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ABSTRACT

The student manual for high school level special needs students was prepared to acquaint deaf students with the various types of insurance protection that will be available to them in their future life. Seven units covering the topics of what insurance is, automobile insurance, life insurance, health insurance, social security, homeowner's insurance, and other kinds of insurance are presented. Each lesson was carefully written for easy reading and comprehension and provides information, vocabulary, and assignment questions for the specific topic covered. (LJ)

STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
DIVISION OF VOCATIONAL EDUCATION

ABOUT INSURANCE

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ABOUT INSURANCE

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FOREWORD

This manual was prepared for our students in the business-training curriculum. Considering the needs of the students for whom this has been written, the lessons contained herein have been made as simple as possible for easy understanding.

ABOUT INSURANCE was intended to acquaint the students with the various types of insurance protection that will be available to them in their future life.

In addition, it would be beneficial and meaningful to the students if the instructor would post samples of insurance policies, which can be secured for that purpose from various insurance agencies.

Raymond F. Pieslak

What Is Insurance? Lesson 1

INFORMATION: In every country, companies are set up to help people protect what they own, so that in case of an accident, illness, robbery, or fire, people are protected against financial loss. We read in the newspapers every day about automobile accidents, about property that is destroyed by fire, and about people of any age who die or are killed. We never know when this may happen to us. That is why it is a good idea to have protection against financial loss.

1. This protection is known as insurance.

2. People know that unlucky accidents cost money, and that people can suffer large losses.

3. Insurance is a way of preventing these financial losses.

4. Therefore, millions of people buy insurance.

5. Each person *pays a small amount* to the insurance company. Then the company pays a *large amount* to the unlucky few who suffer loss.

6. This is insurance for protection.

7. Insurance cannot prevent any accidents or unlucky happenings, but it can prevent the financial loss that results from the happenings.

8. The companies that offer this protection service are known as insurance companies.

9. Insurance companies use the word "risk" for the chances we must take.

10. When we buy insurance, we are transferring the risk to the company.

11. An insurance company agrees to take over a risk for a person and to pay him if he suffers a loss.

12. The person for whom the risk is taken over is known as the insured or the policyholder.

13. To show that the risk has been taken over, the company provides the insured person with a policy.

14. A policy is a contract. It is proof of the agreement between the company and the policyholder.
The policyholder generally must agree to certain things. For example, he may agree not to keep explosive things in his house (for fire insurance), or not to allow a teenager to drive his car (for automobile insurance).

15. The amount a person pays for insurance coverage is known as the premium. This is paid to the company in advance (ahead of time), and may cover a period of a month, a quarter of a year, a half year, a full year, or an even longer period of time.

16. The amount *collected* on an insurance policy is called the benefits. For example, if you have hospitalization insurance and have to go to the hospital, then you collect your benefits from the insurance company.

VOCABULARY:

protect (prə–TEKT) – save from loss

financial (fi–NAN–shul) – having to do with money
insurance (in–SHOOHR–enss) – protection against loss of money in case of accident, fire, theft, death. Insurance is a way of sharing the risks of many people.
risk – chance of loss
transfer (trans–FER) – give over to someone else
insured (in–SHOORD) – the person for whom a risk is taken over by an insurance company
policyholder (POL–i–see–HOLD–er) – one who buys an insurance policy from an insurance company
provide (proh–VYDE) – give; supply with something that is needed
policy (POL–i–see) – a printed contract between the person who buys insurance and the insurance company
contract (KON–trakt) – an agreement to do a certain thing in exchange for something of value – generally money.
premium (PREE–mee–əm) – the amount paid for insurance
benefit (BEN–ə–fit) – money received from an insurance company

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ASSIGNMENT:

1. A chance of losing the money value of something is known as a__________

2. A common means of sharing risks is______________

3. A contract between the one who buys insurance and the insurance company is called a__________

4. One who buys insurance is a______________

5. The amount paid for insurance is called a______________

6. Insurance gives what kind of protection?

Liability | Lesson 1

INFORMATION: You may have heard the word "liability" in connection with insurance. What does the word mean?
If you know what "responsibility" means, you almost know what "liability" means.

1. If your front step is broken, and someone comes to your door and falls and hurts himself because of that step, *you are responsible* for what happened. What happened was your fault.

2. This person could take you to court, and the court could make you pay for all his medical expenses, because you were at fault. We say you are *liable* – that is, responsible according to the law – legally responsible.

3. If an accident is *your fault*, we say it is your responsibility or liability.

4. If you are liable for an accident, you may be sued in court.

5. The court (judge or jury) may decide to award the injured person damages - that is, money you must pay him.

6. If you have liability insurance, then *you* will not suffer the financial loss. The insurance company will pay it.

7. If you cause an accident with your car, you are at fault, and you are liable for damages.

8. The accident may kill or injure people or may damage property.

9. If you have liability insurance on your car, then the insurance company will pay the damages, and you will not suffer loss.

VOCABULARY:

fault (FAWLT) -- error, mistake, the cause of something bad happening
legal (LEE–gəl) - as set by the law
responsibility (ri–spons ə -BIL əti) – something you must take the blame for

liability (lye ə BIL ə ti) - legal responsibility to pay damages for something you did
sue (SYOO) to bring a legal action against someone in the courts
award (ə--WOHRD) - to give (by a decision of a court)
damages (DAM--ə--jəz) - money to make up for injury or loss or suffering
liability insurance -- insurance against loss because of something you were responsible for
financial (fə--NAN - shul) - having to do with money
damage (DAM--ij) -- cause harm to

ASSIGNMENT:

1. "Liability" means the same thing as legal____________________

2. If someone suffers injury or loss because of you, a court can award him__________

3. If you have liability insurance, then the insurance company pays the damages, and you will not suffer financial______

Liability Insurance

Lesson 2

INFORMATION: With so many automobiles on the roads today, many people are injured and killed in accidents. Many cars are damaged or even reduced to junk.

With every automobile accident there is some financial loss. Very few people would have enough money to pay damages of many thousands of dollars if they had an accident. This is why everyone who drives needs to carry insurance to protect himself.

Insurance can be bought that will protect you from loss from almost everything that can happen to your car, and also protect you from damages if you injure someone else or damage another person's property. All the different kinds of automobile insurance can be bought in one single insurance policy.

Although automobile insurance may protect you from financial loss because of an accident, it does not protect you from the responsibility for breaking traffic laws. If you drive too fast, or if an accident happens because you are not careful, you may be fined, lose, your license, or even go to jail.

Protection that you can buy with your auto insurance policy includes liability insurance. Most states have laws saying that drivers must carry liability insurance.

1. **Bodily injury liability insurance** pays damages for injuries or death to others caused by your car.

2. These people may be in another car, or in your car, or just walking.

3. Amounts of this type of coverage are usually expressed as "ten, twenty" or 10/20, "twenty, forty" or 20/40, and other combinations.

   In each case the first number refers to the limit, in *thousands of dollars*, that the insurance company will pay for injury to one person. The second number is the limit, in thousands of dollars that will be paid for injury to two or more persons in any one accident.

   In New Jersey, the law says you must carry at least 15/30.

4. Car owners today need to carry large amounts of bodily injury liability insurance.

5. Many times a court will award an injured person $25,000, and sometimes much more.
If this happened to you and you had only 15/30 coverage, your insurance company would pay the $15,000 limit, and you would be responsible for the rest of the money.

6. Since large awards for damages do not happen as often as smaller awards, the cost for a lot more insurance is a little more money.
For example, if your dad had protection of 15/30 for himself, your mom and you, the insurance premium might be about $160 a year. If he decided to get 50/100, it might cost him about $185.

7. If you were to cause an accident and wreck another person's car, or drive into a store front and wreck part of the building, you would be held liable for all the damages. They also could come to a lot of money.

8. Property damage liability insurance protects you from loss when your car damages the property of others.

9. Most of the time the damaged property is another car. But it could be properties such as telephone poles, water hydrants, and buildings.

10. Damage to your own car is not covered by this type of insurance.

11. Property damage insurance is often bought to provide protection of $5,000 for any one accident.
The law in New Jersey says you must carry at least $5,000 insurance for this.

12. More insurance may be purchased for little extra cost.

13. The last number of the three shown here tells what the property damage liability is: 100/300/10. This means that the insurance company's liability is limited to $100,000 for any one person's injuries; to $300,000 for all injuries in one accident; and to $10,000 for property damage.

VOCABULARY:

fine   to set an amount of money to be paid as punishment for doing wrong

bodily injury liability (BOD-i-lee IN-jər ee lye-ə-BIL-ə-tee)   insurance providing protection against financial loss from injury to other people

coverage (KUV er–ij) – the kinds and amounts of insurance bought in a policy
limit (LIM–it) – the greatest amount possible
property damage liability (PRAHP–er–tee DAM–ij lye–ə–BIL–ə tee) – insurance providing protection against loss due to damage to the possessions of other people

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ASSIGNMENT:

1. Does automobile insurance give protection from responsibility for breaking the law while driving? ______

2. Insurance providing protection against financial loss due to injury to other people is called__________ __________ ______________

3. Insurance providing protection against loss due to damage to the possessions of other people is known as ______________ ______________ ______________

4. Does this insurance pay for damage done to the driver's own car? ______

Medical Payments Insurance — Lesson 3

INFORMATION: Bodily injury liability insurance gives protection against claims by others who may be injured by the driver's car. The driver and members of the driver's family get their own coverage through medical payments insurance.

1. This coverage applies to you and your immediate family when riding in your car, or in someone else's car, or if you are hit by a car while walking.

2. Your friends or others riding in your car can also collect claims on your medical payments insurance.

3. The insurance company agrees to pay, within the limits set in the policy, for medical, surgical, dental, ambulance, hospital, nursing, and funeral costs.

4. It does not make any difference who is at fault in the accident.

5. Medical payments coverage can be bought in the amount of $500 for each person or more. Extra coverage, up to about $5,000, does not cost very much.

VOCABULARY:

claim – a demand for some money (that is due or owed)
medical payments insurance (MED–ə–kl PAY–ments) – insurance that pays for medical care for the driver and those injured in the policyholder's car.

ASSIGNMENT:

1. Insurance that pays medical costs for injuries to the policyholder, his family, and those in his car is called ______________ ______________ insurance.

2. If a driver is protected by medical payments insurance, can an injured passenger in his car collect medical payments? ______

3. If the driver himself is injured in an accident which is his fault, can he still collect medical payments? ______

No-Fault Insurance Lesson 4

INFORMATION: When a person is injured or killed in an accident, he (or someone acting for him) often must sue in court to collect damages. Then the judge or jury has to decide who was at fault in the accident.

