

MULTIPLE CHOICE

Directions: CIRCLE the best possible answer to each question.

1. What is insurance?
 - a. An indicator that rises and falls due to financial market conditions
 - b. Money, property or a legal document held in the possession of a third party until a specific condition has been fulfilled
 - c. A contract that offers full or partial financial compensation for loss or damage caused by an uncontrollable event

2. Does everyone pay the same amount for the same insurance coverage?
 - a. Yes
 - b. No

3. How do insurance providers make money?
 - a. By pooling the risk of a large number of policyholders
 - b. By applying statistics to understand the amount of risk their policyholders represent, and then adjusting their premiums accordingly
 - c. By setting premiums that allow the system to function and generate a profit
 - d. All of the above