

Name: \_\_\_\_\_

## Reducing Risk with Insurance

In this activity, you choose whether to buy insurance. Then you roll a die to find out if you have experienced a catastrophe involving financial loss.

You must decide whether having insurance benefits you and if the benefit is worth the cost.



**Step 1:** You have budgeted \$3,000 for insurance this year. Calculate the annual premium for each type of insurance below.

Based on your \$3,000 budget, decide which type of insurance coverage you will choose.

Type of Insurance	Monthly Premium	Annual Premium	Do you want this coverage?
Car	\$100.00		Yes / No
Health	\$75.00		Yes / No
Renter's	\$75.00		Yes / No
Personal Property	\$20.00		Yes / No
Disability	\$60.00		Yes / No
Total amount for annual premium(s):			

**Step 2:** You will roll a dice 6 times to determine whether you will experience a financial catastrophe. If you decided to purchase insurance, and you roll 1-5,

that means you may be responsible for a deductible or co-pay. If you did not purchase insurance and you roll a 1-5, you will pay for the loss out of your own pocket. If you roll a 6, you are safe and have no loss.

Dice	Type of Insurance	Amount of Loss	Deductible/Co-Pay
1.	Car	\$4,000.00	\$250.00
2.	Health	\$3,200.00	\$25.00
3.	Renter's	\$2,800.00	\$250.00
4.	Personal Property	\$2,600.00	\$0.00
5.	Disability	\$10,000.00	\$0.00
6.	Safe	\$0.00	\$0.00

Fill in the chart below each time you roll the dice. An example is provided.

A	B	C	D	E	F
Roll on Dice	Annual premium (calculated in Step One)	Deductible or co-pay (if insured)	If insured, add B & C Together:	Enter amount of loss (not insured)	Is column D greater or less than column E
Ex: 2	\$900.00	\$25.00	\$925.00	\$0.00	Yes
Total	N/A				N/A