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Chapter 16: Risk Management

Tools:

- Printer
- 8.5" x 11" paper
- Scissors

Directions:

1. Print
2. Fold paper in half vertically
3. Cut along dashed lines

accounts receivable aging
report

Document that shows when accounts
receivables are due as well as the
length of time accounts have been
outstanding.

- FOLD -

01 of 35 E-Flash Cards



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burglary

Occurs when a person breaks into
a business to steal merchandise,
money, valuable equipment or to take
confidential information.

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02 of 35 E-Flash Cards



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business owner's policy
insurance

Risk management product that
provides low-cost property and
liability coverage for small business
owners.

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03 of 35 E-Flash Cards



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collection agency

Company that collects payments due
on behalf of a business for a fee.

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04 of 35 E-Flash Cards

consumer credit

Credit given to an individual by a retail business.

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05 of 35 E-Flash Cards



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controllable risk

Risk that cannot be avoided, but can be minimized by purchasing insurance or implementing a risk plan.

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06 of 35 E-Flash Cards



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credit bureau

Private firm that maintains consumer credit data and provides credit information to business for a fee.

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07 of 35 E-Flash Cards



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credit report

Record of a business' or individual's credit history and financial behavior.

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credit risk

Potential of credit not being repaid.

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09 of 35 E-Flash Cards



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creditor

Individual or business to whom
money is owed for goods or services
provided.

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customer loyalty

Continued and regular patronage of a
business when there are other places
to purchase the same or similar
products.

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11 of 35 E-Flash Cards



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debtor

Individual or business who owes
money for goods or services provided.

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debtor-creditor relationship

Legal relationship existing between a debtor and a creditor based on a good faith agreement that both parties will uphold their end of the agreement.

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economic risk

Situations that occur when the economy suffers due to negative business conditions in the United States or the world.

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14 of 35 E-Flash Cards



embezzlement

Type of fraud that occurs when somebody entrusted with confidential company information, financial records, money, or other valuables takes them for personal gain.

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15 of 35 E-Flash Cards



employee theft

Employees stealing from the business.

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16 of 35 E-Flash Cards

fraud

Cheating or deceiving a business out of money or property.

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17 of 35 E-Flash Cards



guarantee

Promise that transfers the risk for certain specified losses from the purchaser to the provider.

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18 of 35 E-Flash Cards



human risk

Situations caused by humans, whether it is employees or customers.

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installment loan

Loan paid in regular payments, known as *installments*, with interest until the loan is paid in full.

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20 of 35 E-Flash Cards

insurable interest

Insurance provision that requires a policyholder to be the one at risk of suffering a loss.

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21 of 35 E-Flash Cards



insurance

Form of risk management in which an individual or business pays a fee, or premium, to transfer the risk for a specific type of loss.

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22 of 35 E-Flash Cards



market risk

Potential that the target market for new products or services is much less than originally thought.

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23 of 35 E-Flash Cards



natural risk

Situation caused by nature.

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24 of 35 E-Flash Cards

planned obsolescence

Evaluating and updating current products or adding new ones to replace older ones.

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25 of 35 E-Flash Cards



premium

Amount that is paid for insurance.

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26 of 35 E-Flash Cards



product obsolescence

Customers no longer want to buy a product, leaving an owner stuck with merchandise that will not sell.

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27 of 35 E-Flash Cards



robbery

Theft involving another person, often by using force or with the threat of violence.

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shoplifter

Person, posing as a customer, who takes goods from the store without paying for them.

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surety bond

Three-party contract that guarantees one party will fulfill its obligation to a second party.

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surveillance

Process of observing everything going on at the business to detect and prevent crimes.

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trade credit

Practice of one business granting a line of credit to another business for a short time to finance the purchase of the first business' goods.

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32 of 35 E-Flash Cards

uncontrollable risk

Situation that cannot be predicted or covered by purchasing insurance.

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uninsurable interest

Risk an insurance company will not cover.

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worker's compensation

State-mandated business insurance program intended to provide medical and financial support for workers who are injured or made ill at the workplace.

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35 of 35 E-Flash Cards



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