

You're IN Business

SECONDARY BUSINESS STUDIES



BRINGING THE REAL WORLD INTO YOUR CLASSROOM.



CURRICULUM CONNECTIONS™
understanding how insurance works



YOU'RE IN BUSINESS has earned the Certificate of Recommendation by Curriculum Services Canada.

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Career Connections, as a division of the Insurance Institute, promotes careers in insurance on behalf, and to meet the needs, of the industry. It works to improve the understanding of insurance, illustrate its role in society, and encourage career seekers to pursue one of the many skilled professions available in the insurance industry.

www.career-connections.info



The Insurance Institute of Canada is the educational arm of the industry educating insurance professionals since 1899.

www.insuranceinstitute.ca



YOU'RE IN BUSINESS

The Insurance Institute of Canada

This resource has been developed by the Insurance Institute of Canada's Career and Curriculum Connections program. It was created to help Canadian educators achieve provincial curriculum outcomes with experiential activities that make learning about insurance more realistic and interesting. Concepts such as risk management, loss, ethics and responsibility are explored in an interactive way that speaks directly to students at their level.

The mandate of the Career and Curriculum Connections program is to improve the understanding of insurance, illustrate its role in society and encourage young adults and career seekers to pursue one of the many skilled professions available in the industry.

The Insurance Institute of Canada is a not-for-profit professional association of 35,000 individual members in the property and casualty insurance industry. General insurance (home, auto and business insurance) plays a crucial role in protecting individuals, families, communities, and businesses; this is why it is so important to help students understand how it works.

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“NO ADVANCE IN ANY FIELD, BE IT AGRICULTURE, OR TRANSPORTATION, OR MANUFACTURING, OR MEDICAL SCIENCE, OR HIGH-TECH INDUSTRY IS UNDERTAKEN WITHOUT THE SUPPORT OF INSURANCE.”

History and Functions of Insurance

C11 2009 Principles and Practice of Insurance, Insurance Institute, Canada

Real-World Knowledge

You're IN Business is an educational resource created for Canadian teachers and students that transfers the real-world knowledge of the insurance industry directly into the business studies classroom. It is designed to share the knowledge of the insurance industry, notably:

- The core values of the insurance industry, such as “utmost good faith.”
- The importance of insurance products and services to the functioning of the business world as a whole.
- The business of insurance, how the industry governs itself with integrity and the issues it faces as a business – financially, operationally, legally and ethically.

Business Literacy

You're IN Business offers opportunities for students to create an insurance business using real-world business models, financial plans and marketing strategies. Once they begin to understand the complexities of creating a business, students learn about the insurance products that are designed to support them in their business ventures. They also explore the concepts of risk and liability and how insurance protects them from the perils inherent in both.

Preparing Students to Face New Challenges

The emerging business curricula across Canada are focused on preparing students for the new complexities of the business world. This world includes technological challenges, as well as new demands for ethical standards. **You're IN Business** helps teachers and students explore ethical, moral and legal considerations in business. This is showcased by real-world examples of the importance of integrity and ethics in the business world through lessons such as how technologies in electronic communications are managed.

Major themes in You're IN Business:

- Understanding Insurance
- Risk Management
- Business Models
- Entrepreneurship
- Marketing
- Ethics and Social Responsibility
- Business Management
- Financial Management

Recommended and applicable to the following Grade 9-12 subjects:

- Business Studies
- Entrepreneurship
- Accounting
- Marketing
- Management

This resource was developed using provincial curriculum outcomes across Canada. Visit the 'Teacher' section at www.career-connections.info to find a curriculum matrix which links our resources directly to the curriculum you teach. Here you will also find the *Answer Key* to **You're IN Business**.

How to Use this Resource:

You're IN Business contains eight lessons, each with three parts. These lessons are best used sequentially but may also work on their own, if one aspect of the program suits a curriculum need.

Models are included where necessary, and activities allow the students to work in groups or pairs to collaborate as they would in a real business setting.

Techniques used in business such as brainstorming, teamwork and presentation are utilized throughout **You're IN Business**. These techniques will effectively prepare students to face the challenges of the working world. By using a constructivist methodology, **You're IN Business** helps students to build a base of their own knowledge and skills to take them into the workplace.

DID YOU KNOW?

There's a **You're IN Business** 'Answer Key' to download in the 'Teacher Section' at www.career-connections.info.

LESSON	PART A	PART B	PART C
1. What is insurance?	Levels of Risk <ul style="list-style-type: none"> • Risk avoidance • Risk control • Risk transfer 	Large Numbers And Probability <ul style="list-style-type: none"> • More people spreads the risk • Probability of loss • Insurance as pool 	Compensation <ul style="list-style-type: none"> • Repair • Replace • Restore • Indemnify
2. Start your business	What is a business? <ul style="list-style-type: none"> • Business models • Business opportunities 	Insurance Business Models <ul style="list-style-type: none"> • Mass vs. Select models • Differentiating • Defining 	Choose Your Business Model <ul style="list-style-type: none"> • Creating an insurance company • Utilizing a graphic organizer
3. Running the numbers (of an insurance company)	Your Business Costs <ul style="list-style-type: none"> • Costs = insurance claims • Impact of frequency and severity of claims • Determining pure premiums 	Income and Profits <ul style="list-style-type: none"> • Revenue = insurance premiums • Impact of frequency and severity of claims • Calculating rate per insurance value 	Know Your Finances <ul style="list-style-type: none"> • Calculating revenue • Determining profitability • Ensuring adequate reserves • Budgeting for growth and contingency
4. Going to Market Four Ps of marketing (price determined in Lesson 3)	Make it Real <ul style="list-style-type: none"> • Product • Insurance as an intangible product • News story demonstrates the real value of insurance 	Keeping it Real <ul style="list-style-type: none"> • Place • Trusted relationship • Utmost Good Faith • Integrity for both the insured and insurer • Investigating claims 	Peace of Mind <ul style="list-style-type: none"> • Promotion • Communicating and selling to potential consumers • Creating a promotional flyer
5. Your people	Attributes and Actions <ul style="list-style-type: none"> • Model Employees • Ethical Employers • School Code of Conduct • Corporate Guiding Principles 	Codify the Conduct <ul style="list-style-type: none"> • Sample Electronic Communications Policy • Value and importance of codes of conduct • Understanding main ideas and guiding principles 	Clear Communications <ul style="list-style-type: none"> • Cautionary tales of breaching the communications policy • Writing letters of discipline to employees
6. What if?	What is Risk? <ul style="list-style-type: none"> • What if scenarios • The possibility of loss • Assessing types of risks and losses 	Back in Business <ul style="list-style-type: none"> • What if scenarios • Case Study of a loss • Creating concept maps 	Business Interruption <ul style="list-style-type: none"> • What if scenarios • Calculating lost income • Calculating loss report
7. What is liability?	Who's Liable? <ul style="list-style-type: none"> • Defining liability • Assessing who's liable • Determining responsibility 	Where's the Liability? <ul style="list-style-type: none"> • Three types of liable • Case Study of a very bad day • Assessing a business's responsibilities 	Liability Insurance <ul style="list-style-type: none"> • Protecting against liability risks • Business liability insurance (excerpts from an insurance policy)
8. Careers in Insurance	Insurance as a career? <ul style="list-style-type: none"> • Brainstorming, key phrases and words relating to insurance 	What career interests you? <ul style="list-style-type: none"> • Exploring careers in insurance • Paragraph assignment 	Career exploration <ul style="list-style-type: none"> • Discussions about possible career options

Adjuster: A person who investigates insurance claims on behalf of the insurer and determines the amount of damage or loss covered by the insurance policy.

Agent: A person who is employed with an insurance company to act on the company's behalf in selling its insurance policies to meet the coverage needs of the customer.

Appraise: To set and state in writing the true value of property.

Bad faith: Design to deceive or mislead another; conscious wrongdoing.

Broker: An independent person or business who acts on behalf of the insured to find the right insurance policy with the right insurance company that best suits the customer's needs.

Claim: A notification of a possible loss under an insurance policy.

Compensation: The action taken or the funds paid to make good on the loss a person has suffered.

Coverage: The nature of protection provided by a particular insurance policy; can be used at times interchangeably with "insurance" as in "fire coverage" or "fire insurance."

Frequency: The number of losses that a particular risk will incur in a year. It is used along with "severity" for a calculation to determine the cost of insurance based on the degree of risk.

Good faith: Most ordinary contracts are good faith contracts. Insurance contracts are agreements made in utmost good faith. This implies a standard of honesty greater than that usually required in most ordinary commercial contracts; i.e., the obligation to disclose any detail that may be of importance to the insurers whether or not it is requested.

Indemnify: To provide compensation for loss; to put back in the same financial position as just prior to the loss. The insured is indemnified by the insurer.

Indemnity: A contract to provide compensation in the event of a loss. The insured neither gains nor loses in compensation.

Insurable value: The value of the property being insured. This is declared to the insurance company and agreed upon when the policy is issued.

Insurance: A contract (policy) between an individual or business (insured) and an insurance company in which the insured receives financial protection, or reimbursement, against losses. Insurance is a means of transferring the risk of a loss to make it more affordable. Insurance works as a pool in that the premiums of the many pay for the losses of the few.

Insured: The individual or business protected by the insurance policy.

Insurer: The company providing the insurance coverage.

Legal liability: Liability imposed by law on individuals or corporations to pay for harm done to others. Such a law may be common law or statute law. Legal liability may also be assumed under the terms of a contract.

Liable: Being legally obligated or responsible.

Liability insurance: Insurance that agrees to indemnify the insured for sums he or she may be required by law to pay to third parties as damages for bodily injury or damage to property.

Limits of liability: The maximum amount, as stated in the policy, that an insurer is bound to indemnify in case of a loss.

Loss: The detriment or disadvantage of being deprived of a person, object or ability. It is often used in place of the word “claim” when something is damaged, lost or stolen.

Peril: An event that causes a loss to occur; e.g., fire, windstorm.

Personal injury liability: In insurance, personal injury means causing harm to a third party that includes non-physical injuries, such as slander, libel, humiliation and damage to reputation.

Personal property: In insurance, any property belonging to an insured other than real estate; e.g., contents insured under a homeowner’s policy.

Policy of insurance: A legal contract; an agreement made between the insured and the insurer.

Premium: The price of insurance protection for a specified risk for a specified period of time; e.g., Johnny’s homeowners insurance premium is \$500 this year.

Property damage liability: Protection of liability for damages to the property of another.

Rates of insurance: The price for a unit of insurance, usually for one year, expressed in dollars and cents. The rate multiplied by the insurable value equals the premium.

Reasonable person: The standard used in determining if a person’s conduct is negligent. An average or ordinary person whose conduct is used by the courts to measure the conduct of all other persons.

Risk: The chance of loss; specifically, the possibility of loss or destruction of property or the possible incurring of a liability. It sometimes refers to the subject of an insurance contract.

Severity: The average cost of losses that a particular risk will incur in a year. It is used along with “frequency” for a calculation to determine the cost of insurance based on the degree of risk.

Third party liability: A claimant under a liability policy; anyone other than the two parties directly involved with the insurance contract (the insured and insurer).

Some students are aware of insurance; many are not. This introductory lesson serves as an entry point for all students, helping those who have some knowledge reveal what they already know and understand and encouraging those unfamiliar with insurance to begin the learning process. It connects insurance with students’ lives and introduces them to relevant vocabulary and concepts, which will be explored in much greater depth in the following lessons.

PURPOSE:

- to introduce the concept of insurance
- to relate the need for insurance in students’ daily lives
- to provide a context for the following lessons and activities

Introductory Activity:

Ask the class:

- How many of you have a valuable possession or more than one?
- What sorts of things do you have? List these on the board.
- What would you do if these were lost or stolen?
- Are all of your possessions easy to replace?
- What makes some possessions irreplaceable? (Things of sentimental value – family heirlooms, handmade gifts etc.).

Hand out the Introductory Activity – *Replacing Your Stuff*

Ask students to complete the sheet and then discuss the following:

- What would you do if these items were lost or stolen?
- How would you replace them?
- Would you be willing to pay a small sum of money to buy insurance for these items if it meant that they would be restored to you?
- What do you think insurance is?
- Why do you think it is important to have insurance for your valuable personal property?
- Insurance cannot replace some items of sentimental value. What can you do to protect these items?

Have students create a word wall in a visible place. Encourage students to post new words and their definitions for all to see. Leave this up in the classroom for the duration of the **You’re IN Business** activities. Distribute the Glossary of Terms for reference throughout the activities.

REPLACING YOUR STUFF

Student Activity

List five of your most valuable personal possessions (or personal property). Describe how they could end up damaged, lost or stolen. Place a dollar value beside each one, and identify whether they are truly replaceable or not.

ITEM	WHAT COULD HAPPEN TO IT	COST	REPLACEABLE (YES/NO)
1.			
2.			
3.			
4.			
5.			

Questions

1) How has completing this list demonstrated how your stuff is at risk of being damaged, lost or stolen?

2) Were you surprised by how much any of your items cost to replace? Why or why not?

3) How could you ensure that your stuff is replaced if something happened to it?

WHAT IS INSURANCE?

Teacher's Notes

PURPOSE:

- to explore the concept of risk and levels of risk
- to investigate ways to prevent or lower risk levels
- to explore the risks experienced by businesses
- to recognize that insurance transfers risk
- to understand the mathematical principles underlying insurance

Introductory Class Discussion

Everything we do has an element of risk. Some things have more risk than others.

