

What Insurance Do We Need?

Wyn and Kim have recently graduated from college and are expecting their first baby. They are renting a small house and plan to buy a new house before the baby starts kindergarten. They both have good jobs with similar incomes. Both employers provide their health insurance, with each paying a premium of \$10 a month. Kim's company provides her with \$50,000 in life insurance, but Wyn has no life insurance. Wyn has an older truck and Kim has a new mid-size SUV. They have scheduled an appointment with their insurance agent to review their current needs and budgeted a total of \$3000 to spend on insurance, including the premiums paid to their employer. Any money not spent on insurance will go into a savings account for the down payment on a house. The following options are available from their insurance agent. Which of these options do you recommend that will allow them to stay within their budget? (Note: Each of the prices stated here is an annual premium.)

Renter's Insurance	\$275
Auto Insurance	
Comprehensive on both cars	\$1,500
Comprehensive on Kim's car and Liability on Wyn's truck	\$750
Health Insurance	
From their agent for both	\$2,000
Individually from their employers	\$240
Life Insurance	
\$200,000 Term Life for Wyn	\$300
\$100,000 Whole Life for Wyn	\$400
Additional \$50,000 Term Life for Kim	\$150
Disability Insurance for both	\$1,400
Extended Warranty on Kim's SUV	\$500

After discussing the above options presented by their insurance agent, circle the ones you recommend for them. Be sure to explain the reason for each option selected. Did your answers agree with your group? Why or why not?