If a driver drives past a stop sign and hits another car, then it is very clear that he is at fault. Of if one car hits another car that is waiting at a traffic light, it is also clear. Often in such cases, the insurance company of the driver at fault will pay quickly.

But most accidents are not that "one-sided." Usually both drivers are partly to blame. Then the injured ones must wait months or even years for the case to come to court. A person may have thousands of dollars of medical bills. When the case does come to court, he may or may not collect damages. In the meantime, both sides must get lawyers, who must spend a lot of time preparing for a court trial and presenting the case. If the court decides that both drivers were at fault, usually neither insurance company can be made to pay the medical expenses.

For all these reasons, some states now are requiring their drivers to carry "no-fault" insurance. New Jersey is one of these states.

No-fault insurance takes the place of medical payments insurance and cuts down the cost of liability insurance.

1. A driver and everyone in the car is paid promptly for all medical expenses by the driver's own insurance company, even if the accident was all his fault.

   In New Jersey there is no limit to the amount of medical expenses that will be paid.

2. All the people in any other cars in the accident are covered by their drivers' insurance companies.

3. Policyholders and their families are also covered when they are walking.

4. Medical bills are paid as they come due, without long waits.

5. Injured people are paid for loss of wages.

6. Injured people receive money to pay for housekeepers and any other help they need because of their injury.

7. Survivors receive cash benefits.

8. Courts and lawyers are needed in only a very few cases. A person who has been injured very badly may sue in court to get extra money to make up for his or her suffering. Or the family of someone who was killed might sue to get more money than they got from their own insurance company.

9. Drivers still need regular liability insurance in case they are sued by an injured person. Also they may damage property. Or they may drive in a state that does not have no-fault insurance and cause an accident.

10. Certain cases are not covered. For example, if you are riding in a truck or bus or taxi, you are not covered. Also, if you are walking and are hit by one of these, you are not covered. In these cases, you have to sue in court for damages.

VOCABULARY:

require (ri–KWYRE) – demand; say that someone must do a thing
no-fault insurance – insurance that pays benefits no matter who is to blame for the accident
survivor (ser--VYVE–er) – a person who is still alive when someone else has died

---

ASSIGNMENT:

1. Insurance that pays benefits no matter who is to blame is called ______________ insurance.

2. Courts and lawyers are needed (more, less) under no-fault insurance than under the older types of insurance.

3. No-fault insurance has (raised, lowered) the cost of liability insurance.

4. Does no-fault insurance cover property damage? ______

Protection Against Uninsured Motorists — Lesson 5

INFORMATION: Injuries may be caused by hit-and-run drivers. They may also be caused by drivers who have no insurance and no money to pay claims. This can happen even though most states require their drivers to carry insurance. These drivers are breaking the law and they will be punished.

1. Insurance companies provide a coverage called protection against uninsured motorists.

2. Many states require this protection. New Jersey is one of these states.

3. This insurance protects the policyholder and members of his family at all times.

4. It also protects the insured person's friends or other people if they are in his car when they are injured in this way.

5. The amount of insurance provided by uninsured-motorists protection is set by the laws of the state. In New Jersey it is 15/30/5.

6. In states that have no-fault insurance, the uninsured-motorists protection is used mostly to pay for property damages, as to your car.

VOCABULARY:

compensation (com–pen–SAY-shun) – money given to make up for an injury

ASSIGNMENT:

1. Insurance protecting the policyholder against losses if he is injured by a driver who carries no insurance, or by a hit-and-run driver, is called ____________________

____

____

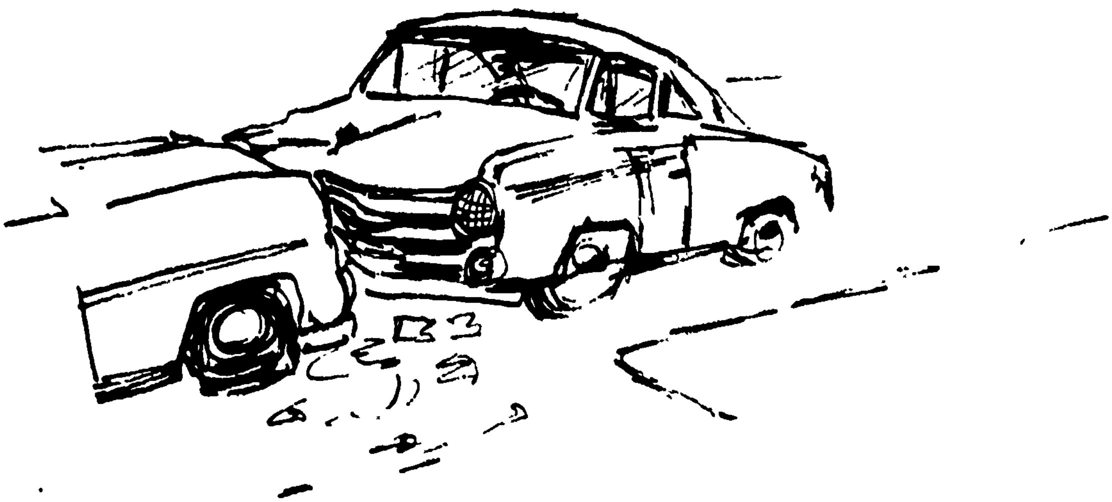
2. Does this kind of insurance provide death benefits to survivors?______

Collision Insurance

Lesson 6

INFORMATION: When two things come together hard, we say they *collide*. The smash-up itself is called a *collision*.

Collision insurance pays for losses caused by damage to your car from a collision with any object or as a result of turning over (called upset).



1. Damages are paid to you by your insurance company, even if you are at fault.

2. Most collision insurance is written with a $50 or $100 deductible clause. In New Jersey you are required to have a $100 deductible.

3. This means *you* will have to pay the first $100 of damage to your car, and the company will pay the rest.

4. Full collision coverage (without a deductible) can be bought in some states, but it is very expensive.

5. A person who owns a car can usually pay for small repairs, and therefore does not really need insurance against small losses.

6. With a deductible, you can have collision coverage at a fair cost: yet you are protected against large losses.

7. Collision insurance will not pay you more than the value of the car. For example, your car may be worth only $300. If you had an accident and it would cost $500 to repair your car, your insurance company would pay you only $200. This is the value of the car, $300, less the $100 deductible.

8. Newer and more expensive cars cost more to insure for collision, because the company may have to pay out more money when they are repaired.

9. If your car is very old, you may be wasting money if you carry collision insurance.

10. Some insurance companies will not sell collision insurance for low-value cars.

11. Remember, collision insurance does not cover injuries to people or damage to the property of others. It covers your own car only.

VOCABULARY:

collision insurance (kə–LIZH–ən) – insurance covering damage to a car caused by collision or upset

deductible (di–DUK–tə–bl) – able to be subtracted. The amount subtracted is also called a deductible.

clause (KLAWZ) – one small part (paragraph) of a written agreement. The deductible clause in an insurance policy says that the insurance benefit will be paid only on the amount of damage above a certain amount – usually $50 or $100.

ASSIGNMENT:

1. Insurance covering damage to a car caused by collision or upset is called __________ __________

2. In the case of a collision between two cars, is a policyholder protected from loss for damages to his own car? ______

   To the other person's car? ______

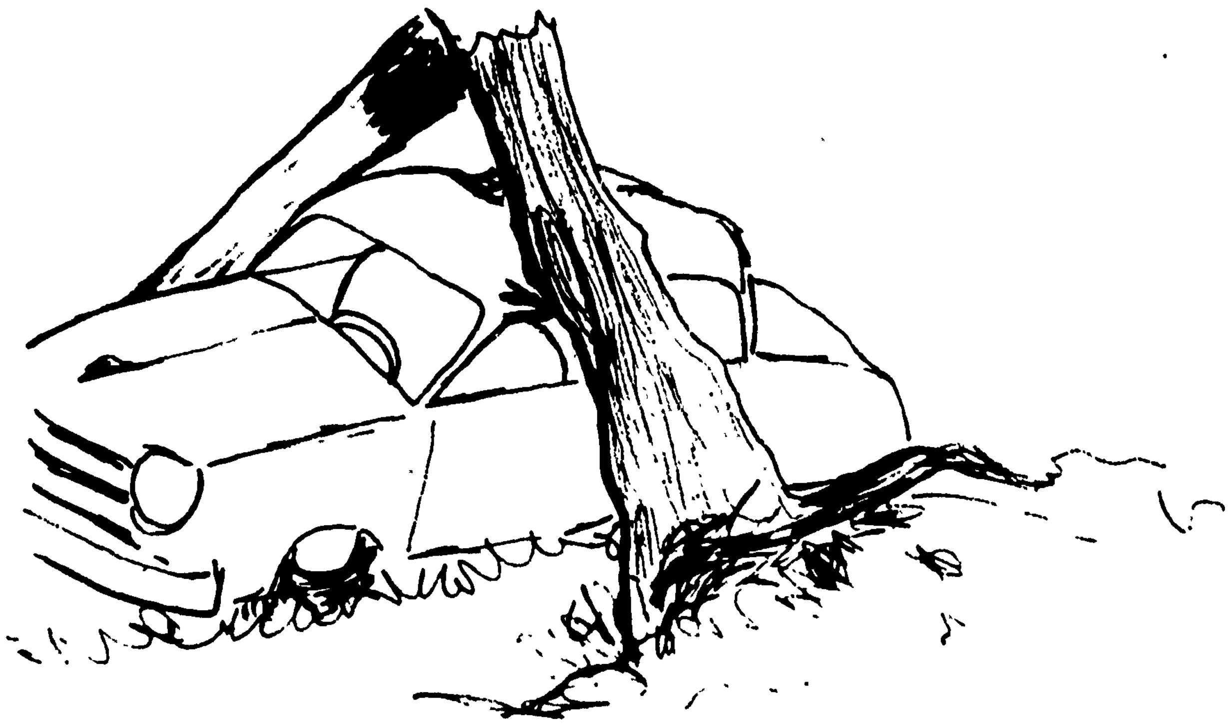
3. If you carried $100 deductible collision insurance and your car crashed into a wall and you needed $450 for repairs, how much would the insurance company pay?

4. If someone threw a stone at your car and broke a window, and the bill came to $65, how much would the insurance company pay on a $100-deductible policy?

5. If you have collision insurance and the damage to your car in a collision amounted to $300, and your car is valued at $150, how much will the insurance company pay you?

