

Life and Health Insurance

Chapter Objectives

After completing this chapter, you will be able to:

▶ Section 35.1 Life Insurance

- **Identify** ways to protect your family financially.
- **Describe** the different types of life insurance.
- **Discuss** the costs of life insurance.

▶ Section 35.2 Health Insurance

- **Analyze** reasons it is important to protect your health.
- **Determine** ways to pay for various health-care costs.

Ask

STANDARD & POOR'S

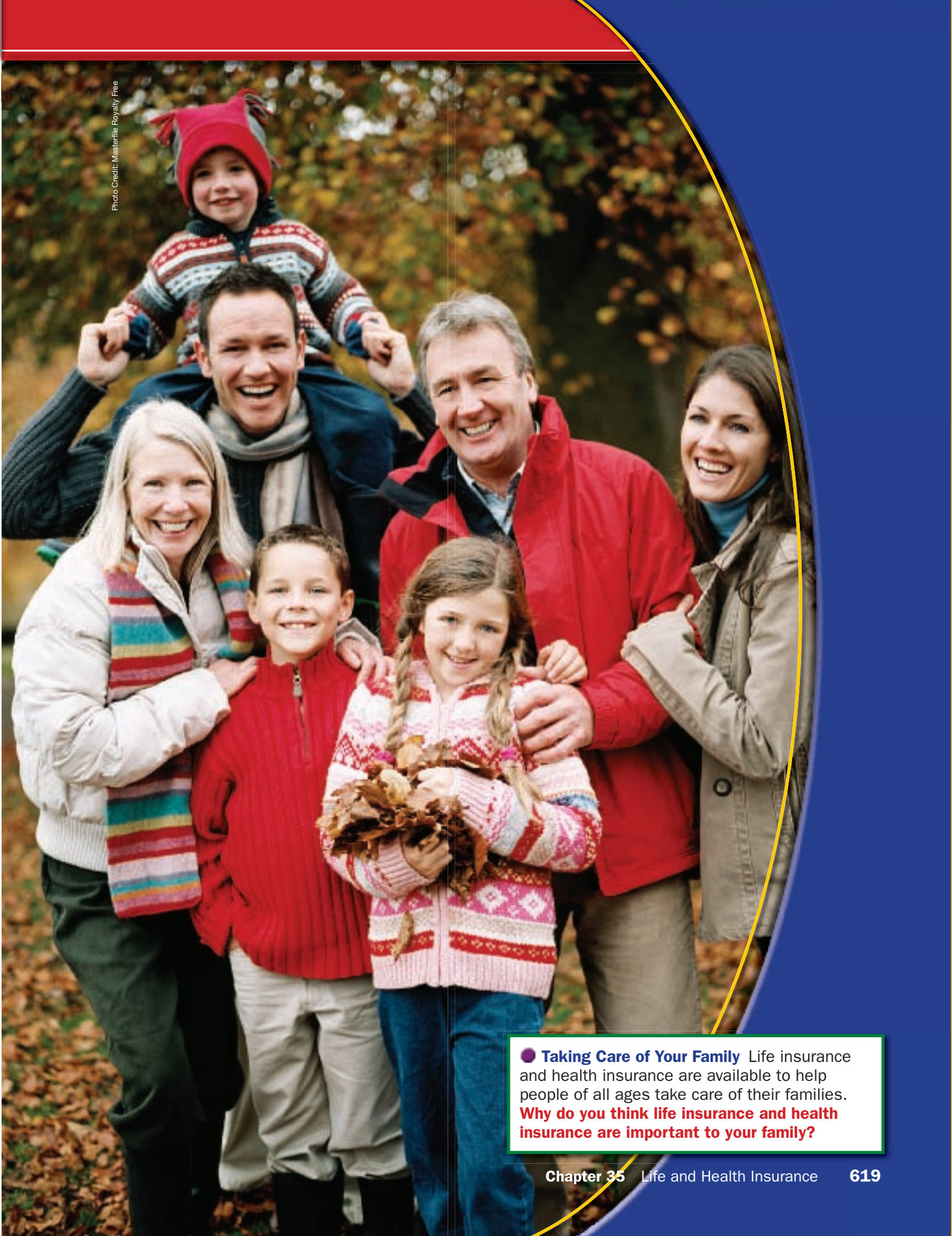
Life and Health Insurance: Whole Life vs. Term Insurance

Q: How do I evaluate life insurance options?

A: There is one major difference between term and whole life insurance: a term policy is just life coverage. When the insured dies, a term policy pays the face amount of the policy to the beneficiary. Term insurance can be bought for periods of one to 30 years. On the other hand, whole life insurance combines an investment component with a term policy. The investment could be in the form of bonds and money market accounts or stocks. The policy builds cash value against which you can then borrow. Three of the most common types of whole life insurance are traditional, universal, and variable. With both term and whole life insurance, you have the option of locking in the same monthly payment over the life of the policy.

Mathematics You have been offered two different health insurance options. You can pay either \$154 a month or \$1,600 for the year. What will be your percent savings if you chose the year-long option?

