

Ohio Council on Economic Education

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# ***STRIVE TO DRIVE***

**A Discovery Map® Student Activity**

## **Teacher's Guide**

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## TABLE OF CONTENTS

<b>Introduction</b> .....	<b>3</b>
<b>Special Notes</b> .....	<b>4</b>
<b>Teacher’s Role</b> .....	<b>5</b>
<b>Options for Implementation</b> .....	<b>6</b>
<b>Classroom Set Up</b> .....	<b>7</b>
<b>Facilitator Tips</b> .....	<b>8</b>
<b>Conducting the Activity</b> .....	<b>9</b>
<b>Suggested Internet Resources</b> .....	<b>12</b>
<b>Checking Account Registers</b> .....	<b>13-14</b>

### Extension Activities & Lessons

<b>Activity: Picking the “Right” Automobile for Me</b> .....	<b>16</b>
<b>Activity: Why do I have to be Insured?</b> .....	<b>18</b>
<b>Activity: What Do You Think?</b> .....	<b>26</b>
<b>Activity: Bank, Cookie Jar or Under the Mattress?</b> .....	<b>28</b>
<b>Activity: Do I Deserve Credit?</b> .....	<b>31</b>
<b>Ohio K-12 Social Studies Academic Content Standards</b> .....	<b>34</b>
<b>Acknowledgements</b> .....	<b>35</b>

***STRIVE TO DRIVE***

# Introduction

## Overview of Activity

The program you are about to facilitate, *Strive to Drive*, is a fun, fast-paced Discovery Map<sup>®\*</sup> activity that will allow your students to learn what it takes to buy a car. They'll learn about researching prices, negotiating, getting and keeping a job, taking out loans, securing insurance, making decisions about deductibles, planning for car maintenance and more.

The activity takes place around a table-sized poster/game board and includes a set of cards that direct students through a series of questions and decisions. *Strive to Drive* is designed as a process of **discovery**. It's an **experiential, accelerated** and **high-involvement** learning experience that creates an atmosphere of productive *play* while using the energy of small student teams working and learning together.

Discovery Learning programs, like *Strive to Drive*, are designed to do the following:

- ☑ **Attract and Intrigue:** Grab attention with visuals and a relevant storyline.
- ☑ **Jump-Start Thinking:** Provide just enough information to get the activity started
- ☑ **Get the Brain Churning:** Guide teams to think, act and question what they see and hear.
- ☑ **Promote Discovery:** Develop new insights and “ah-ha’s” as teams move through the activity.
- ☑ **Bridge and connect to real life:** Make clear connections to real-life issues.

## How it Works

Small teams will work together, reading cards and using the Discovery Map and each other's knowledge to answer questions or to make decisions:

- θ **Multiple-choice cards** ask students to select the best answer; answers appear on the next card.
- θ **Discussion cards** require students to discuss a particular topic and sometimes make a decision.
- θ **Action cards** and chance cards may require the students to take some action or to prepare for the next learning point.

Students work in small teams, following a storyline about buying a new car.

Along the road of *Strive to Drive*, students record deposits (money earned) and withdrawals in a checking account register that is located on page 11 of this guide.

After the activity, students will analyze their decisions and rethink the choices they made.

*\* Discovery Map<sup>®</sup> - this is the game board/poster used in the activity*

## Special Notes:

**“Factoids”:** Interesting tidbits of information related to the *Strive to Drive* activity are located on the Map in shaded boxes. They are meant to add interest and are *not* a primary part of the structured activity. You may want to give students some time after finishing all of the cards to review each of these factoids. Then, you can add a quiz or game to complete the entire program. This quiz could include information learned during the structured activity and from the factoids.

**Reading Level:** The Fry readability graph for educators was used to determine grade reading level of the *Strive to Drive* Activity Cards. Content was measured from several different cards in the activity card set. Results yielded a 5.5 grade reading level.

**Checking Account:** *Strive to Drive* has been designed so that all teams will have money left in this account at the end of the program – some more and some less! Don’t let students get hung up on the math – this is much less important than the learning that occurs as money flows in and out of the account. At the end of the program, you’ll want to have teams share “what’s left” and “why” to get everyone thinking about choices, risks and consequences of decisions.

## Teacher's Role

You have several responsibilities for ensuring that maximum learning occurs during *Strive to Drive*.

Materials that you may wish to have on hand include: flip chart, overhead, markers, pens, pencils and calculators.

### 1. Introduce the activity

With **great enthusiasm**, read the “program kick-off” which appears later in this guide on page 9.

During the activity, answer any questions about the directions. If students ask questions about *content*, you should suggest that these questions be recorded on a “Parking Lot” flip chart page, for later discussion. This way, the energy of the activity is not interrupted.

### 2. Monitor time

The activity should last about 90 minutes. This can be broken into two sessions, or played in one 90-minute session.

Each team will select a timekeeper to keep the activity on track. Your role is to make sure that all teams are traveling through *Strive to Drive* at about the same pace and that they end at about the same time.

### 3. Close and summarize

End the activity by summarizing what the students have experienced and learned. Have a discussion about any items that made it to the “Parking Lot,” invite a guest speaker or, you may want to add a quiz at the end to wrap up the learning with a little competitive fun.

## Options for Implementation

### Assign pre-reading or pre-work

Depending on your curriculum goals, you may want to consider assigning pre-work around:

- **Banking Basics:** what you need to open an account, choosing a bank, how to write a check, power of compounding, applying for a loan.
- **Careers and Interview Skills:** appearance, resume, possible questions/answers.
- **Consumer Credit:** establishing good credit, how credit decisions are made.
- **Automobiles:** researching prices, calculating payments, financing options.
- **Automobile Insurance:** learning the language, types of auto insurance, costs of insurance coverage, deductibles, safe driving.

*A list of suggested internet resources is included on page 12 of this guide.*

### Use outside resources to supplement activity

You may want to invite an insurance agent, car dealer, credit union representative or bank loan officer to speak with the class prior to, during or right after implementing *Strive to Drive*.

### Conduct Program Over Two Days

If you elect to implement *Strive to Drive* in more than one session, there are two possible stopping points.

1. The first is **at the conclusion of card 21**, which reviews loan options. You could stop here and discuss loan sources, interest rates and fees.
2. The second is **after card 29**, prior to the section on car insurance. This is about 45 minutes into the activity and a great time to discuss car insurance (or to assign homework around this issue). It also provides an opportunity to discuss decisions the various teams have made to this point. They are:
  - Researching which car to buy
  - Researching car dealers
  - Finding and keeping a job
  - Temptations for spending
  - Warranties
  - Negotiating
  - Loan sources
  - Down payments
  - Establishing credit

### Design and Conduct an End-of-Activity Quiz or Game

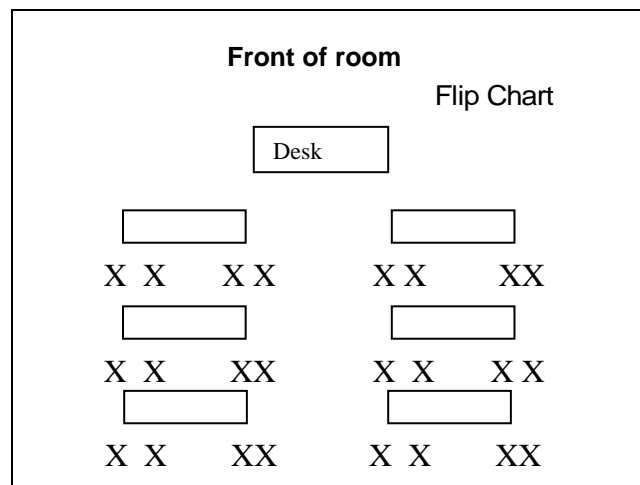
Design a quiz or competitive game using the factoids scattered around the Map and information learned during the *Strive to Drive* activity. A timed, fill-in-the-blank quiz could be used with individuals or teams. Or, a “Jeopardy”-type game could be designed to provide questions with different point values for the team that “rings” in first. In either case, an element of competition with prizes awarded can be a fun, high-energy way to end *Strive to Drive*.

