



### Exercise 6C: Managing the Possibility of Risk

Read about Michael’s situation and recommend ways for him to manage his risk of loss.

Michael moved into an apartment with his friend Terence. He brought with him a new desktop computer and an almost-new stereo system. Michael’s Uncle Jim, who is an insurance agent, told him that he should insure his property in case a fire starts or someone breaks into his apartment.

Michael knows that it would cost him about \$1,400 to replace his entire computer system and \$700 to replace the stereo. How should he protect himself against the possible loss of this property? List three options below, and identify the method of managing risk for each one. Also, list as many advantages and disadvantages of choosing each option as you can.

Michael’s Options	Method of Managing Risk	Advantages	Disadvantages



### Exercise 6D: My Personal Property Inventory

Take an inventory of your personal property. Create a list of items you own; be sure to include all your electronics, CDs and DVDs, clothing, sports equipment, etc. Estimate the cost to replace each item on the list.



### Assignment 6-2: My Personal Financial Risk Exposures

Think about the financial risks in your life. For example, what would you lose if you were injured and could not work for a few weeks? Identify at least three of your personal financial risks using the chart provided.

My Potential Risks	Potential Loss Due to Risk	Method of Managing Risk
	\$	
	\$	
	\$	