Ask the class:

- Looking back at what you did this morning, from waking up until now, what things had a very low risk? (Brushing your teeth, getting dressed, watching the news, taking your books from your locker)
- What was a bit risky? (Making toast, crossing a street, riding in a car, walking to school)

Write several of the student examples on the board. Discuss with the students how looking at this list causes them to reflect or change their opinion of the risks present in their everyday lives.

Take one of the examples from the board or use the following example: riding in a car.

Ask the class:

- How could this activity be conducted as safely as possible? (Seat belts, good tires, safe car, keeping within the speed limit, stopping at red lights, qualified driver, etc.)
- How could that activity become more risky? (Not wearing seat belts, bald tires, driver under the influence of some substance, driver talking on cellphone, too many people in car, going through red lights, driving too fast, etc.)

PART A – LEVELS OF RISK IN BUSINESS

Explain to students that just as we experience risk as individuals, businesses have different levels of risk. (Note: This lesson is not concerned with the financial risks. This is about personal and property risks.)

Explore the risks that businesses experience.

Ask the class:

How would the following affect a business' risk?

- the neighbourhood where the business is located
- the building materials of the premises
- the location of the business premises near an industrial site or train tracks
- the type of work the business does – whether it involves toxic material or entering data into computers
- the equipment the business uses – a crane or a lawn mower
- the range of the business – servicing a neighbourhood or a province – in person or by the Internet
- the products or services that the business offers customers

WHAT IS INSURANCE?

Teacher's Notes

Hand out: Part A – Student Activity – Levels of Risk in Business

Have them work in groups or pairs to conduct the activity.

Follow-Up Discussion

When students have completed the activity sheet, ask them to share their ideas with the rest of the class.

Ask the class:

- Why is it important to determine ways to lower or prevent risk in a business?
- If a business carries a lot of risks no matter how much you try to prevent or lower them, what else can be done to feel a sense of security? (insurance)
- Which would you expect a business to pay more for, insurance for a high risk or a low risk? Why?

WHAT IS INSURANCE?

Student Activity

LEVELS OF RISK IN BUSINESS

Consider the following businesses. Choose one of the following risks for each scenario. Try to use a different risk for each one. Indicate how the risk could be lowered or increased for that business.

Risks: fire; loss of inventory; damage to exterior or interior; natural perils (extreme weather); location (neighbourhood).

1. A city-wide package courier service using delivery vans:

Risks could be lowered by:

Risks could be increased by:

2. French fry stand parked in a vacant lot near an automotive plant:

Risks could be lowered by:

Risks could be increased by:

3. A women-only neighbourhood fitness club:

Risks could be lowered by:

Risks could be increased by:

4. Student window-cleaning business:

Risks could be lowered by:

Risks could be increased by:

5. Small tourist ferry service:

Risks could be lowered by:

Risks could be increased by:

WHAT IS INSURANCE?

Teacher's Notes

LARGE NUMBERS & PROBABILITY

Explain to the class that businesses need insurance to operate. Insurance allows a business to “transfer” a risk so that the business can operate without fear that a large loss would have severe financial consequences.

The person or business buying the insurance is known as the “insured.” The insurance company providing the insurance is known as the “insurer.”

Ask the class:

- What would happen if a business had a fire – destroying inventory, equipment, etc.?
- What would happen if the business was flooded?
- What would happen if a heavy snowfall caused the roof to cave in?
- What would happen if a supplier lost a tractor trailer load of your inventory?

Insurance is key to compensating for all of these losses. Explain to the class that in insurance terms, “Risk is defined as the chance of loss.” The factors that cause these losses are called “perils.”

An example of a peril could be a fire or a flood. After a fire the loss would be the destroyed inventory and equipment or the building itself. No matter how hard we try to eliminate perils, we cannot prevent all chances of loss.

Ask the class:

- Why is insurance a necessary part of doing business, no matter what type of business you are in?
- If the risk is greater, do you think an insurance company would charge more for their coverage? Why?

Explain that it is important to realize that not only does a business need insurance; but insurance is a business itself.

Ask the class:

- From what you know, how does insurance work as a business? (Customers pay “premiums” for “coverage.”)
- Can you create an insurance company with only a few customers (insureds)? Why or why not?
How can you predict the losses you will have to pay for?

Data management in the mathematics curriculum informs us that to determine a probability, the larger the sample, the more accurate the probability will be.

DID YOU KNOW?

There's a **You're IN Business** 'Answer Key' to download in the 'Teacher Section' at www.career-connections.info.

WHAT IS INSURANCE?

Teacher's Notes

Ask the class:

- If someone's friend gets sick and another friend doesn't, does that mean there is a 50% or 1 in 2 chance of getting sick?
- How could we get a better sense of how many people will get sick? (Look at a large sample.)

Hand out: Part B – Student Activity – Large Numbers and Probability

Read the introduction on the sheet to the class. Explain that insurance companies use these principles to run their businesses.

Follow-Up Discussion

Ask the class:

- How has completing this activity given you a better understanding of how an insurance company charges for its products?
- Insurance needs a large number of customers for it to be successful. What other types of businesses rely on large numbers of customers to be successful?
- These costs are the “pure” costs. How would an insurance company make adjustment for different levels of risk? (Adjust premiums appropriately.)
- Insurance is often described as a “pool.” What do you think that means?

WHAT IS INSURANCE?

Student Activity

LARGE NUMBERS AND PROBABILITY

Insurance is based on two essential mathematical principles:

1. The larger the number of people being insured, the more you spread the risk.
2. Knowing the probability of a loss helps you determine the cost of spreading this risk across everyone being insured.

Calculate how these principles affect the cost of insurance.

USE THESE FORMULAE:

Probability of 1 in 10 = 10% or 0.1

probability x number of customers x cost of each loss = total cost of losses

$$\frac{\text{total cost of losses}}{\text{total number of customers}} = \text{cost per customer}$$

1. A group of schools decided to insure themselves against vandalism. There are 1,000 schools in the group. They have researched how often they were vandalized and the typical cost of the loss during these occurrences. They expected that half of the schools would be vandalized at least once in a year with an average loss of \$5,000.

Number of insured customers:

Probability:

Total loss:

Cost per insured:

Is this viable with this number of customers?

Why or why not?

2. A multinational trucking company has 20,000 independent truckers on the road all over North America. They need insurance to cover the accidental blowout of their tires, which causes trucks to be delayed or sometimes even overturned. Their research has shown that one in 20 trucks experiences a tire blowout once a year. The cost of the tire, repair, lost time and other damage was averaged at \$10,000 per occurrence.

Number of insured customers:

Probability:

Total loss:

WHAT IS INSURANCE?

Student Activity

Cost per insured:

Is this viable with this number of customers?

Why or why not?

3. An association of 100 corner stores had a request for insurance from its members that covered the cost of weather damage to outdoor signs. There is a 1 in 10 chance that the signs will be damaged due to weather. Each sign costs \$10,000 to replace.

Number of insured customers:

Probability:

Total loss:

Cost per insured:

Is this viable with this number of customers?

Why or why not?

Questions

- A. What does this exercise tell you about how many customers are needed to make insurance work?

- B. How does the probability of the loss affect the cost of insurance?

- C. How does the average cost of a loss affect the cost of insurance per customer?

WHAT IS INSURANCE?

Teacher's Notes

COMPENSATION

Ask the class:

- When a business has a loss, what is it looking for from an insurance company?
- After a fire?
- After a flood?
- After the business has been robbed?

In all of these cases, the business – the insurance policy holder or insured – is seeking replacement, repair or compensation from the insurance company or the insurer.

In insurance terms, this is to “indemnify” the loss. To “indemnify” means to repay in the event of a loss. The insured who gets the repayment neither gains nor loses and is essentially put back in the position the business was in before the loss occurred.

Ask the class how a business would expect an insurance company to indemnify the following losses:

- Equipment destroyed in a fire
- Records or data destroyed in a fire
- Business premises being water-damaged

Ask the class:

- Can an insurance company indemnify everything? (No, it's not possible.)
- How does the insurance compensate for a property loss? (Usually it provides the funds to replace the item(s) lost.)
- Can an insurance company be expected to replace items of sentimental value or lost data on computers? Why or why not?

WHAT IS INSURANCE?

Teacher's Notes

Hand out: Part C – Student Activity – Compensation

On this sheet, students are asked to determine which of the items that a business lost in a fire could be replaced and which could not.

Have the students complete the sheet and then lead a follow-up discussion with the class.

Follow-Up Discussion

Ask the class to look at some of the loss-prevention strategies students explored in the activity.

- How could FootLong have prevented the loss of the things that could not be replaced?
- How will the loss of data affect FootLong's continued business?
- Does having insurance mean that a business can act irresponsibly? (No, the concept of personal responsibility is the foundation upon which insurance is built. A business is not insured if it is thought that the business owner acts irresponsibly – insurance is an agreement made in utmost good faith between the two parties, which means that both parties must maintain the highest ethical standards.)

WHAT IS INSURANCE?

Student Activity

COMPENSATION

FootLong Pizza had a devastating fire that burned their building to the ground. They made a list of their losses for their insurance company. Help FootLong determine what they can replace and what they cannot.

FootLong Losses

Check off items that CAN be replaced:

- Brick walls
- Storefront windows
- Store sign and light box
- Italian-style roof
- One two-door pizza oven
- Awards for community service
- An inventory of takeout pizza boxes
- A database of all customers (residing on one in-house computer)
- Frozen pizza dough
- Cheese and toppings
- One computer and phone system
- Grandma's famous recipes from Italy
- Insulation sleeves for pizza delivery
- FootLong uniforms and flat "pizza" hats
- Pictures of last year's FootLong peewee hockey team
- One handmade counter with pictures of Italy embedded in the countertop
- Three customer waiting chairs
- A large walk-in refrigerator
- Pizza-building work counters
- Homemade mahogany pizza "peel" used to put pizzas in the oven

START YOUR BUSINESS

Teacher's Notes

PURPOSE:

- to explore how needs and wants create opportunities for business
- to investigate the concept of business
- to explore the components of a business model
- to understand how different businesses work

Introductory Class Discussion

Explain to your class that in this lesson they will be investigating the concept of "business" – how business opportunities arise, how businesses are created and how they work, in a general sense. A think/pair/share strategy will be used to explore the components of a business model. Students will use this to structure a business model for a company that they will create that provides insurance for property in their school. They will investigate the two general business models present in the insurance industry as models for their own.

PART A – WHAT IS A BUSINESS?

Think

Ask the class:

- What is a business? (A business is an arrangement in which someone offers a product or service to someone else, usually in exchange for money.)
- How do businesses come about? (They arise out of a perceived need or want by potential customers.)
- What are some examples of successful businesses?

Write these on the board.

Ask the class:

- Does this business serve a need or a want? Do this for several businesses.
- Where did the business opportunities come from? Discuss these in terms of needs and wants.

Next choose one of the businesses on the board and explore its business model by asking students:

1. Who is paying for what the business offers? (consumers, producers or third parties)
2. What are customers paying for? (goods, services, expertise, assurances of quality or security)
3. Who are customers paying? (the company directly or someone acting for the company)
4. Why are customers paying? (perceived value or what the market will bear)

Choose another business different from the first and conduct the same strategy. Students will soon see that some answers are the same and others are different.

Pair

Have students pair up and choose a business, either from the board or from their own knowledge.

Hand out: the Part A – Information Sheet – *What is a Business Model?* plus Part A – Student Activity – *The Model in the Business*

Have students complete the questions in Part A – Student Activity – *The Model in the Business* in pairs. This sheet expands on the four key questions covered in the class discussion. It will allow students to explore the concept of a business model in more depth.

Share

Ask students to share their answers in Part A – Student Activity – *The Model in the Business* with the class. Choose several different pairs.

The answer to the last question about partnership may be more difficult. Virtually every business partners with product or service suppliers to help meet customer needs. Ask the students to think about a product or service provider and look at the partnerships these businesses form; e.g., McDonald's partners with Coca-Cola, Dell Computers partners with Intel and Microsoft, etc.

Follow-Up Discussion

- How does using a business model approach help you understand how a business works?
- What things are the same in all businesses?
- What things are different? Why?

WHAT IS A BUSINESS MODEL?

A business model is a graphic organizer that describes on one page all aspects of the business and answers the four key questions asked of any business.

Q: WHO IS PAYING FOR WHAT THE BUSINESS OFFERS?

A: **Customers**

- Who are the **targeted customers**?
- How can the business communicate with them and **distribute** the product to them?
- How can the business build a **relationship** with these customers?

Q: WHAT ARE CUSTOMERS PAYING FOR?

A: The **value proposition** (products or services).

- What does the company **offer** that will be valued by the customers?

Q: WHO ARE CUSTOMERS PAYING?

A: **Financial** issues

- How does the business make money through various sources of **revenue**?
- What are the financial **costs** of maintaining the business model – the business overhead?

Q: WHY ARE CUSTOMERS PAYING?

A: The unique, competitive business **infrastructure**

- What are the **core capabilities** and competencies needed to make the business happen?
- What are the activities and **configuration** of the business that are needed to make the business beneficial to the business and customers?
- Who are the **partners** and what are their motivational needs to complement the business?

START YOUR BUSINESS

Student Activity

THE MODEL IN THE BUSINESS

Choose a business that you know well or visit frequently. Complete questions using what you personally know about the business. Then share your ideas with the rest of the class.

1. Name of your chosen business.

2. Who is the targeted customer of the business?

3. How does the business build a relationship with customers?

4. How does the business supply its products or services to the customer?

5. What is the business offering that the customer values?

6. What are the ways in which the business earns money?

7. What kinds of things would the business have to pay for to operate?

8. What are the special capabilities or expertise of the business?

9. What are the activities of the business? What does it do?

10. Why do you think the business partners with others nationally or internationally to share costs or expertise?

START YOUR BUSINESS

Teacher's Notes

INSURANCE BUSINESS MODELS

Class Discussion

Explain to students that in order for them to meet the challenge of creating their own insurance business, they must first study the two basic models used in the insurance industry.

