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Student Assessment

Student name:

NCEA number:

Date (DD/MM/YYYY):

LEVEL

2

CREDITS

3

THEMES

Insurance

Demonstrate understanding of insurance products for personal financial capability

Version: 3 | Level 2 | Credits: 3

Assessment activity



These assessment tasks provide an opportunity for you to demonstrate your understanding of insurance products for personal financial capability.

This assessment has **two tasks**. You need to complete both tasks.

You will be assessed on how well you:

- describe insurance product types in terms of their purpose, features and suitability to personal circumstances
- describe the impact insurance policies have on personal finances
- provide examples to illustrate how insurance policies impact on personal finances
- explain the requirement for full disclosure and the consequences of non-disclosure in terms of their impact on policy coverage, claims and personal finances
- use examples to demonstrate how disclosure and its related consequences can impact on personal finances in the short and long term.

Award of grades

Evidence/Judgements for Achievement	Evidence/Judgements for Achievement with Merit	Evidence/Judgements for Achievement with Excellence
<p>You need to:</p> <ul style="list-style-type: none"> • describe seven types of insurance in terms of their: <ul style="list-style-type: none"> - purpose - features - suitability to personal circumstances. • explain how the following components of insurance policies impact on personal finances: <ul style="list-style-type: none"> - premium - risks covered - exclusion - replacement versus indemnity - claims process - excess. • describe the requirement for full disclosure when taking out an insurance policy and making a claim. • describe two consequences of non-disclosure in terms of policy coverage and claims. 	<p>As well as meeting the requirements for Achievement, you need to:</p> <ul style="list-style-type: none"> • include examples that illustrate the impact of six components of insurance policies on personal finances. 	<p>As well as meeting the requirements for Merit, you need to:</p> <ul style="list-style-type: none"> • include examples of how disclosure and its related consequences can impact on personal finances in the both the short term and the long term.

Conditions of assessment

This is an **open book assessment**. Your teacher will let you know what learning materials, work, and resources you can access to help you complete the assessment tasks. Answers must be in your own words.

Your teacher will provide you with information regarding timeframes for this assessment and options for presenting your responses.

Task One

This task requires you to complete tables to describe insurance product types, components of insurance policies, full disclosure and the consequences of non-disclosure on personal finances in the short and long term.

Question One

For each scenario in the tables below, identify which of the following seven insurance product types the person should consider:

- car insurance
- travel insurance
- house insurance
- contents insurance
- income protection
- health insurance
- life insurance.

For each insurance type, describe its purpose, features and suitability to personal circumstances.

Note that you must complete one table for **each type of insurance**.

Scenario A

Frank and his family are travelling back to Niue over the summer holidays.

Type of insurance:

Purpose: Give a general description of what the insurance cover is for and the unexpected events it protects people from.

Features: Provide two examples of what the insurance policy includes.

Suitability to personal circumstances: Explain factors that might determine whether Frank decides to get this type of insurance.

Scenario B

Charlie has just bought her first car.

Type of insurance:

Purpose: Give a general description of what the insurance cover is for and the unexpected events it protects people from.

Features: Provide two examples of what the insurance policy includes.

Suitability to personal circumstances: Explain factors that might determine whether Charlie decides to get this type of insurance.

Scenario C

Eden would like to get insurance to cover potential future medical costs.

Type of insurance:

Purpose: Give a general description of what the insurance cover is for and the unexpected events it protects people from.

Features: Provide two examples of what the insurance policy includes.

Suitability to personal circumstances: Explain factors that might determine whether Eden decides to get this type of insurance.

Scenario D

Tama has just set up a new flat, which involved buying a fridge, a washing machine, and a new couch.

Type of insurance:

Purpose: Give a general description of what the insurance cover is for and the unexpected events it protects people from.

Features: Provide two examples of what the insurance policy includes.

Suitability to personal circumstances: Explain factors that might determine whether Tama decides to get this type of insurance.

Scenario E

Jacqui is a solo mum with two boys. She has a mortgage and wants to make sure that she can keep paying it off if something happens with her job situation.

Type of insurance:

Purpose: Give a general description of what the insurance cover is for and the unexpected events it protects people from.

Features: Provide two examples of what the insurance policy includes.

Suitability to personal circumstances: Explain factors that might determine whether Jacqui decides to get this type of insurance.

Scenario F

Max and Casper are the proud owners of a new home. They live in Wellington and are worried about potential damage if there is an earthquake.

Type of insurance:

Purpose: Give a general description of what the insurance cover is for and the unexpected events it protects people from.

Features: Provide two examples of what the insurance policy includes.

Suitability to personal circumstances: Explain factors that might determine whether Max and Casper decide to get this type of insurance.

Scenario G

Awhina is the sole earner for her family. She wants to make sure that her partner and children will be okay financially if she dies.

Type of insurance:

Purpose: Give a general description of what the insurance cover is for and the unexpected events it protects people from.

Features: Provide two examples of what the insurance policy includes.

Suitability to personal circumstances: Explain factors that might determine whether Awhina decides to get this type of insurance.

Task Two

In this task, you will need access to information about car insurance policies. You can find information online by searching for “car insurance policy NZ”. Check a few insurance provider webpages until you find one that provides an overview of what is covered in a policy, for example, which exclusions apply. You don’t need specific information such as the cost of the premium. If you’re having difficulty finding an example with the information you need, ask your teacher for help.

Part One

Miriam is 25 years and just about to buy a new car. She is looking at car insurance options and has asked you to give her some advice on components of car insurance policies, with a particular focus on **how each component might impact on her personal finances**.

The impact on Miriam’s personal finances can be **at the time of purchasing the policy** or **when making a claim**.

Answer each of Miriam’s questions, providing an example from the policy to support your explanation of each component.

- What does the term **“premium”** mean when it comes to insurance policies?
 - Why is Miriam likely to pay a lower premium than someone who is 18 years old?
 - What other factors might affect the premium Miriam has to pay for her car insurance?
 - What might be a long-term financial benefit of paying a higher premium?
- What is the difference between third-party car insurance and comprehensive car insurance in terms of the **risks covered**?
 - How might choosing a comprehensive insurance policy instead of a third-party policy impact on Miriam’s personal finances?

3. a. What does the term **exclusion** mean?

- b. What is one thing that is **excluded** from third-party car insurance cover?

- c. How might this exclusion impact Miriam's personal finances?

4. a. What is difference between **replacement** and **indemnity value** when it comes to car insurance?

- b. If Miriam's insurance policy covers her car being stolen, how might the difference between replacement and indemnity value impact on her personal finances?

Miriam decides to take out a comprehensive car insurance policy. Six months later, Miriam drives through a red light and hits another car. Fortunately, no one is hurt, but both cars are badly damaged.

5. a. What **process** does Miriam need to follow to make a **claim**?

- b. How might making a claim help Miriam financially?

- c. How does the **excess** affect the amount Miriam will be able to claim if her claim is accepted?

Part Two

Miriam wants to be able to lend her new car to her cousin, who is only 17.

1. a. Why should Miriam **disclose** to her insurance company that her young cousin will be using the car?

- b. What might be a short-term financial consequence of disclosing that a young person will be using the car?

- c. What might be a long-term financial consequence of **not** disclosing that a young person will be using the car?

Part Three

Miriam was using her car to make an Uber Eats delivery when she had her accident. When she looks at her insurance policy, she discovers that she is not covered if she has been using her car for work.

1. a. What might be a short-term financial consequence of **not disclosing** that she was using the car for work when she makes her claim?

- b. What might be a long-term financial consequence of **not disclosing** that she was using the car for work if the insurance company finds out about it?

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