Comprehensive Insurance Lesson 7

INFORMATION: The word "comprehensive" means covering or including many different things.
Comprehensive insurance covers just about anything that can happen to a car except collision or upset.



1. The whole name for this kind of protection is comprehensive physical damage insurance.

2. It gives protection against losses resulting from theft (stealing), fire, windstorms, glass breakage, falling objects, and other causes.

3. The premium (cost) for comprehensive insurance is higher for expensive cars than for less expensive cars.

4. If a car is completely destroyed by fire or by storm, or if it is stolen, the amount that is paid to the policyholder is not the cost of the car. It is the value of the car at the time of the loss.

5. For example, suppose that a new car costing $4,000 is insured. If it is stolen within a short time after it was bought, the policyholder may receive almost as much as the cost of the car, maybe $3,700.

6. If the same car were stolen 10 months later, the amount received by the policyholder might be only $3,000. That is because the value of every car goes down a lot in its first few years.

VOCABULARY:

comprehensive physical damage insurance (kom–pri–HEN–siv FIZ–ik–əl DAM–ij) – insurance covering all different kinds of damage to (or loss of) the insured automobile, except those caused by collision or upset.

ASSIGNMENT:

1. Insurance covering loss of, or damage to, the insured automobile, except those caused by collision or upset, is known as ____________ ____________ ________ ____________

2. Will a person who has comprehensive physical damage insurance be able to collect from the insurance company if the car is stolen? ______
If the tires are stolen while the car is parked on the street?______
If the glass in the windshield is broken?______

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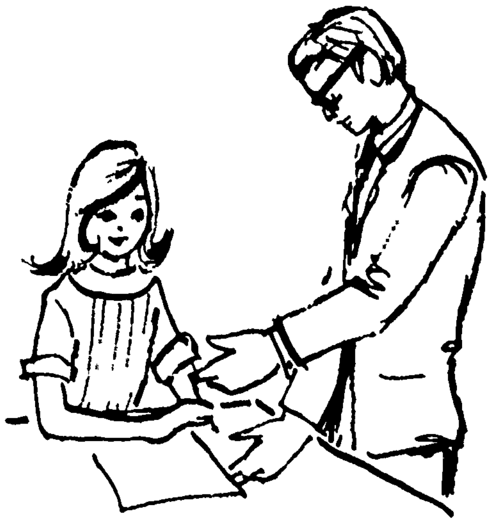
Cost of Automobile Insurance — Lesson 8

INFORMATION: The cost of automobile insurance is higher when there are young drivers in the family. If drivers under 25 are included in a policy, the cost of insurance on a car may be two or three times as much as it would be without them. The extra amount charged young drivers may be smaller if they have completed approved driver-training courses in school. Some companies reduce the premium a little for young people who do well in school.



1. The cost to young drivers is more because records show that young drivers have more automobile accidents than do other people. Teenage boys have the most accidents of all.

2. In most states, a discount is given to drivers who have not caused accidents and have not broken any traffic laws.

3. If you have had such a clear driving record for 1 to 3 years, you may be given a 10% to 20% discount.

4. But if you have been responsible for accidents or have broken traffic laws, you may have to pay a larger premium. The amount depends on how bad your driving record is.

5. Rates for automobile insurance are much higher in some parts of the country than in others. This is because in some places there are more accidents, or more serious accidents, or more stolen or damaged cars, and so on.

6. This means that the same driver, insuring the same car for the same amounts in different parts of the country, would pay different amounts for insurance.

7. Some of the things that change the cost of automobile insurance are:
   a. The place where you live.
   b. The value of the automobile.
   c. The use of the automobile in business or just for short trips.
   d. The number of miles driven in a year.
   e. The ages of the drivers.
   f. The safety records of the drivers.

8. Every buyer of automobile insurance must be sure to get the right kinds of protection. Be sure your insurance company explains everything to you so that what you need is in the insurance policy.

9. Some companies charge more for the same amount of insurance in the same place than others charge. A wise person shops for good value in insurance just as he would shop for good value in a car.

VOCABULARY:

discount (DIS–kount) – a certain amount off the regular price

---

ASSIGNMENT:

1. Are automobile insurance rates the same all over the country? ______

2. Why are they higher in some places than in other?

3. What can a young person do to bring down the cost of his or her own insurance? (Name as many things as you can.)

What To Do in Case of Accident — Lesson 9

INFORMATION: Almost everyone finds it hard to think clearly at the time of an accident. Even though a person may not be injured, the excitement from the accident may make it hard to think what he should do. Here are some points to remember:

1. Call the police if possible. If someone is injured, tell the police. They can get ambulance service if needed.

2. Do all you can to prevent another accident. Get someone to direct traffic.

3. If there is another car in the accident, be sure to get the license number of the car and the name and address of the driver. Get the name of the driver's insurance company.

4. Get the names and the addresses of any witnesses if you can. You may want to call them later to report what they saw.

5. Leave the details of settling any claims to your insurance company. Do not start an argument with the other driver.

6. Be sure you write down the location of the accident, time of day, condition of the road, visibility, and so on.

7. Be sure you write down a list of all damages.

8. Note such things as marks of skidding on the road.

9. Report the accident to your insurance company as soon as you can. Most insurance companies will ask you to fill out a special form on which accidents are to be reported.

VOCABULARY:

witness (WIT–niss) – someone who has seen what happened
details (di–TAYLZ) – all the different parts of a whole thing
location (low–CAY–shun) – place
condition (kən–DI–shun) – what a thing is like at a certain time
visibility (viz–ə–BIL–ə–ti) – how much can be seen: how clear or rainy or snowy or foggy it is
skid – slide or slip on a road

ASSIGNMENT:

Write down as many things to do in case of an accident as you can remember.

About Life Insurance — Lesson 1

INFORMATION: What is life insurance? It is an agreement in the form of a contract – the policy – between the insurance company and the person buying protection – the insured. The insured pays the insurance company a fixed sum each year – the premium. In return, the insurance company promises to pay a certain amount of money to the person named in the policy – the beneficiary – when the insured dies. Sometimes the money is paid to the insured himself, if he is alive at a certain date.

Life insurance helps a person, especially the head of a family, toward two goals: (1) to provide for the welfare of his dependents after his death. (2) To build up savings. When a person buys life insurance, he is most of all buying protection for his dependents.

1. A person applying for life insurance is expected to give certain personal information by filling out an application form.

2. The insurance company will use this information to figure out the premium rate for this person. The rates depend upon age, occupation, and health.

3. The person applying for insurance will be asked to take a medical examination.

4. Most people who apply for life insurance are accepted by life insurance companies. A few are refused because of very poor health, or overweight, or because the kind of work they do is dangerous.

5. But if a person is not able to get insurance for a standard premium rate, he can get insurance by paying more than other people do. For example, a person with a serious health problem, or one who is a sky diver, may get insurance by paying a higher premium rate.

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6. Not every person needs the same kind of protection. A man with a wife and several small children will need to buy more protection than a single person with no dependents.

7. It may not be necessary to insure the life of a housewife, except perhaps for a small amount. If she were to die. the man would still be able to support his children.

8. It is usually not necessary to insure the lives of children. If a child were to die, the family would need less money, not more.

9. To provide all the different types of protection that are needed, insurance companies offer many different kinds of policies.

VOCABULARY:

beneficiary (ben–e–FISH–i–er–ee) – a person who receives money from an insurance policy when the insured dies
goal (GOLE) – what you are trying to do
welfare (WEL–fair) – general good – health, happiness, and prosperity
dependent (di–PEN–dent) – someone whose needs are met by someone else
apply (a–PLY) – ask for something by filling out a special form called an application
standard (STAND–erd) – usual; most common

ASSIGNMENT:

1. A ________________ is a person who receives money from an insurance company after the insured dies.

2. A person who depends on another to meet his needs is called a______________

3. Why is a person who is applying for insurance asked to take a physical examination?

4. Can you get life insurance if you are in poor health?

5. Do you think life insurance is needed for a housewife? Explain.

6. Do you think life insurance is needed for children? Explain.

Life Expectancy | Lesson 2

INFORMATION

When we studied automobile insurance, we saw that the insurance companies charged more for the same amount of insurance in some areas than in others. This is because there have been more accidents in those areas.

Just because there *have been* more accidents in those areas in the past does not mean that there are *sure* to be more accidents in the future – but it's a pretty good guess that there will be. The company *expects* more accidents. It expects to have to pay out more benefits in those areas, and so it charges higher premiums there, so as to have more money to pay out.

The same thing holds true for other groups – young people have more accidents than older ones; people who drive to work every day have more accidents than those who take a bus, and so on. That is how a company sets its rates.

Life insurance companies have charts showing how many men and how many women of every age have died each year. These are called mortality tables. From these tables they can figure out a person's life expectancy - how long the average person of that age and sex is likely to live.

1. Life insurance rates depend on averages, that is, all the people of a certain age and sex thought of as a single person.

2. Young people – on the average - can be expected to live longer than older people.

3. The insurance companies do not expect many of them to die. They will not have to pay out much of their premiums to beneficiaries. Therefore the rates are set lower for younger people.

4. Older people have to pay higher premiums, because the companies expect more of them to die and they will have to pay out more in benefits.

5. Women pay a little less in premiums than men, because they have longer life expectancies than men.

6. Once a rate is set for a policyholder, he or she continues to pay that rate as long as the policy continues.

7. Therefore a person should try to take out a policy while still young. It will be much easier to pay the premium each year.

8. Different kinds of policies require different rates, but premiums are always lower for younger people.

9. The same kind of policy for the same person may still have different premium rates in different companies, so a person should shop for life insurance just as for car insurance.

VOCABULARY:

mortality (more–TAL–i–tee) – having to do with death
table (TAY–bl) – chart, list of figures
expectancy (eks–PEK–tən–see) – what is likely to happen, what is expected to happen
average (AV–er–ij) – a lot of things considered as just one thing (the average height of a group of people; average grades on a test; average number of years people are likely to live)

ASSIGNMENT:

1. Can an insurance company *know* how much it will pay out to beneficiaries in a year?

2. Can an insurance company make a *good guess* as to how much it will pay out in a year?

3. Insurance rates depend on__________

4. Young people pay lower premiums than older people because young people have (longer, shorter) life expectancies.

5. Do all companies charge the same rate for the same kind of insurance for the same person?

Term Insurance Lesson 3

INFORMATION: The word "term" means a certain amount of time that something lasts. For example, the President has a 4-year term of office.

