



MONTH 4.5:
Unexpected Life Event!





Uh Oh! Terrible news!



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You have all just
gotten
in a car accident!



Fortunately, no one was hurt and the damage wasn't too bad. The cost to repair the damage? \$1000! "Does anyone have \$1000. Probably not! That is why we have Insurance!

Does anyone know what insurance is?
You pay your insurance company every month...
JUST IN CASE you have an accident!

Thousands of people make their monthly payments (called Premiums) and the insurance companies save or invest that money. Then they use the collected premiums from everyone to pay the claims (the repairs) when accidents happen.

The fewer claims you have, the less expensive your insurance.
If you have had a lot of claims (car accidents) or speeding tickets, or if you are young and don't have a lot of driving experience yet, the insurance companies charge you a higher Premium (monthly payment) because they believe you are a higher risk, and more likely to have an accident and cost them money!

But Then, if you do have an accident,
they pay a large part of the expense to fix your car.
But the insurance company does not pay the entire expense to fix
your car!

Every insurance policy has what is called a **Deductible**. A deductible
is the contracted amount that you must pay for the repairs, then the
insurance company pays the rest.

You have a good insurance policy
and it covers all but \$100 of the repair... that \$100 is your
DEDUCTIBLE.

So because you have insurance, you will only have to pay \$100
instead of \$1000 to get your car fixed!

EVENT CARD!

CAR CRASH!

Pay \$100 for repairs
IMMEDIATELY. If you
do not have the money,
pay \$200 in credit card
payments next month.



Because of you car crash, you must all Pay \$100 immediately to the Banker. If you do not have the money, you must put the bill on you credit card and pay \$200 in credit card payments next month instead of just \$100. Everyone go pay up! Then return to your seats and reconcile your registers.



Month	Activity	Payment	Deposit	Balance
4				100
4.5	EV	100		0

1. “OK, so we need to record the Car Crash, which we call an event. What’s the code for Event?” ... “EV”
2. “And how much was your deductible?” ... \$100
3. “And was it a Payment or Deposit?” ... “Payment”
4. “And now your balance is?” ... \$0
 - Remember, if you didn’t have enough to pay, you put \$100 on your credit card so you will pay that off next month