# Logistics

## Set-up

Ideally, this activity was designed for a team of four/five learners working around a Discovery Map®. When the activity begins, teams will be reading the first card or two at the same pace. As the activity progresses, however, teams will work through the activity at different paces. As excitement builds and discussions continue, the volume builds and adds to the energy of the learning activity!

Round or rectangular tables may be used as long as the Map fits on the table. In the event that you have to push desks together, try to arrange them so the Map is as flat as possible. A sample room set-up diagram appears below.



## Materials – Per Team

- θ One Discovery Map for every team of four/five
- θ One deck of 51 cards for each team placed on the Map where indicated
- θ One Copy of checking account register\*

**Special Note About Size of Team:** You can also conduct this activity with six students – three (3) per team around each Map – poster/game board – each team will have a checkbook register, make their own decisions while sharing a deck of cards. If you choose to do this, you will need to provide each team with a paper copy of the Checking Account Register (see pages 13-14).

*\*Two Checking Account Registers are prepared for you – select the one of your choice, note the register on page 14 provides the card number and activity for greater student guidance.*

## Facilitator Tips

- θ It is important that the activity begins with a great deal of **enthusiasm**. Use your voice, facial expressions and body language to communicate that something new and exciting is about to happen.
- θ Encourage the teams to utilize allotted time to discover, discuss and learn. **Speed is not the objective**. There are no prizes for the team that completes the exercise first.
- θ Announce that team members may be introduced to **new terms or concepts**, which will help them in the future and may not be fully explained in this activity. The learner should note those terms or concepts and take responsibility to seek further understanding and knowledge outside of this session.
- θ Create a **“Parking Lot”** on a flip chart page or chalkboard. There may be important questions or points raised that can be addressed in more detail in other classroom sessions or which will require more discussion time or expertise than currently available. Capture those points and address them outside of the *Strive to Drive* exercise, as appropriate.
- θ Students may need to have **paper and pen/pencil** available to do some simple math needed to be able to fill in the Checking Account Register on the Discovery Map.
- θ Occasionally, answers will be obvious to some participants but **new information** for others.
- θ The next section of this Teacher’s Guide, “Conducting the Activity,” is written in script form and can literally be read to the group if you choose. Topics appear in the left column, the script is in the right column.



## Conducting the Activity

### Program Kick-Off

*(Read the following with a great deal of expression.)*

**“Ready to get behind the wheel of your very own car?”**

**“The purpose of *Strive to Drive* is to help you think about things like getting and holding a job, managing cash, buying a car and making good decisions to help you hang onto the car. You will be answering questions and making decisions that have no right or wrong answers. You’ll need to follow your instincts and have fun.”**

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### Directions

**“*Strive to Drive* will give you an understanding of the decisions and risks associated with buying a car. You will be working with your team around the *Strive to Drive* Discovery Map as you read the cards to each other answer questions and make decisions. *(Point out cards)*.**

**Do NOT pass the cards out! You’ll take cards from the top of the stack and replace them on the bottom as you finish.**

**Instructions at the bottom of each card will direct you to the next step in the activity. Take turns reading each card and, as a team, answer the questions and follow the directions.**

**It is very important to understand that this activity has very few ‘right’ or ‘wrong’ answers. Think about choices when they’re presented to you, but think about making *real* choices you *want* to make versus those you think you *should* make.”**

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### Selecting Timekeepers

**“You will notice that there are time limits on each card. However, this is NOT a race! The timing just keeps you focused and moving along at a comfortable pace. Your team should use all of the time indicated on the cards to discuss issues completely. There are no prizes for finishing first.”**

**“Each team needs to select a timekeeper to help the rest of the team stay on track. Select your timekeeper now.”**

## Starting the Activity

**“What questions can I answer before we begin?”**

*(Remember, answer “directions only” questions and then move on.)*

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**“You have 90 (or 45) minutes to complete the activity. Begin now by turning over Card 1 and reading it out loud.”**

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## Timekeeping Updates (to be used as a general guide)

<b>After this time . . .</b>	<b>Tell the group this . . .</b>
25 minutes	You should be completing Card 15 at this time.
50 minutes	You should be completing Card 30 at this time.
70 minutes	You should be completing Card 46 at this time.
90 minutes	You should be completing Card 51 at this time.

## Ending the Activity

### Possible questions to ask:

“How much money does your team have left in its account?”

“Why?”

“What would you have done differently and why?”

“Do you have enough money for the next car payment? If not, what will you need to do?”

## Summary and Close

**“You have just navigated your way through *Strive to Drive*. To get there you have had to find a job, choose a car, find a seller, negotiate a price, apply for a loan and sort through insurance options. This is the same process you will follow when you *really* want to buy a car.”**

**“*Strive to Drive* was full of twists and turns, and a few roadblocks popped up along the way.**

**The road to owning your own wheels can be confusing and a little tricky! But if you read the signs and stay on course, it is worth it to feel the freedom of the road.”**

## Special Notes

**CARDS 30 & 31** - Insurance companies country-wide are no longer permitted to use gender for rating purposes.

**CARDS 33 & 34** – “Uninsured/underinsured motorist coverage” is not required by law. It is optional. However, it is a good idea to have the coverage if you live or drive in an area with a high percentage of uninsured/underinsured vehicles.

**CARDS 40, 41 & 42** – All insurance quotes are based on liability coverage of 50/100/50 and medical payment coverage of \$10,000. If choosing to satisfy Ohio’s financial responsibility law via insurance, the minimum coverage required is bodily injury liability, \$12,500 per person and \$25,000 per accident; and property damage liability, \$7,500 per accident. Most insurance agents strongly advise against the minimum coverage, due to the cost of repairs and today's litigious environment, but it is the customer who ultimately decides what coverage he or she wants. An insurance agent should never tell a customer what coverage they should have. They merely suggest.

**CARD 42** – People typically drop collision & comprehensive coverage on an older vehicle because the premiums they will pay may add up to be more than the value of the car, should it be stolen or damaged.