Some insurance is taken for a definite period of time, a term of 1 year, 5 years, 10 years, or 20 years. If the insured dies during the term, the amount of the policy is paid to the beneficiary. If the insured does not die during the term, the insurance company does not pay anything. The insured's protection ends when the term of years expires.

1. This kind of insurance is known as term insurance.

2. It is a type of insurance that gives temporary protection.

3. Term insurance is often bought by persons who need a large amount of insurance for a few years.

4. For example, a young married man may not have enough money to buy permanent insurance, so he gets a term-insurance policy.

5. Or a person who has a small permanent policy may want extra protection for a certain number of years when his family's needs are greatest.

6. This would help his family to pay off debts if he should die, or help to pay for a child's college education.

7. At the end of the term, some policies permit the insured to renew the policy for another term of years (at a higher rate), or to convert it to some kind of permanent insurance, without taking another medical examination.

8. Term insurance premium rates are cheaper than rates for other kinds of life insurance, especially for young people.

VOCABULARY:

definite (DEF–i–nit) – certain; with a stated beginning and a stated end
period (PEER–i–əd) – an amount of time
term insurance – a life insurance policy that protects against risk for a definite period of time
temporary (TEM–pə–rair–ee) – lasting for a little while only
permanent (PER–mə–nent) – lasting for a very long time
renew (ri–NOO) – start again
convert (kən–VERT) – change

ASSIGNMENT:

1. An insurance policy that protects against risk for only a certain period of time is known as ____________ ____________

2. Term insurance is for a definite period of time, such as __________ ________ or __________

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Straight-Life Insurance | Lesson 4

INFORMATION: Unlike term insurance, straight-life insurance provides lifetime protection. The premiums are paid at the same rate during the entire life of the insured, or until the insured is 90 or 100. This kind of insurance is sometimes called ordinary life insurance.

1. Straight-life-insurance rates are higher than rates for term insurance, but these policies also build up a cash value, which term insurance does not do.

2. Many insurance companies offer what are known as participating insurance policies.

3. The premiums for these policies are higher, but the insurance company pays dividends on these policies at the end of each year.

4. Life-insurance dividends are actually a return of part of the premium that has not been needed to pay benefits. They are a refund of some of the policyholder's own money.

5. Dividends paid by an insurance company may be taken in cash by the insured, subtracted from the next premium, or left with the company. If they are left with the company, they will earn interest.

6. Dividends left with the company can also be used to increase the amount of insurance.

7. Dividends that are left with the company can in some cases be used to pay up the policy.
   For example, if a boy aged 15 were to take out a participating straight-life insurance policy for $1,000 at an annual premium of $16, and were to leave his dividends with the company, his policy would be fully paid up in about 32 years, or when he was about 47 years old. This insurance would then continue without any more payments by him.

8. Policies that do not pay dividends are known as non-participating policies. The premiums on such policies are lower.

9. A life insurance policy is always for a definite amount, such as $1,000, $5,000, $10,000 or more. This is called the face amount.

10. The face amount will be paid to the beneficiary upon the death of the insured.

11. The beneficiary may choose to leave the money with the company until some future time when it will be needed more; in that case the company will pay interest on it each year.
Or the beneficiary may take the money in monthly or quarterly payments, so that there will be an income over a long period of time. If this is done, the total amount that will be paid will come to more than the face amount of the policy, because the uncollected money will earn interest.

12. Straight-life policies have a cash surrender value, for they include savings as well as insurance.

13. For example, a man of 25 may pay a premium of $138 a year for a $10,000 policy. If at the end of 10 years he should die, his beneficiary would receive $10,000. But if, while living, for some reason he wanted to stop the insurance, he could surrender it and receive its cash value of about $940.

14. A policyholder may also borrow on a straight-life policy, up to the limit of its cash surrender value at that time. He must pay interest on the loan, however, and the face value of the policy is reduced by the amount of the loan that has not been paid back.

VOCABULARY:

straight-life insurance – a life insurance policy on which the insured pays premiums during his whole lifetime.
participate (pahr–TISS–ə–payt) – share, take part in something with others
participating insurance policy – a policy that gives the insured a dividend at the end of each year
dividend (DIV–i–dend) – usually, money paid out of profits. But in the life insurance business, it is a return of part of the premium.
interest (IN–trest) – money paid for the use of money
non-participating insurance policy – an insurance policy that does not give the insured any dividends
face amount – the amount of money that a policy pays to a beneficiary
surrender (sur–REND–er) – give up

ASSIGNMENT:

1. A policy on which the insured pays premiums during his lifetime is called a ______ ______ ______

2. A policy that pays the holder dividends is known as a ______________ ______________ ______________

3. List several things that can be done with the dividends on a participating insurance policy.

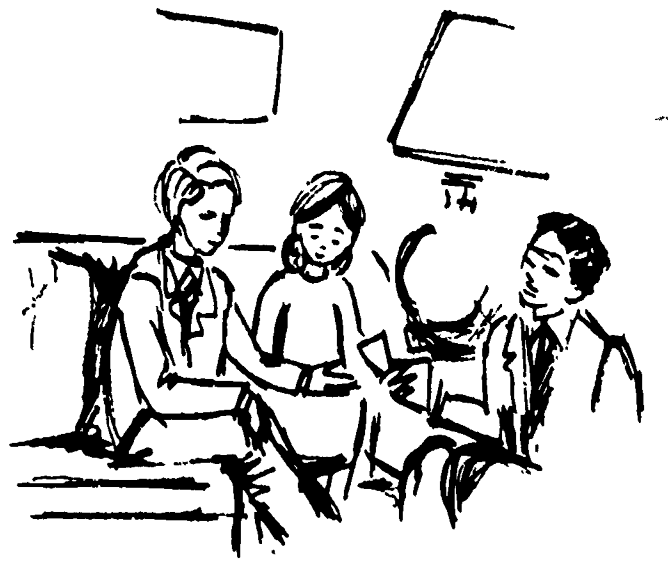
4. If a policyholder had a $10,000 policy and borrowed $2000 on it, how much would be paid to his beneficiary if he were to die?

5. Can a policyholder get the cash surrender value of his policy and still be insured?

Limited-Payment Life Policies

Lesson 5

INFORMATION: Limited-payment life policies also provide a lifetime of insurance, but premiums are paid for a definite number of years, or until a person reaches a certain age.



1. For example, a policy may require payment of premiums for 20 or 30 years, or until a person reaches 60 or 65, or for any other period agreed upon.

2. The face amount is paid to the beneficiary upon the death of the insured, no matter how many payments he has made.

3. Limited-payment policies are different from straight-life policies in that the policyholder does not have to pay premiums during his old age, when his income may be small.

4. If the insured is living at the end of the period for paying premiums, then no more premiums are due.

5. The face amount of the policy is paid to the beneficiary only at the death of the insured, even if the insured was living when the policy was paid up.

6. The premiums are higher than those on straight-life policies.

7. The cash surrender value of limited-payment policies grows faster than that of straight-life policies.

VOCABULARY:

limited-payment life policy – a policy that is paid up after a definite number of payments, but will not pay face value until the death of the insured.

ASSIGNMENT:

1. A __________ – __________ life policy is paid up after a stated number of years.

2. The premium rates of limited-payment life policies are (higher, lower) than those of straight-life policies.

3. Do limited-payment life policies have a cash surrender value?

Endowment Life Insurance   Lesson 6

INFORMATION: "Endow" means to give an income to someone (or a school, hospital, etc.)

An endowment life insurance policy provides a fund of money for the insured himself, either at the end of a definite period, such as 10 or 20 years, or at some age, such as 55, 60, or 65. It is mostly a savings plan, with life insurance added.

1. If the insured dies before the end of the endowment period, the face value of the policy will be paid to the beneficiary.

2. For example, a $5,000 20-year endowment policy pays $5,000 to the beneficiary if the insured should die during the term of the policy. Or it will pay $5,000 to the insured himself at the end of 20 years if he is living.

3. An endowment policy is especially useful to a person who wishes to have a fund for some future use, such as the education of children or the purchase of a home.

4. An endowment policy provides insurance protection for dependents while it creates a savings fund for the insured. When he pays his premiums, he pays for the cost of life insurance protection and also is building up a savings account.

5. Premiums for this kind of insurance are quite high for the insurance protection given.

VOCABULARY:

endowment life insurance policy (en–DOU -ment) - a life insurance policy, payable to the beneficiary if the insured should die, or to the insured himself if he lives to the number of years stated in the policy.

ASSIGNMENT:

1. An ____________ life insurance policy is payable to the beneficiary if the insured should die, or to the insured himself if he lives to the number of years stated in the policy.

2. Who might want an endowment policy?

Paying for Life Insurance | Lesson 7

INFORMATION: Some insurance companies, as we said before, charge more for their policies than others. But in general the costs of certain kinds of policies are higher than others.

Here is a chart of the costs in a recent year of six different non-participating policies as charged by a large insurance company. Each figure is the yearly cost of the policy for $1,000 of coverage bought by a man at the age shown -- 25, 30, 35, and 40.

ANNUAL PREMIUM RATES PER $1,000 FOR SELECTED NONPARTICIPATING POLICIES, FOR MALES

Type of Policy	Age 25	Age 30	Age 35	Age 40
5-Year Renewable and Convertible	$ 5 49	$ 5 73	$ 6 45	$ 8 19
Term to Age 65	8 80	9 97	12 10	14 50
Ordinary Life	13.64	16.01	19 09	23 31
20-Payment Life	22 48	25 40	28 83	32 75
Life Paid Up at Age 65	15 29	18 28	22 40	28 37
Endowment at Age 65	18 49	22 39	27 78	35 41

1. To figure out from the chart how much the premium would be for $5,000 coverage, multiply the premium given by 5; for $10,000 coverage, multiply by 10, etc.

2. In every case the premium stays the same through the life of the policy, but for term insurance the life of the policy is only 5 years. For the next 5 years the rate would be higher.

3. Notice how much cheaper term insurance is than any of the other kinds. It costs only about one-quarter as much as 20-payment life even at age 40.

4. The reason is that term insurance is *pure insurance*. It has no cash surrender value. All the other forms are insurance *plus* savings of your money.

5. Many people who have studied family needs feel that insurance should be used for protection only (term insurance) and that families should do their saving in other ways.

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6. Other people feel that life-insurance policies with savings *force* them to save money that they might not save otherwise. Therefore these plans are better.

7. There are other plans for regular savings – U.S. savings bonds, monthly investment plans, and other ways that can help a family save regularly.

8. If a family gets into financial trouble it will often let a life-insurance policy lapse. In the early years of a savings-type policy, the cash surrender value is very small, so when a policy lapses, the policyholder does not get much of his savings money back.