Hand out: Part B – Information Sheet – *Insurance Business Models*

Ask students to begin by independently scanning both models. Have students highlight the unfamiliar words. They can place these on the word wall for class discussion.

Hand out: Part B – Student Activities – *What's the Difference? and Compare Both Models*

Read this over with the whole class, asking students to identify unfamiliar words. Discuss the meaning of each unfamiliar word with the class. Use the glossary on page 5 as a reference. Ask students to define these unfamiliar terms in their own words before continuing – to ensure understanding. Have students place these words on the word wall.

Ask students to pair up. Explain that the pairs are going to work together to fill in the activity sheets and understand the differences between the two basic insurance company models.

After they have completed the activity sheets, ask the pairs to share their findings with the class. Discuss the advantages and disadvantages of each model.

INSURANCE BUSINESS MODELS

Let's look at two different business models for insurance companies.

Mass Insurance Company

Mass Insurance Co. offers a basic car insurance policy that complies with the provincially mandated auto insurance coverage. This insurance is necessary for any vehicle to be licensed. This is a no-frills package that is aimed at keeping costs low and attracting the maximum number of clients across all demographic groups.

Mass meets the needs of commuters who need vehicles, sometimes two vehicles, but are not earning over the average national income of \$46,000 per year.

Mass offers Internet and phone-based services to keep its costs low. Customers deal directly with Mass. They pay Mass through their bank accounts or online on a monthly basis. There are no "middlemen" such as insurance brokers. It promises 24-hour phone service to handle customer questions, complaints or insurance claims. Mass advertises heavily at gas stations and on popular radio stations.

It also strives to keep costs low by insuring only those with an accident-free driving record of at least three years. Otherwise, its insurance premiums would be higher than other companies for young drivers or those who have had more than one accident.

Mass is actually a small business unit of an international insurance company based in Europe. This gives Mass the financial backing to deal with an unexpected number of claims.

Because it deals with customers through phone and the Internet, Mass requires only one national office and can keep its labour costs to a minimum. Due to its focus on basic auto insurance, Mass has a number of key employees who know auto repairs inside out. They have also developed relationships with body shops that will offer Mass discounts for repairs. Knowing how essential vehicles are to its customers, Mass prides itself on a rapid repair service that minimizes customer inconvenience.

Mass really is the insurance company for a mass audience. Low-cost, it also keeps expectations low and cars on the road – where its customers like to be.

Select Insurance Company

Select Insurance targets businesses and upper-income families who lease or purchase luxury and collectible automobiles. This is considered to be about 15% of the population. The vehicles insured by Select tend to be foreign makes. These customers want full coverage for any occurrences – such as scratches, paint chips, etc. They are willing to pay a high premium for their insurance because their vehicles are a very personal possession.

Select sells its insurance through a system of insurance brokers who offer personalized service – often visiting the owner and car before insuring them.

Select saves advertising costs by focusing its communication efforts on brokers who already have a large "book" of clients. Select targets these upper-income earners by offering brokers extra financial incentives to reach these customers. Select also has offices across Canada so that it can maintain close contact with brokers and customers. This is expensive but it allows Select to offer the personalized service that makes it a different kind of company. When a vehicle is insured with Select, the customer gets a specialized leather-bound policy with glossy photos of his or her car. Some people consider these frameable.

Select employees are well paid for their expertise. The staff know foreign vehicles and their idiosyncrasies. They are qualified to work with demanding customers and difficult repairs at specialized body shops. However, Select finds that it has fewer claims than most insurance companies because its customers are so careful with their cars. When they do have a claim, it is usually more expensive than the average car repair.

Select really stands alone in this high-cost, high-premium market so it partners with other branches of its company in other countries.

WHAT'S THE DIFFERENCE?

Fill out this table. Determine the differences between the business models of each insurance company. Note one difference for each component of the business model.

	BUSINESS MODEL	MASS INSURANCE	SELECT INSURANCE
Customers	Targeted Customers		
	Distribution and Communication		
	Customer Relationships		
Offering	Value Proposition (products or services)		
Finance	Revenue Stream (earnings)		
	Costs (overhead)		
Infrastructure	Core Capacities (capabilities and competencies)		
	Partners and Alliances		
	The Configuration (business activities)		

START YOUR BUSINESS

Student Activity

COMPARE BOTH MODELS

Identify three advantages and three disadvantages of each:

	MASS INSURANCE	SELECT INSURANCE
Advantages	1.	1.
	2.	2.
	3.	3.
Disadvantages	1.	1.
	2.	2.
	3.	3.

START YOUR BUSINESS

Teacher's Notes

CHOOSE YOUR BUSINESS MODEL

Students are now ready to begin to create their own insurance company. Write this challenge on the board or chart paper and keep it visible throughout this activity.

Challenge

Create a company that provides insurance for something in your lives, either at home or at school.

Place three large columns on the board.

Brainstorm with the class to generate a list of things that they possess that they would like to have insurance for (such as running shoes, MP3 players, portable video games, bicycles, etc.).

List these in one column on the left-hand side of the blackboard. Label this column "property."

In the next column identify how much these items cost to purchase. Ask students to agree on a ballpark cost; there is no need to be specific. Label this column "replacement cost."

Ask the students: "How much would you be willing to pay every month to insure these items?"

This is called a premium. The higher the replacement cost, the higher the premium will be.

In the third column, labelled "premium," write the amount of money the students would pay each month to insure each item.

Go back to the first questions answered by a business model. Ask the class:

- Who is paying for the insurance?
- What are the customers paying for?
- Who are the customers paying?
- Why are the customers paying?

Ask them to keep this in mind when they develop their insurance company.

Group your students. Hand each group the **Part C – Student Questionnaire – Insure What?** They need to complete this questionnaire to guide the development of their insurance companies.

Once the students have finished thinking about their insurance businesses, hand out **Part C – Student Activity – Start Your Own Insurance Company**. They need to use this template to develop a one-page graphic organizer that shows the model of their groups' insurance companies.

Ask each group to present their business model to the class. As a class, discuss the advantages and disadvantages of each model.

INSURE WHAT?

Offering

1. What will your company insure? Why did you choose this? How do you know there is a need for this kind of insurance?

Customers

1. Who are your targeted customers? How do you know that you have enough customers to make the business possible?

2. What is the best way to build a relationship with these customers and how does this reflect or build on the type of insurance you are offering?

3. What is the best way to distribute your insurance? Directly or through someone else – school council, friends, employees?

Finance

1. How can you make sure that this is a profitable venture? How do you know that your customers will pay for this insurance? Who will they pay? What is reasonable for them to pay?

2. What are the sources of costs in your business? Provide a general idea of where you think your costs will come from.

Infrastructure

1. Which model will you use for the configuration of your insurance company – a Mass model or a Select model? How does this model relate to the type of insurance and customer you are targeting?

2. What expertise or knowledge (competencies) do you have that relate to insuring this property? How will this help your business?

3. Do you know of any partners with whom you could link up to help you make your business a success? Why choose these partners?

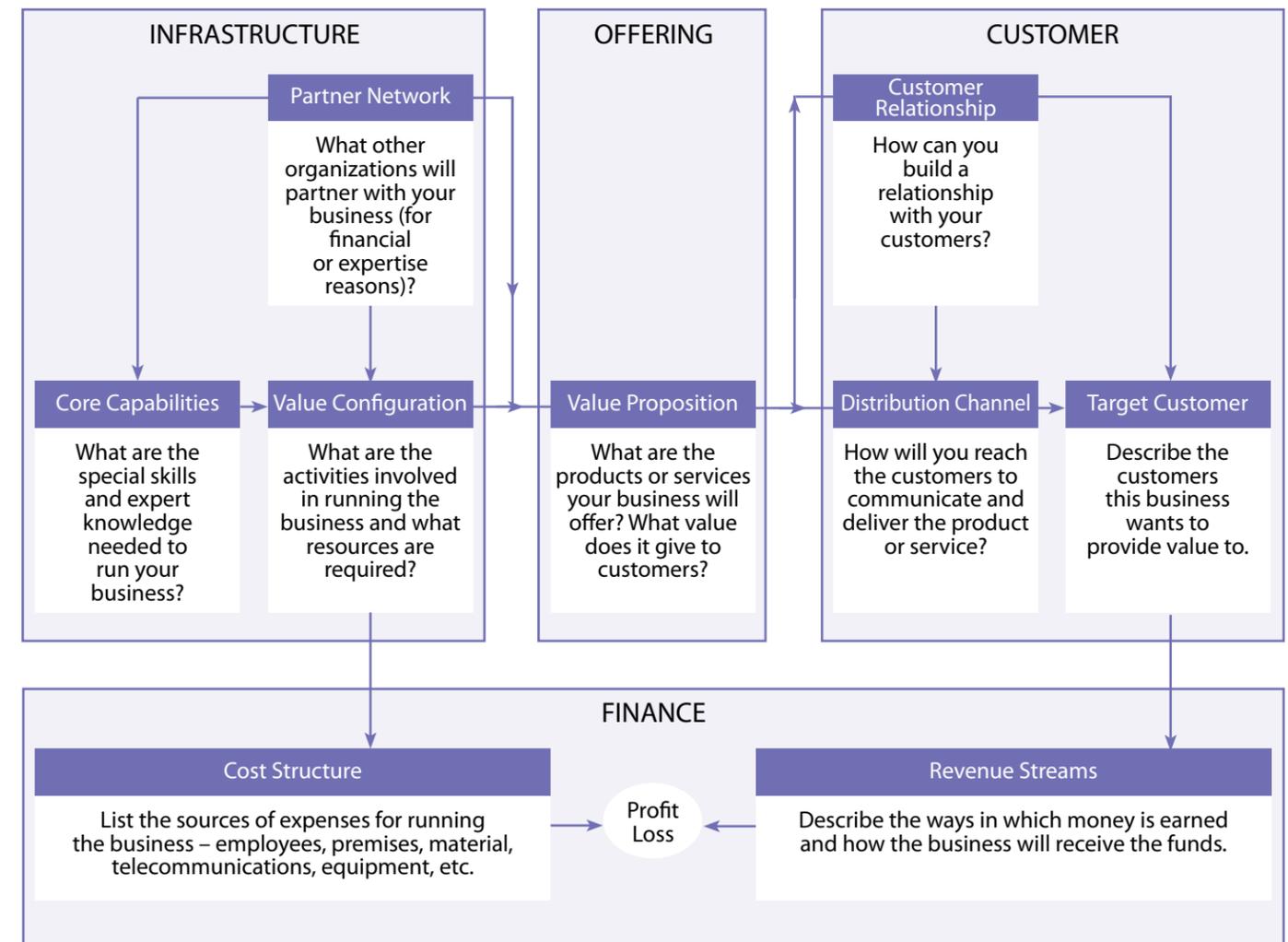
Identity

1. What will you call your company? Make sure your company name indicates what you are insuring. Create a graphic logo for your company.

START YOUR OWN INSURANCE COMPANY

Your Company's Name:

Use your completed questionnaire and this template to develop a business model of your own insurance company. Create a graphic organizer on a separate piece of paper.



RUNNING THE NUMBERS

Teacher's Notes

PURPOSE:

- to learn how to develop a financial plan for a new business
- to read graphical texts and extract financial information
- to identify sources of revenue and types of costs in an insurance business

Introductory Class Discussion

Brainstorm with the class to discover what they already know about revenue or earnings. In what ways can a business earn revenue? Then ask the class to brainstorm what they know about costs. What are the costs involved in running a business? What role does profit play in a business? Write all the thoughts of the students on the board. Collect their ideas under the three headings “revenue,” “costs” and “profits.”

PART A – YOUR BUSINESS COSTS

Hand out the business model graphic organizer from Lesson 2 – Start Your Business (p. 29).

As a class, analyze where the costs are coming from. (Virtually everywhere except the targeted customers and revenue stream.)

Where are the revenues coming from? (Mainly the customers purchasing the offering – products or services.)

Move the discussion to the specific business model of an insurance company.

Discuss with the class what they think are the major source of costs for an insurance company – aside from their company overhead (employee salaries, commissions, office equipment, etc.).

What does someone expect from an insurance company when their insured property is lost, damaged or stolen? (Customers expect to have their losses recovered; it takes money to pay the customers for their claims.)

Where does the money come from to pay for the customers' claims? (Other customers – through their premiums. The premiums of the many pay for the losses of the few.)

Explain to students that in this lesson they will explore how an insurance company structures its finances.

RUNNING THE NUMBERS

Teacher's Notes

Hand out: Part A – Student Activity – Your Business Costs

In this activity students will calculate the cost of paying for claims in two different business models. These business models are discussed in more detail in Lesson 2; however, the highlights are reproduced on **Part A – Student Activity – Your Business Costs**

In Part C, students must use one of these business models for their own insurance company. Then they calculate the cost of covering the claims and the operations revenue needed for one year in this model.

Review **Part A – Student Activity – Your Business Costs** with your students. Point out that a “premium” is the cost to customers of buying insurance. The premium is based in part on the “pure premium,” which is the cost of paying for anticipated losses.

The cost of losses is determined by two factors:

- Frequency – how many losses an insurance company has in a year
- Severity – how much the average loss costs

After students have completed the sheet, have them share their answers and their methods of calculation.

DID YOU KNOW?

There's a **You're IN Business** 'Answer Key' to download in the 'Teacher Section' at www.career-connections.info.

