

Protecting your home

Students act out scenarios and insert key vocabulary words into an insurance scenario to become familiar with how renter's and homeowner's insurance can help people manage expenses related to unexpected troubles that may happen.

Learning goals

Big idea

Homeowner's and renter's insurance can protect people from unexpected expenses when challenging life events happen.

Essential questions

- What does it mean to be insured?
- Why do people need renter's or homeowner's insurance?

Objectives

- Identify the purpose of renter's or homeowner's insurance
- Understand the risks of not having renter's or homeowner's insurance

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

-  Executive function
-  Financial knowledge and decision-making skills

Grade level: Middle school (6-8)

Age range: 11-14

Topic: Protect (Managing risk, Using insurance)

School subject: English or language arts, Fine arts and performing arts

Teaching strategy: Direct instruction, Project-based learning

Bloom's Taxonomy level: Understand, Apply

Activity duration: 45-60 minutes

National Standards for Personal Financial Education, 2021

Managing Risk: 4-1, 4-2, 4-4, 8-1, 8-2, 8-3, 8-4, 8-5, 12-3

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

What students will do

- Understand and apply key vocabulary associated with insurance.
- Act out scenarios about accidents that can happen to homes.

Preparing for this activity

- While it's not necessary, completing the "[Protecting yourself against risk](#)" activity first may make this one more meaningful.
- Consider displaying the poster, "[What is Insurance?](#)" before doing this activity.
 - You can order the poster for free here: <https://pueblo.gpo.gov/CFPBPubs/CFPBPubs.php?PubID=13471>
- Print copies of all student materials for each student, or prepare for students to access them electronically.
- Print and cut out the homeowner scenarios in this guide to hand out to students.

What you'll need

THIS TEACHER GUIDE

- [Protecting your home](#) (guide)
[cfpb_building_block_activities_protecting-your-home_guide.pdf](#)

STUDENT MATERIALS

- [Protecting your home](#) (worksheet)
[cfpb_building_block_activities_protecting-your-home_worksheet.pdf](#)
- [What is insurance?](#) (handout)
[cfpb_building_block_activities_what-is-insurance_handout.pdf](#)
- Homeowner scenarios (in this guide)

Exploring key financial concepts

Risk is something that exposes people to danger, harm, or loss. We face risks every day and these risks often can have a financial impact on our lives. People who rent or own homes are at risk for situations like a leaky roof, water damage, theft, or a house fire. If we had to pay the full costs to repair our houses or to replace the

contents of our apartments from this kind of damage, it could cost a lot of money. To protect themselves from having to pay a lot of money because of these kinds of risks, people often buy renter's or homeowner's insurance policies.

Consumers pay a fee, called a premium, for these policies. Premiums are usually much less expensive than the cost of home repairs from unexpected damage. A consumer who buys an insurance policy is called a policyholder. A policyholder might pay the premium all at once or through a payment plan that divides the total cost into payments that are made monthly, quarterly, or some other agreed payment schedule.

Teaching this activity

Whole-class introduction

- Tell students that they'll learn about insurance and why it's an important part of managing risk.
- Distribute the "What is insurance?" handout and give students time to read it.
- Be sure students understand key vocabulary:
 - **Deductible:** The amount of expenses the insured must pay before the insurance company will contribute toward the covered item. For example, the amount you pay for covered health care services before your insurance plan starts to pay is your deductible.
 - **Homeowner's insurance:** Covers a home's structure and the personal belongings inside in the event of loss or theft; helps pay for repairs and replacement.
 - **Insurance:** The practice or arrangement in which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.
 - **Insured:** The person, group, or organization whose life or property is covered by an insurance policy.
 - **Insurer:** A person or company offering insurance policies in return for premiums; person or organization that insures.

TIP

Because products and terms related to renter's and homeowner's insurance change, students should be encouraged to always look for the most up-to-date information.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

- **Policy:** In the insurance context, it is a written contract between the insured and the insurer.
 - **Policyholder:** The individual or firm that acquires and wants protection from the risk and generally in whose name an insurance policy is written. The holder is not necessarily the insured.
 - **Premium:** The amount of money that has to be paid for an insurance policy.
 - **Risk:** Exposure to danger, harm, or loss.
- Distribute the “Protecting your home” worksheet.

Individual and group work

- Have students form groups of two or three.
- Give each group a scenario slip.
 - Each group will act out the scenario on their slip.
- Have students discuss how renter’s and homeowner’s insurance could help people fix the problem described in each scenario.
 - Make sure to explore the key vocabulary words in this discussion.
- Give students time to work independently to complete the worksheet.
 - They’ll fill in the blanks to use the proper vocabulary in the scenario.
 - The reflection questions will help them think about the importance of renter’s and homeowner’s insurance and other ways people protect their home and belongings.

Wrap-up

Bring the class back together to discuss the vocabulary words and reflection questions.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topics of protection, including managing risk and using insurance. Suggested activities include [“Playing an insurance game”](#) and [“Learning about the Good Student Discount.”](#)

Measuring student learning

Students' answers on their worksheets and during discussion can give you a sense of their understanding. This answer guide provides answers for the "Protecting your home" worksheet.

Keep in mind that students' answers during discussion and to the reflection questions may vary, as there may not be only one right answer. The important thing is for students to have reasonable justification for their answers.

Answer guide

Homeowner scenarios

Students' responses may vary but should indicate that insurance can help pay for property damaged or lost in each scenario.

An insurance scenario: Checking your understanding

Diane recently bought a house after renting an apartment for many years and wanted to be a responsible homeowner. Her lender told her about the different **risks** of owning a house. She had renter's insurance before and now needed a type of **insurance** that would compensate her for specific losses or damages that can occur with her new home. This type is called **homeowner's insurance** and is specific to a house and its potential repairs or replacements.

Diane read up about what a homeowner's insurance **policy** included to make sure that she understood the differences between contracts from various companies. She understood that as a **policyholder**, or a person purchasing the insurance, she would buy insurance from a company to pay for possible damage to or theft at her home. Diane would have to pay a **premium** each month to the insurance company for the policy of her choosing. Once she has chosen a policy and paid her premium, she is considered **insured**, or covered by an insurance company. The company that she chose is an **insurer** who offers insurance once a premium is paid.

Homeowner scenarios

Print and cut out the homeowner scenarios to hand out to students.



Scenario 1

The roof starts leaking and floods the attic. The water then leaks from the attic into the bedrooms below.

Scenario 2

During a bad thunderstorm, a tree falls on the house and damages the roof and some windows.

Scenario 3

During a very cold winter, your water pipes freeze and then burst, flooding your basement.

Scenario 4

Someone leaves a candle burning. It falls over in the living room and starts a fire that damages the living room and kitchen.

Scenario 5

A contractor who is building a garage for you accidentally pulls an electric line from the house and causes an electrical fire. The fire burns down the side of the house.

Scenario 6

You get back from vacation and discover that your house has been broken into. Your television, computer, and other valuables have been stolen.

Scenario 7

A tornado hits your town and you must evacuate. When you return, you see that the high winds damaged the deck and the back of your house.