CONCEPT **Change a Decimal to a Percent** A percent is a number that compares a number to 100. Changing a decimal to a percent is easy—just multiply by 100 and add a % sign. You could also move the decimal point two places to the right.



● **Taking Care of Your Family** Life insurance and health insurance are available to help people of all ages take care of their families. **Why do you think life insurance and health insurance are important to your family?**

Life Insurance

Reading Guide

Before You Read

Think about your family's expenses and the main person who makes sure that those expenses are paid.

Read to Learn

- Identify ways to protect your family financially.
- Describe the different types of life insurance.
- Discuss the costs of life insurance.

The Main Idea

Life insurance is a way to protect a family's standard of living after the person who is financially responsible for the family dies. There are several types of life insurance. Some of them also build savings.

Key Concepts

- Protecting Your Family
- Types of Life Insurance
- Costs of Life Insurance

Vocabulary

Key Terms

life insurance
proceeds
beneficiary
cash-value insurance
term insurance

Academic Vocabulary

You will find these words in your reading and on your tests. Make sure you know their meanings.

estate
purpose
survivor
features

Graphic Organizer

In a figure like the one below, list three types of cash-value life insurance in the left column and some notes about each type in the right column.

Life Insurance Type	Notes



Go to the *Introduction to Business* Online Learning Center through glencoe.com for a printable graphic organizer.

Academic Standards

English Language Arts

NCTE 1 Read texts to acquire new information

Mathematics

Algebra Represent and analyze mathematical situations and structures using algebraic symbols

Protecting Your Family

People provide for their future by saving money and wisely investing their funds. They provide for their families with investments and **estate** planning. No matter how well they plan, investments and a well-written will may not be enough. Just as vehicle insurance and property insurance protect against losses to property, life insurance and health insurance protect people.

As You Read

Think about your family's expenses and how they are paid.

Types of Life Insurance

Life insurance is insurance that is paid to a person or people designated to receive the funds when the insured person dies. The **purpose** of life insurance is to protect the standard of living of the survivors.

Buying life insurance can help you protect the people who depend upon you from financial losses caused by your death. Those people could include a spouse, children, an aging parent, or a business partner. Upon the policyholder's death, the insurance company pays the survivors the value of a life insurance policy, or the **proceeds**. A **beneficiary**, who is a **survivor**, is someone who receives part or all of the proceeds. The person who buys life insurance names one or more beneficiaries for the policy.

There are several types of life insurance to fit different needs. The cost of life insurance varies, depending on the type of coverage and characteristics of the policyholder.

 **Reading Check** Define Who is a beneficiary?

ETHICS in Business

Gambling on Self-Insurance

- **Critical Reading** Life is full of important decisions. Think about the kinds of decisions that you make as you read the question below.

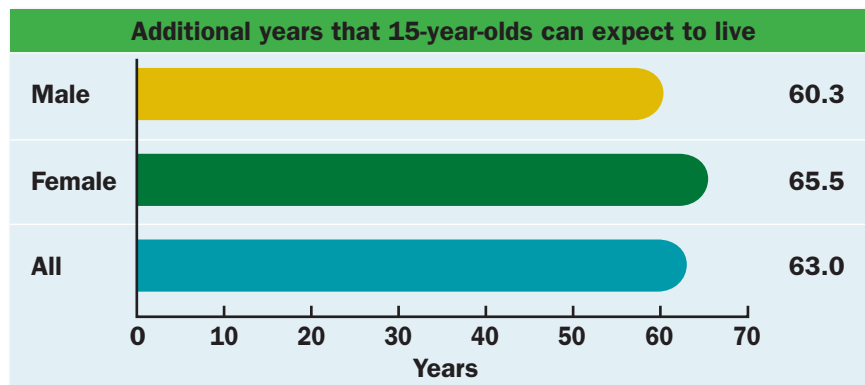
Insurance contracts are often seen as a form of gambling. The insurance company is gambling that you will not suffer the kind of loss against which you are insured. In return for taking on this risk, the company receives your premium. There have been a number of proposals, however, to make health insurance mandatory, either at the federal or the state level. The people making these proposals say that when people without health insurance gamble that they will not get sick, society ends up paying the bill.

- **Decision Making** Some people do provide for loss by a process called self-insurance. However, if people do not self-insure enough to cover their bills, the burden of their care might still have to be paid by society. Do you agree that people should be forced to buy health insurance? Explain your opinion.

Life Expectancy This chart shows life expectancy in the United States. **How many more years may a 15-year-old female expect to live compared to a 15-year-old male? What effect do these figures have on the cost of life insurance?**

Source: *The World Almanac and Book of Facts*

Figure 35.1 — Length of Life



Cash-Value Insurance

Cash-value insurance, or permanent insurance, provides both savings and death benefits. Part of the premium pays for death benefits, and the rest builds up cash value like a savings account. The cash value increases throughout the life of the policy. If a policyholder cancels the policy, he or she can receive the amount of the cash value. In an emergency, this person can borrow part or all of the cash value, but must pay interest on it. Policyholders can buy different forms of cash-value insurance.