RUNNING THE NUMBERS

Student Activity

YOUR BUSINESS COSTS

The pure premium is the amount of money you need to collect from your many customers to pay for the losses that you expect to pay in a given year. (Pure premium does not take into account any other costs.)

Example: If you are insuring 10 automobiles and one car has \$250 in damage in a year, you need to charge each car $\$250/10 = \25 pure premium to pay for the loss.

Let's look at the two insurance company business models to see how you would calculate your pure premium for your own insurance company.

MASS VS. SELECT INSURANCE COMPANY BUSINESS MODELS	
MASS INSURANCE CO.	SELECT INSURANCE CO.
Insures 85% of available customers – the mid-range socio-economic group	Insures 15% of the available customers – higher-income earners
Severity of average claim: lower-cost repairs of consumer cars with an average cost of \$30,000	Severity of average claim: high-cost repairs of luxury automobiles with an average cost of \$60,000
Frequency: higher number of claims	Frequency: lower number of claims

RUNNING THE NUMBERS

Student Activity

Complete the following table. Answer the questions that follow.

	MASS INSURANCE CO.	SELECT INSURANCE CO.
Number of insureds (customers)	100,000	10,000
Average value of the item insured by each customer (insurable value)	\$30,000	\$60,000
Severity: Average cost of each loss (claim)	\$5,000	\$15,000
Probability: Average ratio of losses (claim)	1 in 20	1 in 50
Frequency: Actual number of claims		
Total cost of losses		
Pure premium needed to be paid by each customer to pay for the losses (claims)		

1. Which company has the higher pure premium – the cost it has to charge each customer?

2. Were you surprised about the difference in the pure premium in each insurance company before and after your calculations? Why or why not?

3. Based on pure premiums, do you believe that each insurance company has a financially viable business model? (Are its premiums too high for the targeted customer? Does it have a large enough customer base?)

INCOME AND PROFITS

Discuss with the class their findings in examining the pure premiums of the two insurance companies.

- How would premiums be affected if the insurance companies had more customers?
- How would premiums be affected if they had more losses?
- How would you expect customers to react to higher premiums? To lower premiums?
- How would the pure premium be affected if the average ratio of losses improved?

Explain to the class that these kinds of variables are what make the insurance business challenging and exciting.

Now students need to look at the broader financial picture of running an insurance company. A pure premium quantifies the losses or claims that an insurance company can anticipate in a year.

Ask the class:

- What are the other costs and financial considerations that an insurance company needs to plan for? (Operating costs will come up first.)
- How do you think an insurance company can always be in the position to pay for customer claims – at any time, day or night? (This is a key insurance philosophy. The losses of the few are shared among the many who did not suffer a loss.)
- What would happen if a major catastrophe such as Hurricane Katrina hit and the insurance company was swamped with claims? How would it cope? (Insurance companies are mandated by government to hold money in reserves, in order to ensure an insurance company can meet its financial obligations.)
- How does this affect the way an insurance company has to plan its finances to cope with these occurrences? (Insurance companies have to calculate very carefully the severity and frequency of potential future claims.)
- Why is it important for an insurance company to always be ready for the unexpected? (An insurance company must make sure that it has collected enough money from its customers so that it can pay out the expected and unexpected claims it has promised to pay. Insurance companies must plan for expected and unexpected claims throughout the year. Only at the end of the year do they know the total cost of claims. They use probability to forecast their financial obligations.)
- Why is it important for the customers that insurance companies have the financial ability to pay for a claim? (When customers suffer a loss they can be assured that their insurance company will deliver on its promise to put them back in the financial position they were in just before the loss occurred.)

Inform the class that by law an insurance company must keep in reserve the amount of money it needs to pay all of its annual claims.

Ask the class:

- What about profit? Shall we include profit in our financial planning? Why or why not? What would be an appropriate profit margin?

Hand out: Part B – Student Activity – Income and Profits

On the sheet students will find pie charts showing how the revenue is allotted in each of the two insurance company business models – Mass vs. Select.

Their challenge is to turn these graphs into financial numbers for each model. Further they must use these numbers to arrive at a “rate” – a unit cost of an insurance policy based on the value of what is being insured. This is a more flexible way to determine the correct premiums for different insurable values.

NOTE: Students need to complete Part A (pure premiums) in order to complete Part B. They will be using the pure premium numbers they calculate in Part A for their Part B calculations.

REMINDER

There's a **You're IN Business** 'Answer Key' to download in the 'Teacher Section' at www.career-connections.info.

RUNNING THE NUMBERS

Student Activity

INCOME AND PROFITS

Let's look at all the financial considerations of running an insurance company. Check out the pie graphs of the revenue and cost allotments for each insurance company. Use these graphs to fill in the financial plan for each company.

REMINDER: By law, insurance companies have to keep in reserve the amount of money they will pay in claims; i.e., the total amount for loss = the amount of reserve.

MASS INSURANCE CO.		SELECT INSURANCE CO.
Total cost of losses (use the losses from Part A)		
Amount of reserve required by law to cover the expected losses		
Cost of overhead		
Break-even revenue needed by company		
Dollar value of profit		
Total revenue required by company		
Premium required from each customer		

RUNNING THE NUMBERS

Student Activity

Extension Activity

The premiums just calculated are for an average amount of insurable value. Customers will always have different insurable values that are above or below this average insurable amount. To solve this problem insurance companies use a "rate" to calculate the correct premium for each customer.

Calculate the rate used by each company to arrive at the proper premium for an insurable value.

USE THIS FORMULA:

Premium required from each customer (page 36) X 100 = Rate/\$100 of insurance
 Average insurable value
 (Average value of each car insured by each customer)

Rate Comparison

	MASS INSURANCE CO.	SELECT INSURANCE CO.
Average insurable value	\$30,000	\$60,000
Rate \$100 of insurable value		
Premium for \$20,000 of insurable value		
Premiums for \$40,000 of insurable value		
Premiums for \$80,000 of insurable value		

Answer the following questions on a separate piece of paper:

1. How is using the rating method of arriving at insurance premiums more flexible for meeting customers' needs?
2. When you complete these calculations, are the insurance premiums competitive? Where do they compete? Where do they not compete?
3. Mass Insurance does insure expensive cars. Select does not insure average-priced cars. How do their business models affect their competitiveness in insuring different kinds of automobiles?

RUNNING THE NUMBERS

Teacher's Notes

KNOW YOUR FINANCES

Inform the students that they are going to prepare a financial plan for the insurance company they started in Lesson 2 Part C.

Now students will be calculating the numbers for their business model.

Review Parts A and B of this lesson. Discuss with the student the information they will need to complete their financial plan.

Ask the class to restate:

- What do you plan to insure?
- What is the average cost of the item? (This will be the maximum cost of each loss or claim.)
- Which business model are you using for your insurance company? The Mass or the Select?

Inform the students that they should use the frequency (average ratio of losses) shown in Part A for their own financial planning.

Their first task is to calculate the pure premiums they need to cover their expected average losses. Review the definition of a pure premium.

Remind students: An insurance company requires many customers to ensure that there is enough money from those who do not have a loss to pay for the few who do.

Ask the students to consider:

- How many insureds (customers) do you need to make your business work financially?
- What is the estimated premium that you believe customers will pay for this type of insurance?
- If your pure premium is too high, how can you lower it to meet customer needs?
- If you are using a Mass model, how can you keep overhead low?
- If you are using a Select model, how can you provide the added service customers expect and will pay for?

Hand out: Part C – Student Activity – Know Your Finances (2 page activity sheet)

The challenge presented by this sheet is to have students plan how much revenue they need to achieve to cover their costs and have a profit in their first year of business.

Follow-Up Questions

Ask the class:

1. How many people do you need to sign up to your insurance plan to make it viable?
2. How does creating a financial plan give you insight into your business model?
3. How do you need to change your business model and financial plan to make your insurance company more successful?

RUNNING THE NUMBERS

Student Activity

KNOW YOUR FINANCES

You are starting an insurance company. You have developed a business model. Now you need to run the numbers.

Your challenge is to calculate how much revenue you need to make for your company to be profitable in one year.

The name of your insurance company: _____

Name the business model you chose (Mass or Select?): _____

Identify what you intend to insure: _____

Determine the average cost of replacing (or maximum cost of repairing) one of these items:

Complete the pure premium table.

PURE PREMIUM	
Number of insureds (customers) you are targeting in your first year of business	
Severity: Average cost of each loss (claim)	
Frequency: Expected number of losses Use these average number of losses to calculate Mass = 1: 20 Select = 1: 50	
Total cost of losses	
Pure premium needed to be shared (paid) by each customer to pay for the total losses	

RUNNING THE NUMBERS

Student Activity

Now, expand your financial plan to look at total revenue needs for your first year in business.

Use the following percentages for your financial planning.
Remember the total amount for loss = the amount of reserve.



FINANCIAL PLAN	
Total cost of losses (use the loss percentage from above)	
Amount of reserve required by law to cover the expected losses	
Cost of overhead (based on your business model)	
Dollar value of profit	
Total revenue required by company	
Average premium required from each customer	

Extension

1. Calculate the rate of your insurance offering using the rate formula in Part B.

2. How would you build in a 5% contingency fund to deal with unexpected situations such as product recalls, cost overruns, inflation, etc.?

GOING TO MARKET

Teacher's Notes

PURPOSE:

- to apply the four Ps of marketing to market an intangible product such as insurance
- to follow the insurance business model by communicating to the target customer by building relationships
- to use a key aspect of insurance, "the claims process," to communicate the benefits of having insurance
- to explore the ethics of the customer/company relationship necessary to make insurance work for both sides through "utmost good faith."

Introductory Class Discussion

Discuss with the class what happens when you change roles from a buyer to a seller. Every member of the class has bought something. Ask who in the class has sold something.

Have the students comment on what the selling experience was like. What did they find challenging? How did they get their sales points across?

Now, in light of being a seller, ask students to recall a marketing campaign that they have seen recently that they thought was successful. What made it work?

How did the marketing campaign get their selling points across? What were some of the key features? (humour, edgy material, use of the unexpected, etc.) Have students discuss their favourites.

PART A – MAKE IT REAL

Review the four Ps of marketing with the class:

- Product
- Price
- Place (Distribution)
- Promotion

Many industries now consider a fifth P – people – into the marketing mix.

Ask the class to reflect on insurance as a product:

- What is the product? Is it something that customers can hold in their hands like a cellphone or a piece of clothing?
- Is it a service they can see the results of, such as dry cleaning or computer repair?
- How can you convey what insurance is? What are you offering your customers?
- What does it mean when it is said that "insurance is an intangible product"?

Brainstorm with the class ideas that they think of when they try to convey what insurance is. Ask for key words they have explored in previous lessons, especially in Lessons 1 and 2.

GOING TO MARKET

Teacher’s Notes

Look for words like replacement, protection, security, risk, loss, perils.

Look for images or metaphors such as umbrella, shelter, helping hand, a pool, collective support, safety blanket.

Ask the class:

- Do you think there are people who have purchased insurance for their entire lives who have never had a loss and made a claim?
- Why would these people continue to purchase insurance? (a sense of security, peace of mind, a legal necessity)
- When is the value of insurance actually tested? (when a loss occurs)

Explain that insurance is there when you need it, but otherwise you do not use it.

Hand out: Part A – Student Activity – Make It Real

Explain to the class that when you have a product that you cannot see, taste or smell and that is invisible, it might be best to show what the product does in the negative – what happens if customers do not have insurance.

Follow-Up Discussion

Ask the class:

- How does this news story make the need for insurance real or more tangible?
- How does this communicate the value insurance offers to customers?
- How else could you market an intangible product such as insurance?

GOING TO MARKET

Student Activity

MAKE IT REAL

Read the following news story. Answer the questions.

DAVISVILLE BUGLE

Insurance – Can You Afford To Be Without It?
Feature Story by Dan Bailey

We hear a lot about the high cost of insurance these days. Even if it is not true, there is a perception that insurance is expensive.

We have to have insurance to license a car or to get a mortgage for a house or business premises. Businesses need insurance.

The question is: what happens if we don't have insurance? What can happen to us? Most of us think that we are immune to having a fire or flood or having someone get hurt because of our actions. But we know that's not true.

This was brought home by a recent incident at Davisville East High School. Raising funds for "Children In Africa," a group of students set up a hot dog and hamburger stand on the sidewalk outside the school. Sales were going great, in fact, so great that they sold out of their pre-cooked hamburgers by 12:30 p.m. One enterprising student, Jerry Shum, ran to the local butcher and purchased a bunch of fresh burgers to meet the demand.

Unfortunately, a local hair stylist, Sarah Pauley, bought one of Jerry's burgers and became very ill. That night, she was contorting with stomach cramps and had to be hospitalized. The doctor and police traced the cause back to the burger and the butcher. Guess what? The high school students did not have insurance. Now, Sarah is being told by her lawyers to sue for lost income while she recuperates from e. coli poisoning.

Local insurance broker, Margaret Ling, commented in an interview, "The students' hearts were in the right place, but we can't lose our heads when it comes to having insurance coverage. The unexpected happens too often. You can't afford not to have insurance to fall back on."

Questions:

1. How does this news story demonstrate the importance of having insurance?

2. How could you use this story to market insurance?

3. How does this make insurance real?

KEEPING IT REAL

Explain to students that in this lesson they will explore “place” as it relates to marketing insurance.

Have the class review the business model graphic organizer (from Lesson 2) before the class discussion..

Brainstorm with the class about the following challenges. Write their ideas on the board.

- How do you get your insurance products to your target customers?
- How can you build a relationship with your target customers?
- How can you keep your relationship with the customers honest and valuable?