## Suggested Internet Resources

Ohio Council on Economic Education for information on *Strive To Drive*, Jeopardy Activity and Extended Glossary of Insurance Terms Available: [www.ocee.org](http://www.ocee.org)

Ohio Insurance Institute: [www.ohioinsurance.org](http://www.ohioinsurance.org)

OII's Ohio Insurance Facts <http://www.ohioinsurance.org/factbook/index.asp>

OII's Glossary of Insurance: [www.ohioinsurance.org/factbook/glossary/glossary\\_a.asp](http://www.ohioinsurance.org/factbook/glossary/glossary_a.asp)

### CAREERS - Interview questions

[www.job-interview.net/Bank/QGeneral.htm](http://www.job-interview.net/Bank/QGeneral.htm)   [www.job-interview.net/Bank/QYou.htm](http://www.job-interview.net/Bank/QYou.htm)

[interview.monster.com/](http://interview.monster.com/)

[www.pohly.com/interview.shtml](http://www.pohly.com/interview.shtml)

[www.mapping-your-future.org/MHSS/](http://www.mapping-your-future.org/MHSS/)

<http://jobsfaq.com/interview/>

US Dept of Labor Occupational Outlook Handbook [www.bls.gov/oco/home.htm](http://www.bls.gov/oco/home.htm)

MSN Career Builder

<http://msn.careerbuilder.com/Custom/MSN/CareerAdvice/Interviewing.htm?siteid=cbmsn10000&cbRecursionCnt=1&cbsid=0653cb863e424d8387895cf363022204-152789309-s0-1>

### CAR RESEARCH

Kelley Blue Book - [www.kbb.com/](http://www.kbb.com/)

NADA Appraisal Guides - [www.nadaguides.com](http://www.nadaguides.com)

Edmunds Car Buying Guide - [www.edmunds.com/](http://www.edmunds.com/)

American International Automobile Dealers - [www.aiada.org/](http://www.aiada.org/)

### BANKING, LOANS, INTEREST RATES AND CALCULATORS

“Common Cents” – a free financial education resource for teachers!

[www.statefarm.com/kidstuf/commoncents/teachers.htm](http://www.statefarm.com/kidstuf/commoncents/teachers.htm)

[www.statefarm.com/bank/bank.htm](http://www.statefarm.com/bank/bank.htm)

[www.statefarm.com/planning/planning.htm](http://www.statefarm.com/planning/planning.htm)

[www.bankrate.com/overkeyword/rate/auto\\_home.asp?link=8](http://www.bankrate.com/overkeyword/rate/auto_home.asp?link=8)

[www.bankrate.com/brm/popcalc2.asp](http://www.bankrate.com/brm/popcalc2.asp)

[http://autos.msn.com/finance\\_insurance/finance.aspx?src=LeftNav](http://autos.msn.com/finance_insurance/finance.aspx?src=LeftNav)

<http://loan.yahoo.com/a/autocalc.html>

### INSURANCE and SAFETY

Prevention and Safety [http://www.statefarm.com/learning/be\\_safe/road/road.asp](http://www.statefarm.com/learning/be_safe/road/road.asp)

Coverage, Deductibles [http://www.statefarm.com/insurance/auto\\_insurance/ins\\_auto\\_type.asp](http://www.statefarm.com/insurance/auto_insurance/ins_auto_type.asp)

Teen Driving Statistics <http://www.iii.org/media/hottopics/insurance/teendrivers/> and

<http://ohioinsurance.org/consumers/teendrive.asp>

Ohio Insurance Institute's Consumer Fact Pak:

[http://ohioinsurance.org/consumers/fact\\_pak.asp](http://ohioinsurance.org/consumers/fact_pak.asp)

Insurance Institute for Highway Safety: [www.iihs.org](http://www.iihs.org)

### VEHICLE REGISTRATION

Ohio Vehicle Services [http://bmv.ohio.gov/registration\\_titling.stm](http://bmv.ohio.gov/registration_titling.stm)

Bureau of Motor Vehicles (BMV) branches: [http://bmv.ohio.gov/county\\_1st.stm](http://bmv.ohio.gov/county_1st.stm) and BMV

Digest of Motor Vehicle Laws: <http://publicsafety.ohio.gov/links/hsy7607.pdf>



## Checking Account Register

CARD #	ACTIVITY	\$ AMOUNT OF DEPOSIT	\$ AMOUNT OF EXPENSE	BALANCE
6	Paycheck #1			
6	Shoe Box Savings			
11	Sound System			
13	Paycheck #2			
14	Car Inspection			
19	\$ from Uncle George			
20	Paycheck #3			
25	Kelley's Bet			
29	Paycheck #4			
32	Paycheck #5			
35	Paycheck #6			
38	Paycheck #7			
40, 41, 42	Insurance payment #1			
43	Car down payment			
43	Car Payment #1			
43	Insurance Payment #2			
44	Vandal Damage			
46	Misc. Expenses : gas, inspection issues (+/-), oil, filter, wipers			
48	\$ from Uncle George (\$10.00 /response)			
49	Paycheck #8			
49	Car Payment #2			
49	Insurance Payment #3			

**Strive To Drive**  
**Extension Activities & Lessons**



# STRIVE TO DRIVE

**Title:** Picking the “Right” Automobile for Me

**Purpose:** To review the class activity and reflect upon the new knowledge that students gained and the information that was refreshed.

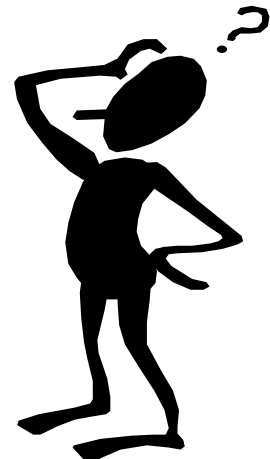
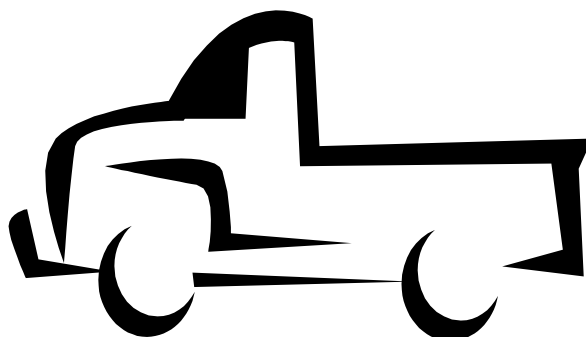
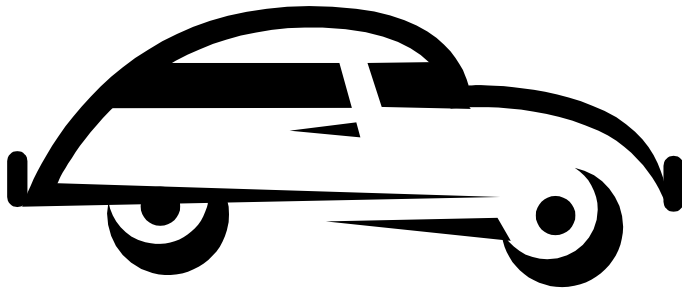
**Outcome:** Upon completion of the class activity *Strive to Drive*, participants will prepare a writing assignment for teacher evaluation or as a homework assignment.

**Time:** 45 minutes

**Materials:** Reflection sheet – or homework assignment

**Procedures:**

1. Provide each student with the reflection sheet. Upon completion have students flip the paper and draw a line down the middle creating two columns – what are the things they “want” in a vehicle, and in the second column list what items help make a specific vehicle a “good buy.”
2. When students have finished, divide students in small groups to debrief or share insights with entire class.





**What steps are necessary to acquire a vehicle?**



**What do you think is the most difficult step?**



**Do you have a goal of car ownership?  
When? How has this experience prepared you to achieve this goal?**



**Now that you have been through the exercise – list 5-10 specific things you need to know to select a vehicle.**



# STRIVE TO DRIVE

**Title:** Why Do I Have To Be Insured?

**Purpose:** To understand insurance basic terminology, the importance of being an insured driver, and to learn about the different types of insurance available.