Whole Life Insurance

With whole life insurance, a premium that stays the same is paid throughout the policyholder's lifetime. The policy remains in force until the insured dies, as long as the premiums are paid. Whole life insurance provides savings during the policyholder's life and pays benefits at death. **Figure 35.1** shows the number of years a person in the United States can expect to live. One of the factors in the cost of life insurance is the number of years a person will pay premiums.



Reading Check

Compare How are cash-value insurance and whole life insurance similar?

Universal Life Insurance

With universal life insurance, a policyholder has more flexibility in premium payments and benefits once the policy has built cash value. Premium payments are applied to three areas: insurance protection, expenses of the insurance company for the policy, and interest-earning investments for the policyholder. The investments earn interest and build savings. A policyholder may be able to increase the death benefit after passing a physical examination or change premium payments. Policyholders purchase universal life insurance if they want flexibility in premium payments and death benefits as their financial situation changes.

Variable Life Insurance

With variable life insurance, the cash-value part of the premium is used for investments such as stocks, bonds, and mutual funds, rather than savings. Like other types of cash-value insurance, the rest of the premium is used for guaranteed death benefits. The cash value is variable because it can increase or decrease in value, depending on how well the investments do. For example, if a portion of the premium is used to invest in stocks and the stocks double in value, the cash value may be doubled.

Policyholders can buy a policy that has **features** of both universal and variable life insurance. Variable-universal life insurance has the investment features of variable insurance as well as premium and death-benefit adjustments of universal life insurance.

Term Insurance

Term insurance covers a person for a specific period of time. The length of the term might be five, 10, or 20 years. Term insurance pays benefits only if the insured dies during the term of the policy. If the insured person lives beyond the term of the policy, the policy has no value. It can be renewed, but usually with a higher premium. Term insurance is sometimes called “pure protection,” since it is used only to pay death benefits and does not build cash value. The major advantage of term insurance is its low cost, compared to cash-value insurance.

How does term insurance work? If Gabriel buys a five-year, \$10,000 policy, he has protection for five years. If he dies during the term of the policy, his beneficiary will receive \$10,000. After five years, his coverage ends. Gabriel can then renew the policy. As he gets older, however, his premium will increase.

Policyholders often have term insurance as a part of group life insurance. An employer or organization might provide term insurance for employees or members. One master insurance policy covers everyone in the group. When a member of the group leaves, the coverage ends for that person. For example, if you work for a company that provides term insurance as a benefit, you lose that coverage if you leave the company.

- **High-Risk Occupations** Some occupations are riskier than others. **Why is insurance for a high-rise construction worker more expensive than for other workers?**



Shop Around There are companies known as “insurance consultants,” who, for a fee (paid by the customer), will shop around for the best insurance policy among many companies. An “insurance broker” performs the same service, but the fee is usually paid in the form of a commission from the insurer that is selected rather than directly from the customer. *What would be the advantage of paying a consultant to find insurance for you or your family?*



Workers or their companies usually pay less for a group policy than for individual policies. If the company provides coverage as a benefit, the employee usually pays a small part of the cost for the coverage. The employer pays the rest of the cost of the insurance. Some companies may pay the entire cost as a benefit to their employees.

● As You Read

Think about the importance of life insurance as people age.

Costs of Life Insurance

As with any type of insurance, the amount of the premium on a life insurance policy depends on the type of policy and the amount of coverage. Term insurance costs less than cash-value insurance. A policy for \$100,000 costs more than a policy for \$50,000.

Factors such as the policyholder's age, health, and occupation also affect the cost of the premium. Many people have to take a physical before they are sold an insurance policy to ensure that they are in good health. The older a person is, the higher the premium will be because of the likelihood the company will have to pay benefits sooner. Life insurance also costs more for people in dangerous occupations, such as a firefighter or a stunt pilot.

Section 35.1

● After You Read



Review Key Concepts

1. What are the different types of life insurance?
2. How is term insurance different from whole life insurance?
3. What are three factors that affect the cost of life insurance?

Academic Skills

4. **Mathematics** Drew has a health insurance plan with a deductible of \$750. The cost Drew paid for a doctor's appointment was \$120, and the prescription he was given costs him \$90 each time he gets it filled. After how many refills will he reach his deductible?

CONCEPT

The Deductible The deductible in an insurance policy is the portion of any claim that is not covered by the insurance provider. It is usually a fixed amount that must be "met," or paid by the insured, before the full benefits of a policy can apply. Adding each out-of-pocket expense the insured makes will indicate how close he or she is to reaching the deductible.



For math help, go to the Math Appendix.



Go to the *Introduction to Business* Online Learning Center through glencoe.com to check your answers.

Health Insurance

Reading Guide

Before You Read

Think about the steps you can take to protect yourself in case of illness or injury.

Read to Learn

- Analyze reasons it is important to protect your health.
- Determine ways to pay for various health-care costs.