Take up the student ideas. When you strip away the mechanics of distribution, you end up with the importance of trust in a relationship.

Explain that insurance is based on the legal principle of “utmost good faith” – that is “the law imposes a duty to disclose any information that is basic to the acceptance of risk by the insurance company and the customer.”

This imposes the highest standard of integrity on the insured and the insurer.

Ask the class:

- Why does the relationship with the customer have to be highly ethical, especially in the insurance business? (Remember insurance is an intangible product.)

Hand out: Part B – Student Activity – Keeping It Real

This activity provides students with an opportunity to investigate claims. This process ensures that the relationship between a customer and insurance company is built on utmost good faith.

Follow-Up Discussion

Ask the class:

- How does investigating a claim help keep the relationship ethical for both the customers and the insurance company? (It ensures that the claim is authentic.)
- How does investigating a claim help prevent fraud where customers make false claims or inflate the value of a claim? (By knowing claims will be investigated customers are less likely to make a false claim.)
- How does reducing fraud help to keep the cost of insurance premiums lower? (Fewer and/or less severe claims will generally lower premiums.)

KEEPING IT REAL

The following are loss reports to your insurance company. How would you investigate each loss report? What questions would you ask to test if these were false reports?

1. A customer claimed that he had five MP3 players in his locker and they had mysteriously disappeared. He has insurance for locker theft and claims that he was storing them for his friends. However, the locker door showed no evidence of break and enter.

Sample question: How could someone get into your locker?

2. After the girls’ volleyball game, the soles on the running shoes of the starting lineup players came unglued at the same time. They bought running shoe insurance for just this reason, but this seems too coincidental.

Sample question: Are all of your running shoes the same brand?

3. Musical instrument insurance has really been a hit with one part of the high school population. Every musician has bought it. Now one musician is claiming that his tuba was stolen from his hallway locker.

Sample question: What are the dimensions of your locker?

4. Create or relate a scenario where someone files a false loss report.

PEACE OF MIND

The last of the four Ps of marketing is promotion – communicating and selling to potential customers.

Ask the students to recall some of the ideas they had at the beginning of this lesson – words and images that describe insurance – ways to communicate to customers the value of insurance.

Ask the class:

- What media would you use to promote your own insurance company?
- How do you know that the chosen media will reach your targeted customers? Remember insurance requires a large number of customers to be effective in paying out the losses and making the premiums affordable for all your customers.

Hand out: Part C – Information Sheet – School's IN

Analyze this promotion with the class. Use the following questions:

- How can you tell the business model used for this insurance company? Is it the Mass or Select model (Lesson 2)?
- How can you tell who the target customers are? Again, Mass or Select?
- How does the flyer show the need for the value this insurance company offers – the product?
- How does it use the idea of claims or losses?
- How does it demonstrate the place – the distribution channel for the insurance products?
- How does it communicate the relevant prices?

Complete your discussion of the flyer by asking students: How does the flyer promote “peace of mind”?

Why do you need to communicate peace of mind when you are promoting insurance?

Hand out: Part C – Student Activity – Peace of Mind

Have the student teams – those who have started insurance companies – use the sheet to create their own promotional flyer. Have them present the flyer to the class for evaluation.

Follow-Up Discussion

Ask the class:

- Which flyer did the best job of promoting the insurance company? What made it stand out?
- Why is it essential to be ethical in promoting an insurance company?
- What is the key concept in ethical promotions? (only make promises you can keep)

School's IN

A Popular Insurance Company

You love your stuff. And you have lots of it. Portable music players, watches, cell-phones, bicycles, snowboards, skis, gaming systems, running shoes. The list is endless.

Do you ever think: What happens if my stuff gets damaged, lost or stolen? How will I replace it or repair it?

Well, if you haven't given it much thought, you probably should. Every day someone loses his cellphone or leaves her portable music player on the bus, only to rush back and find it gone.

What should you do?

PURCHASE INSURANCE FOR YOUR STUFF FROM SCHOOL'S IN!

At School's IN, we know how easy it is to lose something valuable and that's why we are the industry leaders in student property insurance.

We offer:

- Great low rates.
- Premiums not affected by the age of your stuff.
- Comprehensive coverage for one item or many.
- In the unfortunate event that something valuable is lost or stolen, School's IN is here for YOU!
- How much coverage is enough? Only you know how much stuff you have and how important it is to you.
- Our insurance coverage has three different plans. Take a look and see which one works for you.
- Customize your options – and be prepared for almost anything.

Plan A:

Replacement value for damaged items only – up to \$500 value
– for a low, low premium of only \$0.50 per month*

Plan B:

Replacement value on selected items – damaged, lost or stolen – up to \$1,500 value
– a comprehensive package for only \$2.25 per month*

Plan C:

Replacement value on all listed items – damaged, lost or stolen up to \$3,000 value
– the all-inclusive, deluxe package for \$4.00 per month*

Or customize your options and be prepared for almost anything.

**Based on an annual one-year commitment. Premiums may vary with the insurable value. Perils are indemnified based on policy conditions and agreements. Please read your quote and policy carefully and in full.*

Find out more. Get a quote.
Call 1-777-123-4321 today or do it online at: www.schoolsin.ca

GOING TO MARKET

Student Activity

PEACE OF MIND

Reach your customers. Communicate what your insurance company has to offer.

Create a flyer that promotes your insurance company and its products.

In your flyer, ensure you:

- Appeal to the right customers.
Know who your customers are. Use the most appropriate words and images that match your target customers' sense of themselves.
- Indicate how your insurance offers value to these customers.
Ensure that you communicate how your insurance will provide your customers with "peace of mind." If something happens, your insurance is there to provide compensation.
- Show how you provide ways to build a relationship with the customers.
Give your customers choices that match their needs. Indicate how you offer strong and effective claims service.
- Identify the ways in which customers can easily purchase insurance from your business.
Let customers know that your company is easy to reach at all times and from all places.

Write Your Flyer

Use simple, clear language and short sentences. Short phrases or bullet points help ensure that it can be read in a glance.

Design Your Flyer

Use a computer graphic program or your own artistic abilities. Select text that you want to highlight. Make it larger. Provide enough space around the text so that it is easy to read. Balance your ad in terms of the wording, structure and placement.

Present Your Flyer

Distribute your flyer to the class. Be prepared to answer questions.

YOUR PEOPLE

Teacher's Notes

PURPOSE:

- to articulate the attributes and actions of an exemplary entrepreneur or employer
- to articulate the attributes and actions of an exemplary employee
- to investigate the moral, legal and ethical rationale for a business code of conduct in the insurance industry
- to identify the key components of an insurance industry electronic communications policy
- to understand how a code of conduct affects all aspects of an insurance business, both within the company and while representing the company to others

Introductory Class Discussion

Take a poll of the class:

- How many students work part-time?
- How many students have had a summer job?
- How many students have done some kind of work for which they have received payment?

Presumably most of the class has had some kind of employment experience.

Ask the class:

- How important is the employee to the success of a business?
- Why are employees so important?

Discuss with students that in running their own insurance business, the attributes of the employees they might hire are very important. However, so are the attributes of the employer, in this case themselves in the role of an entrepreneur.

PART A – ATTRIBUTES AND ACTIONS

Think

Ask your students:

- What kind of employee would you hire?
- What words would you use to describe the attributes of a "model employee"?

List these on the board or chart paper.

Some examples of attributes are: loyal, diligent, hard-working, honest, sensible, tactful, discreet, appropriate, punctual, good-humoured, friendly, generous, etc.

Ask students to give examples from their lives of how these qualities would help someone in the workplace. Ask them to recall either things they have observed from their own job experience or in others they have seen working.

Point out that codes of conduct guide employees' actions in the workplace. There is a code of conduct for the school that guides students' behaviour. Review some of the key points of your school's code. Ask the class how these points affect their behaviour in school.

Discuss with students the idea that when they are starting their own insurance business, their own attributes are very important.

Ask the class:

- What words would you use to describe an ethical employer, someone you respect? List these on the board or chart paper. (Words such as fair, objective, responsible, discreet, honest, impartial, possessing integrity, law-abiding, etc.)

Hand out: Part A – Student Activity – Seven Guiding Principles (2 page activity sheet)

This activity offers students an opportunity to explore the guiding principles for a code of conduct in the insurance industry. The challenge for students is to review these guiding principles and determine how the guiding principles will affect employee attributes, as well as those of the company leader or employer.

Discuss the principles on the sheet with the whole class to ensure understanding of the content.

Ask the class to use their own knowledge and the definitions on the sheet to determine why an insurance company needs to embed each of these specific guiding principles in an employee.

Code of Conduct

Ask the students:

- Why would an insurance company require fairness? Integrity? Corporate responsibility? Confidentiality? Individual responsibility? Objectivity? Upholding the law?
- Why would “full disclosure and accurate representation” be important to an insurance company?
- Why is it important that employers embody these guiding principles in all of their actions?

Pair

Pair up your students. Ask each pair to use the attributes listed on the board and ideas from their own experience to complete **Part A – Student Activity – Seven Guiding Principles**

The pairs need to identify employee attributes and employer attributes that meet the needs of the guiding principles.

Share

Ask students to share their attributes with the class. Choose several different pairs.

Have the other students clearly indicate how their chosen employee/employer attributes will meet the needs of the guiding principles.

Develop this into a large group discussion about the importance of actions.

- How do these attributes translate into action in the workplace?
- Why is it so important that the company's leader demonstrates the attributes of the guiding principles in all of his or her actions?

After each pair has given examples, ask your students:

- What is the purpose of having “guiding principles” for a code of conduct?
- What do these particular “guiding principles” tell you about the ethical standards that an insurance company requires of its employees/employers?
- What are the likely consequences if an employee does not follow these guiding principles?
- What are the consequences if an employer does not follow the guiding principles?

DID YOU KNOW?

There's a **You're IN Business** 'Answer Key' to download in the 'Teacher Section' at www.career-connections.info.

SEVEN GUIDING PRINCIPLES

Insurance Co. has developed seven guiding principles for the conduct of its employees. The principles are expanded into a code of conduct.

Identify the attributes/qualities of both the employer and the employees that are required to meet the needs of Insurance Co. and its guiding principles. Use your own experience to help you to decide what qualities lead to a successful working environment.

Insurance Co. employees will:

Principle 1: Fairness

Conduct business according to high standards of honesty and fairness and treat people fairly, carefully weighing our responsibilities to all stakeholders, who, in the same circumstances, would demand the same treatment for themselves.

Employer attribute:

Employee attribute:

Principle 2: Integrity

Tell the truth in all our communications and do not mislead by error or omission in order to openly represent and disclose all aspects of our relationships.

Employer attribute:

Employee attribute:

Principle 3: Corporate and Social Responsibility

Add value to society and take responsibility – social, environmental and economic – as a corporate citizen for the effects of our actions.

Employer attribute:

Employee attribute:

Principle 4: Confidentiality

Respect and preserve the right of customers and employees to privacy and to the security of their personal information.

Employer attribute:

Employee attribute:

Principle 5: Individual Responsibility

Treat each other with respect as responsible men and women to ensure our working relationship is based on candour and openness and our commitment to empower others.

Employer attribute:

Employee attribute:

Principle 6: Objectivity

Make judgments independent of personal interests that may arise from other business dealings or obligations created by social relationships or personal favours.

Employer attribute:

Employee attribute:

Principle 7: Upholding the Law

Abide by the laws, rules and regulations governing the insurance industry and business in general and respect these in letter and in spirit in the best interests of our customers, employees and shareholders.

Employer attribute:

Employee attribute:

CODIFY THE CONDUCT

Class Discussion

Ask the class:

- Why does your school have a code of conduct?
- What might happen if it did not have a code of conduct?
- What happens when you sign a code of conduct or any other document? (It means that you are committed to what has been read – that you are ethically, if not legally, committed.)
- What happens if you do something against the code after you have signed it? (You are usually punished.)

Ask students for any experiences they have had with codes of conduct in the workplace.

- What issues were addressed in the workplace code of conduct? (Punctuality, dress, manners, policies regarding phone, computer or Internet use, etc.)
- How do you think the code of conduct helped you as an employee?

Explain to students that they are going to read a portion of a real code of conduct used in the insurance industry. This is the actual electronic communications policy from a major Canadian insurance company that agreed to share it with the class.

Often documents like this are fairly dense and difficult to understand. This exercise will allow students to begin this process of deciphering the clear meaning of a code of conduct.

Hand out: Part B – Student Activity – *Electronic Communications Policy* (3 page activity sheet)

Have students work in groups to read for information and inference, and to discuss and synthesize the “big idea” from each paragraph they read.

Follow-Up Discussion

After they have completed the activity sheet, have the groups share their big ideas and their appropriate guiding principles with the class. Discuss them in turn to make sure that the meaning is clear for each paragraph. Ask students for examples of actions that would breach the code in relevant cases (such as sending around inappropriate jokes or forwards).

Ask your students:

- Why is an electronic code of conduct or communications policy important? What purpose does it achieve?
- What protection does a code of conduct such as this provide for employees? for employers?
- Why is this particularly necessary in an insurance company?
- What can happen if you breach the code?
- What electronic devices/issues would you add to this code of conduct to keep it up-to-date?

ELECTRONIC COMMUNICATIONS POLICY

Read each paragraph of the communications policy in your group. Discuss the meaning and write the “big idea” in the box underneath the paragraph. Then write down which of the Seven Guiding Principles each big idea exemplifies.

Code of Conduct for Electronic Communications

Insurance Co. owns electronic and wire communication systems, including but not limited to:

- Computers (including desktop computers, portable computers, servers, local area networks, wide area networks, printers, software and removable storage media – e.g., floppy disks, CD-ROMs, hard disks);
- Electronic mail (“email”), including attachments;
- Voice mail; and
- Internet and intranet use.