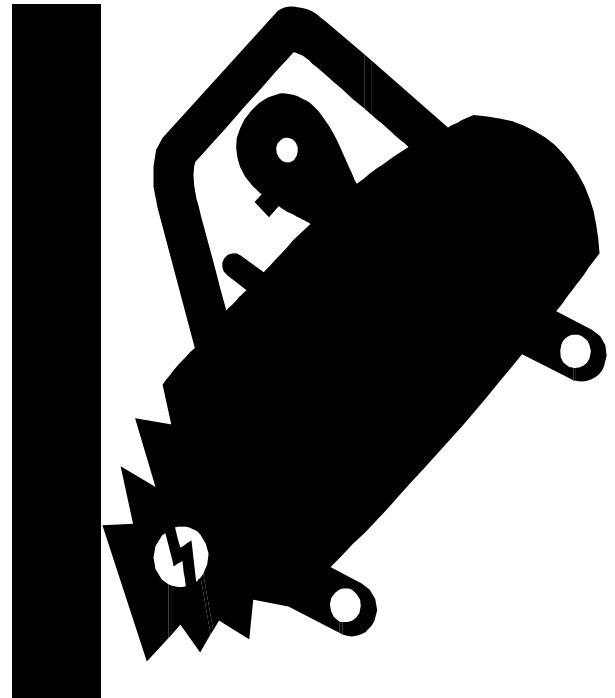
**Outcome:** Students will work through the word search and identify the insurance terms important to owning a car, there are lots of new terms for a student to familiarize themselves and master.

**Time:** 45 minutes

**Materials:** The content from this Web page is located below with permission from the Ohio Insurance Institute. You may choose to examine or print the info as a student handout from *OII's Ohio Insurance Facts* at [www.ohioinsurance.org/factbook/2006/chapter1/chapter1\\_a.asp](http://www.ohioinsurance.org/factbook/2006/chapter1/chapter1_a.asp)

**Procedures:**

1. Provide each student with a copy of the word search and the concept list.
2. Provide a copy of the *Auto Insurance: An Overview* handout from the Ohio Insurance Institute Web site or provided in this lesson.
3. As students find vocabulary, have them look up the definition and create a study sheet for reference or use the question/answer sheet to record their findings.
4. Allow time to identify the vocabulary, and either circle or highlight the terms with a light colored marker.
5. Follow up with a writing assignment on the back of the Word Search, instructing students to use at least five of the terms that they highlighted or circled in the search: "How important is automobile insurance?"



# Insurance Terminology Word Search

Student Name \_\_\_\_\_ Class \_\_\_\_\_ Date \_\_\_\_\_

F	H	P	R	O	P	E	R	T	Y	D	A	M	A	G	E	L	I	A	B	I	L	I	T	Y	S
G	E	T	R	E	A	L	S	L	L	W	C	E	W	R	T	A	N	N	S	B	A	S	I	W	E
H	L	L	E	A	R	N	T	O	I	M	C	L	S	F	J	B	S	O	T	E	R	A	M	S	F
S	P	I	N	L	E	H	O	O	S	C	I	R	Z	C	U	U	U	A	R	M	R	F	E	T	I
A	F	B	O	E	Q	I	P	K	T	B	D	C	U	C	S	C	R	L	I	E	I	E	L	U	V
R	O	E	K	G	W	T	Q	W	E	V	E	K	N	V	T	K	A	C	V	D	V	E	I	D	E
T	R	C	M	N	R	S	W	E	N	X	N	U	D	J	H	L	N	O	E	I	E	V	G	Y	A
Q	T	A	L	R	L	K	A	S	Z	V	T	S	E	G	G	E	C	H	T	C	B	E	S	E	O
W	H	R	S	W	M	I	P	A	R	K	D	O	R	O	O	U	E	A	O	A	P	R	I	D	E
T	E	E	T	D	B	P	R	O	T	E	C	T	I	O	N	P	R	L	D	L	H	Y	E	A	R
Y	G	F	R	A	V	C	R	U	I	S	E	S	N	D	L	Y	P	P	R	P	O	L	I	C	Y
I	A	U	A	U	X	C	O	M	P	A	R	E	S	S	O	O	A	L	I	A	N	Y	C	O	D
O	S	L	D	A	M	A	G	E	S	Y	O	U	U	T	C	U	S	A	V	Y	E	I	H	L	A
P	F	W	A	T	C	H	F	O	R	S	K	X	R	U	K	R	S	T	E	M	H	E	E	L	R
M	I	E	M	E	R	G	E	N	C	Y	L	D	E	D	D	S	J	E	K	E	O	L	C	I	K
B	N	V	E	H	I	C	L	E	S	P	R	R	D	E	O	E	Y	K	M	N	M	D	K	S	C
V	A	N	S	W	E	R	S	L	C	L	A	I	M	N	O	A	O	B	N	T	E	K	Y	I	A
C	N	P	R	E	M	I	U	M	J	Y	F	V	O	T	R	T	E	Y	H	S	T	M	O	O	R
X	C	O	V	E	R	A	G	E	W	N	X	E	T	S	S	B	E	A	L	E	R	T	U	N	K
Z	I	R	E	S	E	A	R	C	H	M	S	S	O	S	P	E	A	P	I	C	A	L	R	T	S
H	A	U	S	E	G	O	O	D	E	R	Q	A	R	A	O	L	S	E	G	A	I	O	T	O	O
J	L	S	E	N	S	E	P	A	U	S	E	F	I	V	S	T	K	X	H	U	N	S	I	H	N
A	R	W	A	T	C	H	Y	O	U	R	K	E	S	E	T	S	W	C	T	T	S	S	R	I	E
E	E	A	S	Y	W	L	I	A	B	I	L	I	T	Y	C	B	Q	L	S	I	W	O	E	O	C
U	S	D	E	S	I	G	N	A	T	E	D	D	S	I	V	E	R	U	W	O	I	C	P	C	O
R	P	W	A	T	C	H	Y	O	U	R	S	P	E	E	D	R	Y	S	M	N	N	C	R	O	N
B	O	D	I	L	Y	I	N	J	U	R	Y	L	I	A	B	I	L	I	T	Y	T	U	E	U	O
W	N	B	E	H	I	N	D	T	H	E	W	H	E	E	L	E	C	O	B	N	D	R	S	N	M
G	S	M	A	R	T	C	H	O	I	C	E	S	L	L	I	C	E	N	S	E	Q	R	S	C	I
M	I	Y	E	L	L	O	W	M	E	A	N	S	B	E	G	I	N	S	T	O	P	E	U	I	C
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claim  
coverage  
policy  
damages  
financial responsibility  
insurance

liability  
bodily injury liability  
accident  
collision  
protection  
exclusions

uninsured motorists  
loss occurrence  
hitskip  
medical payments  
underinsured motorists  
property damage liability

Find the terms listed by using a highlighter or circling the terms.

# Insurance Terminology Word Search

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**claim**  
**coverage**  
**policy**  
**damages**  
**financial responsibility**  
**insurance**

**liability**  
**bodily injury liability**  
**accident**  
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**property damage liability**

[www.ohioinsurance.org/factbook/2006/chapter1/chapter1\\_a.asp](http://www.ohioinsurance.org/factbook/2006/chapter1/chapter1_a.asp)

## **Auto Insurance: An Overview (Rev. 10/05)**

The automobile insurance policy currently in use, as provided by Ohio law, is described below. In general terms, a policy constitutes a contract by which a company promises to pay to, or on behalf of, an insured certain losses under specified conditions. The policy also provides certain services. Automobile insurance contracts generally spell out the dollar limits of coverage and the conditions applicable to a loss occurrence.

Note: This is a general description of coverages that vary based on your specific auto policy. It's important to read the policy and discuss any limitations or exclusions with your insurance agent or company representative. Equally important is to know and understand your duties in the event of an accident or loss. Failure to comply with these duties could void coverage.

