

Lesson Plan to Assignment Three Automobile Insurance –Rights and Responsibilities



(**NOTE:** Insurance law differs in each state. It is important for students to know the specific requirements of the state in which they reside. For this lesson plan we use Ohio for most of the activities which may or may not apply to other states—teachers may want to research their state’s requirements.)

Grade level: 9-12

Overview: Students, as consumers, need to understand that auto insurance rates for different groups are determined by risks assigned based upon previous accident experience by that group. They also need to be able to comprehend the declarations page of their policy. Many drivers believe that State law requires all drivers to have insurance. In Ohio drivers have three options. Ohio students need to understand these options, which are covered under Ohio’s Financial Responsibility (FR) Law. Insurance companies may cancel a policy for almost any reason during the first 89 days of the policy. What are the driver’s options and rights thereafter? This lesson will cover these important topics

Time required: 50 – 60 minutes

Materials needed: Access to a computer with Internet connection and a writing pad to take notes.

Objective: Students will gain a basic understanding of their rights and responsibilities of auto insurance. They will learn about the type of information that is required on the declarations pages of the auto policy. Students will also learn about Financial Responsibility Law, how rates are controlled, why different groups pay different insurance premiums, and insurance policy cancellation rules. (We will use Ohio as an example. Be sure to check your state’s website to for local requirements.)

Opening: Have students go to the following website:

<http://www.ohioinsurance.gov/ConsumServ/ocs/ocspub.htm>

1. Click on, Shoppers Guide to Automobile Insurance and read, Sample Declarations page.

- A. What is the amount of liability coverage shown? ((\$300,000)
 - B. How much MedPay is shown? (\$5,000)
2. Go back to the above website and click on, Ohio's Financial Responsibility (FR) Law and read.
- A. The law gives three choices, what are they? (1. Buy at least the state-minimum amount of liability insurance, or 2. Post a \$30,000 cash bond with the state treasurer, or 3. Post a \$60,000 real estate bond with the Ohio Bureau of Motor Vehicles (BMV).)
 - B. When must you show your insurance I. D. card? (Police officers and court officials)
 - C. What are the consequences of no FR? (You'll be walking instead of driving)
3. Go back to the above website and click on, Cancellation and non-renewal and read and answer the following:
- A. What are the reason(s) an insurance company may cancel your policy during the first 89 days after purchase? (For almost any reason)
 - B. What are the reason(s) an insurance company can refuse to renew a policy at the end of each two-year period? (For almost any reason)
 - C. How long is the grace period for late premium payments? (There is no grace period)
4. Go to: <http://www.insure.com/auto/minimum.html> read the introduction and then go to the state in which you reside and answer the following:
- A. Is Liability insurance required?
 - B. If liability insurance is required what are the minimum amounts of coverage?
 - C. What does "no fault" mean? Is "no fault" required in your state?
5. Go to:
<http://www.ohioinsurance.gov/consumserv/scripts/pubdisp.asp?pubtype=AUTO&pageseqnum=7> Answer the following:
- A. Does the Ohio Department of Insurance set auto insurance rates? (No)
 - B. What must a company do if it wants to change its rates? (It must file with the Ohio Department of Insurance (ODI). ODI's rate experts review the data to make sure the new rate is justified.)
 - C. What is a "high risk" driver? (One who the insurance companies believe has a high likelihood of having accidents.)
 - D. List three reasons why it might make it harder for a driver to find insurance? (1. Bad credit rating. 2. Inexperienced driver. 3. Occupation.)
 - E. How long do accidents and tickets count against the driver? (3 to 5 years)

Development: Teachers will lead class discussions on auto insurance right and responsibilities and on how premiums are set. Ask some leading questions to ensure

students have a good grasp of the material covered in the previous section. Suggested questions include:

- A. Why is it important for the insured to understand their “policy rights”? (For their protection)
- B. Who establishes the auto insurance premium? (The auto insurer with the approval of the ODI.)
- C. What happens if the insured and insurer disagree on the settlement following an accident? (The insured has the right of arbitration.)
- D. What must happen prior to a policy being cancelled? (1. Insured has right of written notice, and 2. statement of the reasons for cancellation or non-renewal.)

Assessment: Students will exhibit their knowledge by correctly answering the above questions and their participation in the discussion.