The Main Idea

Health-care costs are often more than the average consumer can afford. Health insurance provides protection in case of illness or accident. Insurance companies and government health insurance programs are sources consumers turn to for help with their medical expenses.

Key Concepts

- Protecting Your Health
- Paying for Health-Care Costs

Vocabulary

Key Terms

coinsurance	preferred provider organization (PPO)
copayment	Medicare
pre-existing condition	Medicaid
health maintenance organization (HMO)	

Academic Vocabulary

You will find these words in your reading and on your tests. Make sure you know their meanings.

medical	percentage
mental	stress

Graphic Organizer

In a figure like the one below, note some types of health insurance.

Types of Health Insurance



Go to the *Introduction to Business* Online Learning Center through glencoe.com for a printable graphic organizer.

Academic Standards

English Language Arts

NCTE 1 Read texts to acquire new information

NCTE 7 Conduct research and gather, evaluate, and synthesize data to communicate discoveries

NCTE 12 Use language to accomplish individual purposes

Science

Content Standard F Students should develop understanding of science and technology in local, national, and global challenges

As You Read

Think about the importance of health insurance.

Protecting Your Health

Many people are concerned about what would happen to their families if they died. They also worry about what would happen if they became sick or disabled. Health care for a serious illness or accident is very expensive. Few people have enough savings to pay for **medical** costs on their own. A stay in the hospital may cost \$5,000 or more *per day*. Health insurance provides protection against the costs of illness and accidents.

 **Reading Check** Explain Why is health insurance important?

Paying for Health-Care Costs

Many health insurance policies have **coinsurance**, a percentage of medical expenses that a policyholder must pay beyond the deductible. For example, you may have to pay 20 percent of the medical expenses for a serious illness. Many policies also require a **copayment**, or a fee paid each time a service is used. You might

BusinessWeek Reader and Case Study

Health Care: Benefits Surprise

Group coverage too pricey? Individual policies are better than you think.

Bryan Barnall has long prided himself on providing health insurance for the four employees of Printing Plus, his Lincoln, Nebraska, commercial printer. Then his carrier upped his premiums by 50% two years in a row, and Barnall had to dump his group plan. But he didn't leave his employees in the lurch.

Barnall's workers now buy individual policies through his agent. Each pays \$50 a month toward premiums; Barnall pays the rest and gives each employee \$75 a month to put into a health savings account (HSA). Barnall deducts his entire outlay from his taxes. And he has cut the annual health-care costs for his \$350,000 company in half, to about \$12,000. "The change initially made my employees a bit nervous, but they're all happy now," says Barnall.

That's because as soon as his workers came to grips with the high deductibles most individual

policies carry, they realized they were coming out just fine. A single worker typically pays about \$70 a month for a policy with a \$2,550 deductible. Because Barnall's staff are young and healthy, the money building up in their HSAs will likely cover their medical costs. What they don't use will earn interest.



CASE STUDY Go to the *Introduction to Business* Online Learning Center through glencoe.com for the *BusinessWeek* Reader Case Study.

Active Learning

Research health savings accounts to find out the rules under which they are given favorable tax treatment. Write an e-mail to your teacher explaining the benefits and risks associated with HSAs.

Medical Technology

Innovation and advancements in medical technology have brought new and effective ways of helping people with heart disease, cancer, diabetes, and other diseases. However, some claim that the cost of developing and using these technologies is driving health-care costs sky high. Still, certain technologies seem to offer a cost advantage. For example, a surgeon in Atlanta can perform a procedure on a patient in Tulsa using remote-controlled robotics and the Internet.

Web Quest

Go to the *Introduction to Business* Online Learning Center through glencoe.com for links to Web sites where you can research advances in medical technology and medical communications. Write a paragraph explaining what you find. Discuss how innovations and advancements in these areas might help people in developing nations or soldiers in battle.

pay between \$5 and \$15 every time you visit a doctor or have a prescription filled. Another factor is the number of people covered by a policy, such as a family with children. The more people covered by a policy, the higher the premium.

Some services, such as dental, vision, or **mental** health care, might not be covered by a health insurance policy. In those cases, people must pay themselves or pay for additional insurance. Many policies also will not cover a **pre-existing condition**, a serious health condition diagnosed before a person obtained health insurance. For example, someone with a heart condition may have difficulty obtaining coverage for it.

Major Medical Insurance

Major medical insurance, sometimes called catastrophic insurance, is the most important coverage for a serious illness or accident. It pays for most kinds of care in and out of a hospital, including hospital care, doctors' fees, tests, x-rays, and nursing care. Most policies have a deductible of several hundred dollars. With some plans, the insured also must pay coinsurance.

Major medical insurance is intended to cover health-care costs not covered by other types of insurance. The insurance company usually pays 75 percent or 80 percent of the costs and the policyholder pays the other 20 percent or 25 percent. For example, suppose your insurance has a \$1,000 deductible and a coinsurance payment of 20 percent. If you are hospitalized and your medical bills come to \$6,000, you will pay \$2,000 (\$1,000 deductible plus 20 percent of \$5,000).