Because these systems are owned by Insurance Co. and are to be used for business reasons, the contents of any communications transmitted through or stored within these systems are company property and are subject to review by and disclosure to Insurance Co. Furthermore, in some situations (e.g., litigation involving Insurance Co.) these communications may be subject to disclosure to a third party outside Insurance Co.

Main idea:**Guiding principle:**

In order to assure that the systems are being used properly and in compliance with this policy, Insurance Co., without notice, may periodically access, display, copy, delete or listen to any messages or communications sent, received, created, deleted or stored through or in its systems.

Occasional personal use of the systems is permissible. Occasional personal use means minimal and infrequent use that does not interfere with Insurance Co. business or job performance. Any employee communicating personal messages should do so with the understanding that his or her messages or communications are subject to being heard or read by Insurance Co. You should not expect that any of these messages or communications will be confidential or private. Insurance Co. technology resources may not be used for personal commercial or profit-generating activities unrelated to Insurance Co.'s business.

Main idea:**Guiding principle:**

YOUR PEOPLE

Student Activity

Insurance Co. may monitor Internet use, including reviewing the list of sites accessed by any individual terminal. Your Internet use is not private. No employee should have any expectation of privacy regarding Internet usage. Insurance Co. reserves the right to inspect an employee's computer anytime or to use monitoring software in order to monitor Internet and computer use. These systems may not be used to access or transmit material that could embarrass, harass or offend other persons. Additionally, Insurance Co. strictly prohibits the use of its systems to communicate sexually offensive material or comments or anything that might offend or disparage another person because of his or her race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, same-sex partnership status, age, record of offences, marital status, family status or handicap.

Main idea:

Guiding principle:

Consistent with existing company policies, employees are not to use the system for solicitation of any kind, including the distribution of chain letters.

Employees have the responsibility to safeguard passwords and codes in order to protect proprietary or confidential business information. Employees must also take adequate measures to ensure that their company account on the Internet is not used by any other individual, including other members of their household.

Main idea:

Guiding principle:

No employee shall use the passwords or codes of another employee in order to gain access to that employee's email, voice mail or Internet communications unless first authorized to do so by that employee. All passwords and codes used in connection with these systems are the property of Insurance Co. No employee shall use a password or code that is not readily available to Insurance Co. at all times.

Main idea:

Guiding principle:

YOUR PEOPLE

Student Activity

Only software purchased by Insurance Co. for its use may be installed on Insurance Co. computers. Insurance Co. may, at any time, conduct an audit of computers for installed software and related printed material that is not included on a then-current inventory of Insurance Co.-authorized software. All unauthorized software will be removed and destroyed. In addition, employees may not post, download or otherwise misuse any copyright-protected material without the prior permission of the copyright owner.

Main idea:

Guiding principle:

For security reasons, employees accessing the Internet for business use must only do so through the Insurance Co. authorized connection and must not utilize any other connection paths to the Internet.

Main idea:

Guiding principle:

Any breach of this policy will lead to disciplinary action up to and including dismissal.

Main idea:

Guiding principle:

Employee signature acknowledging and agreeing

CLEAR COMMUNICATIONS

Explain to your class that the *Electronic Communications Policy* is a good example of the expected conduct in the workplace.

In this activity, students will read four career-killer scenarios. Divide the class into four large groups. Assign each group one scenario. Have them each write a memo to the employee in the scenario, indicating how the code has been breached. Have them use the Electronic Communications Policy and/or other excerpts from other codes of conduct provided. Make sure students have a copy of the seven guiding principles from Part A. The students will also determine how the employee should be punished, if at all.

Hand out: Part C – Student Activity – Cautionary Tales (2 page activity sheet)

Remind students that this memo will be a public document and they have a duty to ensure that it is clearly written and grammatically correct. They should employ the writing process by prewriting, writing, revising and proofreading their memo before sending it to the employee. Have them use a peer editing process where appropriate.

After they have completed their memos, have representatives from each group of students present their memos to the class.

Follow-Up Discussion

Ask your students:

- In the scenarios, did each employee breach the electronic communications policy or other code of conduct? How?
- Who was harmed by their actions?
- What did you choose to do as result of this breach? Why?
- Were the employee's actions morally wrong? Why or why not?
- What are the ethical implications of what they did?
- As their boss, what were your obligations?
- To whom did you owe these obligations?

Extension Activity: Create Your Code

If your students have created their own insurance companies (Lesson 2), have them regroup.

Have students use the Seven Guiding Principles and the Electronic Communications Policy (code of conduct) to create a simple code of conduct for their employees. They can focus on such things as:

- acceptable use of language;
- acceptable dress;
- acceptable use of company equipment and supplies;
- acceptable use of the Internet;
- privacy of customer information; or
- receiving gifts at work.

CAUTIONARY TALES

Communication Challenge

You are the CEO of Insurance Co. You have become aware of the following incidents among your employees. Write a memo to one of these employees indicating how his or her actions breached your Electronic Communications Policy.

Write the memo on a separate sheet of paper. Use your leadership attributes and business communication skills. Itemize where the employee's actions conflicted with the policy and the company's guiding principles. Finally, tell the employee how you intend to deal with him or her. Punishment? Termination? Leniency? Explain why you have chosen this consequence.

Scenario #1:

Travis had been working at his job for a few years and had a bright future with Insurance Co. before that fateful incident. It was the annual fundraising dinner. Becky was there, and Travis liked Becky. She worked in another department, but she was smart and spunky, and he tried to speak to her whenever he could. The company photographer snapped photos of all the employees. Becky was especially photogenic.

On Monday, the photos were posted on the company's intranet. Travis spied a photo of Becky looking particularly cute. He clipped it onto his desktop. Later on in the day he pulled it back up. The photo cried out for a caption. Travis proceeded to write what he was certain was a clever caption to accompany Becky's pose. Chuckling to himself, he emailed it to his closest colleague, Josh, who also thought that Becky was cute.

Josh took the "Hot Babe!" caption and added his own idea by Photoshopping Becky's picture. Now she looked like a runway model. Proud of his work, he stored the image with the rest of the fundraising photos on the company's intranet.

YOUR PEOPLE

Student Activity

Scenario #2:

Rick had been with Insurance Co. for about nine months when his boss asked him to do up a business plan for a new project the department was considering. He was a little surprised. He was thinking he hadn't actually done a business plan before, but his boss was explaining how it would be a good exercise for him to apply the business planning process he learned at his previous job to this new potential project. He told his boss "no problem" and that he would get on it right away.

Returning to his office, Rick sent an email to his girlfriend saying how he almost got busted and had completely forgotten he had fudged that experience in his resume and job interview. Now he needs her help. Can she find an example of a business plan at her company that she can send him? She promptly does so, but because of the size of the file, it crashes his computer, which requires IT to come and reboot. This causes the discovery of the file and email. Not long after, he is called into his boss's office. His boss is now very aware of Rick's little white lie.

Scenario #3:

Maria's boss gave her his computer password one day when he was home sick and needed her to send a file to a client. About three weeks later, Maria became convinced that her boss had written a memo about her and had sent it to the HR department. She was determined to find out what was in the letter. She used the computer password that she had saved and accessed her boss's computer, where she found the file. She was pleased to find out that the memo was commenting on the exemplary work she had done on their big project. She was so excited that she forgot to log off properly. Her boss discovered that she had accessed his computer.

Scenario #4:

Jack has resigned from his current position with Insurance Co. and is going to the competition, Assurances Unlimited. In the two weeks notice period before leaving the company, he e-mails a bunch of files to his home email address. As part of the regular monitoring, the IT department detects these emails and discovers that the files include copies of his memos, business plans, proposals and budgets, and his clients' file.

WHAT IF?

Teacher's Notes

PURPOSE:

- to investigate the nature of risk in business
- to explore the perils that could befall their own business venture
- to understand how insurance transfers the risk in business
- to determine the cost of having businesses' activities interrupted
- to recognize that liability insurance and business interruption insurance are ethical necessities in running a business

Introductory Class Discussion

The "What If?" Game – Round 1

Team up students in the class. Ask each team to discuss and answer at least two of the following questions. Then take up their answers after the game.

Ask students to answer the following questions:

- What if you find yourself alone on a dark road and you hear footsteps behind you? What would you do?
- What if you smell gas in your kitchen and you are alone? What would you do?
- What if you are working for an employer who asks you to stay late by yourself and count the cash at the end of the night when you've never done it before? What would you do?
- What if you are cleaning up at your part-time job and the utility sink springs a leak? What would you do?

PART A – WHAT IS RISK?

Ask the students:

- What do each of the above "what if?" scenarios have in common? (risk)
- What do the student responses have in common? (risk management)

Explain to your students that in this lesson they are going to be investigating the nature of risk in a business by exploring the perils that could befall their own business venture, as well as any other. They are going to explore ways to manage risk and ways to protect their businesses from the three major types of risk – personal, property and liability (liability is explored in detail in Lesson 7).

Risk is defined as "the possibility of loss." Write this on the board.

Have the students determine the possibility of loss in the "what if?" scenarios.

WHAT IF?

Teacher’s Notes

Ask the students:

- How often do we encounter risk? (Risk is encountered every day, often several times a day in our daily routines.)
- Where do we encounter risk? (everywhere)
- When you hear the word risk, is the connotation good or bad? Why?
- Why is it necessary to take risks?
- How can we protect ourselves against the possibility of loss?

In a business, there is always risk – the possibility of loss. Every loss in a business boils down to a financial loss but could also have an impact on the image or reputation of your business. A business owner is also held to a higher standard of responsibility.

Ask your students:

- What would happen if you had to carry all the risks as a business owner by yourself?
- Would there be many entrepreneurs if this were the case? Why or why not?
- What can businesses do to guard against the possibility of loss?

Explain that one of the best ways to guard against the possibility of loss is to carry insurance. Insurance transfers the risk to an entity that has the financial resources to deal with the situation in the event of a loss or injury.

Have students form groups or pairs.

Hand out: Part A – Student Activity – Risky Business

Have each group work together to list the risks in the scenarios on the sheet and then to write their own on a separate piece of paper.

Take up the sheet in a large class discussion. Have the groups present their scenarios and discuss, using the following questions as a guideline:

1. Comment on the following: “Protecting your small business from risks is the foundation of success.”
2. Once you began to think in terms of risk, what conclusions did you reach about the nature of risk?
3. How important is it to transfer the risks in business?

Extension Activity:

Have students locate newspaper or magazine articles describing incidents where a business has suffered a loss. A fire burns down a block of buildings, ice falls off a skyscraper and injures people walking below, a hurricane wipes out a resort, etc. Ask students to bring these to class and discuss the types of risks, as well as how the students believe the loss could be prevented or recovered.

WHAT IF?

Student Activity

RISKY BUSINESS

In these scenarios there are several consequences that could arise out of the losses. For each scenario list the types of risks and the types of possible losses.

Types of Risks:

Personal, property, liability

Types of Losses:

Personal injury, loss of life, loss of income, property loss, property damage, someone else’s property loss, someone else’s personal injury

	Types of Risks	Types of Losses
1. You are the sole owner of a small business providing skiing lessons to students on the weekends. You break your leg.		
2. You are a wheat farmer. A large hailstorm wipes out your entire crop.		
3. You own a supermarket. A customer trips on a pyramid floor display of canned goods. It collapses and injures her. She misses two weeks of work and looks to you for reimbursement of her lost wages.		
4. You manufacture mobile homes. A tornado destroys your plant and all of the new homes on the sales lot.		
5. You are a service station owner in a rural community. Over the years accidental spillage of gasoline and some leakage from underground tanks have occurred. You have been informed that you are responsible for contamination of groundwater.		

BACK IN BUSINESS

The “What If?” Game – Round 2

Round 2 of the “What If?” Game advances the inquiry to the specific risks of running a business.

Team up students in the class. Ask each team to discuss and answer at least two of the following questions. Then take up their answers after the game.

Ask students to answer the following questions:

- What if you are running a business and have fulfilled a customer's order with the wrong product?
What would you do?
- What if your employees are exposed to a noxious odor on your premises, that you know is coming from next door?
What would you do?
- What if your supplier passes on products that are past their due date, but none of your employees notice?
What would you do?
- What if your delivery driver lost his driver's licence on the weekend, but he does not tell you for fear of losing his job?
What would you do?

Take up the “what if?” scenarios. Ask the students how they might expect insurance to help in each case.

Ask the class:

- What would happen if there were no insurance to cover these businesses in the event of a loss?
- What would happen to the business owner?
- To the customers?
- To the suppliers?
- To the employees?
- Why is it important to have insurance when you own a business?
- What could happen to you legally if you did not? Why?

Create a **concept map** with your class for one of the “what if?” scenarios using the following model. Show how all of the above individuals are connected through the activities of a business and how insurance helps to protect these relationships.

Hand out: Part B – Student Activity – *Back In Business*

Have students read the scenario. Ask them to identify the types of risks and then to examine the ways in which the insurance professional was able to help the owners get back to business.

Have them develop a concept map describing all the people affected by the loss and how that loss was recovered.

Have them present their concept maps and discuss them with the class.

Follow-Up Discussion

Ask the class:

- How does the concept map demonstrate that insurance is an essential part of running a business?
- What might have happened to Mamta and Kashore if they had not purchased adequate insurance?
- What might have happened to their employees, including the injured one?
- What might have happened to their customer base?
- What might have happened to the business of their suppliers?
- Do you believe that without insurance they would have been able to recover their business? Why or why not?

WHAT IF?

