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Student Assessment

Student name:

NSN number:

Date (DD/MM/YYYY):

LEVEL

2

CREDITS

3

THEMES

Insurance

NZQA QAAM

3182

Explain insurance products as financial risk management strategies for personal finances

Version: 4 | Level 2 | Credits: 3

Assessment activity



These assessment tasks provide an opportunity for you to explain insurance products as financial risk management strategies for personal finances.

This assessment has **one task**. You will be assessed on how well you:

- explain insurance product types in terms of their purpose, features and suitability to personal circumstances. Insurance product types may include but are not limited to: life, disability and health (medical) insurance, trauma (also called critical illness), income protection and mortgage protection insurance, travel, house, motor vehicle, contents; four insurance products are explained
- explain the components of an insurance policy in terms of their impact on personal finances. Components of an insurance policy may include but are not limited to: excess, premium, sum insured, claims process, coverage, exclusions; four components are explained
- describe how the components of an insurance policy impact on personal finances
- justify how disclosure and its related consequences can impact insurance products as financial risk management strategies on personal finances.

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"> • explain four insurance products in terms of their: <ul style="list-style-type: none"> - purpose - features - suitability to personal circumstances. <p>Insurance product types may include but are not limited to:</p> <ul style="list-style-type: none"> ◦ life ◦ disability and health (medical) insurance ◦ trauma (also called critical illness) ◦ income protection ◦ mortgage protection ◦ travel ◦ house ◦ motor vehicle ◦ contents. <ul style="list-style-type: none"> • explain the consequences of non-disclosure in terms of impact on policy coverage and claims. 	<p>As well as meeting the requirements for Achievement, you need to:</p> <ul style="list-style-type: none"> • include a description of how the components of an insurance policy impact on personal finances. 	<p>As well as meeting the requirements for Merit, you need to:</p> <ul style="list-style-type: none"> • justify how disclosure and its related consequences impact on personal finances.

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

This task requires you to complete tables to explain insurance product types, components of insurance policies, and the consequences of non-disclosure on personal finances.

Question

For each scenario in the tables below,

- a) identify which of the following insurance product types of the person should consider:
- life
 - disability and health (medical) insurance
 - trauma (also called critical illness)
 - income protection
 - mortgage protection
 - travel
 - house
 - motor vehicle
 - contents.
- b) For each insurance product type, explain its purpose, features and suitability to personal circumstances.
- c) Explain four components of the insurance policy in terms of their impact on the person's finances.
- d) Explain and justify the impact on the policy coverage and claims process.

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

Scenario A

Shane, Tina and their 3 boys live in their own home in Christchurch. The boys love playing backyard cricket but often have a few accidents with smashing windows. Shane was convicted of fraud a few years ago with his previous business partner.

a) Type of insurance:

b) Explain the type of insurance in terms of its purpose, features and suitability for Shane and Tina and their boys:

c) Explain four components of the insurance policy, and describe how they may impact Shane and Tina's personal finances.

Components (Choose Four)	Explanation	Impact on finance
Excess		
Premium		
Sum insured		
Claims process		
Coverage		
Exclusions		

d) Explain and justify the impact on the policy coverage and claims process if Shane forgot to tell the insurance company of his fraud conviction.

Scenario B

Charlie has just bought his first motorbike from Trade Me. As yet, he has not had a chance to register it.

a) Type of insurance:

b) Explain the type of insurance in terms of its purpose, features and suitability for Charlie:

c) Explain four components of the insurance policy, and describe how they may impact Charlie's personal finances.

Components (Choose Four)	Explanation	Impact on finance
Excess		
Premium		
Sum insured		
Claims process		
Coverage		
Exclusions		

d) Explain and justify the impact on the policy coverage and claims process if Charlie forgot to tell the insurance company the motorbike was not registered.

Scenario C

Kate is a 40-year-old diabetic who would like to get insurance to give her family an inheritance after her death.

a) Type of insurance:

b) Explain the type of insurance in terms of its purpose, features and suitability for Kate:

c) Explain four components of the insurance policy, and describe how they may impact Kate's personal finances.

Components (Choose Four)	Explanation	Impact on finance
Excess		
Premium		
Sum insured		
Claims process		
Coverage		
Exclusions		

d) Explain and justify the impact on the policy coverage and claims process if Kate forgot to tell the insurance company she is a diabetic.

Scenario D

Susan is a solo mum with two boys. The boys are active and accident-prone and regularly needing to go to the doctor. She is worried that her youngest may need elective surgery in the near future due to him continually breaking his right wrist. Susan wants something to help with these costs.

a) Type of insurance:

b) Explain the type of insurance in terms of its purpose, features and suitability for Susan and her boys:

c) Explain four components of the insurance policy, and describe how they may impact Susan's personal finances.

d) Explain and justify the impact on the policy coverage and claims process if Susan forgot to tell the insurance company about her youngest son continually breaking his wrist.

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