

# Types of Insurance

	Total Points Earned
25	Total Points Possible
	Percentage

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

**Directions:** Match the correct term with the correct definition by placing the letter on the appropriate blank.

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <p>1. _____ A financial product purchased by many people facing a similar risk to protect against the risk of larger losses</p> <p>2. _____ The money paid to an insurance company to purchase a policy</p> <p>3. _____ The chance of loss from an event that cannot be entirely controlled</p> <p>4. _____ The out-of-pocket money paid by the policyholder before an insurance company will cover the remaining costs attributed to the loss</p> <p>5. _____ A contract between the insurance company and the insured that states the exact terms of the policy including what risks are covered and how much will be paid for any losses</p> | <p>A. Premium</p> <p>B. Policy</p> <p>C. Insurance</p> <p>D. Risk</p> <p>E. Deductible</p> |
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**Directions:** Please circle the correct type of insurance that would be used in each situation.

6. David's mother is killed in an automobile accident. What type of insurance would provide his family financial support to cover the paid and unpaid work his mother performed?
- A. Property and liability
  - B. Health
  - C. Life
  - D. Disability
  - E. Workers' compensation
7. Sally is not feeling well so her mother takes her to the doctor. The doctor tells her she has strep throat, gives her medication, and sends her home to recover. What type of insurance would be used in this case?
- A. Property and liability
  - B. Health
  - C. Life
  - D. Disability
  - E. Unemployment

8. Joey's father is in a car accident and cannot work. What type of insurance replaces his father's earnings?
- A. Property and liability
  - B. Health
  - C. Life
  - D. Disability
  - E. Unemployment

**Directions:** Answer the following questions by writing a short answer.

9. Explain the difference between long-term care and disability insurance, and give an example of when each type of insurance would be used. (3 points)

10. When is life insurance necessary?

11. Explain the difference between homeowners insurance and renters insurance and identify when each would be used. (2 points)

12. Is insurance important? Support your answer with at least two reasons. (3 points)

13. What type of insurance would you consider the most important and why? (2 points)

**Directions:** Please indicate if the following statements are true or false by placing a T or F on each line. If the statement is false, rewrite the statement to make it true. (2 points each)

14. \_\_\_\_\_ Liability insurance covers accidental harm that may be caused to other people or property.

15. \_\_\_\_\_ A beneficiary is the individual who takes out the life insurance policy.

16. \_\_\_\_\_ The purpose of insurance is to make you financially better off than you were before the event occurred.