

## **Business and Personal Finance © 2012**

### **Chapter 23: Health, Disability, and Life Insurance**

#### **Check Your Answers: Section Assessment**

#### **Section 3**

##### **Review Key Concepts**

1. Disability insurance will protect your earning power by providing income when you are unable to work due to illness or injury, thereby insuring that you can still pay your bills and maintain a standard of living.
2. Worker's compensation would not provide income for someone who was injured outside of work or who became pregnant or ill.
3. When purchasing disability insurance, you should look at the waiting period, duration of benefits, amount of benefits, accident and sickness coverage, and guaranteed renewability.

##### **Higher Order Thinking**

4. Sample response: Professional athletes might have a greater need for disability income insurance because they have a high risk of injury. Also, if an athlete becomes ill, he or she is less likely to be able to perform his or her job.

##### **English Language Arts**

5. **Inclusive Insurance** Articles should explain how dependent all people are on regular income and that many people in the entertainment industry might be unable to perform due to a wide range of possible accidents. For example, a musician would be unable to play his instrument if he fell and broke his wrist. An actor could not perform if she had bruises or bandages visible. Without disability insurance, these accidents could lead to lack of income which could cause people to fall prey to debt collectors or foreclosure.

##### **Mathematics**

6. **Worker's Compensation** First 4 months benefit received =  $100\% \times \$3,500 \times 4$  months = \$14,000; Next 5 months benefit received =  $65\% \times \$3,500 \times 5$  months = \$11,375; Total benefit received =  $\$14,000 + \$11,375 = \$25,375$ ; Income earned with no injury =  $\$3,500 \times 9$  months = \$31,500.