

Chapter 18 Make Sense of It! Planning Form



Risk Strategy

Read the following:

Individuals employ different strategies to manage risk as part of their financial plan. In the table provided, you are presented with scenarios of how individuals manage the potential risk of loss to their assets and livelihood.

Instructions

1. Identify the strategy used in each of the scenarios. (Avoid, Reduce, Accept, or Transfer)
2. Give a brief explanation of why you have identified that strategy.

Scenario	Strategy	Explain
1. Worried about theft on campus, Sophie did not buy a laptop or printer to bring to campus. She figured she could use the campus labs instead.		
2. Joe is 65 years old and eligible for Medicare, but he feels that he needs additional coverage for possible medical bills. He purchased additional coverage through United Health.		
3. Jake does not want to pay for extended protection on his new tablet so he follows all of the maintenance suggestions, never leaves it in his locker, and keeps it in a protective case.		
4. Daryl has a full coverage automobile policy on his new Honda Accord.		
5. Rhonda's car is 10 years old and was paid off long ago. She does not carry full replacement value coverage in the event of a collision.		
6. Andrew lives in the city where it is expensive to own and store a car, not to mention car break-ins and thefts are high. He has decided to not own one, and instead use public transportation.		
7. Nino installed a monitoring device in his car provided by his auto insurance company. Doing so will reduce his insurance premium cost by 20%.		
8. Christine carries the minimum required health insurance. She figures that she is young and healthy and will probably just need an annual physical.		