### ***Contents of policy***

Most automobile insurance policies are composed of several interrelated parts. These parts are: declarations, coverages, supplementary payments, definitions, exclusions and conditions.

In an effort to help insurance consumers to better understand their policies, policy language has been simplified. Most policies are divided into separate parts, with each part indicating the amounts of coverage and conditions that apply to a given type of protection.

Whatever format is used, the intent is the same—to specify the maximum amount of coverage provided, when the coverage applies, the limitations to a given type of coverage and what is not covered.

A brief explanation of each section follows.

**Declarations:** The declarations section serves to personalize the policy by listing the pertinent information described in the policy, including the insured's name and address, the policy number, the type of policy, dollar limitations on various types of coverage, descriptions of vehicles covered, deductibles, policy dates indicating the time period in which coverage is provided, any endorsements that modify the basic coverages and, if applicable, the names of any other organization or person to whom payment is to be made in the event of a loss (e.g., bank with loan).

**Coverages:** Each automobile insurance policy provides several types of coverage, and each, when purchased, has a specific function. Common coverages are:

- **Bodily Injury Liability**—This protects you, up to the dollar amount stated in your policy, against the financial consequences of a loss arising from injury to someone from an automobile accident for which you are legally to blame. Defense costs are in addition to the limits of liability.

- **Property Damage Liability**—Similar to bodily injury liability coverage, except that it protects you against a claim for damage to another automobile or other property, in an accident for which you are legally liable. The protection is again up to the amount of insurance you purchase. Defense costs are in addition to the limits of liability.
- **Medical Payments**—Pays for medical or funeral expenses, up to the amount of insurance you purchase, for you and others injured or killed while riding in your car, no matter who caused the accident. It also covers you and resident members of your family if struck by a car as a pedestrian or if riding in another vehicle designed for use on public roads.
- **Uninsured Motorists (UM)**—Provides bodily injury coverage to the insured driver, resident members of your family and passengers, up to the UM policy limits, when involved in an accident caused by the negligent owner or operator of an uninsured vehicle or an unidentified “hit-skip.” The named insured and family members are also covered if they are pedestrians and struck by a UM vehicle.
- **Underinsured Motorists (UIM)**—Provides bodily injury coverage to the insured driver, resident members of your family and passengers, up to the UIM policy limits, when involved in an accident when the at-fault driver’s bodily injury liability policy limits are less than your UIM limit.
- **Uninsured Motorists Property Damage (UMPD)**—Provides coverage for damage to your vehicle if it is struck by an identified negligent uninsured motorist. Insurance companies are not required to offer UMPD to those carrying collision coverage, since it provides similar coverage. Coverage amount is normally \$7,500 and includes a deductible usually no higher than \$250 (higher limits might be available).
- **Collision**—This coverage pays for damage to your car caused by impact with another object or an overturn, irrespective of fault. The collision coverage usually includes a deductible. This means you pay the first \$100, \$200 or so for repairs to your car and the company pays the rest.
- **Other Than Collision**—This is a catch-all coverage that pays you for damage to your car caused by something other than collision or upset. Perils covered under “other than collision” may include fire, theft, missiles, falling objects, larceny, explosion or earthquake, tornadoes and windstorms, hail, water, flood, malicious mischief, vandalism, riot, civil commotion and contact with a bird or animal. “Other than collision” is also available with deductibles. It is also known as “comprehensive” insurance coverage.

**Supplementary Payments:** This provides for payment over the limits of liability noted in your policy for expenses incurred by the insurance company, all costs taxed against you in a court suit, attorney’s fees, bail bonds (up to a certain amount) and related costs. It also covers reasonable expenses you incur at the request of the company. Most policies cover up to \$200 a day for actual lost wages if attending a hearing or trial at the company’s request.

It is important to note that such expenses are an important benefit to policyholders. To illustrate, a basic and very important provision of automobile liability insurance contracts is the promise of the insurance company to “pay for damages for bodily injury or property damage for which any insured is legally responsible because of an accident. In addition to our (the insurance company’s) limit of liability, we will pay all defense costs we incur.” Thus, coverage for legal expenses is a direct benefit to policyholders, expenses they would incur if it were not for the insurance policy.

**Definitions:** This section of the insurance policy defines the various terms used in the policy. It explains such terms as who is covered by the contract and what the company describes as the “covered auto.”

**Exclusions:** Each coverage section in a policy includes exclusions. Exclusions clarify the intent of the insurance policy by explaining the situations in which the policy will not cover you or the insured vehicle. You may be able to “buy back” coverage for certain exclusions by adding endorsements to the policy. Policyholders should pay special attention to these sections and should be aware that the policy does not cover all things under all circumstances.

**Conditions:** This section establishes the conditions that must be present or complied with by the company and/or the insured. Examples of conditions include time-period restrictions, duties in the event of a claim, proof of loss, cancellations, etc.

### ***Liability limits***

Under Ohio law, the minimum amounts of liability insurance that satisfy financial responsibility law requirements are:

- \$12,500 for any one person killed or injured in an accident caused by the policyholder
- \$25,000 as a total limit for all persons killed or injured in an accident
- \$7,500 for property damage caused in the accident

If you feel that these limits are not sufficient, you may purchase higher amounts. Many companies also offer policies providing a single limit of liability—such as \$35,000 or \$100,000—that covers both Bodily Injury and Property Damage Liability.

### ***Ohio’s financial responsibility law***

The financial responsibility (FR) law, which took effect October 1953, is NOT a compulsory automobile insurance law. No motorist is forced to buy auto liability insurance. The law DOES require drivers to be insured or have other arrangements to pay for injuries or damages they cause in the event of a crash. The law provides protection against irresponsible drivers.

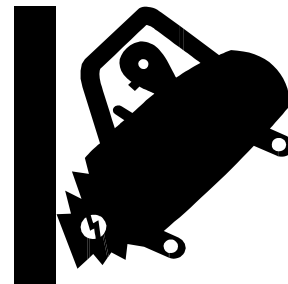
Stricter penalties for violators of the FR law were legislated during 1994. As of October 20, 1995, this law requires law enforcement officials to ask for proof of financial responsibility when a motorist is stopped for any moving violation, accident or a vehicle safety inspection. The law requires insurance companies to issue auto insurance identification cards to policyholders, which suffices as proof of financial responsibility.

As an additional enforcement measure, the Ohio BMV enacted a mail-in random verification program in December 1998. Those receiving the mailing are also required to provide proof of FR.

For further information see the section titled “[Ohio’s Financial Responsibility Law](#).”

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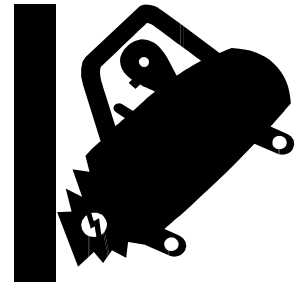
Name \_\_\_\_\_



1. What is an insurance policy?
2. Under Ohio's Financial Responsibility law, is an auto owner or operator required to obtain auto insurance?
3. What is required if an auto owner or operator does not have auto insurance?
4. What is the minimum amount of liability insurance required to satisfy Ohio's financial responsibility law?
5. What type of coverage will pay for medical and funeral expenses no matter who caused the accident?
6. What type of coverage protects you against a claim for damage to another auto or other property, for an accident in which you are at fault?
7. What type of coverage protects you against loss resulting from an injury to a passenger, for an accident in which you are at fault?
8. What type of coverage pays for the damage to your car caused by a car accident?
9. What type of coverage protects the owner from loss due to a hit-and-skip accident?



