

THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. What is risk?
2. What are the three general types of risk discussed in this chapter?
3. What is meant by risk assessment?
4. List four strategies for dealing with risk.

IN DEPTH: Assessing Risks

Everyone faces risks—personal risks, financial risks, and resource risks. In this activity, you will think about some of the risks you may face.

1. On the back of this sheet, create a chart with the headings shown below. In the chart, list four risks that you face.

| Risk | Probability of Occurrence | Possible Results | Ways to Reduce Risk |
|-------------|----------------------------------|-------------------------|----------------------------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |

2. Estimate the likelihood of those events occurring. Add this information to the chart.
3. Think about and list the possible results if the risk events should happen.
4. Consider each possible risk that has serious consequences. List what you can do to (a) reduce risks, (b) avoid risks, (c) transfer risks, and/or (d) self-insure for the losses that you might suffer as a result of the risks.