

Name:

Date:

Class:

## Lesson 16.2

### Practice Your Understanding

1. You have started a technology repair shop and want to identify factors affecting your business risk. Determine the risk factor described in each of the following scenarios. Risk factors include behavioral, economic, environmental, global, organizational, personal, psychological, regulatory, social, and technological. (16.2-1)

- a. Your business is located in Fort Myers Beach, Florida, and you were told by numerous insurance agents that you would not be able to be insured due to the likelihood of hurricane damage.

Answer:

- b. Florida has a large population of senior citizens who might need help with their technological devices.

Answer:

- c. You are worried that the senior citizen population might not want to pay the price for technology service and repair.

Answer:

- d. You have never operated a business before, so you are concerned you might not have the knowledge to hire employees or to adequately train them.

Answer:

2. At your technology repair shop, you were notified that a data breach resulted in the theft of customer information, which could lead to legal consequences and loss of customer trust. You only have one employee, and you are certain their error caused the vulnerability that led to the data breach. Outline strategies you will take to reduce this risk in the future. (16.2-2)

Answer:

3. Demonstrate your knowledge of insurance by determining the correct type of insurance needed for each of the following scenarios. Your options of insurance types include business interruption, commercial vehicle, cyber insurance, fire and theft, group health insurance, personal disability, and workers' compensation. Not all the options will be used, and some scenarios may include more than one insurance type. (16.2-3)

- a. You have decided to purchase a vehicle for business deliveries and promotional purposes.

**Answer:**

- b. You now have four employees and want to ensure your business will be protected if they become injured while working at your shop.

**Answer:**

- c. You fall while climbing a ladder at work and now the doctor will not release you to come back to work for six weeks.

**Answer:**

- d. You recently located an insurance agent that will provide compensation for loss of income due to theft or fire.

**Answer:**

4. You have made the decision to self-insure your business, and your investors have agreed to match up to two percent of your contribution. To fund the policy, you deduct two percent of your monthly revenue (after taxes). Assuming your gross revenue for one month was \$4,000 with a tax rate of 25 percent, calculate how much you and your investors will pay into the self-insurance account. (16.2-4)

**Answer:**