



Insurance Infographic Lesson and Activities (Updated 2023)

Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes provided the user credits the Federal Reserve Bank of Atlanta. <https://www.atlantafed.org/education>

Insurance Infographic Lesson and Activities

In this lesson, students will explore key concepts of insurance and risk, using the insurance infographic from the Atlanta Fed. For [Activity 1](#), students will refer to the infographic to answer a series of questions. For [Activity 2](#), three student volunteers will act out a brief play while the rest follow along. Students will then discuss the play in a teacher guided Q & A. Lastly, for [Activity 3](#) students will complete a graphic organizer to identify different types of car insurance and factors that affect the costs of auto insurance premiums.

Grade Level

9–12

Concepts

Comprehensive Insurance	Coverage	Deductible
Insurance	Liability Insurance	Medical and Bodily Injury
Premium	Towing and Rental Car	Underinsured Motorists
Uninsured Motorists		

Objectives

Students will be able to:

- Define insurance, coverage, deductible, and premium.
- Differentiate the main types of auto insurance coverage.
- Identify factors that affect the cost of auto insurance premiums and factors that cause premiums to change.

Materials

Physical or digital copies of the Atlanta Fed’s infographic *Why is Insurance Important?* (bit.ly/frba-insurance)

Time Required

45 minutes

Procedure

1. Introduce students to insurance and risk by asking students if they have ever had something stolen or lost? (*Answers will vary but may include some personal items such as their cell phone, tablet, or pair of designer sneakers.*)
2. Refer to the insurance infographic and review the definitions of insurance, insurance policy, coverage, premium, and deductible.
3. Ask a student to volunteer to explain what insurance means to them?
4. Tell students that when someone wants to transfer their risk of loss to another party, such as an insurance company, an individual buys an insurance policy. Explain that depending on the type of coverage they want, people can search online to find a suitable insurance provider and insurance policy.

5. Pair students and ask them to review the insurance infographic and complete [Activity 1](#). This allows them to identify the basic types of personal insurance and what risk is being transferred for each type of insurance.
6. Call on student pairs to share their findings based on their review of the infographic.
7. Ask for three student volunteers to act out or read the parts of the Narrator, James, and Mrs. Brown from the [Activity 2](#) play *James Buys a Car*.
8. Tell students to actively listen to the reading and to list the key insurance terms mentioned and factors that can determine the cost of insurance premiums.
9. Based on the play, call on students to share and describe a key insurance term. (*Answers will vary but may include insurance, insurance coverage, premium, deductible.*)
10. Next, ask students what factors might determine the costs of insurance premiums and factors that may cause the cost of premiums to change? (*Suggested answers include age, type of property, condition, and value of property to be insured.*)
11. Direct students to the tips for buying insurance checklist on the infographic to highlight additional factors students should consider when they are shopping for an auto insurance policy.
12. Group students in pairs and have them complete [Activity 3](#).
13. Tell students that they will have fifteen minutes to complete the definitions, read and answer the scenario and determine what type of car insurance James should choose.
14. After fifteen minutes, ask student pairs to share what type of coverage they chose for James and why. (*Answers will vary but may include collision coverage, comprehensive coverage, property damage and bodily injury liability.*)
15. Ask students to think about their own experiences with insurance, and the information they just learned about the types of car insurance and ask them if their perspective has changed? Why or why not? (*Answers will vary.*)
16. Ask students if the scenario influenced the insurance recommendations they made for James and if so, how? (*Answers will vary.*)
17. Conclude by reviewing key terms related to car insurance including comprehensive, liability, uninsured motorists, underinsured motorists, towing insurance, and rental car insurance. Remind students that insurance is protection from a specified loss in return for a fee that allows someone to transfer the risk of loss to another party, such as an insurance company.

Activity 4

Refer to the Insurance infographic to answer the following questions:

1. Why is insurance important?
2. What is insurance?
3. Fill in the blanks with the appropriate term.

Alyssa is planning to move into her first apartment soon. Her lease states that she is required to have renter's insurance before she can move into the apartment. Her landlord said that she should bring a copy of her _____, the written contract between her and the insurance company, with her when she picks up the keys. The contract must contain a description of the _____, the amount of risk that will be protected. It should also state the fee for the insurance, the _____, and the portion of any loss that Alyssa must pay, the _____.

4. Which type of insurance would protect against each one of these risks?

_____ Mason was playing soccer and he twisted his ankle. He had to go to the emergency room to get an x-ray.

_____ When Keisha's husband died, she was still responsible for mortgage payments and car payments. She was the beneficiary of what type of insurance?

_____ Noah took his new computer to college, but it stopped working during his first semester.

_____ Elena's house was badly damaged during the storm. She needs a new roof.

_____ Jayden was driving home from work and didn't see the car stop in front of him. He must pay for the damage to the other car and fix his own car.

5. Why is insurance an important consideration when you buy a car?
6. Why do you think it is important to know your coverage limits and deductibles?

Activity 5

James Buys a Car

Narrator: James is a high school senior who works at a local fast-food restaurant. James usually gets dropped off and picked up by his mother to work his shift. He can't wait for the opportunity to buy his own car and has saved \$4500 to buy one. This is a conversation between James and his mother one night on the way home from work. As you listen to the play, write down the key insurance terms that are mentioned.

James: Hi, Mom. I am so tired!

Mrs. Brown: I know you are, son, but you still must do your homework and study when you get home. I want to make sure that you graduate from high school. Have you decided what you want to do? You are graduating in less than 3 months, and you need a plan.

James: Yes, Mom, I know. I want to continue working at the restaurant for the next year and take advantage of their tuition reimbursement program to pay for college. I must have a car though if I am going to balance going to work and school.

