

VISUAL 1
YOU BE THE JUDGE



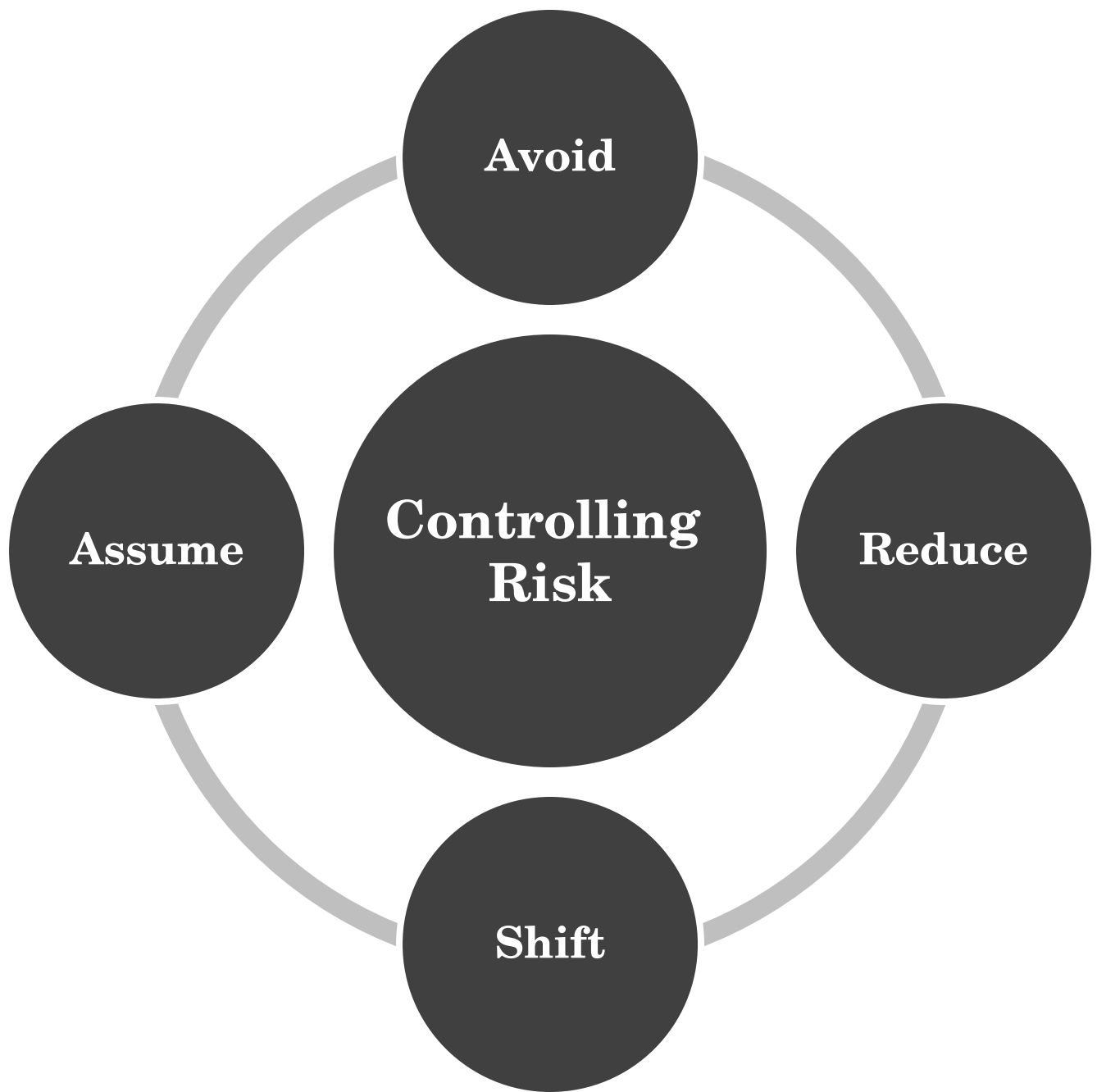
VISUAL 2

WHAT KIND OF RISK AM I?