9. Savings-type insurance plans give the same amount of insurance when a family is growing and needs a lot of protection as when a man and his wife are old and do not need so much.

10. Term insurance is more **flexible** than savings-type insurance. A person can carry a lot of insurance for not much money when his family needs a lot of protection. Then he can carry less when his family needs less protection.

11. Even after a person decides which type of insurance is best for his needs, he should not buy it from the first insurance salesman. He should check with several companies and pick the company that charges least *for that type of insurance.*

12. All life-insurance companies must obey state laws and rules, and so you do not have to worry that a company may fail.

13. Remember, once you buy an insurance policy, you will be paying money for many years. Would you rather pay less or more for the same coverage?

14. Some people arrange with an insurance company to send an agent to collect the premium each month. Paying for insurance this way is much more expensive than sending your own checks to the company. Most companies will work out an easy-payment plan for you that will not cost too much extra.

VOCABULARY:

lapse (LAPSS) – go out of existence; stop being
flexible (FLEKS–ə–bl) – easily changed

ASSIGNMENT:

1. What is the big difference between term insurance and all the other types of insurance?

2. Does an old person need to carry as much insurance as a young person with several dependents?

3. A man marries at 30 and decides he can spend $300 a year for insurance. From the table in this lesson, can you figure out about how many thousands of dollars' worth of insurance he would get for his $300 if he bought ordinary life insurance? 20-payment life insurance? term insurance?

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Annuities | Lesson 8

INFORMATION: A contract with an insurance company that will give a person a regular future income is called an annuity.

1. A person arranges to pay an insurance company a certain amount of money, either at one time or in payments over a period of years.

2. In return for these payments, the company agrees to pay the person a regular income, beginning at a certain age and continuing either for life or for a certain number of years.

3. A life annuity will pay to the policyholder, after the number of years stated in the contract, a monthly, quarterly, semiannual, or annual income of a certain amount as long as he lives.

4. Many different types of annuities are possible.
One type pays the insured as long as he lives and then pays an income to the insured's survivor after the insured dies.
Another type guarantees payments for at least 10 years, 20 years, or other period – to a survivor even if the insured should die early in the payment period.
Or an annuity may pay the purchaser one big amount at a certain age.

5. Almost any arrangement can be worked out with an insurance company.
The cost depends on the age of the insured, the age of the expected survivor, and the particular plan chosen.

VOCABULARY:

annuity (an–YOU–it–tee) – an agreed amount paid by an insurance company at stated times
guarantee (gar–ən–TEE) – promise

ASSIGNMENT:

1. An ___________ is an amount of money paid at definite times by an insurance company to a person who has paid money to the company for this purpose.

2. Must an annuity be paid in only one way?

Group Insurance | Lesson 9

INFORMATION: Group insurance covers a lot of different people as one unit. Most group life insurance contracts cover the workers in a particular business; some contracts are made for members of unions, clubs and other organizations. One master policy is written for the entire group.

1. Group insurance may be available to you when you get a job.

2. Premiums on group insurance are lower than if a person took the same amount of life insurance by himself.

3. This lower cost is possible because insurance for many people is covered by one policy. Their company has much less bookkeeping to do.

4. In a business, the employer and the employee usually share the cost of group insurance, but in some cases the employer pays the whole cost, and in other cases the employee pays the whole cost.

5. Group insurance is available only to members of groups that have arranged for such insurance.
   But if a person leaves the group in which he is insured, he usually does not have to drop his insurance. He can often convert his group insurance to some type of individual policy, without a medical examination.

6. The amount of insurance available under a group plan is limited, and may not give as much protection as a person may need for his family.

7. Most of the time no medical examination is required under group insurance.

VOCABULARY:

group insurance (GROOP) – insurance for all the members of a certain group of people
master (MAST–er) – main (thing), covering a lot of separate things
available (ə–VAYL–ə–bl) – that can be had; possible to have

ASSIGNMENT:

1. Insurance that covers many members of a group is called__________ __________

2. If a person leaves a group where he was insured, must he lose the insurance?

UNIT IV – HEALTH INSURANCE

About Health Insurance — **Lesson 1**

INFORMATION: When a person becomes sick or has an operation, health insurance helps to pay hospital, doctor, drug, and other medical expenses. It may also help to make up for some of the income you lose because of absence from your job.

Health insurance is available either as an individual policy or under a group health-insurance plan. Group plans have much lower premium costs than individual policies. Group policies are often made available by employers to their workers, by unions to their members, and by clubs and other organizations to their members. Many colleges and schools have special health-insurance programs for their students.

The company, union, or other organization gets a master policy or contract, and those insured get papers to show that they are part of the plan.

Companies that have group policies often pay part or all of the premium costs for their employees.

1. There are several types of health-insurance policies.

2. If the insured becomes partly or completely disabled, some policies pay a definite amount of money each week or month, for a limited time.

3. This is called disability income insurance, or loss-of-income insurance. The payments do not begin until after a certain "waiting period."

4. These policies also usually provide for a cash payment for the loss of an eye, a hand, or a foot; they pay death benefits for accidental death.

5. Hospital-expense insurance pays for all or part of the cost of hospital care for a certain number of days. It also pays for medicine used in the hospital for X-rays, and for the use of the operating room. This is the most common form of health insurance.

6. Surgical-expense insurance pays for operations and other surgical services. The amounts it will pay for different kinds of operations are listed on a chart. They may not be as much as your surgeon charges.

7. Medical-expense insurance helps to pay for a doctor's visits to you in a hospital or at home, or for your visits to a doctor's office. This covers sicknesses rather than operations.

8. The three types of insurance mentioned above cannot take care of the big medical or surgical bills for a long illness or a difficult operation.

9. To help pay for these, major medical-expense insurance covers most of the costs that the other plans don't pay. It even covers nursing care, both during the illness and in convalescence.

10. There is a deductible which the insured person must pay before the major medical plan starts to pay. It may be $50 or $100 in a group plan, but for individual policies, the deductible may be as high as $1000.

11. Some medical-insurance policies are issued by profit-making insurance companies, and some by non-profit companies like Blue Cross and Blue Shield. Blue Cross and Blue Shield usually pay a larger part of the medical expenses than the profit-making companies pay.

12. Blue Cross pays hospital expenses; Blue Shield pays surgical bills.

13. The Congress of the United States is working on plans to give all the people some kind of medical insurance. Right now we do not know what this will be.

VOCABULARY:

health insurance – insurance covering different kinds of losses due to sickness, accident, etc.

disabled (dis–AY–bld) – injured so badly that a person needs help or cannot work disability income insurance (dis–ə–BILL–ə–tee) – insurance that pays cash for the time a person loses pay because he is disabled and cannot work.

loss-of-income insurance – same as disability income insurance

hospital-expense insurance – insurance that pays all or part of a hospital bill

surgical (SER–jə–kl) – having to do with an operation (cutting the body to repair a damage). This is done by a surgeon.

surgical-expense insurance – insurance that provides benefits to pay all or part of the cost of an operation

general medical-expense insurance – insurance that pays all or part of ordinary doctors' bills (not surgeons' bills)

loss-of-income insurance – same as disability income insurance

major medical-expense insurance – insurance that helps to pay the heavy costs of a serious operation or a long illness

convalescence (kon–və–LESS–ense) – the slow recovery to good health after a serious illness or operation

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ASSIGNMENT:

1. Insurance that provides cash when a person can't work because he is disabled is called__________ __________ __________

2. Insurance that helps to pay hospital costs is called____________________

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3. Insurance that pays ordinary doctors' bills is called____________________

____

____

____

4. Insurance that pays for operations is called____________________

____

____

____

5. What is the difference between a surgeon and other doctors?

6. What does Blue Cross cover?

7. What does Blue Shield cover?

Workmen's Compensation Lesson 2

INFORMATION: Wherever there is work to be done, accidents may happen. Some workers may be in greater danger of being injured by accidents than are others. For example, a worker in the construction field may be in greater danger than one in a printing plant. But almost any worker may be injured. An injury may be just a sprained back from lifting a box of books, or a sprained ankle from a fall on a slippery floor. Even though the injury may seem small, it may result in medical and hospital bills, and it may keep a worker from his job.

In order to protect workers who may be injured while on the job, and, even more, to protect the families of these workers, all states have passed laws known as workmen's compensation laws. Under these laws, most employers are required to provide and pay for insurance for their employees.

1. The premiums for workmen's compensation insurance are paid entirely by employers.

2. If a worker is injured while on the job and he is unable to work, he will receive weekly benefits.

3. A worker who is made sick by his job is also covered by workmen's compensation.

4. How much the worker receives depends on how much he usually earns. He is not paid 100% of his earnings. Most of the time the compensation is about two-thirds of the worker's wages.

5. About half of the states provide weekly payments for life if the worker becomes permanently disabled. In other states the maximum payment period is from 6 to about 10 years.

6. Payments are also made to dependents in case the worker is killed in an accident while on the job.

7. Benefits are generally paid even if the worker himself caused the accident that injured him.

8. Workmen's compensation does not take the place of health insurance. It does not cover ordinary illnesses nor accidents that are not connected with a person's job.

VOCABULARY:

compensation (kom–pen–SAY–shun) – something given to make up for a loss, injury, etc.

workmen's compensation – payments made to workers who are injured by accidents or illness connected with their jobs

maximum (MAKS–i–mum) – the greatest possible

ASSIGNMENT:

1. Payments made to workers for injury or illness connected with their jobs is known as __________ __________

2. Will a worker who was the cause of his own accident be given compensation?

3. Who must make payments for workmen's compensation insurance?

4. Who gets the benefits of the workmen's compensation laws?

Medicaid **Lesson 3**

INFORMATION: The costs of medical care are so high these days that many families with a full-time wage-earner cannot afford to pay doctor bills. Often these people have jobs that do not provide hospital or medical insurance.

People on welfare have even less money to spend on health care.

Medicaid is a program run by the states and paid for by both the states and the Federal government. It is not an insurance program but a form of direct aid.

1. People receiving welfare payments may have their medical expenses paid by Medicaid.

2. Other people whose income is not large enough to pay for medical care may also apply for Medicaid.

3. The medicaid program covers the costs of hospital care, doctors' bills nursing homes, and other medical costs.

4. Medicaid is very different from Medicare, which we will study later.

5. Medicaid help is given to people of any age who cannot pay medical costs themselves.

6. People must apply for Medicaid. Even if they are not covered by welfare, in most areas they should apply to the welfare department of their city or county.

