

Protecting yourself against risk

After reviewing a handout about insurance, students will match types of insurance to the scenarios they cover.

Learning goals

Big idea

Planning ahead for unexpected events makes it easier to face financial challenges.

Essential questions

- What are some common types of insurance people buy to protect themselves from risk?
- How does insurance protect you from paying high costs if something goes wrong?
- What are some events or situations that can arise that insurance won't cover?

Objectives



- Identify some common types of insurance
- Understand how to budget for losses that aren't covered by insurance

NOTE

Please remember to consider your students' accommodations and special needs to ensure that all students are able to participate in a meaningful way.

KEY INFORMATION

Building block:

-  Financial habits and norms
-  Financial knowledge and decision-making skills

Grade level: Middle school (6-8)

Age range: 11-14

Topic: Protect (Managing risk, Using insurance)

School subject: English or language arts, Math

Teaching strategy: Direct instruction

Bloom's Taxonomy level: Understand, Analyze

Activity duration: 15-20 minutes

National Standards for Personal Financial Education, 2021

Managing Risk: 4-1, 4-2, 4-4, 8-1, 8-2, 8-5, 12-7

These standards are cumulative, and topics are not repeated in each grade level. This activity may include information students need to understand before exploring this topic in more detail.

What students will do

- Identify different types of insurance
- Understand what insurance policies cover and don't cover
- Know how to save for emergencies that aren't covered by insurance

Preparing for this activity

- While it's not necessary, completing the "[Creating a savings first aid kit](#)" activity may make this one more meaningful.
- Consider displaying the poster, "[What is Insurance?](#)" before doing this activity.
 - You can order the poster for free here: <https://pueblo.gpo.gov/CFPBPubs/CFPBPubs.php?PubID=13471>
- Print copies of all student materials for each student, or prepare for students to access them electronically.

What you'll need

THIS TEACHER GUIDE

- [Protecting yourself against risk \(guide\)](#)
[cfpb_building_block_activities_protecting-yourself-against-risk_guide.pdf](#)

STUDENT MATERIALS

- [Protecting yourself against risk \(worksheet\)](#)
[cfpb_building_block_activities_protecting-yourself-against-risk_worksheet.pdf](#)
- [Types of insurance \(handout\)](#)
[cfpb_building_block_activities_types-of-insurance_handout.pdf](#)

Exploring key financial concepts

A risk is something that exposes us to danger, harm, or loss. We face risks every day, and these risks often can have a financial impact on our lives. Getting sick, breaking a leg, having a car accident, or experiencing a house fire are examples of risks that may happen to any of us. If we had to pay the full costs for doctor's visits, surgeries, and automobile repairs ourselves, it could cause a substantial financial burden in our lives.

To protect against the financial burdens associated with these risks, people often choose or are required to buy insurance policies. Insurance policies reduce a person's financial risk in areas such as health (medical insurance), eyesight (vision insurance), automobiles (auto insurance), homes (homeowner's insurance or renter's insurance), and death (life insurance). Consumers pay a fee for these policies, called a premium, which is typically much less than the costs associated with the risk without insurance. The consumer who buys the insurance policy is called a policyholder. The policyholder might pay the premium all at once or through a payment plan that divides the total cost into payments that are made monthly, quarterly, or some other agreed payment schedule.

TIP

Because products, terms, and laws related to insurance change and vary by state, students should be encouraged to always look for the most up-to-date information.

Teaching this activity

Whole-class introduction

- Tell the class that they'll review the "Types of insurance" handout and answer questions about insurance.
- Distribute "Protecting yourself against risk" worksheet and the "Types of insurance" handout to students.
- Be sure students understand key vocabulary:
 - **Deductible:** The amount of expenses the insured must pay before the insurance company will contribute toward the covered item. For example, the amount you pay for covered health care services before your insurance plan starts to pay is your deductible.
 - **Insurance:** The practice or arrangement in which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.
 - **Insured:** The person, group, or organization whose life or property is covered by an insurance policy.
 - **Insurer:** A person or company offering insurance policies in return for premiums; person or organization that insures.
 - **Policy:** In the insurance context, it is a written contract between the insured and the insurer.

TIP

Visit CFPB's financial education glossary at consumerfinance.gov/financial-education-glossary/.

- **Policyholder:** The individual or firm that acquires and wants protection from the risk and generally in whose name an insurance policy is written. The holder is not necessarily the insured.
- **Premium:** The amount of money that has to be paid for an insurance policy.
- **Risk:** Exposure to danger, harm, or loss.

Individual work

- Have students read through the “Types of insurance” handout.
- Tell students to work independently to complete the worksheet.
 - Students can refer to the handout while answering the questions.

Wrap-up

Bring the class back together to discuss what they learned and to share any questions they still have.

Suggested next steps

Consider searching for other [CFPB activities](#) that address the topics of protection, including managing risk and using insurance. Suggested activities include [“Playing an insurance mapping game”](#) and [“Creating a poster about insurance.”](#)

Measuring student learning

Students’ answers on their worksheets and during discussion can give you a sense of their understanding. This answer guide provides possible answers for the “Protecting yourself against risk” worksheet. **Keep in mind that students’ answers may vary.** The important thing is for students to have reasonable justification for their answers.

Answer guide

1. Life insurance	g
2. Homeowner's insurance	f
3. Health insurance	e
4. Disability insurance	d
5. Vision insurance	c
6. Dental insurance	b
7. Auto insurance	a