Online Health Help

Health insurers have launched campaigns to get their members healthy. A recent survey of three large insurer sites, WellPoint®, UnitedHealth Group®, and Aetna®, evaluated their services to determine if these sites are helpful. The survey found that the information, health assessments, and personalized interactive tools help people fashion specific plans tailored to their needs. *Why do you think health insurers are making these tools available online?*

Health Insurance

This chart shows the percentages by age groups of the U.S. population not covered by health insurance. **What age group has the largest percentage without health insurance coverage?**

Figure 35.2 – Who Is Covered?

U.S. Health Insurance Coverage	
Age	Percent Not Covered
Under 18 years of age	10.7%
18-44	22.5%
46-64	13.1%
All	15.7%

Source: *The World Almanac and Book of Facts*

Hospital Expense Insurance

Hospital expense insurance pays for hospital care for a given period of time. It covers room and board, tests and x-rays, operating room costs, nursing care, and fees for medicine and treatments. Like major medical insurance, it might have a deductible. Some policies set a limit for each specific expense. Others set a maximum amount per day for a certain number of days. Hospital expense is the most popular type of health insurance because hospitalization is very expensive. **Figure 35.2** shows the **percentage** of the U.S. population that is not covered by any health insurance. Lack of health insurance is a concern for many people.



Reading Check

Explain Why is hospital expense insurance the most popular type?

Surgical Expense Insurance

Surgical expense insurance pays part of a surgeon's fee for an operation. Most policies set a maximum payment for a particular surgical expense. A policy lists the surgical procedures and the costs allowed. In many cases, major medical insurance picks up where this coverage ends. Surgical expense insurance is usually bought with hospital expense insurance.

Medical Expense Insurance

Medical expense insurance covers the costs of a doctor's care *not* involving surgery. It might cover visits to a doctor's office or a doctor's calls at a hospital. This insurance is usually bought with hospital and surgical expense insurance. Insurance companies often combine all three types into basic health coverage plans.

Group Health Insurance

A group health insurance plan is the least expensive form of health insurance for most people. A company or organization may provide group insurance for its employees or members.

The company pays for part or all of the cost for the plan, and employees may be able to add coverage at their own expense.

A **health maintenance organization (HMO)** provides health care at its own health center for a fixed fee per month. With an HMO, policyholders must go to a designated clinic. If they pick a doctor who is not part of the HMO, the patient must pay additional costs. HMO plans **stress** preventive health care to keep down medical costs.

A **preferred provider organization (PPO)** is a group of doctors and hospitals that agree to provide specified medical services to members at prearranged fees. With PPOs, members receive more coverage if they choose health-care providers approved by or affiliated with the plan. PPO health-care providers agree with the insurer to provide health care at reduced rates. While HMOs offer limited referrals to outside specialists, PPOs allow policyholders to choose their own physicians and hospitals within certain limits.

Government Health Insurance

Medicare is the U.S. government's major health insurance program for the elderly. With Medicare, the government partially pays for the health-care costs of people over age 65. **Medicaid** is a federally and state-funded health-care plan for people who are unable to pay for insurance or health care. It provides coverage for the aged, blind, and disabled, and for low-income families who qualify.



Medicare Part D

Medicare coverage Part D was introduced in 2006 to provide prescription drug coverage. Many insurance companies and organizations offer Part D plans. People covered by Medicare pay a deductible, copayment or coinsurance, and a monthly premium for their medical insurance. Some medical services are not covered by Medicare. Plan costs vary. *Do you think it is important for someone with Medicare to also have private medical insurance? Why or why not?*

Section 35.2

After You Read

Review Key Concepts

1. What are the different ways to provide insurance for health-care costs?
2. How might policyholders be required to pay for part of their health-care costs?
3. What types of health-care programs are available?

Academic Skills

4. **English Language Arts** Find and read an article about managed health care. Write a few paragraphs about it. Discuss what it means to consumers in terms of quality and accessibility of medical care.
5. **English Language Arts** In groups of three, identify and define three types of health insurance. Give a brief presentation on the one you feel would be the most beneficial.



Go to the *Introduction to Business* Online Learning Center through glencoe.com to check your answers.

Chapter 35 Review and Activities

Section 35.1 Summary

Life Insurance Just as vehicle insurance and property insurance protect against losses to property, life insurance and health insurance protect people. Life insurance provides protection for a policyholder and survivors. Cash-value insurance provides both protection and savings. A policyholder can borrow the cash value of a policy, if needed, and will pay interest on the loan against the policy. With whole life insurance, a premium that stays the same is paid throughout the policyholder's lifetime. Term insurance provides protection but does not build cash value. Since it does not build savings, term insurance is less expensive than cash-value insurance.

Section 35.2 Summary

Health Insurance Health-care costs for a serious illness or accident can be financially devastating to a family. Insurance companies provide various types of health insurance. Major medical insurance, sometimes called catastrophic insurance, is the most important coverage for a serious illness or accident. Hospital expense insurance, surgical expense insurance, medical expense insurance, and group health insurance are also available. Most policies offer a combination of protection. A policy may combine major medical, hospital expense, and surgical expense insurance. Federal and state governments also offer health-care insurance through Medicare and Medicaid.

