



Exploring insurance

Age range: 14-16

 **BARCLAYS** | LifeSkills



Session overview

This lesson belongs to a suite of **Money Skills** lessons for young people aged **14-16**.

The activities allow students to compare risk in different situations and demonstrate how insurance can provide protection against some financial risks.

Time	Key learning outcomes	Resources
60 mins	<p>By the end of the activity students will be able to:</p> <ul style="list-style-type: none"> Assess situations that carry different levels of risk and consequences. Calculate how insurance can provide protection from some financial risks. 	<ul style="list-style-type: none"> Exploring insurance presentation slides.



The **Money Skills 14-16 lessons** are designed help students develop helpful financial skills for their future, prepare them for the world of work, and keep up to date with modern financial changes. They are accredited with the Young Money Financial Education Mark, recognising them as recommended financial education resources.

This lesson plan is designed to be used in tandem with a PDF containing interactive activity slides.

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There is Money Skills content to suit a range of ages and abilities – take a look at our 5-11, 11-14, 14-16, 16-19, 19+ resources, which focus on topics such as attitudes to money, money management and risk, and financial independence.

Activity one

Icebreaker – Would you run the risk?

1. Compare how risky these activities are



Show the class the images on **slide 2** and ask the students to think about the level of risk involved in each activity:

- Climbing Mount Everest.
- Never going to the dentist.
- Starting your own business.
- Driving a Formula 1 racing car.

Allocate one corner of the classroom to each of the images and ask the students to move to the corner that represents the highest level of risk they would be prepared to take.

2. Ask the students

- Ask some of the students to explain their choices. Reassure them that there are no right or wrong answers:

What are the risks involved in the activity they have chosen?

Why do they feel more comfortable with their chosen corner than with the other three risks?

What did they take into consideration when deciding on the level of risk?

What might be the consequences of taking these risks?

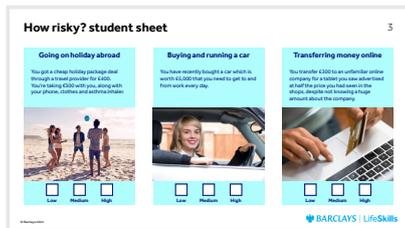
3. Explain the importance of assessing risk

- Ask students to return to their seats and explain that assessing risk involves thinking about what might happen, not what will happen. Everyone has their own view of risk shaped by their experiences, influences and personality.
- There are a variety of actions you can take to mitigate risk, especially when it comes to financial risk and it's important to consider the consequences of any decisions.
- Examples of some of the common range of strategies that can help mitigate risk:
 - **Avoid** the activity.
 - **Reduce** the impact scope – e.g. only climb to Everest base camp.
 - **Controls** designed and implemented – e.g. go with an experienced climber.
 - **Transfer** – buy insurance for a new business to cover scenarios like loss of profits through illness.
 - **Accept** – put aside money to cover illness.

Activity two

How risky?

1. Explore financially risky scenarios



- Using **slide 3** ask students to discuss each of the scenarios in small groups or pairs, and consider the associated risks. Remind them that there are no right or wrong answers. They could start by deciding on how they would rank the scenarios from highest to lowest risk.

2. Discuss financial risk

What are the possible risks to consider?

Do any of these have financial implications?

What are the potential consequences?

Would the scenario's position on the scale of risk change based on the financial risk?

Going on holiday abroad

You booked a cheap holiday deal through a travel provider for £400. You're taking €300 with you, along with your phone, clothes and asthma inhaler.

Possible risks

You get ill and need to go to hospital, your apartment is broken into and your cash is stolen, your phone gets damaged on the beach, your flight is cancelled.

Financial implications

You need to pay for medical treatment, you don't have access to other cash to fund the rest of your holiday.

Potential consequences

You have no money to spend on food, you may not receive adequate medical help, you may have to borrow money to help with unexpected expenses.

Buying and running a car

You have recently bought a car to get to and from work every day, which is worth £5,000.

Possible risks

Your car breaks down, you are in a car accident.

Financial implications

You need to pay for car repairs, you need to hire a car while yours is being fixed, you need to pay for someone else's vehicle damage, you need to buy a new car.

Potential consequences

Your car is unsafe to drive if you don't get it fixed which could put you and someone else in danger, you might not be able to get to work, if it breaks down you could have to pay out to get it towed to a mechanic.

Transferring money online

You transfer £300 to an unfamiliar online company for a tablet you saw advertised at half the price you had seen in the shops.

Possible risks

You don't receive the tablet, you don't get the same tablet model as advertised.

Financial implications

You may not be able to get the money back from the company.

You could face debt if you need to borrow money to buy another one.

Activity two

How risky? (cont'd)

3. Hot seat activity

- After a few minutes, ask for a volunteer to sit in the 'hot seat' at the front of the classroom facing the other students, and talk about which of the three scenarios they think is most risky.
- Invite other students to ask them open-ended questions that prompt them to explain or justify their opinions, for example:

What about the risks of...?

What is the likelihood of...?