Name \_\_\_\_\_



1. What is an insurance policy?

*The name generally used to mean the written contract of insurance.*

2. Under Ohio's Financial Responsibility law, is an auto owner or operator required to obtain auto insurance?

*The financial responsibility law which took effect October 1953 is NOT a compulsory automobile insurance law. No motorist is forced to buy auto liability insurance.*

3. What is required if an auto owner or operator does not have auto insurance?

*The law requires drivers to be insured or have other arrangements to pay for injuries or damages they cause in the event of a crash. The law provides protection against irresponsible drivers.*

4. What is the minimum amount of liability insurance required to satisfy Ohio's financial responsibility law?

*The minimum amounts of liability insurance requirements are:*

- \$12,500 for any one person killed or injured in an accident caused by the policy holder
- \$25,000 as a total limit for all persons killed or injured in an accident
- \$7,500 for property damage caused in the accident

5. What type of coverage will pay for medical and funeral expenses no matter who caused the accident?

*Medical Payments*

6. What type of coverage protects you against a claim for damage to another auto or other property, for an accident in which you are at fault?

*Property Damage Liability*

7. What type of coverage protects you against loss resulting from an injury to a passenger, for an accident in which you are at fault?

*The Bodily Injury Liability*

8. What type of coverage pays for the damage to your car caused by a car accident?

*Collision*

9. What type of coverage protects the owner from loss due to a hit-and-skip accident?

*Uninsured Motorists*

# STRIVE TO DRIVE

**Title:** What Do You Think?

**Purpose:** To review the information from the *Strive to Drive* activity, consider the data provided and prepare their response using basic research and writing skills.

**Outcome:** Participants will each write a response to the prompt provided.

**Time:** 40 minutes + outside research time

**Materials:** Writing prompts attached to the lesson.  
Teacher must choose whether to have students work individually or in small groups.

**Procedures:**

1. You may use this exercise as homework or to evaluate students' participation in the activity. Duplicate the writing prompts and have students select for themselves, randomly assign the prompts, or divide these into group assignments.
2. Students will read the prompts, identify at least 3 major issues or points and research not only the web site provided but others which will support their points.
3. You may choose to use these as a homework assignment or as a presentation given to the class.



<p style="text-align: center;"><b>Paying on Time – Lower Rates?</b></p> <p>Keep tabs on your credit. An insurance score is a snapshot of your insurance risk based on information in your credit report. It reflects your credit payment patterns over time, with more emphasis on recent information. Many companies take credit scores into account when assessing a potential auto insurance risk. (<a href="http://www.ohioinsurance.org/factbook/2006/chapter1/chapter1_t.asp">www.ohioinsurance.org/factbook/2006/chapter1/chapter1_t.asp</a>)</p> <ul style="list-style-type: none"> <li>As the insurance agent for a new young driver, how would you defend this practice? Provide 3 reasons and documentation.</li> </ul>	<p style="text-align: center;"><b>Talking is Everywhere!</b></p> <p>The use of cellular phones has skyrocketed in recent years. This increase has been accompanied by an increase in the number of individuals concurrently driving and talking on the cell phone with many localities banning texting while driving</p> <ul style="list-style-type: none"> <li>As Matt Lauer’s guest on Today, what reasons would you give to restrict the use of cell phones while a vehicle is in motion? Provide at least 3 reasons with documentation.</li> </ul>
<p style="text-align: center;"><b>Does it really have to cost this much?</b></p> <p>A typical student will fork out from \$3,600 to \$13,000 a year on car insurance, depending on the car, driving record, age and the city and state where the vehicle is operated. (<a href="http://www.youngmoney.com/wheels/auto_insurance/030127_02">www.youngmoney.com/wheels/auto_insurance/030127_02</a>)</p> <ul style="list-style-type: none"> <li>As a fellow student – what advice would you give to a friend regarding their selection of their first automobile? Provide 3 important points that they should consider and substantiate their reasons.</li> </ul>	<p style="text-align: center;"><b>The Right or the Privilege to Drive?</b></p> <p>A 2005 National Institute of Mental Health report shows the part of the brain that weighs risks, makes judgments and controls impulsive behavior develops throughout the teen years but does not mature until around age 25. (<a href="http://www.iii.org/media/hottopics/insurance/teendrivers/">www.iii.org/media/hottopics/insurance/teendrivers/</a>)</p> <ul style="list-style-type: none"> <li>As the Insurance Commissioner for the state, what rules might you consider to become laws to protect our community? Propose 3 laws and cite relevant data to support their passage.</li> </ul>
<p style="text-align: center;"><b>All the Tunes – All the Time or Quiet?</b></p> <p>In 1929, American Paul Galvin produced the first dashboard-installed car radio. The early radios were not available from carmakers. Galvin coined the brand name "Motorola" for the company's new products, combining the idea of motion and radio. (<a href="http://www.inventors.about.com/library/inventors/blcar.htm">www.inventors.about.com/library/inventors/blcar.htm</a>) Participants at a Massachusetts Public Works Commission hearing in the late 1920's argued that car radios should be banned from automobiles. Opponents claimed car radios distract the driver and cause accidents, the act of tuning would take attention from the driver, music would lull the driver to sleep and drivers of other vehicles would be distracted by the noise.</p> <ul style="list-style-type: none"> <li>Write an editorial in favor of allowing radios to remain in automobiles. Provide 3 points with documentation to support your point of view.</li> </ul>	<p style="text-align: center;"><b>Well, We didn’t expect that!</b></p> <p>We spend more than \$900 million each year to run our cars through the neighborhood car wash, according to the U.S. Census Bureau. During the early ‘80s, something new came on the scene for a soiled car: it is called “detailing.” These shops started in California and have spread across the country. They wash the car, massage it with lotions and creams, blow-dry it, and wipe it gently with chamois. The first drive-in movie theater opened in Camden, NJ June 6, 1933. (<a href="http://auto.howstuffworks.com/car-wash.htm">http://auto.howstuffworks.com/car-wash.htm</a>) (<a href="http://en.wikipedia.org/wiki/Drive-in_theater">http://en.wikipedia.org/wiki/Drive-in_theater</a>)</p> <ul style="list-style-type: none"> <li>As an economics reporter for the evening news, how would you explain the impact that the automobile has made on our social and cultural life? Provide 3 points with documentation to support your view.</li> </ul>

# *STRIVE TO DRIVE*

**Title:** Bank, Cookie Jar or Under the Mattress?

**Purpose:** To review the basic functions of a bank and the types of accounts that they have to offer consumers.

**Outcome:** Students will research two area banks and one credit union to compare the types and costs of the basic banking services.

**Time:** Depending on research time needed

**Materials:** Basic concepts and Research sheets – for each student or enough to work in pairs.

## **Procedures:**

1. Provide each with the “Information You Can Use” sheet as well as the research sheet to record their information
2. Either assign this to each student or select pairs to collect the information on 3 savings institutions in your area.
3. After students have collected information from multiple sources, compile a table of the data found and form discussion groups to compare the banking services. Which is a better “deal” for students like themselves just starting out with a financial services institution?
4. Why might some products be similar in costs and interest rates, why are some different?
5. Class discussion may extend to information about who in the class has one or more of these accounts, the benefits and costs.
6. Instructor may invite a local banker to come and discuss their work with the community.