1. Damage from a storm
2. Shoplifting
3. Change in customer demand
4. Competition from a similar business
5. Risk from cyber hacking
6. A person slips and falls on your property
7. A worker does not do a job correctly
8. A natural disaster strikes the area
9. Loss of investors
10. Changes in technology
11. Increases in business regulations
12. Credit card fraud
13. Bounced checks
14. Employee theft

VISUAL 3

RISK MANAGEMENT - METHODS FOR CONTROLLING RISK



VISUAL 4

COMMON FORMS OF BUSINESS INSURANCE

PROPERTY INSURANCE:

This type of policy covers your building and the surrounding property (if you own) from fire, storms, accidents, theft, and vandalism. In addition, an entrepreneur can add a supplement to his or her property insurance – called a “rider” – to insure against floods and earthquakes.

VEHICLE INSURANCE:

This type of policy covers cars, trucks, and other vehicles owned by the business. It is similar to personal vehicle insurance.

LIABILITY INSURANCE:

This type of policy covers the business’s legal responsibility for the harm it may cause to others resulting from your activities, those of your employees or of your product.

MALPRACTICE INSURANCE:

This type of policy protects against financial loss arising from negligence in providing professional services.

WORKERS’ COMPENSATION INSURANCE:

This coverage pays for medical care and replaces a portion of lost wages for an employee who is injured in the course of employment regardless of who was at fault for the injury. Employers are required by law to have workers' compensation insurance, except in the state of Texas.

BONDING:

This type of policy covers a business from losses caused by the negligence or dishonesty of an employee or by the failure of a business to complete a contract.

VISUAL 5

OTHER FORMS OF BUSINESS INSURANCE**LIFE INSURANCE:**

(in the entrepreneur's name) – Ensures that, in the case of the entrepreneur's death, heirs of the entrepreneur will have money to continue the business

HEALTH INSURANCE:

(for both the entrepreneur and employees) – Provides protection against the high cost of individual health care; in most cases, companies pay a percentage of the cost of health insurance and employees pay the rest

BUSINESS INTERRUPTION INSURANCE:

This type of policy covers loss of income due to fire, flood, storms, or other catastrophes that disrupt operation of a business. It may cover the cost of expenses incurred by operating in a temporary location.

DISABILITY INSURANCE:

Provides payments to employees who are not able to work for an extended period of time due to illness or injury.

EMPLOYEE LIFE INSURANCE:

Ensures that, in the case of the employee's death, heirs of the employee will have money to offset the loss of a wage-earner in the household

VISUAL 6

YOU BE THE JUDGE – ACTUAL SETTLEMENTS

Case 1 – McDonalds and Hot Coffee

Though there was a warning on the coffee cup, the jury decided that the warning was neither large enough nor sufficient, and after careful deliberation, the jury found McDonald's liable because the jury believed that McDonald's had engaged in willful, reckless, and malicious conduct. The jurors rendered a punitive damage award of \$2.7 million against McDonald's, approximately the equivalent of just two days of coffee sales. The jurors apparently arrived at this figure from Morgan's suggestion to penalize McDonald's for one or two days' worth of coffee revenues, which were about \$1.35 million per day. The judge reduced punitive damages to \$480,000, three times the compensatory amount, for a total of \$640,000. The decision was appealed by both McDonald's and Ms. Liebeck in December 1994, but the parties settled out of court for an undisclosed amount less than \$600,000.

Case 2 – Who Shot Me?

The trial court found that Mr. Tice and Mr. Simonson were negligent (i.e., that when they discharged their weapons they did not do so with ordinary prudence), and that Mr. Summers was not contributory negligent.

Having determined that both defendants had been negligent the court then decided that justice required that the burden of proving which of the defendants had caused either or both of plaintiff's injuries be shifted to the defendants, so either could absolve himself. As such it would be impossible for the plaintiff to show which of the two negligent actors had caused his harm.

Case 3 – The Car Drives Itself!

After eight days of trial, jurors awarded Mundy \$30 million in punitive damages and \$9 million in compensatory damages. Her husband, who became her caretaker following the accident, received \$1 million.