

# LifeSmarts Student Activity: Risky Business—Understanding Risk Management

DIRECTIONS: Most experts recommend managing financial risk in one of four ways: assume, reduce, avoid or transfer the risk. The behavior choices listed below are examples of one of those four strategies. Evaluate the behavior and write the strategy it describes in the space provided. Be ready to justify your answers.

Behavior Choice		Strategy	Sample Justification
Example	Diversifying investments	Reduce	A variety of investment vehicles can provide stability when the market is volatile.
1.	Maintaining a healthy weight		
2.	Purchasing health insurance		
3.	Riding in a car with a driver under the influence		
4.	Purchasing mutual funds		
5.	Carrying only liability insurance on an older car		
6.	Enrolling in employer's dental and vision insurance programs		

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7.	Keeping fire extinguishers and smoke alarms in the home		
8.	Not buying a motorcycle		
9.	Making regular medical and dental checkups		
10.	Wearing a seatbelt		
11.	Paragliding on vacation		
12.	Holding a life insurance policy that covers the cost of student loans		
13.	Never smoking		
14.	Receiving Social Security disability benefits		

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15.	Being hit by a baseball at a major league game		
16.	Only buying automobiles with air bags		
17.	Buying EE Savings Bonds		
18.	“Surfing” the hood of a friend’s car		
19.	Wearing a helmet when bike riding		
20.	Buying renter’s insurance with an electronics rider		