## Information You Can Use



<p style="text-align: center;"><b>What is a Deposit?</b></p> <p>§ If you have taken money into a bank or a credit union and placed it into an account, this is a deposit. The types of deposits you can select are considered accounts – savings, checking, money market or certificates of deposits (CD’s).</p> <p>§ This is the safest form for holding your money. The financial institution is required to return all your money, when asked.</p> <p>§ These accounts nearly always pay interest for the use of the money while it’s on deposit. Because it is a very low risk, the return or interest paid is also fairly low.</p> <p>§ Generally these deposits are insured up to the deposit amount – that is up to \$100,000.</p>	<p style="text-align: center;"><b>What is a Withdrawal?</b></p> <p>§ A withdrawal is when you ask to take your money out of the account you have placed it in.</p> <p>§ Most withdrawals take place when you go to the financial institution and ask for it back.</p> <p>§ One exception is a CD - CD’s may have a penalty as they are what may be called –“timed deposits.” You promised to leave it in the account for a specified period of time before withdrawing it, and if you wish it back sooner than on that date – you will generally forfeit some portion of the interest that you earned.</p>
<p style="text-align: center;"><b>What is FDIC?</b></p> <p>§ Federal Deposit Insurance Corporation.</p> <p>§ This is government insurance on your account that promises to protect your deposit up to \$100,000.</p> <p>§ Not all banks use FDIC. Credit Unions have their own insurance, and banks may choose other sources of insurance, but when you go into the bank check the door for this logo.</p>	<p style="text-align: center;"><b>What is an Investment?</b></p> <p>§ Investments are financial products or accounts that have risk associated with them.</p> <p>§ Investments even if placed in a bank, do not guarantee that all of your money or interest will be repaid to you. An investment may increase or decrease in value.</p>
<p style="text-align: center;"><b>What is a Safe Deposit Box?</b></p> <p>§ Your bank may offer the services of Safe Deposit Boxes. These come in different sizes depending on what valuables you wish to keep safe, important papers, jewelry, wills etc.</p> <p>§ You have a key and the Bank has a key, it takes both keys to open these boxes and can only be accessed by signing in, presenting your identification and key. The banker/teller will get the bank’s key and your key, open up the box, and give you the box to examine privately. You may put things in or take them out as you wish.</p>	<p style="text-align: center;"><b>What is a Loan?</b></p> <p>§ Loans come in all different types – you might get a loan for a house (mortgage) or a car, boat, motorcycle – these are generally secured loans meaning the items purchased are collateral for the loan.</p> <p>§ Unsecured loans for personal credit (credit card) or school loans. These generally have a higher interest rate you have to pay because they are riskier than a loan that has collateral.</p>

<p style="text-align: center;"><b>Bank #1</b> _____</p> <ul style="list-style-type: none"> <li>• <b>Accounts</b></li> </ul> <p>Checking deposit minimum \$ _____ interest rate _____ %  Monthly fee _____, no fee – minimum balance \$ _____</p> <p>Savings deposit minimum \$ _____ interest rate _____ %</p> <p>Money Market minimum deposit \$ _____ interest rate _____ %</p> <p>Certificates of Deposit – for \$ 500 current interest rate for 12 months _____ %</p> <p>Safe Deposit Box (smallest size) \$ _____</p> <ul style="list-style-type: none"> <li>• <b>Insured</b></li> </ul> <p>By whom _____ Up to Amount \$ _____</p>	<p style="text-align: center;"><b>Pros &amp; Cons</b></p>
<p style="text-align: center;"><b>Bank #2</b> _____</p> <ul style="list-style-type: none"> <li>• <b>Accounts</b></li> </ul> <p>Checking deposit minimum \$ _____ interest rate _____ %  Monthly fee _____, no fee – minimum balance \$ _____</p> <p>Savings deposit minimum \$ _____ interest rate _____ %</p> <p>Money Market minimum deposit \$ _____ interest rate _____ %</p> <p>Certificates of Deposit – for \$ 500 current interest rate for 12 months _____ %</p> <p>Safe Deposit Box (smallest size) \$ _____</p> <ul style="list-style-type: none"> <li>• <b>Insured</b></li> </ul> <p>By whom _____ Up to Amount \$ _____</p>	
<p style="text-align: center;"><b>Credit Union #1</b> _____</p> <ul style="list-style-type: none"> <li>• <b>Criteria to Join</b> _____</li> <li>• <b>Accounts</b></li> </ul> <p>Checking deposit minimum \$ _____ interest rate _____ %  Monthly fee _____, no fee – minimum balance \$ _____</p> <p>Savings deposit minimum \$ _____ interest rate _____ %</p> <p>Money Market minimum deposit \$ _____ interest rate _____ %</p> <p>Certificates of Deposit – for \$ 500 current interest rate for 12 months _____ %</p> <p>Safe Deposit Box (smallest size) \$ _____</p> <ul style="list-style-type: none"> <li>• <b>Insured</b></li> </ul> <p>By whom _____ Up to Amount \$ _____</p>	

# *STRIVE TO DRIVE*

**Title:** Do I Deserve Credit?

**Purpose:** To review the basics regarding credit.

**Outcome:** Participants will review the 3 C's of credit handout and consider individual scenarios deciding if the borrower would be a good credit risk.

**Time:** 45 minutes

**Materials:** Copy of the Scenario cards and the "The Three C's of Credit"

**Procedures:**

1. Divide students into teams of two. Provide each student in the pair with half of the scenarios and "The Three C's of Credit handout to read and consider in their discussions.
2. Discuss with the students as a large group the fundamentals of credit and how the 3 C's impact the decision on whether or not to grant credit to a borrower.
3. Students will examine their 5 scenarios and initially decide whether or not to grant credit to that individual, not forgetting to apply the debt to income ratio calculation.
4. Instruct students to place a + or – after Capacity, Character and Collateral, and Yes/No after Credit, for each of the situations.
5. Allow teams' time to alternate presenting their scenarios and arriving at consensus on the final decision.
6. As a follow up, have each team join with another and compare the outcomes of their decisions to see if they agreed or not. It is likely that in some cases some factors may cause different outcomes.