Vocabulary Review

1. On a sheet of paper, use each of these key terms and academic vocabulary terms in a sentence.

Key Terms

life insurance	pre-existing condition
proceeds	health maintenance
beneficiary	organization (HMO)
cash-value insurance	preferred provider
term insurance	organization (PPO)
coinsurance	Medicare
copayment	Medicaid

Academic Vocabulary

estate	medical
purpose	mental
survivor	percentage
features	stress

Review Key Concepts

2. Identify ways to protect your family financially.
3. Describe the different types of life insurance.
4. Discuss the costs of life insurance.
5. Analyze reasons it is important to protect your health.
6. Determine ways to pay for various health-care costs.

Critical Thinking

7. Describe a person for whom you think life insurance is not necessary.
8. Why are companies willing to provide health insurance plans for employees?
9. Should people consider buying some life insurance while they are young? Explain your answer.
10. Why do you think insurance companies offer a wide variety of life insurance policies?
11. Which type of health insurance do you think is most important? Why?
12. Is it fair that employees who hold term life insurance lose that coverage when they leave their company? Explain your answer.
13. Should the government provide health coverage for retired people? Why or why not?
14. If someone cannot afford all types of insurance, in what order of importance would you put the different types? Explain your thoughts.

Write About It

15. If you applied for life insurance, who would you list as beneficiaries? Explain your choices in at least two paragraphs.
16. Suppose the parents of two small children would like to buy life insurance for themselves. In at least two paragraphs, outline a plan for life insurance that you think would be suitable for them.
17. You are a health columnist for a newsletter aimed at people in the entertainment industry, such as dancers, actors, and writers. Write an article explaining why these artists should have adequate disability insurance coverage.
18. How might your lifestyle affect your life expectancy? In at least one page, discuss how your choices could affect your insurance rates.
19. Research the idea of national health-care coverage. Include information about the political, social, and economic issues involved. Then write a two-page paper on your findings.

Technology Applications

Presentation Software

20. Suppose your family would like to purchase health insurance. Research at least three insurance companies. Use the Internet, or contact the companies directly to obtain quotes. Find out if a deductible, copayment, and/or coinsurance are required. What are their policies regarding pre-existing conditions? Based on your findings, which (if any) plan would you choose? Prepare a slideshow of your information for the class.

Business Ethics

Should One Price Fit All?

21. Suppose you visit your doctor. In the waiting room, you overhear a conversation between an elderly patient and a medical assistant. The assistant tells the patient that his insurance will not cover an emergency procedure that cost \$3,000. The patient says he cannot pay the whole amount. After discussing the situation with the doctor, the patient is told that the cost will be lowered to \$1,500. With a partner, discuss the ethical issues involved.

Chapter 35 Review and Activities

Applying Academics to Business

English Language Arts

22. Look at the list of terms below. Cross out the one that does not belong with the others. Circle the term that could be used as the heading in a list with the others.

government health insurance
Medicaid
health maintenance organization
Medicare

Mathematics

23. Amber lost her job, but she could continue her health insurance through COBRA. Her monthly cost for the plan with COBRA is 23% higher than an insurance plan she could purchase herself. If the plan she could purchase on her own would cost \$163 a month, what would the COBRA plan cost her?

CONCEPT Percents Greater than 100

Percents greater than 100 represent values greater than 1. If something is 23 percent greater than the original value, it equals 100 percent of the original value plus 23 percent of that value. Percents can be converted to decimals, as follows: $1.00 + 0.23 = 1.23$.

English Language Arts

24. In groups of four, choose one of the following insurance topics: cash-value life, term life, government health, or group health insurance. Research the topic and prepare a short presentation.

Mathematics

25. Jenn's medical bills total \$11,000. Her insurance policy states that the policyholder has a \$100 deductible and the insurance company will pay 75% of the remaining balance. Write and solve an equation to find how much of the \$11,000 Jenn will have to pay.

CONCEPT Solving Equations To solve an equation, use the correct order of operations. First, simplify within the parentheses, and then evaluate any exponents. Multiply and divide from left to right, then add and subtract from left to right.

Active Learning

Insurance Company Investments

26. Go to a library or check the Internet for information about how insurance companies invest the premiums they collect from policyholders. Prepare a chart or poster on your findings, and share it with your class.

Business in the Real World

Health-Care Plans

27. Interview someone you know who has health care through an HMO or a PPO. Ask for his or her opinion on the advantages and disadvantages of the plan. Share your findings through an oral report to your class.

Real LIFE skills

CONNECT WITH ECONOMICS AND LAW

28. Many companies that once sold just life insurance have “reinvented” themselves as financial services companies. Some promote themselves as “one-stop shops” for all your financial service needs. Access the Web site of your state’s insurance regulatory agency. Find out what requirements insurance agents must meet to be able to sell other financial products, such as mutual funds. What are the pros and cons of buying financial products from an insurance company versus a stockbroker?

