
INSURANCE & RISK MANAGEMENT

Overview

This event provides recognition for FBLA members who demonstrate an understanding of and skill in basic insurance and risk management principles and procedures.

This is an individual objective event.

Competencies and Task Lists

<http://www.fbla-pbl.org/competitive-event/insurance-risk-management/>

Website Resources

- The Griffith Insurance Education Foundation
<http://www.griffithfoundation.org/cibcareer30/>
- Public Risk Management Association.
http://www.primacentral.org/resources/revise_core_comps_08.pdf
- Risk and Insurance Management Society, Inc.
<http://www.rims.org/education/Documents/RMCCM.pdf>
- Glossary of Insurance Terms - naic.org
http://naic.org/consumer_glossary.htm

INSURANCE & RISK MANAGEMENT SAMPLE QUESTIONS

- 1) The second step of the Risk management model is to
 - A) assess and prioritize risks.
 - B) identify hazards.
 - C) choose control measures.
 - D) implement controls.

Competency: Risk Management

- 2) Since every business is different, management must
 - A) choose the most reasonable risk management strategy.
 - B) make sure the business is self-insured.
 - C) adapt a risk management model to meet the organization's needs.
 - D) choose from traditional insurance packages.

Competency: Risk Management

3) Self-insuring is an example of which risk strategy?

- A) risk reduction
- B) risk assumption**
- C) risk transfer
- D) risk avoidance

Competency: Risk Management

4) What is used to assist in identifying, prioritizing, and quantifying (at a macro level) risks to an organization?

- A) risk mapping**
- B) strategic planning
- C) risk profiling
- D) goal setting

Competency: Risk Management

5) In the event of a disaster that causes physical damage, most businesses have a

- A) plan B.
- B) plan A.
- C) strategic plan.
- D) contingency plan.**

Competency: Risk Management

6) Companies that choose not to purchase insurance taking on the possibility of financial loss from a risk are practicing

- A) risk deletion
- B) risk retention.**
- C) risk avoidance.
- D) risk transfer.

Competency: Risk Management

7) Which insurance coverage pays for damages when an insured is injured in a car accident caused by another person who does not have any liability insurance or whose available limits are less than the insured's damages?

- A) Personal Injury Liability Coverage
- B) Uninsured Motorists Coverage**
- C) Liability Coverage
- D) No Fault Coverage

Competency: Property and Liability Insurance

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- 8) A safety-conscious driver uses seat belts, observes speed limits, and:
- A) makes cellular calls only in light traffic
 - B) turns up the CD player to aid concentration
 - C) tries to be patient with other drivers
 - D) practices hairpin turns

Competency: Property and Liability Insurance

- 9) You crash into a telephone pole due to icy streets. The damages to your car total \$3,400. Your insurance policy has a \$1,000 deductible. How much financial damage will the insurance company cover for this accident?
- A) \$3,400
 - B) \$1,000
 - C) \$2,400
 - D) \$1,700

Competency: Property and Liability Insurance

- 10) 50/100/50 is a number representing
- A) the value of property insured.
 - B) comprehensive coverage.
 - C) cost of the insurance policy.
 - D) liability limits when you are in a car accident.

Competency: Property and Liability Insurance

- 11) Normally which peril is not covered by a basic homeowner's policy?
- A) vandalism
 - B) floods
 - C) theft
 - D) fires

Competency: Property and Liability Insurance

- 12) Which one of these injuries or health problems would probably not be covered by workers' compensation?
- A) "brown lung" disease from inhaling cotton fibers in the mill
 - B) multiple fractures after a coworker bumps your ladder with a forklift
 - C) breaking your wrist slipping in the office stairwell
 - D) breaking your ankle playing Frisbee in the parking lot

Competency: Property and Liability Insurance

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- 13) A life insurance policy that is kept in force for a person's entire life and pay a benefit upon the person's death is
- A) whole life insurance.
 - B) variable life insurance.
 - C) term life insurance.
 - D) variable whole life insurance.

