# Business and Personal Finance © 2012

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

### Check Your Answers: Section Assessment

### Section 1

**Review Key Concepts**
**1.** Hospital expense coverage pays for some or all of the daily costs of room and board during a hospital stay, as well as routine nursing care, minor medical supplies, and the use of other hospital facilities. Surgical expense coverage pays all or part of the surgeon's fees for an operation. Physician expense coverage meets some or all of the costs of physician care that do not involve surgery.

**2.** Other policies include major medical expense, hospital indemnity, dental expense, vision care, and long-term care.

**3.** Health insurance is a form of protection against the financial burden that can occur due to illness or injury.

**Higher Order Thinking**
**4.** Possible response: A reimbursement policy pays you back for actual expenses so you are not out any money but this might come with a higher premium since costs have the potential of being higher. And indemnity policy pays only a specified amount, regardless of the actual cost so you could have to pay part of the expense out of pocket, but because the expenses are more determined, it could mean a lower monthly premium.

**English Language Arts**
**5. Physical and Financial Health** Dialogues will vary but should include realistic questions from Bryan about the cost and necessity of insurance. Answers should reflect an understanding of the section content. For example, "You never know when you will be involved in an accident and the medical costs could be in the tens of thousands of dollars. By purchasing insurance, you can be sure that you can afford the care you will need. If you are concerned about the cost, you can choose a plan with a higher deductible or coinsurance to help keep the monthly fees low."

**Mathematics**
**6. Coinsurance or Stop-Loss?** Coinsurance policy expense incurred by policy holder excluding deductible = ($3,000 - $600) × 20% = $480; Total coinsurance expenses incurred = $480 + $600 = $1,080; Total stop-loss expense incurred = $1,000; The stop-loss provision provides greater savings in this case.