Risk Management & Insurance

Pre-Education Case Study:
Level – Financial Foundation & Growth

A case study is essentially a story – it provides an illustration of how financial lessons can be put into action by real people in real-world situations. Case studies are engaging and relatable, and offer solid evidence of the practical value financial education has to help people solve problems and make sound life decisions.

National Financial Educators Council

Financial Foundation & Growth

Pre-education Case Study

Yevka, age 26, has just come out of a significant life challenge. For the past three years, Yevka has worked as a safety inspector for a food production company where she earns $50,000. Ironically, while on vacation at a ski resort, Yevka had an accident: she slipped off the ski lift and plunged several meters to the ground. She was immediately rushed to the hospital, where the doctors found she had two broken legs and an injured spine.

The doctors informed Yekva that she would need to take six months off for healing and physical therapy. She also would be unable to work at this time. The good news: her company provided her with sick leave and disability insurance. The bad news: her disability insurance is only short-term – exactly 45 days. After the 45 days, she will have to, pay out-of-pocket for her medical bills.

This proved a bitter pill for Yevka to swallow. Her parents were willing to shoulder her medical expenses, but she couldn't help but feel she had let them down by relying on them for financial aid when they are not wealthy. Three years ago she was offered long-term disability insurance, but turned it down thinking that her short-term disability was enough. She realized, too late, that she had nothing to fall back on for serious injuries lasting longer than a month and a half. Swallowing her shame, Yevka realized she needed to take control of her finances.

Now, six months later, Yevka is back on her feet and working again. One of the first things she does is look up long-term disability insurance. Sadly, she discovers that, given the amount of time that has passed, her premiums are now 10% more expensive than the last time the coverage was offered. She wonders whether it is best to take it anyway, rather than keep delaying and hoping another accident doesn't happen.

1. In your opinion, how much disability coverage should Yevka have had when the accident occurred?

2. How would you feel if you had to rely on someone else's money because you did not have a large enough financial safety net?

3. When is the best time for a person to get long-term insurance?

4. What advice can you give Yevka when it comes to planning insurance coverage?