

Exercise 1.B

For each of the examples listed below, indicate whether it is a pure risk (P) or a speculative risk (S).

- ___ 1. Harry feels lucky, so he buys a lottery ticket at the neighborhood convenience store.
- ___ 2. Joan hopes her fur coat is safe at the storage warehouse.
- ___ 3. The lightning rods aren't up on Frank's new house yet, and a severe thunderstorm has been predicted.
- ___ 4. Donna purchases several shares of stock in a computer company.

Exercise answers can be found at the end of the Unit 1 answers and rationales.

1.7.2. Insurable Interest

A basic rule concerning who can be insured states that before you can benefit from insurance, you must have a chance of financial loss or a financial interest in the property. This is called an **insurable interest**. You have an insurable interest in your own home but not your neighbor's home.