Student Activity

Read the following story. On a separate piece of paper, develop a concept map describing the losses, all of the people affected by the occurrence and how the losses were recovered through insurance.

BACK IN BUSINESS

Mamta and Kashore owned a famous Indian restaurant in the heart of Vancouver. Over their 10 years in business they had developed a large and loyal clientele and had been written up in travel magazines and local newspapers. They had also won many awards for their cuisine, service and friendly atmosphere.

One morning at about 4 a.m. Mamta was awakened by the sound of a telephone ringing. She knew immediately that something terrible was wrong. It was one of her night employees screaming into the phone that their restaurant was on fire. Mamta could hear the sound of the fire trucks arriving at the premises. She quickly woke Kashore and began to dress.

Mamta and Kashore arrived 20 minutes later to see the blaze being extinguished by the fire hoses. What was left was a smoldering pile of rubble, a few charred beams poking out of the smoke and mist. Kashore went up to the fire chief and asked the questions, dreading the answer, "Was there any loss of life? Did they all get out safely?" "Yes," the fire chief replied, "It looks as though your smoke alarm system was in good order and they were alerted right away. Unfortunately, it seems there was a large fat spill that was ignited by the gas stove. Luckily only one person was injured, and he has been taken to the hospital," he said, realizing that Kashore was the owner of the restaurant.

Kashore's next move was calling his insurance company. Someone answered the phone immediately and said that they would be sending an insurance adjuster out right away.

Over the next few days the insurance adjuster worked with Mamta and Kashore to help them restore their livelihood. She was able to secure vacant premises on the next street with a kitchen and enough space to set up a small restaurant. She was able to help Kashore locate tables and chairs and tableware, along with enough cooking equipment to function adequately. Kashore was also able to hire contractors to paint and decorate the new premises.

Four weeks after the evening of the fire Kashore and Mamta reopened their famous Indian restaurant. They were able to hire back all of their employees, and their suppliers could start delivering all of the fresh food and spices so that Kashore and Mamta could now cook their famous dishes. A local restaurant critic brought along a photographer, and the story of the triumphant reopening was given half a page in the food section of the weekend paper. It showed a beaming Mamta and Kashore in front of their new restaurant, as their insurance adjuster looked on with satisfaction.

WHAT IF?

Teacher's Notes

BUSINESS INTERRUPTION

The "What If?" Game – Round 3

Team up students in the class. Ask each team to discuss and answer at least two of the following questions. Then take up their answers after the game.

Ask students to answer the following questions:

- What if your business with five employees and a small warehouse became flooded? What would you do?
- What if all of your computer hard drives were zapped in a power outage and you had no back up? What would you do?
- What if the business next door caught on fire and your premises were damaged by smoke and water? What would you do?
- What if ice fell from a highrise onto the street outside your building and your business was cordoned off and you had no access for a full week? What would you do?

Ask your students to recall the *Back in Business* story and what happened as a result of the decision by the business owners to purchase insurance.

- What was the one big idea that they came away with after reading the story?
- What did the insurance company do to put that business back on track?
- If you were an insurance company providing that kind of service, what would you base your premiums on? (The full costs of putting the business back on track.)

Explain to your students that business interruption insurance is a product designed to help businesses stay afloat after something has happened.

Ask the class: If you were to buy insurance to cover the costs of something happening to a business, what kind of costs would you need to cover?

- employees' salaries?
- relocation to temporary or new premises?
- the time it takes to make all the changes?
- the potential loss of customers and cash flow?
- other overhead bills like utilities, leases, car rentals, bank payments?

The answer is all of the above.

WHAT IF?

Teacher's Notes

Hand out Part C – Student Activity – Business Interruption (2 page student activity sheet)

This sheet gives students an opportunity to calculate the amount of insurance coverage needed for a business to recover from a significant interruption in activities.

Have students complete the sheet. Then discuss as a class.

Follow-Up Discussion

Business interruption insurance is based on two things:

- established and expected revenues and costs
- the cost of temporary facilities

A comprehensive business owner's policy would pay for any losses to the actual property (as long as the perils are not excluded in the insurance policy).

Business interruption insurance is usually purchased as additional insurance and will only respond to a business being interrupted by the repair, rebuilding or replacement of a property loss (such as a fire).

Ask the class:

- Businesses typically underestimate the impact of business interruption. Why do you think they would do that?
- Why is it important to estimate the necessary coverage accurately?
- Why would business interruption insurance be considered the security blanket that every business needs?

DID YOU KNOW?

There's a **You're IN Business** 'Answer Key' to download in the 'Teacher Section' at www.career-connections.info.

WHAT IF?

Student Activity

BUSINESS INTERRUPTION

Business interruption insurance compensates you for lost income while your business is closed due to the repair, rebuilding or replacement of an insured loss. Calculate the interruption costs for the following business:

GreenTop

GreenTop assembled low-cost, energy-efficient laptop computers using recyclable off-the-shelf components. It was in business only nine months when a fire ravaged their building at the beginning of October.

Revenue Coverage

The monthly gross income (sales) stood at:

January	\$ 14,100	June	\$ 45,890
February	\$ 16,900	July	\$ 35,650
March	\$ 21,050	August	\$ 38,970
April	\$ 30,140	September	\$ 42,330
May	\$ 31,200		

1. Calculate the business' average monthly income. _____
2. At what percentage was the income growing per month over the nine months? _____
3. What would you expect the revenues to be?
In October? _____ In November? _____ In December? _____
4. If GreenTop did not reopen their business until January 1st, the following year, how much income would they need from their insurance policy? _____

Additional Costs

The business was temporarily relocated to new premises during the reconstruction of the original building (completed by end of December). Here are the additional costs below:

RELOCATION	COSTS/MONTH	TOTAL
Relocation to temporary or new premises (rental charges and moving expenses)	\$ 5,890.00	
Temporary equipment rental expenses	\$ 1,380.00	
Utilities (Internet, telephone, water and electricity)	\$ 800.00	
Parking space rentals	\$ 1,125.00	
Legal counsel and accounting fees	\$ 3,500.00	
Total relocation costs per month		

What is the total amount GreenTop needs to claim for business interruption?
(Hint: Lost Income + Total Relocation Costs = Claim for Business Interruption)

WHAT IF?

Student Activity

Questions:

1. Why is it a good idea for GreenTop to submit its annual completed financial worksheet to its insurance company to ensure that it has the amount of coverage it needs for business interruption?

2. How does having business interruption insurance help reassure all those who depend upon the business for their payments and income?

3. How could your business interruption coverage compensate for having a revenue stream that fluctuates considerably every month?

WHAT IS LIABILITY?

Teacher's Notes

PURPOSE:

- to explore the concept of liability
- to understand the basic liabilities that come with owning a business
- to explore how insurance products are needed to protect businesses from liability risks
- to explore how businesses who profit are held to a higher level of responsibility

Introductory Class Discussion

Write the definition on the board:

Liable means legally obligated or responsible.

Ask the class:

- Who has heard of the term “he or she is liable for something”?
- What do you think it means? (responsible)

PART A – WHO’S LIABLE?

Liability Scenarios

Have the class define the noun “liability” as “the state of being legally obliged and responsible.”

Ask the class:

- Why should we be concerned about our own liabilities or those of others?

Hand out Part A – Student Activity – *Who’s Liable?* (2 page activity sheet)

Have pairs of students complete the sheet.

When they have completed the sheet, read through the scenarios with the class, asking them to offer their opinion as to who is liable in each case. Encourage discussion when there is disagreement.

Inform the class that the answer to all the scenarios is that you (or your parents) are responsible or liable. Why is this so?

Next, have students read out their own liability scenarios (Part B). Finalize the discussion by asking students just how aware they are of the kinds of liabilities they face every day. Are they more aware now?

WHAT IS LIABILITY?

Student Activity

WHO'S LIABLE?

A. Read each scenario. Determine who is liable for the consequences. Explain why you think they are liable.

1. Your dog bites your little sister's friend at the playground.

2. The pizza deliveryman slips on some ice on your front steps, falls down and breaks his arm.

3. Your parents host a summer picnic for your visiting uncle. The entire group gets salmonella poisoning from the potato salad your mother made.

4. Your friend borrows your truck, gets into a collision with a car and causes serious injury to the other person and his or her vehicle.

5. Your cousin loses control of your Jet Ski and smashes into your neighbour's dock.

WHAT IS LIABILITY?

Student Activity

B. Liability risks arise from our obligations to other people. Write a short scenario for each type of liability risk.

1. If we inadvertently cause injury to others or damage to their property, we can be held responsible.

2. If we own or occupy premises, we are responsible for keeping them safe; otherwise we could cause an accident and injury to someone unaware of an unsafe situation.

3. If our children cause injury to others or damage to someone else's property, we are responsible for it.

4. If our pets or animals we own cause injury or property damage, we could be called upon to compensate for the loss.

WHAT IS LIABILITY?

Teacher's Notes

WHERE'S THE LIABILITY

Explain to your students that in this lesson they are going to investigate the concept of liability in business, exploring what it is and how it works.

When students have learned what liability is, use the following prompts to explore the kinds of liabilities a business would have:

- How could employees in a business inadvertently cause injury to others or damage to their property?
- If a business owns or occupies premises, how is it responsible to keep the premises safe to prevent an accident and injury?
- What are some ways business activities could cause injury to others or damage to someone else's property?

Ask the class:

- If a business causes injury to others or damages property, what kind of compensation would it be asked to provide? (Payment, restitution)
- If it does not compensate for the loss, what legal action is sometimes taken? (A lawsuit; litigation)
- What is a lawsuit? (One "party" is suing another party in court for money or other property.)
- What can these legal actions result in? (Financial settlements that are often quite high)
- When you are in business, how can such legal actions affect you and your business? (They can be devastating financially.)

Ask the students if they can cite lawsuits that they have read about in newspapers or magazines. Have students bring in clippings of lawsuits based on liability. The business section is rife with them, with product recalls, pet food poisonings, etc. Refer to any breaking news on this front as the lesson continues.

Hand out Part B – Student Activity – *Where's the Liability?* (3 page activity sheet)

Discuss the four types of liability as defined on the sheet. Ensure the students understand the difference between them.

In the story "Marc Coté's Very Bad Day," it appears that, in fact, Marc is having a very good day. However, appearances can be deceiving. There are several potential hazards in the story that will make this day a very bad one for Marc. It is up to the students to find them.

Ask them to work together to read the story on the sheet, find the liabilities in Marc Coté's catering business, determine the type of each liability, estimate the potential loss or consequence of each liability and assess the potential for legal action.

WHAT IS LIABILITY?

Teacher's Notes

Follow-Up Discussion

After the students have completed **Part B – Student Activity – *Where's the Liability?*** look at the list of potential hazards in Marc Coté's story:

1. Marc has bald tires on his delivery van. His employee Sayid will be making deliveries on a day of freezing rain. The potential for a collision is very high.
2. The path from the parking lot to the shop is very slippery. Any of his employees could fall and hurt themselves.
3. The salt bucket is missing, and no one has salted the sidewalk and steps outside the front of his storefront. Customers could slip and fall and hurt themselves.
4. Marc's new employee is not wearing protective gloves. Marc was relying on Yu Lin being able to understand English to wear them. He does not have any posters or visual signs saying that wearing gloves is necessary. The man could easily burn himself badly in dealing with the hot ovens.
5. There is a bowl of cooked spinach left out on the counter. In the heat of the kitchen the bacteria will rapidly multiply. If Marc uses that spinach in any prepared foods it could cause food poisoning.
6. Marc has agreed to supply everything for the French embassy affair. What if he cannot deliver on his promises?

Discuss with the class the onus on business for taking responsibility for its actions. Ask the students:

- If you run a business, do you think the public would consider you more or less liable for your actions than the ordinary citizen? (more)
- Why? Defend your position.

Explain that legal precedent has established that people who own businesses and make a profit from them are held to a higher standard in law than those who work under their supervision.

Marc would be found liable for all the costs and damages incurred in his business activities. The courts would hold Marc to a very high degree of liability because he is the owner of this business.

This begs the question: How can a business protect itself from all types of liability?

WHAT IS LIABILITY?

Student Activity

WHERE'S THE LIABILITY?

Legal Liability

Liability imposed by law to pay for harm done to others (third parties) such as the liability assumed under the terms of a contract.

There are several kinds of business legal liability including:

Premises Liability

Responsibility arising from owning or occupying property. Occupiers have a duty to maintain their property in a manner that does not cause injury to visitors.

Operations Liability

Liability for harm to others arising from the type of business of the insured.

Employer's Liability

Liability imposed on an employer when an employee is injured due to employer's negligence.

Vicarious Liability

Liability imposed on a person even though he or she is not directly involved in the occurrence. Example, an employer is generally responsible for the actions of an employee.

Read the following story. Find the liabilities. Identify the type of liability. Complete the table on the next page.

WHAT IS LIABILITY?

Student Activity

MARC COTÉ'S VERY BAD DAY

Marc Coté opened a new catering business using the special skills as a baker that he developed through years of apprenticeship in France. He was developing a good list of clients, including several restaurants, food shops and clubs. He also catered parties and formal occasions, and his reputation was growing. Only a few months earlier, he had taken over new and larger premises, with a small storefront to sell his famous baked breads and meat pies, as well as a larger, much-improved kitchen. Marc had hired several new employees in the last year as well, in order to keep up with demand. It was shaping up to be a very good year.

One day in early March, Marc headed into the new premises much earlier than usual. Typical of early March, freezing rain was falling as he left his home in the pre-dawn hours and the roads were very slippery. He had taken the delivery van and made a note to himself to buy new tires. These were wearing thin, and although they were supposed to be all-season tires, he was not sure that the season included freezing rain. Fortunately, there were very few cars on the road that early. Perhaps everyone else was heeding the police warnings to stay at home unless absolutely necessary. Marc knew that getting to his workplace was necessary. How would his driver, Sayid, get the baked goods to his clients without the van?