COOL Business CAREERS

FIND YOUR DREAM JOB

29. Go to the *Introduction to Business* Online Learning Center through glencoe.com for a link to the Occupational Outlook Handbook Web site. Click on the “OOH Search/A-Z Index” link and enter the job title “actuaries.” Then write a one-page report about this type of occupation. Conclude your report with a list of things you could do now to prepare yourself to pursue the occupation.

Role Play

RESEARCHING LIFE INSURANCE

30. **Situation** You have been asked to prepare a presentation on various types of life insurance, such as term, whole life, and variable life insurance. Research different types of insurance, and present your ideas to your classmates.

Activity Prepare an outline of your presentation on the different types of life insurance.

Evaluation You will be evaluated on how well you meet the following performance indicators:

- Prepare a written outline of your presentation.
- Contrast the types of life insurance you have researched.
- Describe the type of person for which each type might be suitable.
- Discuss the factors that a consumer should consider when choosing among types of life insurance.
- Answer questions about life insurance.
- Project your voice and use correct grammar.

Standardized Test Practice

Directions Choose the letter of the best answer. Write the letter for the answer on a separate piece of paper.

1. $2\frac{4}{9} \times \frac{3}{16} =$

A $\frac{33}{67}$ C $\frac{1}{2}$

B $1\frac{3}{8}$ D $\frac{11}{24}$



TEST-TAKING TIP If you are allowed to use a calculator at a testing site, make sure it is one that is authorized. Turn off other electronic devices, such as phones, pagers, and alarms.



READING Go to the *Introduction to Business* Online Learning Center through glencoe.com for a list of outside reading suggestions.

Real-World Business and Career Profile

Photo Credit: Corbis RF



JoAnne Jonathan

President and CEO, Advanced Physical Therapy, P.C.

Advanced Physical Therapy offers physical therapy services. The Indianapolis-based company's services are available at 10 outpatient clinics and three work conditioning centers.

Q & A

Describe your job responsibilities.

JoAnne: I meet with department heads throughout the company to include finance, marketing, billing, and regional directors of clinics. I review past business and future trends, solve current problems and create new opportunities for business growth.

What skills are most important in your business?

JoAnne: People like doing business with people they like. Being a problem solver is also important so you can anticipate problems with corrective action.

What is your key to success?

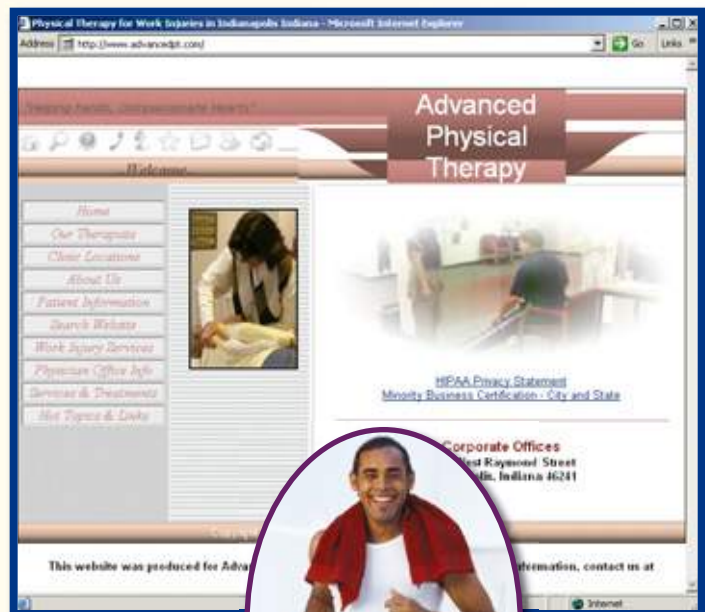
JoAnne: My success comes from the people I've hired and trained. Some of them have been with us for 17 or more years. They do a good job, and we provide ongoing training for all of the staff. Our goal is to make you feel better and to try to have fun while doing it, for both the patients and the staff.

What skills did you learn in high school that helped you become a successful entrepreneur?

JoAnne: I learned something from just about every subject, but especially math and statistics. School teaches you how to figure out problems. It also gives you discipline—you learn how to learn. I apply that to launching and running a business. You also learn communication at school, whether it's reading and writing skills that I use in understanding contracts or public speaking, doing conference calls, or interviews.

What advice would you give students interested in starting a business?

JoAnne: Read books and journals, take classes, and talk to mentors. Have financial backing for worse-case scenarios. Hire the best-qualified people. Partnerships may have their advantages, yet I chose to start my company alone. Prepare to put in a lot of time building, refining, and working in the business. You have to love and have a passion for your business. Maintain honesty and integrity in all that you do.