Mrs. Brown: I agree James. I told you to save all the money that you are making from this job. I am glad that you have direct deposit because your paycheck is automatically deposited into your account. How much do you have saved so far?

James: I have \$4500. I know it will be a used car, but it will be my car. I can't wait!

Mrs. Brown: Have you started researching the types of cars you can buy at that price? Also, have you thought about other purchases you must make once you own a car?

James: No, and what other types of purchases or bills would I have for the car?

Mrs. Brown: You are required to have insurance coverage on the car and not all insurance coverage is the same. So, you will need to research the type of car you can afford and the type of insurance you will need to purchase.

James: I can't afford insurance. I want to use all the money I saved to purchase my car. If I buy insurance as well then that will mean I have to buy a cheaper car. I worked too hard to spend all my money on insurance. I just won't buy it. What is the worse that could happen?

Mrs. Brown: (Action - shakes her head). James, you need car insurance because it is the law in most states. Remember when Uncle Bryan was involved in a hit and run accident recently? The cops eventually caught the driver, who said they ran because they were uninsured. Bryan's car was damaged, but he did not have to pay for the repairs because his auto insurance had uninsured motorist coverage. Two important lessons came from this incident, and I want you to tell me what they are and how they relate to your situation.

James: Aw Mom, I am too tired to be learning lessons, it's 11pm! But I guess I must buy insurance and I also need to make sure I have enough to cover uninsured motorists.

Mrs. Brown: Yes, James, sometimes cutting corners is not exercising sound judgement—not having insurance can result in imprisonment, impoundment of your vehicle, suspension of your license, and



costly fines. It's what I call being pennywise and a pound foolish. You try to save a few hundred dollars, but it costs you thousands instead.

James: Wow, so now you have me thinking, Mom. What are the reputable insurance companies? What kind of coverage should I get?

Mrs. Brown: Your coverage is dependent on several factors including your age, gender, and credit score as well as the make, model, and age of your car. These factors will also determine the cost of your monthly premium and your deductible.

James: To base your insurance on gender and your credit score seems so unfair!

Mrs. Brown: Well James, yes and no—welcome to the world of risk management!

James: What management?

Mrs. Brown: Risk management is the process insurance companies use to determine the price of insurance policies. Statistics indicate that you, as a male under the age of 25, are more likely to get in an accident due to reckless driving. As a result, your insurance will be more expensive.

James: (Sighs and shrugs his shoulders) Who knew owning a car and driving was so expensive? It is a huge responsibility.

Narrator: James sure has a lot to consider when he buys his first car. Based on this scenario, what have we learned about car insurance? What is the importance of learning about car insurance? Has this changed what you will do moving forward? (*Answers to these three questions will vary.*)



Activity 3

Instructions: Work with your partner to research the types of car insurance available using the website <https://bit.ly/insurance-activity>. Write down the definition of each type of coverage and rank the coverage in order of importance based on what you would choose. The coverage that is most important or a need is ranked as 1 and the coverage that is least important to you is ranked as 8. Then read scenario below and answer the questions that follow. (*Definitions are directly from the source.*)

Key Word	Definition	Rank each type of coverage based on personal preference (1-8) and explain your choice.
Bodily Injury Liability		
Property Damage Liability		
Medical Payments or Personal Injury Protection (PIP)		
Uninsured Motorist Coverage		
Underinsured Motorist Coverage		
Collision Coverage		
Comprehensive Coverage		
Glass Coverage		



Scenario

At 10 a.m., Ethan decides to drive to the local grocery store to do his weekly shopping. The trip should take about seven minutes. He follows the posted speed limit of 55 since he lives in a busy part of the city and police officers stop motorists who exceed the speed limit to deter speeding. Ethan is five minutes away from home when he approaches an intersection at a major shopping plaza. He is stunned when his car is hit. He is sideswiped by another motorist.

To Ethan, who had a green light, the car came out of nowhere. Ethan's airbags deployed, hitting him in the chest. Though he is in unbearable pain, he manages to get out of his car. He notices the other driver is already out of their car accessing the damage. The motorist says Ethan is at fault, and he notices the driver's speech is slurred. Recognizing that the driver is not behaving normally, Ethan gets his cell phone and dials 911. He then waits for the police to arrive.

Once the police officer arrives, she asks to see insurance cards from both Ethan and the other driver. Ethan is distraught he only has liability insurance. Ethan is worried about how he will get home and to work the next day because his car is too damaged to drive and needs to be towed.

Meanwhile, the ambulance arrives and the paramedics tell Ethan he really needs to get to the hospital. Ethan's worries compound as he does not have any health insurance, but he is in so much pain he takes their advice. As he rides away in the ambulance, Ethan watches the police officer question and arrest the other driver. Once at the hospital, Ethan is examined and told by the doctor that he has two broken ribs and internal bleeding. He requires surgery and stays in the hospital a couple of days.

A month after the car accident and his hospital treatment, Ethan receives a \$50,000.00 hospital bill. He learns from his insurance company that the other driver has liability insurance that will pay \$2000 for the damage to his car and the coverage limit (\$25,000.00) toward his hospital bills. But the other driver's insurance does not cover the full cost of Ethan's accident-related bills. Ethan is heartbroken! He tries to figure out what to do next.

1. Based on the scenario and your definitions above, what type of coverage did Ethan likely have?
2. Based on the scenario what kinds of coverage could he have benefited from carrying?

Now, return to the play from [Activity 2](#). Based on James' scenario, make a recommendation on which coverage or combination of coverages would best suit his needs. (*Answers will vary.*)