



# The World is a Risky Place

EPISODE #207

## LESSON LEVEL

Grades 6-9

## KEY TOPICS

- Entrepreneurship
- Risk management
- Insurance

## LEARNING OBJECTIVES

1. Become aware of risks in life and business.
2. Learn ways to reduce risks.
3. Become familiar with insurance products.
4. Learn financial terms.

## EPISODE SYNOPSIS

Taking risks in life is important, but you want to be smart about those risks. What things can you do to protect your business, your assets, and yourself?

## NATIONAL STANDARDS CORRELATIONS

Aligned to *National Financial Literacy Standards* from the **JumpStart Coalition for Personal Financial Literacy**.

Financial Responsibility and Decision Making

- Standard 1:* Take responsibility for personal financial decisions.
- Standard 2:* Find and evaluate financial information from a variety of sources.
- Standard 4:* Make financial decisions by systematically considering alternatives and consequences.

Risk Management and Insurance

- Standard 1:* Identify common types of risks and basic risk management methods.
- Standard 2:* Explain the purpose and importance of property and liability insurance protection.
- Standard 3:* Explain the purpose and importance of health, disability, and life insurance protection.

Aligned to *Voluntary National Content Standards in Economics* from the **Council for Economic Education**.

- Standard 2:* Decision Making
- Standard 14:* Entrepreneurship

Aligned to **Common Core State Standards Initiative's** standards for *Literacy in History/Social Studies, Science and Technical Subjects*.

*Standard 1:* Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

*Standard 4:* Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

*Standard 7:* Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words.

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# LESSON PREP & SCREENING

## Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what equipment is required to show the episode in your classroom and request it if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Students will need a pen or pencil and copies of the activity worksheets. Have fun!

## Screening

Introduce the series and the episode. Explain that Biz Kid\$ is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money. Prior to playing the episode, lead your students in a discussion with the preview questions on this page.

## About the Episode

Taking risks in life is important, but you want to be smart about those risks. What things can you do to protect your business, your assets, and yourself?

## Episode Preview Questions

Before you show this Biz Kid\$ episode, lead your students in a brief discussion of the following questions:

- What are some risks that you face every day?
- Are there ways to moderate the risks involved in those activities?
- How do business owners protect their assets and employees?

## Next Steps

Show this episode. After the episode, read the Summary and Conclusion to the class.

## Summary and Conclusion

There are ways and tools to help manage risks. It is important to have a business plan that includes having liability protection. You need to be aware of the need for insurance coverage. It is important to become educated, be vigilant, and be prepared to mitigate risks.

## Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they've learned with their families.



# FAMILY ACTIVITY SHEET

## Episode Synopsis

Taking risks in life is important, but you want to be smart about those risks. What things can you do to protect your business, your assets, and yourself?

## Activity Suggestions

Discuss the types of insurance available to protect your family and assets, the cost of the coverage, and the risks associated with not having insurance.

Does your child know that good grades in school can reduce the cost of their automobile insurance? Make a plan with your student to reduce their auto insurance premium with a good student discount! Look up automobile insurance rates in your area together, so they understand the cost of insurance and the value of the discount. Auto insurance rules vary from state to state, so review the basic requirements for young drivers together.

Reinforce the safety rules for various family activities. Explain how preventing problems can minimize risks, prevent problems, and save money.

Health care coverage is a major issue in the United States. Read news articles together and discuss as a family your views on the issue. Be sure to discuss the perspective of businesses that choose to provide health insurance to their employees, as well as employees who hope to have good and affordable insurance coverage for themselves and their families.



Activity #1:

# BIZ TERM\$

## WORKSHEET FOR STUDENTS

### Biz Term\$

- Assets
- Contract
- Coverage
- Indemnity
- Insurance
- Liability
- Limited Liability Company (LLC)
- Premium
- Risk
- Waiver

### Directions

With students, read aloud the Biz Term\$ and each question. Call on volunteers for answers, and have them explain why they chose the term they believe to be correct.