Critical Thinking *What might be the benefits and disadvantages to starting a company alone versus building a partnership?*

Some Qualifications Needed to Own a Physical Therapy Clinic

Academic Skills and Abilities

Biology; chemistry; interpersonal skills; general business management skills; verbal and written communication skills; multitasking, organizing, and planning skills

Academic Skills Required to Complete Tasks at Advanced Physical Therapy

Tasks	Math	Science	English Language Arts
Hold meetings			◆
Assign duties			◆
Develop patient treatment plans		◆	◆
Assess patient progress		◆	
Customer service			◆
Schedule employees	◆		◆
Order supplies and equipment	◆		◆
Analyze financials	◆		◆

Education and Training

All states require physical therapists to pass a licensure exam before they can practice, after graduating from an accredited physical therapist educational program.

Career Path

Physical therapists are expected to continue their professional development by participating in continuing education courses and workshops. In fact, a number of states require continuing education as a condition of maintaining licensure.

Preparing for a Career Self-Assessment Checklist

Use this self-assessment checklist to help determine ways you could make your workplace more healthful.

- ✓ Think about the factors that can ensure your health in your workplace.
- ✓ Recharge yourself by getting enough sleep, eating healthy food, and pursuing an active lifestyle.
- ✓ Think about ways to stay on guard to prevent injury or addictive behavior.
- ✓ Consider ways you can improve ergonomics and avoid repetitive stress injuries.
- ✓ Create a list of positive ways to cope with stress. Include ways of recognizing signs that stress has become a problem as well as ways to find solutions.
- ✓ Think about the ways that your attitude, abilities, and skills can enhance your ability to deal with stress.
- ✓ Consider ways that you can make the workplace more efficient and to ensure the kind of support that will help you recognize and avoid problems.
- ✓ Learn first aid so that you will be prepared to help others and to respond quickly to emergencies.

Unit 11 Thematic Project

Understanding Risk

You will most likely own a vehicle someday. Your vehicle will be a valuable piece of property that you will want to insure. Vehicle insurance will help cover costs of the vehicle in case of an accident.

Thematic Project Assignment

In this project you will make a chart that compares vehicle insurance policies.

Step 1 Brainstorm Skills You Need to Complete This Activity

Your success in making a chart that compares vehicle insurance policies will depend on your skills. Preview the activity, then brainstorm a list of the skills you will need to use to complete the activity and describe how you will use them. Skills you might use include:

Academic Skills reading and writing

Basic Skills speaking, listening, and thinking

Technology Skills word processing, keyboarding, and graphic software



SKILLS PREVIEW Go to the *Introduction to Business* Online Learning Center through glencoe.com for a graphic organizer you can use to brainstorm the skills you will use to complete the project.

Step 2 Think About the Type of Vehicle You Want

Think about the type of vehicle you dream of having. You work hard for the money to pay for the vehicle, so you want to make sure you have insurance to cover the vehicle in case it is stolen or damaged in an accident.

Step 3 Build Background Knowledge

Preview information on comparing vehicle insurance policies.

Insurance Is a Must for Car Owners

Are you thinking of buying your first car? Before you sign your name on the dotted line, make sure you have already arranged for insurance coverage. An insurance agent can help you choose which kind of insurance is best for you. Check with more than one agent to make sure you are getting the right coverage for the best price.

What type of insurance should you consider? Your agent will know the minimum requirements for your state. Ask an adult to help you decide what you need to protect your property and yourself, your passengers, and other people in case you have an accident.

Step 4 Connect with Your Community

Interview two adults in your community. Ask them about the type of vehicle insurance coverage they have. Ask them who their agent is, the name of the company that insures them, and why they chose this company. Think about how important insurance is to help you manage risk.

Step 5 Research Vehicle Insurance

Use library and Internet resources, phone calls, or personal interviews to research vehicle insurance. Use the project checklist as a guide to your research. Keep records of your sources of information.

Step 6 Develop a Chart Comparing Vehicle Insurance

Use word-processing and spreadsheet software to develop a chart that compares vehicle insurance that includes all of the information described in the project checklist.

Developing a Chart Comparing Vehicle Insurance

- ✓ Make a list of five different vehicle insurance companies. Vehicle insurance may be listed as car insurance. Use the Internet, phone book, or personal interviews to find the names of insurance companies.
- ✓ Choose a vehicle that you would like to own someday.
- ✓ Use a computer spreadsheet program to keep track of the information you are going to gather.
- ✓ Use the Internet, or call or visit five insurance agents or insurance companies to ask what coverage is recommended for the vehicle of your choice. Also, ask the cost of each type of coverage. Take detailed notes. Ask about the following coverage: bodily injury liability, property damage liability, collision coverage, medical payments coverage, comprehensive coverage, uninsured and underinsured motorists protection, and miscellaneous coverage. Use this information as the base for comparisons with other insurance companies.
- ✓ Make a chart that shows the type of vehicle, the coverage, and the cost of the coverage for the five different insurance companies. Also, add a column that shows any recommendations for different coverage and the cost of that coverage.

Self Connections

- ✓ Describe the results of your research with the adults you interviewed.
- ✓ Describe the type of vehicle insurance they have.
- ✓ Explain what the investigation and its results mean to you.

Step 7 Evaluate Your Presentation

@ **RUBRIC** Go to the *Introduction to Business Online Learning Center* through glencoe.com for a rubric you can use to evaluate your final report.

