



Lesson Plan: "Understanding Insurance: Risk, Benefits, and Market Dynamics"

Objective:

Students will analyze how insurance markets function, explore the benefits and challenges of insurance, and evaluate how risk is managed in economic systems.

Materials Needed:

- [Clip from *Game of Thrones* or summary about the insurance discussion in Westeros.](#)
- Handouts with key concepts of insurance, including moral hazard, adverse selection, and risk pooling.
- Examples of real-world insurance markets (e.g., health, auto, life).

Lesson Steps:

1. Introduction (10 minutes):

- Define insurance and explain its purpose in mitigating risk for individuals and businesses.
- Introduce key concepts:
 - **Risk pooling:** How insurance spreads risk across a group.
 - **Premiums:** Payments made to maintain coverage.
 - **Moral hazard:** How insurance can alter behavior (e.g., taking greater risks).
 - **Adverse selection:** The tendency for higher-risk individuals to seek insurance.
- Briefly mention how insurance markets can fail or succeed based on these factors.

2. Viewing Clip (5 minutes):

- Show the [Game of Thrones clip](#) or summarize the scenario where insurance or financial risk-sharing is discussed in Westeros.
- Set the context: Highlight the role of risk management and how the system reflects broader economic principles.

3. Group Discussion (15 minutes):

- Divide students into small groups to discuss:
 - How does the betting market in the clip create a form of insurance for the captain?
 - What are the premiums?
 - How does the betting market represent the pooling of risk?
 - Why is insurance important for managing risk?

- How might moral hazard and adverse selection affect an insurance market in general?
 - How might moral hazard and adverse selection arise in the context of the betting market in the clip?
- What parallels can be drawn between the Westeros example and modern insurance systems?

4. Concept Application (15 minutes):

- **Case Study Analysis:**
 - Provide examples of real-world insurance markets:
 - Health insurance (e.g., managing public vs. private coverage).
 - Auto insurance (e.g., mandatory insurance laws).
 - Life insurance (e.g., risk assessment and premiums).
 - Ask students to analyze these markets using the following questions:
 - What are the benefits of these insurance systems?
 - What challenges arise (e.g., fraud, coverage gaps)?
 - How do governments or companies address issues like adverse selection?

5. Wrap-Up and Reflection (10 minutes):

- Summarize the importance of insurance in managing risk and stabilizing economies.
- Pose a discussion question: How would your life or future career be affected if insurance were unavailable or poorly managed?

6. Activity/Homework (15 minutes):

- **Design an Insurance Plan:**
 - Students work in small groups to design an insurance plan for a fictional town in Westeros facing specific risks (e.g., dragon attacks, food shortages).
 - Consider:
 - What risks to cover?
 - How to set premiums?
 - How to minimize moral hazard and adverse selection?
 - Groups present their plans, explaining how their system balances fairness, efficiency, and risk mitigation.