Package Title: Practice

Course Title: Boone, Contemporary Business, 3rd Canadian Edition

Chapter Number: Appendix C

Shuffle: No

Question type: Multiple Choice

1) \_\_\_\_\_ is uncertainty about loss or injury.

a) Insurance

b) Risk

c) Management

d) Accident

Answer: b

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: The Concept of Risk

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

Question type: True/False

2) Risk is a daily fact of life for both individuals and businesses.

Answer: True

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: The Concept of Risk

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

Question type: True/False

3) Speculative risk only involves the change of loss.

Answer: False

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: The Concept of Risk

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

Question type: Multiple Choice

4) The alternatives to handle risk include \_\_\_\_.

a) avoid it

b) minimize it

c) handle it or transfer it

d) all of the above

Answer: d

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: Risk Management

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

5) \_\_\_ is the most common way of dealing with risk.

a) Avoiding it

b) Shifting risk to others

c) Minimizing it

d) Self insurance

Answer: b

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: Risk Management

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

6) In order to be insured an applicant needs to show \_\_\_\_.

a) a contract

b) a pure risk

c) an insurable interest

d) a determinable insurance need

Answer: c

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: Basic Insurance Concepts

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

Question type: True/False

7) An insurable interest is required in order to purchase insurance.

Answer: True

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: Basic Insurance Concepts

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

8) Under the rule of indemnity the insured is limited collect only the amount of the loss.

Answer: True

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: Basic Insurance Concepts

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

9) Crop insurance normally falls under a public insurance agency.

Answer: True

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: Basic Insurance Concepts

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

10) Liability insurance protects a business against financial losses to others that the business was responsible for.

Answer: True

Difficulty: Easy

Learning Objective: Describe various ways that businesses can manage risk through insurance.

Section Reference: Basic Insurance Concepts

Bloom’s Taxonomy: Knowledge

AACSB: Analytic