VOCABULARY:

welfare (WELL–fair) – a program giving money payments to poor people
Medicaid (MED–i–kaid) – a Federal-State program of providing the costs of medical services to those who cannot pay medical costs themselves.

ASSIGNMENT:

1. Is Medicaid the same as Medicare?______

2. Who provides the money for Medicaid?________________________________

3. Who runs the Medicaid program?______________

4. Must a family be on Welfare to get help from Medicaid?______

UNIT V – SOCIAL SECURITY

Who Pays for Social Security Benefits? **Lesson 1**

INFORMATION: Social Security is a Federal program. It is really four programs, covering *old-age, survivors, disability,* and *health insurance.* About 30 million men, women, and children are now receiving social security payments. Almost all of our people who are 65 or older receive some retirement income through Social Security, and nearly all of them receive help in paying their bills. Nine out of 10 mothers and children can look to the social security program for a regular income if the head of the family dies.

1. Who pays for social security benefits?
2. To pay for social security benefits, workers and employers pay a tax on earnings (wages).
3. The employee and the employer share equally in this tax – that is, each pays half of the tax.
4. Each employee's tax is deducted from his wages each payday.
5. The employer adds his own share of the tax and sends the total to the Federal Government.
6. Persons who are self-employed pay their own entire tax. The self-employed include doctors, many salesmen, small businessmen, many carpenters and plumbers, and lots more.
7. The self-employed person pays a larger social security tax than an employee.
8. Only people who have paid social security taxes are entitled to receive benefits.
9. The amount of benefits will depend upon their average earnings through the years.

VOCABULARY:

social (SOH--shul) – having to do with what is good for all the people

security (si–KYOOR–i–ti) – safety; freedom from fear and want
social security – the insurance program that gives people some money to live on when they are old, and at certain other times
program (PROH–gram) – plan
retirement (ree–TIRE–ment) – the time of life after a person has stopped working at a job
entitled (en–TYE–tld) – having the right to something by law

ASSIGNMENT:

1. Which part of our government runs the social security program?

2. Who pays for social security?

3. Why do you think self-employed persons pay more in social security taxes than employed people?

Who Gets Social Security Benefits? **Lesson 2**

INFORMATION: Under social security, there are three different types of benefit payments: retirement benefits, survivor's benefits, and disability benefits. These payments are *not* automatically paid when people are entitled to them. To receive any of these benefits *someone must apply at a Social Security office.* The Social Security office will figure out the amount that a person is entitled to receive.

1. Men and women who qualify for social security benefits can receive their full monthly payments when they become 65 years of age.
2. If they choose to do so, they can retire as early as 62 and receive smaller payments. If benefits start at age 62, the amount of each monthly payment will be 80% of what it would be at age 65.
3. For example, a certain man might expect to collect $250 a month at age 65, based on his earnings. If he decides to retire at 62 instead of 65, his monthly benefit will be $200 ($250 X 80%).
4. Widows of insured men will receive their full benefits at age 62, or smaller benefits at age 60.
5. Men and women covered by social security who become disabled at any age are entitled to collect full benefits.
6. When an insured worker qualifies for social security benefits, monthly payments may be received as follows:
   a. For himself as long as he lives.
   b. For his wife. His wife may begin to receive benefits at age 62, but the monthly payments will be larger if she waits until she is 65.
   c. For unmarried children under 18 years of age, or up to age 22 if full-time students: also for children of any age if they were disabled before age 18.
   d. For a wife of any age who is caring for a child under 18 or disabled.
   e. For a dependent husband 62 or older.
7. When an insured worker *dies*, monthly payments are available:
   a. For a widow when she reaches 60 or with larger benefits if she waits until she is older.
   b. For a dependent widower 60 years old or over.

c. For unmarried children under 18 years of age, or up to 22 if full-time students; also for children of any age if they were disabled before age 18.
d. For a widow or widower of any age caring for a child under 18 or disabled.
e. For dependent parents 62 years old or older – both men and women (if there are no other family members receiving benefits).

8. If an insured person dies, an extra payment as high as $255 will be made to help take care of funeral expenses.

9. Many times social security benefits are not enough to pay all living costs during retirement years.

10. If a person who is entitled to collect benefits decides to continue working, there is a limit to the amount he may earn without losing some of his benefits.

11. The limit in 1965 was $2520 a year for a person under the age of 72.

12. After an insured worker becomes 72 years old, he is entitled to full benefits no matter how much he earns.

13. In counting earnings, the retired worker includes *only* such things as wages, salaries, commissions, and what he makes from self-employment. He does not include savings bank interests, pensions, endowments from insurance policies, dividends on stock, gifts, and rentals from property he owns.

14. A wife's earnings do not change a retired worker's benefits; but they can be counted against any social security payments that *she* is receiving.

15. A woman may be entitled to collect monthly payments both on her own earnings and also on her husband's earnings. In that case, the Social Security office will figure out which would be larger, and these are the payments she will collect.

VOCABULARY:

automatic (aw–tə–MAT–ik) – acting by itself
qualify (KWOLL–i–fye) – be entitled to something; do whatever is required to get some benefits

widow (WID–oh) – a wife when her husband dies
widower (WID–oh–er) – a husband when his wife dies
pension (PEN–shun) – an amount of money received regularly after retirement

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ASSIGNMENT:

1. When a person retires, what should he or she do in order to receive his monthly social security payments?

2. How much less will your retirement payments be if you retire at age 62 and start collecting benefits?

3. Will a worker who has qualified for social security benefits lose any part of his benefits if he earns $3,000 a year?

Medicare — Lesson 3

INFORMATION: In addition to paying cash benefits to retired and disabled workers and to dependents, social security pays for most of the heavy costs of medical care in old age. This program of health insurance is known as Medicare.

1. An insured person may get two kinds of health benefits: (1) *hospital* payments and (2) *medical* payments.

2. The hospital-insurance part of Medicare is given automatically to just about anyone who becomes 65. It is also given to people who have been receiving social security benefits (for any reason) for at least 2 years.

3. The hospital payments cover almost all hospital expenses, after the patient pays a deductible. In 1975 the deductible was $92.

4. The hospital benefits do not cover any doctor bills.

5. After a stay in a hospital, the patient gets help from Medicare in paying for follow-up care in a nursing home or at his own home, by visiting nurses and certain other people.

6. The medical-insurance part of Medicare is *not* given automatically. People over 65 and those receiving disability payments must pay a premium for this coverage. In 1975 the premium was $6.70 a month.

7. This medical insurance covers doctors' bills, including surgeons', it also covers visits by certain health workers to a patient's home, and many other medical costs.

8. There is a deductible on medical bills too. (In 1975 it was $60 a year). After the deductible, the program pays 80% of the charges it agrees to. The patient pays the other 20%.

VOCABULARY:

medicare (MED–i–kare) – a program that pays most of the health-care bills for people over 65

patient (PAY–shunt) – a sick person

ASSIGNMENT:

1. The social security health-care program for people over 65 is known as __________

2. If you are not receiving social security benefits, how old must you be to be covered by the Medicare program?

3. Which part of the Medicare program covers people automatically, as soon as they are entitled to receive benefits?

4. Which part of the Medicare program costs extra money (a premium)?

5. Does the hospital-insurance part pay doctors' bills?

6. Does the hospital insurance pay for any health expenses after the patient leaves the hospital?

7. Doctor bills are covered by the __________ -insurance part of Medicare.

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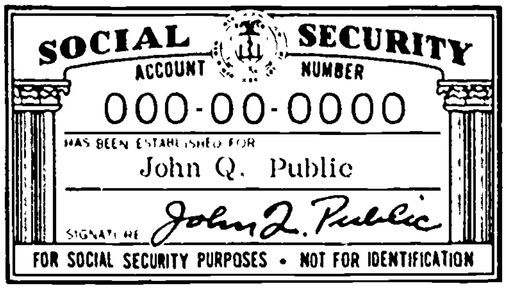
Your Social Security Account Number | Lesson 4

INFORMATION: If you work in an occupation covered by social security, you must have a social security account number. This number is used to identify your record of earnings. The benefits that you or your dependents will someday receive will be based on this record of earnings.

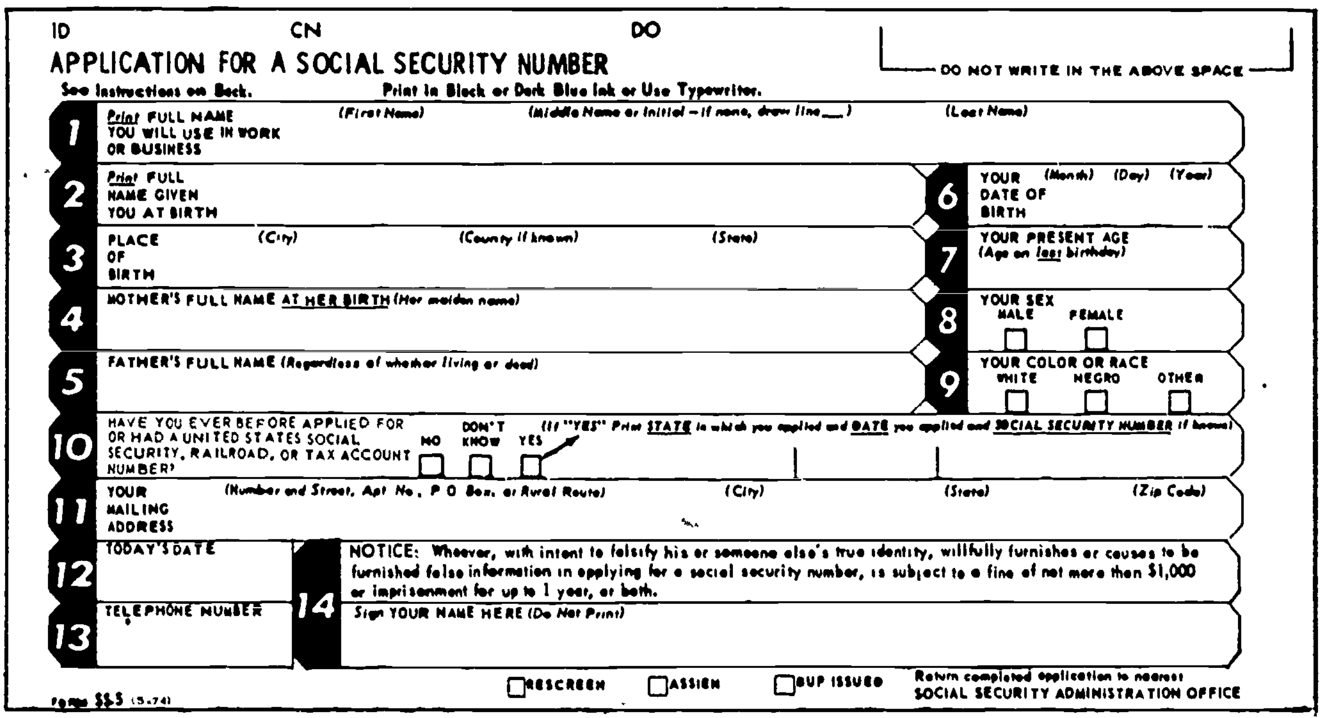
A social security account number is also needed when you pay your income tax. It is your taxpayer identification number. Persons who are not working but who receive interest from a bank account or dividends also need to have a social security account.

