Your name is Taylor Boone and you run a **financial services business**. You live and work in Fort Jiminy, a small American pioneer community of **100 families** in the Ozark Mountains. The year is **1820**!

Your job in this WebQuest is to use your outstanding financial business skills to put together a practical solution for a risk faced daily by the Fort Jiminy men who hunt for food.

Because it’s 1820, the families support and feed themselves with some casual work, regular hunting, and agriculture. Most of the men **earn an average of $500 per year** by working one or two days a week in the small businesses at Fort Jiminy, and they hunt on their days off. The women tend to the family crops at home.

Hunting in this environment is very dangerous. The men hunt wild deer, ducks and rabbits at the base and surrounding valleys of the Ozark Mountains. However, there are other animals - bears wolves and mountain lions – also hunting in the same environment. The hunters face the **risk of serious injury** often leading to death.

The community **loses on average 4% of hunters each year**. The families of hunters who are killed face serious **financial hardship**, having no meat to eat or wages for other living expenses.

This is a critical issue for individual families, and for the Fort Jiminy community with its workforce constantly at **risk**.

At the weekly community meeting you explain your proposal to provide **cover** for familiesagainst **unexpected loss of income** by offering them [life insurance](https://www.canstar.com.au/life-insurance/types-life-insurance-australia/).

How does your **insurance** solution work? Every year, each of the **100 families** living in Fort Jiminy pays a small amount of money – the [premium](http://understandinsurance.com.au/premiums-explained) - into a fund administered by you. There will be enough money in the fund to provide a defined amount of financial support to the families of hunters who are killed.

Every family thinks this is a great idea and all agree to take out a life insurance [policy](https://moneysmart.gov.au/glossary) with you.

The **insurance policy** covers the familiesagainst loss of income if a hunter is killed. It costs each family a small amount payable every year – the **premium** - for financial support in the event of death when they can make a [claim](https://moneysmart.gov.au/glossary). This means that the risk of loss of income for one hunter’s family is shared among all the hunters. For your financial services you charge a fee of **$5** per policy.

*WHAT COVER DOES THE INSURANCE POLICY PROVIDE WHEN A HUNTER DIES?*

* One year’s wages
* **$25** to cover the cost of the hunter’s **funeral**

1. Use the information about Fort Jiminy to calculate the annual premium you will charge for insurance cover**. Show your working:**

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| **Question** | **Normal conditions** |
| On average, how many families take out your insurance policy? |  |
| How many hunters does the Fort Jiminy community lose each year? |  |
| How will you work out the total amount needed to provide financial support for families of the hunters who are killed each year? Calculate the amount for the **annual premium** for each family. | |
| There must be enough money in the fund to cover **three expenses**. What are they? |  |
| Now work out the total amounts for each of these three expenses and the **grand total** which needs to be in the fund. |  |
| So that there is enough money in the fund, how much do you need to charge each family for the annual premium? |  |

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| Compare the cost of the annual premium with the financial loss suffered by the family of a hunter who is killed? Do you think this is value for money?  Are the families wasting their money if they never have to make a claim? Explain why. |  |

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| As well as each family paying a premium to spread the risk of a hunter being killed why should they also pay you $5? |  |
| Refer to the links in the Fort Jiminy story above to find definitions for the following terms.   * life insurance * premium * policy * claim |  |
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| Derik O’Toolan lives in Fort Jiminy and is a skilled hunter who has never had a serious hunting injury. He has a wife and four young children.  Because of a very tight family budget, Derik is concerned about having to pay the annual cost of the insurance premium.  Considering his injury-free track record, he has decided not to participate in the scheme. Can you provide **three reasons** why Derik should reconsider his decision and be part of the scheme? |  |
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1. The type of life insurance that the hunters have organised for themselves provides a payout on death. This type of insurance is known as [**Life Cover**](https://moneysmart.gov.au/how-life-insurance-works/life-cover)or **Term Life Insurance**. Did you know that there are other types of life insurance policies which could cover hunters who were temporarily or permanently unable to work due to other injuries or illness?

**Research three other types of life insurance that you could offer to the Fort Jiminy families.** Describe the conditions covered by each type of life insurance and the benefits that the families would receive.

Comparison sites to help you get started:

* MoneySmart - <https://moneysmart.gov.au/how-life-insurance-works>
* Finder - <https://www.finder.com.au/types-of-life-insurance>
* Canstar - <https://www.canstar.com.au/life-insurance/types-life-insurance-australia/>

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| **NAME OF INSURANCE** | **CONDITIONS AND BENEFITS** |
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