

# CHAPTER 14

Figure 14.1

## Health Insurance Must-Haves

A health insurance plan should:

- Offer basic coverage for hospital and doctor bills
- Provide at least 120 days' hospital room and board in full
- Provide at least a \$1 million lifetime maximum for each family member
- Pay at least 80 percent for out-of-hospital expenses after a yearly deductible of \$500 per person or \$1,000 per family
- Impose no unreasonable exclusions
- Limit your out-of-pocket expenses to no more than \$3,000 to \$5,000 a year, excluding dental, vision care, and prescription costs

HEALTH INSURANCE ESSENTIALS

Although health insurance plans vary greatly, all plans should have the same basic features. *Would you add anything to this list of must-haves?*

Figure 14.2

## Life Expectancy Tables, All Races, 1996

Age	Both Sexes	Male	Female	Age	Both Sexes	Male	Female
0	76.1	73.0	79.0	45	33.9	31.5	36.0
1	75.6	72.6	78.6	50	29.4	27.1	31.5
5	71.7	68.7	74.7	55	25.2	23.0	27.1
10	66.8	63.8	69.7	60	21.2	19.2	22.9
15	61.9	58.9	64.8	65	17.5	15.7	18.9
20	57.1	54.2	59.9	70	14.1	12.5	15.3
25	52.4	49.6	55.1	75	11.1	9.8	11.9
30	47.7	44.9	50.2	80	8.3	7.3	8.9
35	43.0	40.4	45.4	85	6.1	5.4	6.4
40	38.4	35.9	40.7				

THE AVERAGE LIFE

This table helps insurance companies determine insurance premiums. *Use the table to find the average number of additional years a 15-year-old male and female are expected to live.*

# Your Financial Portfolio

## Comparing Life Insurance

Sean Richards is investigating the cost of life insurance. He contacted two reputable insurance companies and based his comparison on \$100,000 worth of insurance. He's 28 years old, married, and has two children.

Type of Policy	Company A	Company B
<b>20-year decreasing term insurance \$100,000</b>		
Monthly premium	\$14.00	\$8.25
Total premiums, 20 years	\$3,360.00	\$1,980.00
Cash value in 20 years	none	none
<b>Whole life insurance (limited payment) \$100,000</b>		
Monthly premium	\$82.00	\$62.60
Total premiums, 20 years	\$19,280.00	\$15,024.00
Cash value in 20 years	\$25,000.00	\$21,243.00

Sean chose the 20-year decreasing term insurance because of the low cost, even though it cannot be converted into cash at a future date. He purchased his policy with Company B.

**Compare** In the workbook or on a separate sheet of paper, follow Sean's chart to compare life insurance rates. Use the Internet, or visit, telephone, or write to two different insurance companies. Base the quote on (1) a 20-year decreasing term insurance policy for \$100,000 and (2) a whole life (limited payment) insurance policy for \$100,000. Use your own age.