There are more than 150 million individual accounts in the social security records. Some of the names may be exactly the same. For example, there may be 13,000 Joseph Smiths. But each Joseph Smith (and every other worker) has *his own social security number.* This number keeps each record from being mixed up with the record of someone else.



1. In order to get a social security number, a person gets a social security card from the nearest social security office.

2. If there is no nearby social security office, the person may get an application form from a post office to apply for a social security card.



ID CN DO

DO NOT WRITE IN THE ABOVE SPACE

APPLICATION FOR A SOCIAL SECURITY NUMBER

See Instructions on Back. Print In Black or Dark Blue Ink or Use Typewriter.

1 *Print* FULL NAME YOU WILL USE IN WORK OR BUSINESS (First Name) (Middle Name or Initial – If none, draw line ___) (Last Name)

2 *Print* FULL NAME GIVEN YOU AT BIRTH

6 YOUR DATE OF BIRTH (Month) (Day) (Year)

3 PLACE OF BIRTH (City) (County if known) (State)

7 YOUR PRESENT AGE (Age on last birthday)

4 MOTHER'S FULL NAME AT HER BIRTH (Her maiden name)

8 YOUR SEX MALE ☐ FEMALE ☐

5 FATHER'S FULL NAME (Regardless of whether living or dead)

9 YOUR COLOR OR RACE WHITE ☐ NEGRO ☐ OTHER ☐

10 HAVE YOU EVER BEFORE APPLIED FOR OR HAD A UNITED STATES SOCIAL SECURITY, RAILROAD, OR TAX ACCOUNT NUMBER? NO ☐ DON'T KNOW ☐ YES ☐ (If "YES" Print STATE in which you applied and DATE you applied and SOCIAL SECURITY NUMBER if known)

11 YOUR MAILING ADDRESS (Number and Street, Apt No., P O Box, or Rural Route) (City) (State) (Zip Code)

12 TODAY'S DATE

13 TELEPHONE NUMBER

14 NOTICE: Whoever, with intent to falsify his or someone else's true identity, willfully furnishes or causes to be furnished false information in applying for a social security number, is subject to a fine of not more than $1,000 or imprisonment for up to 1 year, or both.

Sign YOUR NAME HERE (Do Not Print)

☐ RESCREEN ☐ ASSIGN ☐ DUP ISSUED

Return completed application to nearest SOCIAL SECURITY ADMINISTRATION OFFICE

Form SS-5 (5-74)

3. A person should use the same account number during his entire life.

4. If he loses his card, he may get a duplicate from a social security office.

5. If a girl gets married, she may get a new card with her old social security number but with her married name on it.

6. If you want to know what your record of earnings is on the social security books, you may write to the Social Security Administration, Baltimore, Maryland. For this purpose you can get an addressed post-card form at your social security office.

VOCABULARY:

occupation (ahy–yuh–PAY–shun) – business or work; what a person does to earn a living
identify (eye–DENT–i–fye) – make known to be a certain person or thing
duplicate (DYOO–pli–kit) – a copy; something that is the same as something else

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ASSIGNMENT:

1. Why should a person who is going to be working get a social security card and a social security number?

2. What should you do if you lose your social security card?

3. How can you find out what your earnings are in your social security account?

4. Where do you apply for a social security card?

Unemployment Insurance — Lesson 5

INFORMATION: Unemployment insurance is a Federal–State program. When a worker loses his job, the income of his family may stop or be greatly reduced. A worker may lose his job through no fault of his own. Many people are out of work at different times of the year. This may be due to business failures, changes in an industry, or the end of a temporary job or seasonal work. Most employers must contribute to an insurance fund for unemployed workers in the state.

1. The Federal government, under the Social Security Law, set up a plan for making payments to workers who lose their jobs. Each state operates its own unemployment insurance program, however, under its own rules.

2. Unemployment insurance is paid for by the employers only, except in three states, where employees also pay. New Jersey is one of the three states.

3. The program gives workers and their families insurance protection against unemployment.

4. An unemployed worker is helped in finding a new job.

5. But if the right kind of job cannot be found, the worker will receive payments to replace part of his lost wages. The amount depends on his earnings when he was working.

6. Some states pay for as long as 26 weeks of unemployment, after a one-week waiting period. In times when a lot of people are out of work, the Federal government may pass laws increasing the length of time, and may help the states pay the extra money needed.

7. A worker applies for unemployment benefits at his state unemployment-insurance office, at the same time that he applies for help in finding a new job.

8. State laws differ from each other, but in general an unemployed worker cannot collect payments if he:
   a. Quit his job without a good reason
   b. Was discharged for misconduct in connection with his work.
   c. Refuses to accept an offer of suitable work.

9. Certain workers are not covered by unemployment insurance. They include workers in agriculture, domestic service, and government.

VOCABULARY:

unemployment insurance (un–em–PLOY–ment) – insurance that provides cash payments for a limited time to people who are out of work
seasonal (SEE–zun–əl) – changing with the different times of the year
contribute (kun–TRIB–yoot) – pay money to
discharge (diss–CHAHRJ) – send away from work
misconduct (mis–KON–dukt) – bad behavior
domestic (də–MESS–tik) – having to do with the home

ASSIGNMENT:

1. ______________ insurance provides cash payments for a limited time to people who are out of jobs.

2. Who pays the tax in your state for unemployment insurance?

3. Where do you apply for unemployment benefits?

4. Are all workers covered by unemployment insurance?

5. Unemployment payments are based on a worker's__________

Supplemental Security Income **Lesson 6**

INFORMATION: Some old people need more money than they are entitled to receive through social security. For these people there is a program called Supplemental Security Income, or SSI for short.
SSI is not insurance, but extra help from the Federal government for certain groups of people. Many states provide extra help to people receiving SSI payments from the Federal government.

1. Persons 65 and over, or disabled, or blind may apply for SSI.

2. There is a limit to the amount of income they may have and still qualify for SSI. In 1975 this limit was $130 a month for single people and $195 for couples.

3. If they have a certain amount of money in savings, they are not entitled to receive this extra help. In 1975 this amount was $1500 for one person or $2250 for a couple.

4. People apply for SSI at their nearest social security office. If they qualify, they will receive payments each month.

5. If they qualify for SSI, they will also be entitled to extra help from Medicaid if they need it.

VOCABULARY:

supplemental (sup–lə–MEN–tl) – extra; added on to something else
supplemental security income – a Federal program of extra help to those who need more than they receive in social security benefits.

ASSIGNMENT:

1. SSI stands for______________ ______________ ______________

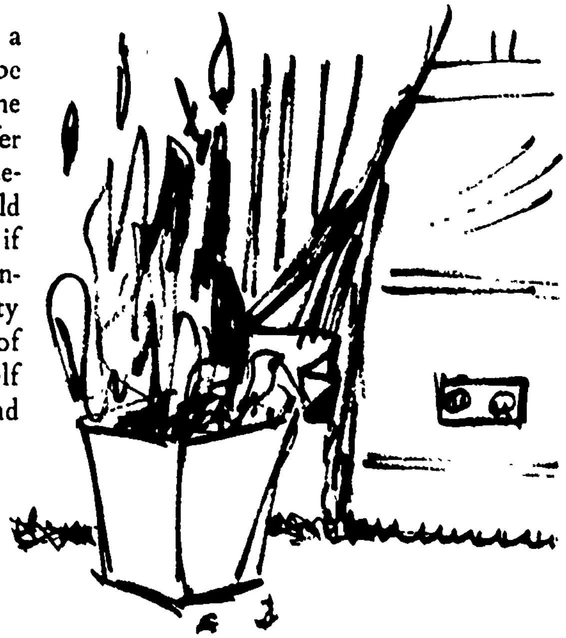
2. Is SSI an insurance program?______

3. Will the SSI program help someone who has $3000 in the bank?______

4. Is SSI a local, state, or Federal program?__________

Property Insurance | Lesson 1

INFORMATION: The owner of a home or a business building needs to be protected by insurance. If a home burns down, people could suffer greatly. If a store or factory is destroyed, a man's business could fail. Losses can be very great if people are not protected by insurance. Almost every property owner today carries some type of insurance to protect himself against heavy losses from fire and other hazards.



1. A basic type of property insurance is the standard fire policy.

2. This policy protects the owner against damage to a home caused by fire or lightning.

3. It also may cover losses caused by smoke and water, by damage resulting when the firemen put out the fire, and by damage to furniture that is moved from a burning building.

4. For an extra premium, a property-owner can have extended coverage included in his standard fire policy.

5. This insures against losses from windstorms, hail, explosions, and riots, and from damage caused by vehicles or falling aircraft.

6. Burglary and theft insurance is another type of policy available.

7. Property owners can purchase separate insurance policies covering certain kinds of risks, or they may combine two or more kinds of policies into a "package" policy to meet their insurance needs.

8. Today many owners of homes buy a homeowners policy.

9. A homeowners policy provides several different kinds of coverage in one policy.

10. It is cheaper to get this kind of policy than to have separate policies covering different hazards.

11. In addition to fire and extended-coverage insurance, a homeowners policy insures against other risks, such as falling objects, water leakage, theft, and burglary.

12. A homeowners policy even provides for a family's added living expenses while it is forced to live elsewhere because of fire damage to the home.

13. Liability insurance, which we will talk about later, is also included in the homeowners policy.

14. Property attached to the land, such as a house or a garage, is known as real property.

15. Property not attached to the land, such as furniture and clothing, is known as personal property.

16. Real and personal property may be protected by separate policies or by a combination policy that includes both.

17. A company that insures property agrees to pay the policyholder any losses covered by the policy, but does not agree to pay the policyholder a profit on any damage to his property.

18. A person will not be paid more than the amount of his loss, regardless of the amount of the insurance.

19. For example, your house might be valued at $24,000, and you might insure it for $30,000. If the house burns to the ground the insurance company will not pay more than $24,000.