### Biz Term\$ Episode Review

1. A \_\_\_\_\_ is exposure to the chance of injury or loss.
2. A legal agreement between two or more parties is a \_\_\_\_\_.
3. Insurance protection against risks is called \_\_\_\_\_.
4. Your \_\_\_\_\_ are items you own that are convertible into cash.
5. A statement you make or sign that gives up your rights or your interest is a \_\_\_\_\_.
6. The amount of money a policyholder pays for coverage under a contract is a \_\_\_\_\_.
7. A \_\_\_\_\_ is a disadvantage, like an obligation or a debt.
8. A legal business structure where risk is reduced is a \_\_\_\_\_.



# CURRICULUM CONNECTIONS

## Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialog using Biz Term\$.
- Have students create a class Dictionary of Financial Terms using Biz Term\$.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

## History/Social Studies

- In the United States, one possible business structure is a Limited Liability Company (LLC). Have students research and answer the following questions. Can an LLC be non-profit? What is the advantage of having an LLC structure for a business? Can every business be an LLC, or are there some restrictions?

## Mathematics

- An actuary is a business professional who deals with the financial impact of risk and uncertainty by using math to make predictions. Have students research the career of actuary. What is required to become an actuary? What is the average salary for an actuary?

## Economics

- In economics, people try to use history and math together to predict the future of businesses and governments. One way they do this is to create math formulas to help them make predictions. One formula for the amount of a risk is the (probability of an accident occurring) multiplied by the (amount of money lost if an accident occurs). Ask students, how would they measure the probability of an accident occurring? How would they predict the amount of money that an accident might cost? Can they think of a different or better way to measure risks? How do they decide how risky something is in their own life? How do they decide if something is 'worth' the risk?

## Optional Vocabulary Extensions

### Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each Biz Term.

### Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each Biz Term in their own words to demonstrate comprehension.



Activity #2:

# REDUCE THE RISK

## WORKSHEET FOR STUDENTS

### Directions

For the following examples, think of ways you can reduce the risks that these businesses face.

1. You own a bakery. The employees at the bakery work on floors that are easy to mop, but also slippery if they get wet. What can the owner do to reduce the chance of slips and falls? What can they do to protect their employees' health and possibly lost income in case they do slip and fall at work?

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2. You own a skateboard park. You are worried about people getting hurt while visiting your park. What are some things you can do to reduce the risk of injury to your customers?

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3. Your business office is in a city that has a danger of late summer wildfires. What can you do in advance to make sure that you and your employees will be safe in the event of an emergency?

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4. You own a bank. What can you do to prevent bank robbery? What can you do to make sure that people stay safe in case a robbery does occur?

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Have students discuss these ideas and share their answers with the class.



Activity #3:

# IS IT WORTH THE RISK?

## WORKSHEET FOR STUDENTS

### Directions

You are late for work. If you drive 10 miles per hour over the speed limit, you might make it to work on time. Or you might get pulled over and get an expensive ticket, and be even more late to work. Or worse.

1. Is it worth the risk to drive over the speed limit? Why or why not?

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2. Would it matter how expensive the ticket is?

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3. Why is it considered dangerous to drive over the speed limit?

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4. Would it matter if you could get fired from your job if you are late?

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5. Would it matter if the weather is bad and there is an increased chance of an accident for speeding?

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6. How do you decide 'how much' of a risk there is?

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7. How do you know when something is too risky?

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Have students discuss these ideas and share their answers with the class.



# BIZ TERMS DEFINITIONS

- *Assets*: Things you own that you can sell for cash.
- *Contract*: A legal agreement between two or more parties.
- *Coverage*: Insurance protection provided against risks.
- *Indemnity*: Protection or security against damage or loss.
- *Insurance*: An agreement to protect a person or business from specific risks in exchange for regular payments.
- *Liability*: A disadvantage, like an obligation or a debt; also a risk or a danger.
- *Limited Liability Company (LLC)*: A legal business structure where risk is reduced.
- *Premium*: The amount of money paid by a policyholder for coverage under a contract.
- *Risk*: The probability that injury, damage, or loss will occur.
- *Waiver*: A statement you make or sign that gives up your rights or your interest.





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