

**FILL IN THE BLANK** (*note: some terms will not be used*)

beneficiary	insurance	policyholder
coinsurance	insured	premium
controllable risk	insurer	pure risk
coverages	liability	risk
criminal liability	natural risk	self-insurance
deductible	peril	speculative risk
economic risk	policy	uncontrollable risk

1. \_\_\_\_\_ is when an individual or business is responsible to others for negligence.
2. \_\_\_\_\_ can be reduced or avoided by thoughtful actions.
3. A chance of financial gain or loss is called \_\_\_\_\_.
4. \_\_\_\_\_ is a person or organization designated to receive the proceeds of the insurance policy.
5. \_\_\_\_\_ is the individual or organization to which the policy is issued.
6. \_\_\_\_\_ is contract providing for financial protection against a specified loss.
7. \_\_\_\_\_ results from breaking a law.
8. \_\_\_\_\_ is when the insured and insurer share the risk by paying a defined amount of the costs.
9. \_\_\_\_\_ cannot be influenced by human action.
10. \_\_\_\_\_ offers no opportunity for financial gain but only loss.
11. The chance or probability of harm or loss is called \_\_\_\_\_.
12. The cause of a loss is called a(n) \_\_\_\_\_.

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**THINK CRITICALLY**

13. Do you believe a pure risk poses greater problems for a business than a speculative risk? Why or why not?
14. If you were the risk manager for a company, how would you go about attempting to identify all of the risks facing a business? How would you decide which risks should be insured and which should not?

15. What is meant by the insurance concept that risks are pooled or shared? How does each business benefit from pooling risks? Are there any disadvantages to a business from pooling its risks with others?
  16. Describe how a bell curve represents the number and amount of damages that are likely to result from the number of fires that occur in a large number of businesses over several years.
  17. Why do insurance companies need to identify both conditions and exclusions in an insurance policy? Why should businesspeople purchasing insurance make sure they clearly understand the conditions and exclusions?
  18. Discuss the advantages and disadvantages to a young employee of the following options for retirement planning: (1) relying on Social Security only, (2) relying on a personal investment plan, (3) combining Social Security with a personal investment plan.
  19. Choose a business and describe examples of situations where the business might need business income insurance and consequential damage coverage.