

Test on Insurance, Record Keeping and Bankruptcy

1. The insurance policy provided by Jerry's company has a \$1,500.00 deductible and a 20% co-pay. How much will he have to pay for elbow surgery that costs \$9,000.00 if he has not met any of his deductible?

2. Beth paid \$2,000.00 for her whole life insurance policy this year. A term policy with the same coverage would have cost her \$700.00. Assuming she decides to buy the term policy and invest the difference, earning a rate of 6%, how much money could she "make" in a year?

3. Scott was paying \$250.00 a month for his health insurance coverage that had a \$500.00 deductible. He dropped that coverage for a \$50.00-a-month policy that had a 5,000.00 deductible. Assuming Scott had no health care costs, how long would it take him to save enough with his high-deductible plan to pay for a possible \$5,000.00 out-of-pocket expense?

4. Suzanne listed her three children as equal beneficiaries on her life insurance policy. If she has a \$400,000 policy, how much will each child receive in the event of her death?

5. Jason is driving his luxury car worth \$55,000 when he is hit by a motorist with the Texas state minimum liability. Jason has a policy that covers \$25,000 for an uninsured or underinsured motorist. Between Jason's policy and the other driver's policy, will the value of his car be covered? Why or why not?

Multiple Choices: Circle the correct answer

6. The reason a person buys health or life insurance is to ____
 - a. make sure that he will earn an income if he becomes ill or injured.
 - b. limit the amount of financial loss if there is an illness, injury or loss of life.
 - c. have protection from being sued if another person is injured while visiting his home.
 - d. guarantee that the person will not suffer any loss in a natural disaster such as an earthquake or hurricane.

7. Which insurance term is not correctly matched with its description?
 - a. Indemnity insurance plan: permits the policyholder to obtain treatment from any health care provider
 - b. Group insurance plan: covers a large number of people and reduces the premium cost to any one person by spreading risk across many people
 - c. Managed care: restricts a person to use only participating health care providers
 - d. Family coverage: the policyholder pays a lower premium in order to obtain coverage for all members of the family as long as they live at home

8. _____ have a greater number of doctors from which the insured can select primary care doctors and specialists.
 - a. HMO's
 - b. PPO's

9. Rebecca has an HMO and Edward has a PPO. Who is going to pay higher premiums?
 - a. Rebecca
 - b. Edward

10. Which of the following records does NOT need to be kept permanently?
 - a. Social Security cards
 - b. Birth certificates
 - c. Life insurance policies
 - d. Credit card statements

11. All EXCEPT which of the following are good reasons for filing bankruptcy?
 - a. You had to take a lower paying job and cannot pay your bills
 - b. You owe more money in living expenses than you currently earn
 - c. You want to buy a home
 - d. You have become disabled

12. When filing bankruptcy, you cannot be discharged from which of the following debts?
 - a. Child support
 - b. Medical bills
 - c. Personal loans
 - d. Payday loans

13. When filing bankruptcy, you are responsible for debts incurred ____ days before filing bankruptcy.
 - a. 30
 - b. 60
 - c. 90
 - d. 120

14. Liability insurance protects you against:
- Personal injury
 - Lawsuits
 - Sickness
 - Property damage
15. If your car is stolen and you have a camera inside the car, which insurance will cover the camera?
- life insurance
 - car insurance
 - homeowner's or renter's insurance
16. If you are a college student, which insurances are most important for you to have?
- homeowner's, life and health insurance
 - health, auto and renter's insurance
 - health, life and homeowner's insurance

Matching: Match the following with the correct definition

- claim
- deductible
- insurance policy
- premium

_____ 17. A written contract with an insurance company that says how much the insurance company will pay and how much you pay if a claim is made

_____ 18. A request of payment for the loss of damages

_____ 19. The amount you pay before the insurance company pays a claim

_____ 20. Your monthly payment to an insurance company

True or False: Circle correct answer

- T F 21. Electronic record keeping is not a good way to store records as files can be damaged.
- T F 22. A common mistake people make when filing bankruptcy is transferring property out of their names.
- T F 23. When filing bankruptcy, you can choose which creditors will receive the funds available to pay your debt.

Name: _____ Period: _____ Date _____

T F 24. Bankruptcy is a legal declaration of your inability to pay debt.

T F 25. A driver who has had several tickets for speeding and an accident would be considered low risk.

Record Keeping: Match what you should do with the following documents

- a. Discard
- b. Place in safe deposit box
- c. Place in home file

_____ 26. Current canceled checks

_____ 27. Birth certificates

_____ 28. Expired warranties

_____ 29. Health benefit information

_____ 30. Titles to automobiles

_____ 31. Wills

_____ 32. Salary statements over six months old

_____ 33. Bonds

_____ 34. Income tax papers

_____ 35. Insurance policies