

Risk and Insurance

Understanding and Managing Risks

PwC's *Earn Your Future*[™] Curriculum

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Introduction

“The reality is that all children don’t know the basics of saving and investing. It’s a skill they need to be successful in our economy.”

-Education Secretary Arne Duncan, April 2011.

Recent history underscores the immediate need for youth to develop skills in math and financial literacy, and yet, current data shows there is a lack of access to curricula for students to learn:

- A 2011 survey conducted by American Express found that a majority of parents with children in high school or college gave schools below-average or failing grades in teaching responsible spending.
- A 2012 survey by Junior Achievement and Allstate Foundation showed 23 percent of teens are uncertain about their ability to budget successfully.
- Despite the fact that 13 states mandate personal finance coursework as a high school graduation requirement, there is no national legislation mandating that it be a requirement in schools.*

The enclosed lesson plan about financial literacy is designed to increase students’ proficiency in financial literacy. Your expert knowledge and real-life examples, coupled with this one- hour lesson plan aligned to national standards in personal finance education, will fill a critical gap in our current education system, and better prepare the next generation of leaders to make sound financial decisions and be productive citizens.

We applaud your efforts to bolster students’ understanding of concepts critical to the health of our economy and stability of our nation. Furthermore, we thank you for serving as an ambassador for PwC, reinforcing our commitment to helping students improve their skills in financial literacy and to youth education overall.

Lesson description

Students will identify examples of risks that individuals and households face (such as illness and/or theft). Students will describe how valuable items might be damaged or lost and ways to protect them. Given a scenario or activity, students will analyze how to reduce and avoid different kinds of risk.

Grade(s)

3-5

Lesson time

45-60 min

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Pre-visit prep

- Review the 5-minute prep to familiarize yourself with the lesson topic and vocabulary
- Review handouts to familiarize yourself with their structure and requirements
- Obtain lesson materials listed under the “Materials” section below

Student learning objectives

Students will:

- Define risk and insurance
- Identify examples of risks faced by individuals and households
- Describe ways to protect valuables
- Analyze how to reduce and avoid different kinds of risk

Materials

For up to 30 students, obtain ahead of time:

Class/group

- Chart paper
- Markers
- Handout A Answer Key– Preventing Risks Around the Home (1 copy for the facilitator)

Student (one for each student)

- Handout A – Preventing Risks Around the Home
- Handout B – Landlords and Renter’s Insurance

5 Minute Prep

Background

Each and every day we are confronted by potential risks. These risks are not necessarily a result of reckless living, but instead a normal part of our existence. If we are aware of these risks, we are better able to protect ourselves and our belongings. When we do not have protective measures in place, we could possibly face financial ruin.

Vocabulary

- **Risk:** possibility of loss or injury
- **Insurance:** a contract by which someone guarantees for a fee to pay someone else for the value of property if it is lost or damaged (as through theft or fire) or to pay a specified amount for injury or death
- **Sue:** to seek justice from a person by bringing a legal action
- **Liable:** forced by law or by what is right to make good
- **Liability responsibilities:** what a person is forced by law or by what is right to do in order to make good of a situation

Sources

Background information and vocabulary adaptations based on information from:

- *Council for Economic Education 2011 Survey of the States
- Vocabulary taken from Merriam Webster Dictionary for Kids: www.wordcentral.com
- Ways to prevent home risks/reduce insurance costs adapted from <http://www.insuranceagents.com/>

Pre and Post Assessments

Before beginning the lesson, facilitators should introduce themselves and **distribute** the Pre-Assessment to the students. If time allows, consider conducting a mini icebreaker before the Pre-Assessment.

Note: It is highly recommended that facilitators read the questions aloud to the students and encourage students to select answers as they move through the questions. Reassure the students that the assessments are not graded tests or quizzes, and they do **not** need to put their names on the assessments. The assessments are a tool to measure classroom comprehension of a given module and gauge effectiveness of instructor delivery.

Collect the Pre-Assessments once completed.

Facilitators should teach the lesson to the students and administer and collect the Post-Assessment at the end of class, **keeping in mind the same considerations outlined above**. Again, students do **not** need to put their names on Post-Assessments.

