSURANCE

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- Social insurance may be financed by
  - Employers
  - Government
  - A combination of employers and government
- Social insurance is provided through government-sponsored programs that provide
  - Monthly benefits
  - Benefits to dependents of deceased workers
  - Disability benefits

# WORKERS' COMPENSATION AND UNEMPLOYMENT COMPENSATION

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- Workers' compensation pays benefits for
  - Work-related bodily injury
  - Occupational diseases contracted at the worksite
  - A work-related death
- Unemployment insurance
  - Provides temporary income to eligible unemployed individuals who meet certain criteria and are involuntarily unemployed or laid off.