

Section Answer Keys

Chapter 34 Risk Management

Section 34.2 Handling Business Risks

Review Key Concepts

1. Strategies used for risk prevention and control include screening and training employees, providing safe conditions and sufficient safety instruction, preventing external theft, and deterring employee theft.
2. The purpose of an insurance policy is to transfer risk from the business to an insurance company.
3. Three different ways a business can transfer risks are by purchasing insurance, promoting product and service warranties, and transferring risk through business ownership.

Practice Academics

English Language Arts

4. Students should write a one-page report on how businesses are attempting to stop employee or customer theft. The report must identify the source and date of the information, the type of theft being investigated, and methods used by business to control it. For example, a report on preventing employee theft might include information such as: employers should carefully screen potential employees by verifying references, employment histories, and any education claims. They should increase the perception that any employee theft will be caught, carefully educate all employees on what constitutes fraud, and develop audits that focus on high-risk areas, such as expense reporting and payroll.

Mathematics

5. \$490,595.90 ($\$845,855 \times 0.58$)