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Lesson activities

Greeting

Say: Hello everyone. My name is _____. I am happy to be here working with you all today. I am sure we will have some fun while we learn some new things.

Activity A – What are the Risks? (5 minutes)

Materials

Class/Group

- Chart paper OR Blackboard/whiteboard/overhead projector
- Markers

Say: Today we are going to talk about risks, managing risks, and protecting ourselves from risks. That all probably sounds a little strange, but I think if you listen and participate, this will all make more sense by the time we finish.

Ask: How many of you play a sport?

Scan the room to see raised hands.

Ask: How many of you watch sports?

Scan the room to see raised hands.

Say: Okay, so if I were to say there are risks involved in playing sports, what does that mean?

Select 1-2 students to share ideas.

Say: So let's say that risks are the possible things that could happen. Usually when we use this word, we are talking about negative things.

Ask: Can you all help me brainstorm some of the risks involved in playing sports?

Say: We are going to make a list of all the possible risks involved in playing different sports.

Write "Risks Involved with Playing Sports" on the chart paper/board/overhead.

Say: I think this is easier if we think of a specific sport. Let's start with football.

Ask: Does anyone have some possible risks I can write down?

Select students to share ideas and provide a couple examples to get students started, if necessary.

Continue selecting volunteers. Consider asking about 1-2 other sports (basketball, race car driving, swimming, soccer, etc.) to get a comprehensive list.

Say: From the list that you all have generated, I think you have a pretty good understanding of the idea of risk.

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Say: We have mainly been focusing on sports, but now I want to shift to think about risks in our everyday lives.

Activity B – Protecting Ourselves from Risks (15 minutes)

Materials

Class/Group

- Chart paper
- Markers

Say: Risks are present in various aspects of our lives. To help protect ourselves from the loss a risk might cause, we purchase insurance.

Ask: Have you ever heard of insurance? What do you know about insurance?

Select 1-3 volunteers to share ideas.

Say: First, let's start by defining insurance and how it works.

Write: "Insurance is a promised payment for a specific potential loss."

Say: What that means is that when you buy insurance, you are having money put aside to pay you later if something were to happen in the future.

Say: For example, let's say you had a piece of jewelry and you paid insurance to protect that jewelry. If someone stole the jewelry, you would get money from the insurance company to cover the amount you lost.

Ask: Does that make sense?

Clarify any confusion.

Say: Okay, we are going to take a closer look at four different aspects of our lives that we would want to protect. We are going to think about health, life, cars, and homes.

Say: Even though we buy insurance to protect these items, the first thing we want to do is to protect these items because we value them. I am going to divide you all into four groups. Each group is going to be assigned one of the topics I just listed—health, life, cars, and home.

Say: Each group will get a piece of chart paper and some markers. You are going to list ways your assigned item could be damaged or destroyed. You are also going to list some ways to keep your item from being damaged or destroyed. Then we will share what you all came up with.

Divide the class into four groups.

Assign each group one area to think about (health, life, home, car).

Distribute chart paper and markers to each group.

Say: I will give you approximately five minutes to get your ideas down and then we will share our ideas with the whole group.

Allow students five minutes to work on generating and recording ideas.

Walk around the classroom to listen to students' discussions and answer any questions that the students may have.

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Say: Now it's time to share what you came up with. Remember you are going to share ways your item can be damaged or destroyed and ways to keep your item from being damaged or destroyed.

Allow each group to present.

Add ideas to each group's list as they present.

Say: Very good. We can see from these lists that there are lots of potential risks in our lives. More importantly, I want you to see that there are ways we can protect ourselves from losing the things we value.

Activity C – Identifying and Preventing Risks around the Home (15 minutes)

Materials

Class/Group

- Handout A Answer Key– Preventing Risks Around the Home (1 copy for the facilitator)

Student (one for each student)

- Handout A – Preventing Risks Around the Home

Say: Like I mentioned earlier, we buy insurance to help protect our valuable possessions. One of the major types of insurance you will buy one day is homeowner's insurance. When you buy insurance, you want to get the best price you can. You can get the best price by reducing risks.

Say: So just like in our last activity where you figured out ways to protect valuable aspects of our lives, you want to figure out ways to protect your home from potential risks.