20. On the other hand, a house must be insured for its full value – what it would cost to rebuild it today.

21. For example, a house bought for $20,000 a few years ago might be worth $30,000 today. Suppose it was insured for only $20,000 instead of $30,000. Suppose also that it suffered $5000 worth of damage in a fire. The insurance company would not pay the full $5000, because the house was underinsured.

22. Therefore homeowners should be sure to increase the amount of insurance they carry if the value of the house goes up.

23. Property-insurance policies are mostly written for either a 1-year or a 3-year period. The yearly cost of the premiums for the 3-year policy is less than the cost of premiums paid for only 1 year at a time.

24. Premiums on property insurance are usually low compared to the amount of protection that is received.

25. The cost depends on the value of the house, the construction of the building (whether it is made of brick or wood), where it is located, and what fire and police protection are available.

VOCABULARY:

hazard (haz–erd) – something that could cause danger or damage

standard fire policy – a basic type of property insurance that protects against damage to a home caused by fire and lightning

extended coverage (eks–TEND–ed KUV–er–ij) – additional protection of property against losses from such causes as windstorms, explosions, riots, and vehicles.

hail – icy lumps falling from the sky

riot (rye–ət) – angry disorder of people in the streets

vehicle (vee–i–kl) – anything that carries people from one place to another like a car, truck, bus, bike, etc.

combine (kum–BYN) – put together

homeowners policy – a "package" policy covering many different risks for owners of homes

real property – property attached to the land.

personal property – property not attached to the land, such as furniture and clothing

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ASSIGNMENT:

1. A basic type of property insurance that protects against damage to a home caused by fire and lightning is called a ________ ________ ________

2. A "package" policy covering many risks for owners of homes is known as a ________ policy.

3. Property attached to the land is called ________ property.

4. Property not attached to the land is called ________ property.

5. A ____________ policy protects both real and personal property.

6. Give examples of hazards against which property may be in.ured.

7. Why may the fire-insurance rate (premium) on one building be higher than on another?

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Personal Liability Insurance — Lesson 2

INFORMATION: A workman putting up the storm windows on your house may slip and break his leg; the newsboy may fall on your icy walk. Because of an accident like these, a person can sue a homeowner and cost him a great deal of money.

1. Protection against such risks can be obtained through personal liability insurance.

2. Owners of buildings and stores carry liability insurance. This protects them against claims because of accidents occurring in the building or on the sidewalk.

3. Personal liability insurance is not expensive, and it provides coverage for all the family members living in the house.

4. It is automatically included in homeowners policies, but it may also be purchased separately.

5. Here are some examples of accidents that are covered by personal liability insurance:
   a. A guest may slip on the waxed floor in your house and suffer a back injury.
   b. A person playing ball may accidentally hit another person and injure him.
   c. Your child may kick a football, which crashes through the plate-glass window of your neighbor's front room.
   d. Your dog bites the leg of someone who is knocking on your door.

6. Accidents like these that happen away from home are covered, as well as things that happen on the homeowners' property.

VOCABULARY:

personal liability insurance – insurance against loss because of responsibility for injuries to other people or for damage to their property

ASSIGNMENT:

1. Insurance against loss because of one's responsibility for injury to others or for damage to property is called _____________ _____________ __________

2. Make up at least two happenings that could make someone responsible for injuries to others or for damage to their property.

Credit Insurance

Lesson 1

INFORMATION: Suppose Mr. and Mrs. Coleman find it necessary to buy a large amount of furniture on the installment plan, or have some work done on their house on the installment plan. Mr. Coleman is sure that he can pay the debt off. But if he should die, he does not want his wife to have to pay the debt. He therefore takes out a term policy that insures payment of the debt if he should die before he has paid it off.

1. Term insurance that pays the balance due on a debt if the insured dies is called credit insurance.

2. This kind of insurance is usually arranged for by the company or person to whom the debt is owed.

3. For example, Mr. Smith had aluminum siding put on his house at a cost of $3,000. He arranged to pay for it on the installment plan over a period of 3 years. The company arranged to get credit insurance for him. He paid the premiums.
   If he died before the $3,000 was paid off, the credit insurance would take care of the balance, and his wife would not have to worry about it.

VOCABULARY:

credit insurance (KRED--it) – insurance that pays the balance due on a debt if the insured dies

ASSIGNMENT:

1. Insurance that pays the balance due on a debt if the insured dies is called ________ ________.

2. Mr. and Mrs. Jones purchased furniture for $1000. They paid $100 down and agreed to pay the rest at the rate of $25 a month. As an added service, the furniture company gave them credit insurance to cover the debt. How much insurance protection did they have at the time the furniture was purchased?

Fidelity Insurance — Lesson 2

INFORMATION: Companies and organizations which employ persons to handle large sums of money and other valuable things carry fidelity insurance, or surety insurance.

1. Under such policies the insurance company guarantees to pay the insured money if an employee is dishonest and steals from the company.

2. This form of insurance is carried by banks on their employees.

3. County treasurers and persons who handle the legal affairs of persons who have died are usually covered by this kind of insurance.

4. When a person is covered by this kind of insurance he is said to be bonded. He is covered by a surety bond.

VOCABULARY:

fidelity (fi–DELL–i–ty) – faithfulness, sticking to your duty
surety (SHOOR–ə–ty) – guarantee – a promise that something will be done as stated
fidelity insurance – insurance on persons who handle large sums of money or other valuables
surety bond – an insurance agreement promising to pay any financial loss caused by some act of a particular person

ASSIGNMENT:

1. Insurance on persons who handle large sums of money or other valuables is known as________ __________

2. Who carries this kind of insurance?

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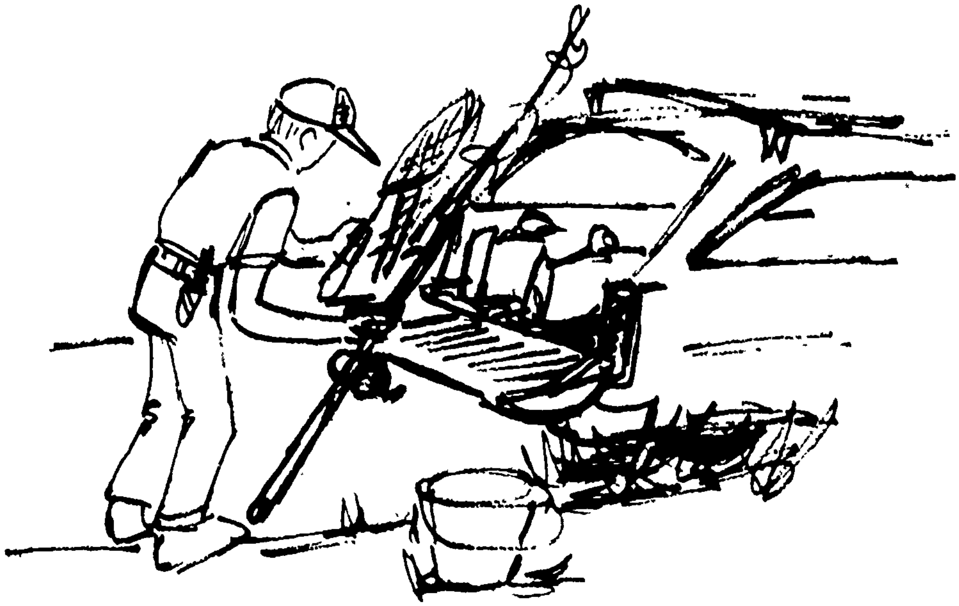
Company Pension Plans — Lesson 3

INFORMATION: Many employers support plans that provide monthly payments, or pensions, to retired workers.
Some pension programs are set up by unions and employers together.



1. Many retired workers receive pensions from businesses under retirement pension plans.

2. Pension plans are also set up for workers in other organizations, such as schools, hospitals, and government.

3. In order to qualify for a pension under most pension plans, a person must work for the same company or organization for a certain number of years.

4. Sometimes the employer pays the whole cost and sometimes the worker pays part of the cost.

5. Pension plans are now supervised by the Federal government. They have to follow certain rules.

6. If an employee leaves his company after working for a certain number of years, the company must vest his pension. This means that the worker does not lose it, but will receive the pension at some future date when he retires.

7. Certain groups of workers can transfer their vested pensions to another company when they change jobs. Then the old pension becomes part of their new pension on their new job.

8. Persons collecting pensions under private and government pension plans are still able to receive social security benefits.

VOCABULARY:

pension (PEN–shun) – a sum of money paid regularly to a person when he retires
supervise (SOO–per–vyze) – watch over to make sure a thing is done right
vest – to give someone the right to claim some benefit in the future
private (PRY–v ət) – not public; nothaving to do with any government

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ASSIGNMENT:

1. Regular payments made to retired workers are called__________

2. Can a private company run its pension plan any way it wants to?______

3. If a person retires and is receiving payments from a pension plan, can he also receive social security benefits?

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Individual Pension Plans | Lesson 4

INFORMATION: The Federal government has set up a way for people who are not covered by pension plans through their employers to set up pension plans for themselves.

The person does not pay income tax on money he or she puts into the pension plan until he or she starts collecting the pension.

Organizations that are permitted to receive this pension-plan money include banks, savings and loan associations, mutual funds, etc. These organizations must receive the permission of the Federal government.

1. People who are not covered by pension plans where they work may use this plan. Social security is not considered to be a pension plan under this law.

2. People who are self-employed or who receive extra earnings from self-employment outside their regular jobs may also set up an individual plan.

3. A person is permitted to set aside a certain amount of his or her income. (In 1975 it was up to 15% of income, but no more than $1500 for employed persons, and no more than $7500 for self-employment earnings.)

4. The person pays no income tax on the amount set aside. He pays no income tax on the interest or dividends that his money earns.

5. A person may not start to collect the pension until he or she is at least 59½ years old, unless he or she becomes permanently disabled.

6. When the person starts to collect the pension, he pays income taxes on the money he collects.

7. In case of death, the money in the pension account is paid to the beneficiary named in the account.

VOCABULARY:

individual (in–də–VIJ–ə–wəl) – for one person only; separate from others
consider (kən–SID–er) – think of

ASSIGNMENT:

1. If a person is not covered by a pension plan where he works, is it possible for him to set up a pension plan for himself?

2. Who else can set up an individual pension plan?

3. When may a person start to receive an individual pension?

4. When does a person pay income taxes on the money he sets aside for a pension?

5. What happens to the money if the person dies before collecting any or all of it?

6. Can a person who is covered by social security also have a private pension plan?