

Test on Insurance, Record Keeping and Bankruptcy (Key)

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? **\$3,000.00**

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? **\$78.00 so she would have \$1,378.00 at the end of 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? **Two years and one month**

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? **\$133,000.33**

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?

No. The state minimum for property damage is \$25,000, so even with Jason's \$25,000 for underinsured motorist, the total insured amount would be \$50,000 leaving him \$5,000.00 short of the cars worth.

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

Matching: Match the following with the correct definition

- a. claim
- b. deductible
- c. insurance policy
- d. premium

___ **c** ___ 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

___ **a** ___ 18. A request of payment for the loss of damages

___ **b** ___ 19. The amount you pay before the insurance company pays a claim

___ **d** ___ 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

c 26. Current canceled checks

b 27. Birth certificates

a 28. Expired warranties

c 29. Health benefit information

b 30. Titles to automobiles

b 31. Wills

a 32. Salary statements over six months old

b 33. Bonds

c 34. Income tax papers

b 35. Insurance policies