Why do you think [one situation] is riskier than [another situation]...?

Why are the consequences of [one situation] worse than that for [another situation]...?

- If you have time, swap the student in the hot seat to discuss another of the scenarios. Different attitudes to risk are likely to emerge – explain that some people are generally risk averse, others are risk-takers. There are no right or wrong answers, but it's important to consider the potential consequences.

4. Take a vote

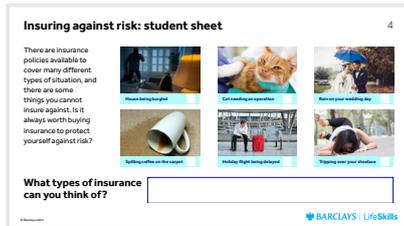
- Take a vote on each of the scenarios and mark whether the class think they are low, medium or high risk.



Activity three

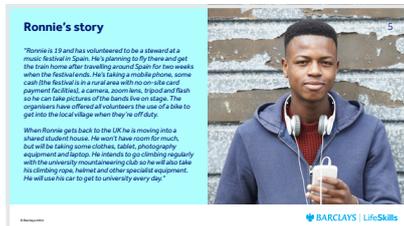
Insuring against risk

1. What is insurance?



- Use **slide 4** to introduce the concept of insurance – paying money to a provider who will then pay you compensation if you suffer a loss, damage or injury in certain situations.
- Ask students to tick the box next to the items on the slide you are able to buy insurance for. You can buy insurance for all of these situations apart from tripping over your shoelace and rain on your wedding day (although you can insure against adverse weather conditions severely affecting the ability of guests to travel to your wedding).
- Explain that some insurance is compulsory, e.g. you must have buildings insurance when you buy a home with a mortgage, and car insurance for when you're driving.
- For other situations you need to think about whether it's worth buying insurance or whether it would be better to put some money aside just in case there's a problem.

2. Collate a class list



- Quickly collate a list of other types of insurance the students know of on **slide 4**, for example; pet, mobile phone, car breakdown, home contents, extreme sports, health, accidents etc.
- Use **slide 5** to read through Ronnie's story. You can complete each stage in the activity as a whole group or print **slides 5-6** for small groups to work on before coming together at the end of the section.
- Ask students to highlight all the items or activities for which Ronnie could buy insurance. They should then use the table on **slide 6** to sort the items or activities by whether or not they are a legal requirement, and consider whether it might be beneficial for Ronnie to cover himself by taking out insurance for any of them. Discuss which three they would recommend prioritising, and record these on the slide. Make sure students understand why car insurance features.

Insurance that is a legal requirement

Car insurance

Insurance that is not a legal requirement

Travel insurance

Festival organisers could state this as a requirement. Needs to cover plane and train cancellations, lost or stolen currency and camera equipment.

Contents insurance

Needs to cover clothes, tablet, laptop and camera equipment.

Sports insurance

Club could state this as a requirement. Needs to cover injury to self and others, and damage to equipment.

Accidental damage

Needs to cover items that he doesn't necessarily own in the shared house.

Cycling insurance

Might be covered by sports or travel insurance. Does he need it if he doesn't own the bike?

Activity four

Insure or save?

1. Compare insurance options

- Highlight that before you pay for insurance you must consider if it will protect you from the right risks and if the premium (the cost) will provide you with value for money. Use **slide 7** to make sure students are familiar with the key terms – premium, claim, and excess. Explain that terms and conditions would apply, and not all claims are successful.
- Use **slide 8** to explain an insurance policy Ronnie has bought for his laptop.

Ronnie’s laptop was bought refurbished for £250 with a laptop bag costing £18.

The annual insurance premium is:	Policy details:
<ul style="list-style-type: none"> • £58 if paid up front or. • 12 monthly instalments of £5.50. 	<ul style="list-style-type: none"> • Repair of broken or damaged laptop within 10-14 days of making a claim. • Replacing lost or stolen laptop with one of the same value at the time of the theft or loss. Replacement to arrive in 7-10 days. • £100 excess (the amount Ronnie will have to pay towards any claim he makes).

- Ask the class to consider whether the policy provides Ronnie with protection against all the kinds of risks he is likely to face, and if they think the insurance is financially worthwhile by asking the following questions:

Should Ronnie pay the one-off fee or monthly instalments?

Does the policy offer value for money? Consider the purchase price and replacement or repair of his laptop, alongside the annual premium and excess

Does it matter how quickly he will be provided with a replacement or repair?

How else could Ronnie protect himself against the risks? Suggest that instead he could put £5.50 into a savings account every month and use this money to repair or replace his laptop when necessary. What do they think of this option? How much would he have to save? What could be the disadvantages?

Summary

- Summarise by explaining that all actions have some element of risk, and therefore potential consequences (injury, damage or loss). The degree of risk often depends on the circumstances of a situation, and this can influence whether it is worth taking out insurance – you need to balance the risks and consequences with the costs, unless it’s compulsory insurance.
- To close the lesson ask students to think about something that they now know which they did not know at the start of the lesson, and asking anyone willing to share their reflections.