## Capacity, Character, Collateral Score + or - Credit Yes/No

*Note that all amounts are stated as monthly figures*

<p style="text-align: center;"><b>Thomas Payne</b></p> <p>Thomas has been working steadily at We Repair Cars, has had an apartment for 3 years and pays all his bills on time. He wants to buy a new large screen television – monthly payments: \$129. After Taxes take home pay: \$2,000 Rent: \$475      Utilities: \$210      Food: \$160 Clothing: \$50      Car payment: \$302      Insurances: \$100</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>	<p style="text-align: center;"><b>Ben Frankel</b></p> <p>Ben has just gotten his first real job after graduating from a 2-year tech program. He has just moved into a new apartment with a friend and wants to add a new stereo system to his truck – payments per month: \$104 After Taxes take home pay: \$2,975 Rent: \$300      Utilities: \$160      Food: \$200 Clothing: \$100      Truck payment: \$356      Insurances: \$120</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>
<p style="text-align: center;"><b>Polly Madison</b></p> <p>Polly dropped out of high school and is working full-time for the past year at Pack ‘n’ Shop. She wants to take classes to finish her GED and a one year program at the Community College for nursing aides. She figures she’ll need about \$1,600 for tuition and books – costing about \$110 per month over the next year. After Taxes take home pay: \$1,900 Rent: \$425      Utilities: \$170      Food: \$185 Clothing: \$65      Car payment: \$212      Insurances: \$96</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>	<p style="text-align: center;"><b>Abigail Adamson</b></p> <p>Abigail is in college, living at home and luckily doesn’t have to pay living expenses. She has a part-time job and wants to borrow money from her bank for a trip to Hawaii, with interest; payments would be \$125 per month for a year. After Taxes take home pay: \$1,200 Rent: \$0      Utilities: \$0      Food: \$75 Clothing: \$100      Car payment: \$356      Insurances: \$126</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>
<p style="text-align: center;"><b>Jeff &amp; Ally Thomas</b></p> <p>The Thomas’s are married, have a great Condo and both have been working for the local cable company for 8 years. They want to remodel the kitchen and figure over two years it will cost them about \$400 per month. Jeff’s credit is great but Ally got a bit behind after college, but is good now. After Taxes take home pay: \$6,300 Mortgage: \$1,175      Utilities: \$510      Food: \$260 Clothing: \$160      Car payments \$925      Insurances: \$660 School loans: \$525</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>	<p style="text-align: center;"><b>Lincoln Abraham</b></p> <p>Lincoln is a lawyer doing very well, has a new home and car. He’s thinking about buying a boat, estimated monthly expense of \$578 per month. After Taxes take home pay: \$11,700 Mortgage: \$4,080      Utilities: \$890      Food: \$1,500 Clothing: \$1,500      Car payment: \$1,300      Insurances: \$675 Law school loans: \$1,300</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>
<p style="text-align: center;"><b>Jorge Washington</b></p> <p>Works in his father’s fruit orchard, doesn’t own a car, lives at home and is taking online college courses. He wants to buy his first car - \$475 per month, insurance would be \$125. After Taxes take home pay: \$1,000 Rent: \$0      Utilities: \$ 0      Food: \$0 Clothing: \$25      Car payment: \$0      Insurances: \$0</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>	<p style="text-align: center;"><b>Rosie Carter</b></p> <p>Rosie has worked for 10 years at the same University, saved \$15,000. She wants to hold on to her savings and borrow \$5,000 for living room furniture, monthly payments \$230. After Taxes take home pay: \$3,875 Rent: \$850      Utilities: \$187      Food: \$200 Clothing: \$90      Car payment: paid for      Insurances: \$ 198</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>
<p style="text-align: center;"><b>Bess True</b></p> <p>Has paid off her small house worth \$100,000, repaid her school loans on time and wants to paint the house, inside and out, figures it will take about \$200 a month for 2 years. After Taxes take home pay: \$2,890 Mortgage: \$0      Utilities: \$ 115      Food: \$150 Clothing: \$ 60      Car payment: \$333      Insurances: \$ 90</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>	<p style="text-align: center;"><b>Eisner White</b></p> <p>Eisner works as a roadie for visiting musicians when he can. He estimates he makes about \$1,500 after taxes when he works, crashes with 3 other guys. He’s decided he wants to buy a used van to haul equipment. Cost \$400 Rent: \$ 250      Utilities: \$75      Food: \$300 Clothing: \$10      Car payment: none      Insurances: \$130 (van)</p> <p>Capacity _____ Character _____ Collateral _____ Credit _____</p>





## The Three C's of Credit

Why someone is might be willing to lend you money? What would you want to know before going ahead and offering someone credit? Don't know? Haven't really gotten a loan before? Oh, yes, there's the \$15 dollars you owe you sister, and the \$23.75 you owe Dad for the new CD you just had to have! Well, those who make it their business to lend money – like banks and credit unions, they are looking for the three C's of credit: **capacity**, **character**, and **collateral**.

### Capacity

A creditor will view capacity as “how you are going to repay the loan?” They want to know what your monthly income is and any bonuses you may receive. They want to know what your expenses are, how many dependents you have, and if you are paying child support and/or alimony.

One of the most important features about capacity is the debt to income ratio. The debt-to-income ratio is calculated by totaling all your monthly debt (for example, car payments, insurance, rent or mortgage, credit card payments); including the monthly payment for the item you are trying to finance. This number is then divided by your income. Most banks will not lend if the ratio is over 50 percent. The following is an example of how the debt to income ratio is calculated:

Total Gross Monthly Income: \$4,000

Total Monthly Debt, Including Proposed Loan Payment: \$1,600

Debt to Income Ratio:  $\$1,600/\$4,000 = 40\%$

### Character

To determine your character, a creditor will look at your credit history and paying habits from information they get through a credit-reporting agency such as Experian, TransUnion, or Equifax. Many creditors subscribe to a special service that the credit-reporting agency offers to receive a credit score. This is known as the Fair Isaac Score (FICO). If your credit score is too low, you will be denied credit.

### Collateral

A creditor also wants to know what collateral or assets you have other than your income. This would include a savings account, investments, or property. By having assets, the creditor feels more secure because these can be liquidated if you fall into financial difficulties.

Credit grantors look at many factors to determine whether or not they will give an approval. Some of these factors include, length of employment, previous credit, length of residency, open accounts and if you have a checking and/or savings account. If all the factors are favorable you should be approved. If not, your application may be denied.

There are several reasons an application could be denied. Denial could be an incomplete and illegible application, a negative credit report, excessive inquiries, overextension, an unlisted telephone number, insufficient income for the amount requested, and too short a period of employment. Whatever the reason, the creditor must notify you within 30 days of the denial by mail to let you know the reason.

# Ohio K-12 Social Studies Academic Content Standards

## Grade Level Indicators

### **Economics**

Students use economic reasoning skills and knowledge of major economic concepts, issues and systems in order to make informed choices as producers, consumers, savers, investors, workers and citizens in an interdependent world.

### **Grade Eleven**

Scarcity and Resource Allocation	2. Explain ways that people respond to incentives when allocating their scarce resources in their roles as producers, consumers, savers, workers and investors.
Production, Distribution and Consumption	4. Describe the functions of the components that make up an economic system and describe the relationships among them including: <ul style="list-style-type: none"> <li>a. Business</li> <li>b. Productive Resources</li> <li>c. Financial Institutions</li> <li>d. Government</li> <li>e. Consumers</li> </ul>
Personal Finance	11. Explain why incomes will differ in the labor market depending on supply and demand for skills, abilities and education levels. 12. Explain the role of individuals in the economy as producers, consumers, savers, workers and investors 13. Explain the consequences of the economic choices made by individuals and the tools which they use to manage their financial resources including: <ul style="list-style-type: none"> <li>a. Budgets;</li> <li>b. Savings;</li> <li>c. Investments;</li> <li>d. Credit;</li> <li>e. Philanthropy.</li> </ul> 14. Describe how interest rates affect savers and borrowers.

## Special Thanks

This project was designed by Paradigm Learning, Inc. of Tampa, Florida through the Florida Council on Economic Education. Paradigm Learning uses the power of discovery learning to design innovative training and communication activities for Fortune 1000 enterprises. Since 1994, Paradigm Learning has attracted a growing number of clients who are looking for the unique design and development of communication and education products and services. Visit [www.paradigmlearning.com](http://www.paradigmlearning.com) for more information.



[www.economicspa.org](http://www.economicspa.org)

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## Ohio Council on Economic Education

[www.ocee.org](http://www.ocee.org)

Established in 1953, the Ohio Council on Economic Education is a non-profit, statewide economic and personal finance education agency. Our mission along with our affiliated Centers to work to promote and increase the economic understanding among the citizens of Ohio, primarily by assisting schools and teachers to develop the ability of students to make reasoned economic choices and understand the world around them.

Teachers' Guide revisions made in partnership with Economics Pennsylvania, Ohio Council on Economic Education, and with generous support from The Ohio Insurance Institute Education Committee and State Farm Insurance in order to align the activity with Ohio laws, insurance regulations and requirements.



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