As he parked around the back, Marc noted that the path from the car park was also very slippery. "I must remind Sayid to put some salt around the outside of the shop before he makes the deliveries," he thought to himself. The back door opened and he was greeted with the delicious smell of freshly baked baguettes and his famous chicken and leek pie. For an instant he just stood and breathed in the enticing aromas all around him. Then he noticed that the smoke detector was covered again. He would have to make sure his bakers removed the cover before the fire inspector made his rounds.

Marc went through to the front of the premises, switching the sign to "open" as he unlocked the door. The salt bucket was missing, and once again he reminded himself to speak to Sayid. The display shelves stood empty, waiting for the freshly baked pies and breads to fill their spots and entice the walk-in customers inside. As he looked back toward the kitchen, several of his bakers were just pulling the loaves from the wood-fired ovens. Marc noticed that Yu Lin, whom he had hired last week, was not wearing the long heatproof gloves that he had purchased on the advice of the insurance appraiser. He spoke sharply to his employee, reminding him that the gloves must be worn at all times when dealing with the wood ovens. He knew his employee's English was still not fluent, but he believed that he understood. Perhaps he should put up some sort of sign to remind Yu Lin. Marc also noticed a large bowl of cooked spinach sitting on the counter. He remembered seeing it there the night before and wondered if it had been left there all night. It was very warm in the kitchen. He reminded himself to speak to Sayid about that as well.

The phone had begun ringing. The customers were calling earlier than ever. How Marc loved that sound! With pen in hand, he went to his desk and picked up the phone. This customer identified herself as the catering organizer at the French embassy. She had heard about Marc's famous pies and baguettes and was organizing a luncheon for some visiting dignitaries and wanted Marc to cater the entire event. This would mean not only the food and drink, but also the tableware and furniture. It was a large and important function being planned for the visiting French president. Would Marc be capable of handling this? "Of course!" he said as he asked Sayid to complete the order. Sayid usually got all the details right. Marc knew as he put down the telephone that this was his big break. If the French embassy wanted his baguettes, the word would soon get around. What happened in the next few hours was not at all what Marc had expected.

WHAT IS LIABILITY?

Student Activity

Complete this table. Find at least five liabilities.

LIABILITY RISK	TYPE OF LIABILITY	POTENTIAL CONSEQUENCE OF RISK	POTENTIAL LEGAL CONSEQUENCES

WHAT IS LIABILITY?

Teacher's Notes

LIABILITY INSURANCE

Students now have a sense of the liability risks in running a business.

Ask the students to use what they have learned to brainstorm:

What are the unique liabilities of running the following different kinds of businesses:

- Dry cleaner (chemicals, customer clothing)
- Accountant (errors and omissions, legal liabilities)
- Landscaper (equipment, chemicals)
- Web designer (content copyright issues)

The Small Business Liability Tool at <http://info.insure.com/business/smallbiztool.cfm> is a very useful Web resource to explore more of these.

Ask the class:

- How does a business protect itself against liability risks that could be potentially so destructive? (Having liability insurance to protect the business and having procedures in place to prevent losses.)
- Is it ethical to run a business without insurance? Why? (No, because if a third party gets injured and sues the responsible business, there may be no money to help the injured party if there was no insurance coverage. It is also illegal in some cases.)
- How do you know if you have the right insurance for your business? (Every business has its unique needs and special liabilities that arise from its business activities – risks to employees and property. An insurance professional, often a broker with business or commercial insurance experience, is required to give a business advice on the appropriate types of protection available.)

Hand out Part C – Student Activity – Business Liability Insurance (2 page activity sheet)

Ask pairs of students to read through the sheet. They need to list key words that describe the liability coverage and then answer the questions about the insurance policy.

Follow-Up Discussion

Ask the class:

- Before starting this lesson, were you aware of the complexities of the responsibilities in running your business? Explain how liability affects all aspects of a business.
- How has this lesson helped you to plan for the right type and right amount of insurance necessary to protect your business?
- What is the one memorable understanding you will take away after completing this lesson?

WHAT IS LIABILITY?

Student Activity

BUSINESS LIABILITY INSURANCE

Businesses need to protect themselves from all liability risks. These are excerpts from a typical business owner’s insurance policy. Read the text. Then answer the following questions.

1. What does this policy provide in the case of “bodily injury” and “property damage”?

2. Does the insurance company have the right to investigate any claim? Explain what you believe are the reasons for this.

3. What are the three types of businesses covered by this policy?

4. Who else is insured through this policy?

WHAT IS LIABILITY?

Student Activity

Commercial General Liability Policy

Section I – Coverages

Coverage A. Bodily Injury and Property Damage Liability

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as compensatory damages because of “bodily injury” or “property damage” to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS COVERAGES A, B AND D. This insurance applies only to “bodily injury” and “property damage” that occur during the policy period. The “bodily injury” or “property damage” must be caused by an “occurrence.” The “occurrence” must take place in the “coverage territory.” We will have the right and duty to defend any “action” seeking those compensatory damages but:
 - 1) The amount we will pay for compensatory damages is limited as described in SECTION III – LIMITS OF INSURANCE;
 - 2) We may investigate and settle a claim or “action” at our discretion; and
 - 3) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A, B or D or medical expenses under Coverage C.
- b. Compensatory damages because of “bodily injury” include compensatory damages claimed by any person or organization for care, loss of services or death resulting at any time from the “bodily injury.”
- c. “Property damage” that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the “occurrence” that caused it.

Section II – Who Is an Insured?

1. If you are designated in the Declaration as:

- a. An individual, you and your spouse are insured, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:
 - 1) “Bodily injury” or “personal injury” to you or to a co-employee while in the course of his or her employment; or
 - 2) “Bodily injury” or “personal injury” to any person who at the time of injury is entitled to benefits under any workers compensation or disability benefits law or a similar law; or
 - 3) “Bodily injury” or “personal injury” arising out of his or her providing or failing to provide professional health care services; or
 - 4) “Property damage” to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).
- b. Any persons (other than your employee) or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - 1) With respect to liability arising out of the maintenance or use of that property; and
 - 2) Until your legal representative has been appointed.
- d. Your legal representatives if you die but only with respect to duties as such. That representative will have all your rights and duties under this policy.

PURPOSE

To explore the variety of career options within the insurance industry where individuals can make a contribution that affects individuals, businesses and communities.

LESSON

Part A – Insurance as a career?

Explain to your class that as they've been working through these lessons in **You're IN Business**, many of the functions and activities they have done are performed every day by insurance professionals – such as, actuaries, brokers, loss adjusters, claims investigators, marketing representatives and underwriters.

Think

Ask the class what they think of when they hear the words 'insurance' and 'insurance professional.' On the board have students list all the words, phrases or jobs that they associate with the insurance industry. Keep this list on the board while students complete the activity.

Part B – What career interests you?

Pair

Have students pair up and visit the 'High School' section of the Career Connections Web site at www.career-connections.info. Here they can watch a career video and video clips of insurance professionals talking about their careers. Give them time to look at each of the career profiles highlighting key roles available within the insurance industry. Have students write a paragraph describing which job they feel is most suited to their interests and personality traits and why.

Part C – Career Exploration

Share

Have students share what are some of the jobs that interested them and why. Refer back to the list of words, phrases and jobs on the board. Ask the class:

- Are there any new words, phrases or jobs that they would like to add now?
- Would they like to remove any of the words or phrases that they associated with insurance before this activity?
- If yes, why?
- Why is it important to look at all aspects of what a career has to offer?
- How has exploring insurance careers helped you to think about what you want from a career?
- How has exploring insurance careers helped you to connect your interests and aptitudes to a potential career path?

DID YOU KNOW?

Teachers can also pre-order our free 'Careers in Insurance' Teacher's Resource with a career DVD and class set of career brochures. Teachers can also invite an insurance professional (where available) into the classroom to give a career presentation. Visit our 'Teacher Section' on the Career Connections Web site at www.career-connections.info to place an order for free resources and/or to request an ambassador presentation; or call toll-free 1-866-362-8585 ext. 2252.

MAKE A CAREER CONNECTION

Choosing a career is one of the most important decisions of a person's life. As people plan a career path for themselves, most do not typically consider a career in insurance. But they should. Because their interests and their experience may add up to a great career in insurance.

Why Insurance? Because it affects virtually everything we do in life and in business. And because insurance is all around us, the industry has a wide variety of careers to match the education and experience of virtually everyone, with the flexibility to change directions along the way.

There are more than 110,000 Canadians working in the property & casualty insurance sector. It's an industry that reflects the face and the values of Canadian society and has a constant need for talented, creative, motivated people. Here are actual industry professionals featured in the Career Connections video and brochures promoting nine key roles within the property & casualty (home, auto & business) insurance industry.



Sara Runnalls
Broker

Broker / Agent

You're a people person and a great communicator

"My passion was riding horses. That was my bridge into a career in insurance... insuring horse farms."



Michelle Snowdon
Underwriter

Underwriter

You're a relationship developer and decision-maker

"Originally, I wanted to be in the medical field. I guess I wanted a job where I'd help people. In insurance, I do."



Matthew Buchalter
Actuary

Actuary

You're analytical, good with computers and you love math

"I remember wanting a career where I'd be surrounded by smart and interesting people."



Gavin Mascarenhas
Loss Adjuster

Loss Adjuster

You're part private investigator and part therapist

"I always get a sense of fulfillment by helping people when they need it the most. I was looking for constant variety in my job, and I have it."



Rick Stoecklin
Appraiser

Appraiser

You assist people to restore or replace what they've lost

"Since I can remember, I've worked around cars and enjoyed meeting with customers. Now, I'm helping people get their cars, trucks, boats and heavy pieces of equipment back to the way they were."



Mary Ann Anderson
Marketing Representative

Marketing Representative

You're a promoter, presenter and partner

"As a girl, I lived on a farm and always enjoyed helping people in need. At the time, I didn't know I'd be able to do just that through insurance."



Aris Tzounakos
Loss Control Specialist

Loss Control Specialist

You're good at spotting trouble before it happens

"In high school, I was always fascinated with how things work, what could go wrong and what would improve them. That curiosity really helps in my career."



Jerry Chien
Risk Manager

Risk Manager

You're a strategist and a planner

"I knew I wanted to be in corporate finance. What I've discovered is that insurance is much more interesting."



Derrick Alcock
Claims Investigator

Claims Investigator

You like to help people in times of need

"I was good with numbers, so my career aspirations were in finance. This is way more exciting."

Insurance affects virtually everything we do in life which is why it is fundamental to the study of life skills, guidance education, physical and outdoor education, economics, entrepreneurial studies and math. Students in career and business, family studies, social studies, science, law, geography and media studies have a connection to insurance as well. Learning about insurance helps us to better understand the world in which we live.

You're IN Business is one of several free resources from the Insurance Institute's Career and Curriculum Connections Program. Other free resources include:

Risk Responsibility Reality

Based on three humorous vignettes, this classroom resource enables teachers of law, family studies and life skills to introduce students to concepts of personal and social responsibility, legal liability and ethical behaviour. For grades 9-12 (includes 18-minute DVD).

Know Your Risk

This nine-module teacher resource helps students in grades seven and up learn about risk in their lives, within the context of the role ethics plays in their personal decision-making. Know Your Risk is also essential for educators of life skills, health and at-risk teenagers.

The Forces of Nature: How Extreme Weather Impacts our Daily Lives

This resource explores natural hazards; their impact on communities and how insurance can help in recovery and restoration. This resource contains a DVD that examines four natural hazards that have occurred in Canada (Quebec ice storm, Peterborough flood, Hurricane Juan, and Kelowna fires) and makes connections between risk and insurance through the science and geography curriculum. For grades 9-12.

Math Works Everyday in Insurance

This resource has been created for teachers and students to transfer the real world knowledge of the insurance industry directly into the math classroom. It looks at automobile insurance, homeowners insurance, finance, and probability and calculating risk among other topics. For grades 9-12.

Careers in Insurance – Teacher's Resource and Career Kit

Created to help students learn about careers in insurance, the kit comes with a DVD explaining seven careers in insurance and brochures to help students learn about skill sets required for each job. This resource helps students to explore careers they may never have had the chance to consider.

Career Talks by Industry Ambassadors

Free classroom presentations by industry professionals help students to understand insurance and learn what it is like to work in this field. Ambassadors will explain how insurance works, why it is important, and the skills and education needed to pursue a career in the industry.

Online Resources

For Power Point presentations, quick and easy lessons plans and interactive activities please visit the Career Connections Web site. These downloadable lessons are created for various subjects and grade levels. Check out the Web site today at www.career-connections.info.



Career Connections, as a Division of the Insurance Institute of Canada, promotes careers in insurance on behalf of, and to meet the needs of, the industry. Curriculum Connections is a program under the Career Connections banner that helps to improve the understanding of how insurance works.

Through our Career and Curriculum Connections programs, we are dedicated to providing quality resources for teachers to use in the classroom. Through both our print resources and our Web site, we aim to deliver informative, up-to-date, and relevant information about insurance and the variety of careers within the industry.

As one educator to another, we recognize the philosophy of there is always room for improvement. We welcome any and all feedback from those who have had the opportunity to use our resources. To give feedback, please e-mail cconnections@insuranceinstitute.ca. To find out more about the Insurance Institute of Canada, the Career Connections program or any of our free resources, please visit our Web site at www.career-connections.info.





www.career-connections.info

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understanding how insurance works