Competency: Health, Disability, and Life Insurance

- 14) Life insurance policies do not cover
- A) medical expenses of family members.
 - B) child care.
 - C) final expenses.
 - D) debts.

Competency: Health, Disability, and Life Insurance

- 15) A terminally ill person who sells his or her life insurance policy is a(n)
- A) insured.
 - B) viator.
 - C) beneficiary.
 - D) underwriter.

Competency: Health, Disability, and Life Insurance

- 16) A prepaid group health insurance plan that entitles members to services of participating physicians, hospitals, and clinics is a(n)
- A) health insurance account.
 - B) HMO.
 - C) insurance.
 - D) Medicare.

Competency: Health, Disability, and Life Insurance

- 17) Long-term care insurance
- A) covers nursing home care for three years.
 - B) covers cancer treatments.
 - C) covers nursing home care for unlimited amount of time.
 - D) covers nursing home care for a given amount of time.

Competency: Health, Disability, and Life Insurance

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- 18) A company or HMO that provides health care coverage is the
- A) contingency.
 - B) agent.
 - C) carrier.
 - D) rider.

Competency: Health, Disability, and Life Insurance

- 19) A cause of a loss may be due to:
- A) peril
 - B) risk
 - C) hazard
 - D) exposure

Competency: Insurance Knowledge

- 20) Natasha's employer changed health plans. Under the old plan Natasha paid \$52 in premiums every month. Under the new plan Natasha pays \$78 a month. By what percentage did the cost of Natasha's health plan increase?
- A) 500 percent
 - B) 5 percent
 - C) 50 percent
 - D) 15 percent

Competency: Insurance Knowledge

- 21) Which names below are well-known insurance ratings services?
- A) Procter & Gamble and Johnson & Johnson
 - B) Standard & Poor's and A.M. Best
 - C) Medicaid and Medicare
 - D) Crosse and Blackwell and Caswell-Massey

Competency: Insurance Knowledge

- 22) Which one of the following statements about preventing insurance fraud is correct?
- A) Reputable insurance agents often make cold sales calls.
 - B) A reputable agent often invites customers to switch to new insurance products.
 - C) Never sign a blank application or claim form.
 - D) Fraud artists never bother listing false charges on a bill.

Competency: Insurance Knowledge

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- 23) What rates are set annually by the Commissioner of Insurance that rate-regulated insurance companies use to reference their rates?
- A) Local
 - B) Federal
 - C) Benchmark
 - D) State

Competency: Insurance Knowledge

- 24) Once an insurance claim has been filed for damages, who will determine how much of the claim will be covered?
- A) agent
 - B) underwriter
 - C) claims adjuster
 - D) government

Competency: Insurance Knowledge

- 25) Jade's morning commute taking the beltway averaged 40 minutes. One day she used surface roads and discovered the drive had taken only 30 minutes. What percentage of her usual travel time had she saved?
- A) 25 percent
 - B) 0.25 percent
 - C) 20 percent
 - D) 2.5 percent

Competency: Decision Making

- 26) Comparing insurance data from previous years to predict future financial trends is referred to as
- A) budgeting.
 - B) forecasting.
 - C) predicting.
 - D) benchmarking.

Competency: Decision Making

27) Individuals are encouraged to save money for health expense by contributing before tax funds to

- A) health savings accounts.
- B) federal insurance programs.
- C) Medicare.
- D) HMOs.

Competency: Decision Making

28) "Caveat emptor" is a Latin phrase that means:

- A) "Let them stew in their own juices."
- B) "Let sleeping dogs lie."
- C) "Let the buyer beware."
- D) "Let them eat cake."

Competency: Ethics

29) Coordinated health care interventions and communications are part of

- A) Medicare.
- B) disease management.
- C) universal health care.
- D) Medicaid.

Competency: Careers

30) What types of tables are used by insurance companies to determine how long people will live?

- A) actuary
- B) amortization
- C) census
- D) depreciation

Competency: Careers