Say: I am going to give each of you a scenario. The scenario describes a situation in which you have just purchased a new home. The scenario describes different features of the home and activities you like to do at the home. At the bottom of the scenario is a chart that asks you to figure out ways to prevent certain risks at your home. You are going to work with a partner to figure out how you could reduce the risks around your home so that you can get the best insurance rate.

Distribute Handout A.

Say: Everyone find a partner. [If the class is an odd number make sure there are no more than 3 in a group.]

Say: Read the scenario, look over the potential risk factors listed on the worksheet, and then figure out ways to reduce the risks.

Ask: Does everyone understand?

Clarify any misunderstandings.

Allow students 7 minutes to read the scenario and fill out the worksheet.

Say: Okay, I am going to share my list of ways to reduce each of the risks. As I read off the items on my list, raise your hands if that is something your group listed also.

Read items on Handout A Answer Key.

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Stop periodically to ask students if they had similar items on their lists.

Ask: Did any of you have something totally different on your list that wasn't on mine?

Select volunteers to share ideas.

Activity D – Landlords and Renters: Renter's Insurance (10 minutes)

Note: If running short on time, consider skipping this activity and providing an overview of the importance of renter's insurance.

Students (one per student)

- Handout B – Landlords and Renter's Insurance

Say: We just talked about protecting our homes from possible risks and hazards. Another facet of homeowner's insurance to consider is renter's insurance. A renter can be at a residential property (where someone lives) or a commercial property (where someone works). Either way, it is a good idea to carry renter's insurance to help protect against loss.

Say: I want you to consider renter's insurance from the landlord's perspective. A landlord is the person who owns the property, who then rents it out to someone else. I am going to distribute a worksheet that will help you think about this in a new light.

Distribute Handout B.

Read the write-up/opening paragraph on Handout B. When you get to the term "sue" take a moment to explain what this means. (*To **sue** means to seek justice from a person by bringing a legal action.*) Also, after reading "liability responsibilities" take a moment to explain what this means. (***Liability responsibilities** are what a person is forced by law or by what is right to do in order to make good of a situation.*)

Say: I would like for you to work with a partner, someone who is sitting close to you, to complete this worksheet. I will give you about 5 minutes to come up with some ideas.

Allow student 5 minutes to work with a partner to record some ideas.

Say: Does any group want to share some of the ideas they came up with?

Select 1 group to share ideas.

Say: Thank you. I think it is important that we broaden our understanding of the many ways that we can be renters and landlords. Each of you may own a business someday and you need to be aware of your responsibilities as a renter of business properties.

Closing Reflections (5 minutes)

Say: We have talked a lot today about risks, recognizing risks, preventing risks, and protecting ourselves from risks.

Say: I would like everyone to take out a blank sheet of scrap paper. Please write the letters R-I-S-K going down the left side of your paper. Then I want you to write a statement using each one of those letters to help you remember some key points about risk. You can write a poem or a song or a rap or you can just write sentences. Be creative!

Allow students 3 minutes to write down their ideas. If there is time, ask students if they would like to share what they have come up with.

Say: Thank you for having me in your class today. I appreciate the way you shared your ideas. I think we all have a better idea about risk and how to protect ourselves from risk. I enjoyed working with you today.

Evaluation/assessment of student learning

During lesson/in-class

- Students generate a list of potential risks involved in playing sports
- Students work in groups to identify potential risks in four key areas—health, life, home, cars
- Students work in groups to identify ways to protect themselves from risk in four key areas—health, life, home, cars
- Students work in pairs to identify ways to prevent potential risks around a home described in a scenario

Ideas for post-lesson assessments

- Students take quiz on key terms and four key risk areas
- Students create public service announcements to help viewers/listeners understand potential risks in their lives
- Students interview family members about the types of insurance the family currently has

Extensions/enrichment

- Students can complete a survey of their homes to identify potential areas of risk and generate possible solutions to prevent these risks.
- Students can identify personal property items that they value and then work with a parent to contact insurance companies to determine the cost of insuring these items.
- Students can research renters' insurance and determine the ways in which it is like and different from home owners' insurance.