**INVESTING**

***Understanding Stocks***

**Flashcard 1**

**What are stocks?**  
Stocks represent ownership in a company, so when you buy a stock, you own a portion of that company.   
If the company grows, your share (or shares) grows, meaning the stock price can rise. But, if the company struggles, your stock value could drop.   
It’s exactly like owning a piece of a local poutine shop. If it does well, the value of your share increases. If it doesn't, your share loses value.

**Flashcard 2**

**Why do stock prices fluctuate?**  
Stock prices change because of many factors.

1. **Company Performance**: If the company releases new products or reports strong earnings, stock prices rise.
2. **Market Sentiment**: If investors are optimistic, prices rise. If nervous, prices fall.
3. **External Events**: Things like economy changes or disasters affect stock prices.
4. **Supply and Demand**: If more people want to buy a stock, the price rises. If more people want to sell, the price drops.   
   For example, a breakthrough tech product will likely drive the stock price up.

**Flashcard 3**

**What’s a stock exchange?**  
A stock exchange is where buyers and sellers meet to trade stocks. It’s like a marketplace but for stocks.   
Two major exchanges are **New York Stock Exchange (NYSE)**, known for big companies, and **NASDAQ**, home to tech giants.   
The exchange sets rules to ensure smooth and fair trading.   
It’s like an online auction where the winner gets a piece of a company.

**Flashcard 4**

**What is a stock ticker symbol?**  
A ticker symbol is a unique set of letters identifying a stock on the exchange.   
It’s like a company’s name tag but in letters, just as how Discord use to have those #IDs :D. For example, **Apple's ticker** is AAPL, and **Tesla’s** is TSLA.   
Ticker symbols are key when you buy or sell a stock. It’s like looking up a product by its SKU number.   
Learn ticker symbols to trade stocks efficiently!

**Flashcard 5**

**What is the difference between common and preferred stocks?**  
There are two main types: **common** and **preferred**. Each has different rights and benefits.

* **Common Stock**: You have voting rights, but dividends may be lower and not guaranteed.
* **Preferred Stock**: No voting rights, but offers more stable income and dividends paid first.   
  Common stocks offer higher rewards but more risk. Preferred stocks provide safer, stable income.

**[ Dividend:** Payment by corporation to shareholders, paid on per-share basis **]**

***Bonds & Fixed Income***

**Flashcard 1**

**What is a bond?**  
A **bond** is a loan you give to a government or corporation, and they pay you interest. 🏛️💵  
Think of it like a **promissory note**—you lend your money, and they promise to pay you back with interest.   
Bonds are safer than stocks because they offer fixed interest payments, making them stable income sources.

**[ Pro Tip:** Think of it as lending a friend $100, for him to pay you $10 every week **]**

**Flashcard 2**

**How do bonds make money?**  
Bonds make money through:

1. **Interest (Coupon Payments)**: Bonds pay interest regularly. For example, a $1,000 bond with a 5% coupon rate pays $50 annually ($1,000 X 5% = $50).
2. **Price Changes**: Bonds can be bought or sold, and their price can fluctuate. If you buy a bond at a discount, you can sell it for a gain later.

**Flashcard 3**

**What is bond yield?**  
Bond yield is the annual return you can expect. 📊💡  
The most common type is **current yield**, which divides the bond’s annual coupon payment by its market price.   
For example, a $1,000 bond paying $50 interest and priced at $900 gives a yield of 5.56%.   
Understanding yield helps you compare bonds with different risks and rewards.

**Flashcard 4**

**What is the face value of a bond?**  
The **face value**, or **par value**, is the amount the issuer agrees to repay you at maturity.   
For example, a $1,000 bond will repay $1,000 at maturity.   
This is the amount you invested, and it’s used to calculate the bond's coupon payments.

Thus, not only does a bond give you recurring payments as coupon payments, but also a substantial amount of money at maturity!

**Flashcard 5**

**What affects bond prices?**  
Bond prices can change because of:

1. **Interest Rates**: When rates rise, bond prices fall. When rates fall, bond prices rise. *(This might be confusing or unclear, but just remember this for now!)*
2. **Credit Risk**: If the issuer's credit rating drops, the bond price falls.
3. **Economic Conditions**: Inflation and other factors can affect prices. During uncertain times, investors flock to bonds, driving prices up.

***Portfolio Management***

**Flashcard 1**  
**What is Portfolio Management?**  
Portfolio management is the art of selecting and managing investments to meet financial goals.   
Think of it like building a balanced meal—you need the right mix of proteins, carbs, and veggies for a healthy diet.   
A good portfolio blends stocks, bonds, and other assets to manage risk and maximize returns.

**Flashcard 2**  
**What are the types of Portfolio Management?**  
There are **two main types** of portfolio management:  
1️ **Active Management** – Trying to outperform the market by picking winning stocks and adjusting the portfolio frequently.   
2️ **Passive Management** – Tracking an index (like the S&P 500) and letting the market do the work.   
Both have pros and cons—active can give higher returns, but passive is cheaper and often more reliable!

**[ Index:** An index tracks the performance of a particular group of stocks or bonds.**]**

**Flashcard 3**  
**Why is Diversification Important?**  
"Don’t put all your eggs in one basket!"   
Diversification means spreading investments across different assets to reduce risk.  
For example, if you only invest in tech stocks and the tech industry crashes, your whole portfolio suffers. But with a mix of stocks, bonds, and real estate, you minimize damage.

**Flashcard 4**  
**What is Asset Allocation?**  
Asset allocation is deciding how much of your portfolio should go into different asset classes like stocks, bonds, and cash.   
A young investor may have **80% stocks, 20% bonds** for higher growth, while a retiree may prefer **40% stocks, 60% bonds** for stability.   
Your allocation should match your risk tolerance and investment goals - Higher risk can lead to higher returns, but also bigger losses!

**Flashcard 5**  
**What is Rebalancing?**  
Rebalancing is adjusting your portfolio to keep it aligned with your investment plan.   
Example: You start with **70% stocks, 30% bonds**, but after a stock market boom, it's now **80% stocks, 20% bonds**. You sell some stocks and buy bonds to restore balance.   
It’s like maintaining your car—tune-ups keep everything running smoothly!

### ***Market Analysis***

**Flashcard 1**  
**What is Market Analysis?**  
Market analysis helps investors decide where to invest by studying trends, risks, and opportunities.   
It’s like checking the weather before a road trip—you want to know if it’s smooth sailing or stormy ahead.   
Two main types: **Fundamental Analysis** (company health) and **Technical Analysis** (price trends).

**Flashcard 2**  
**What is Fundamental Analysis?**  
Fundamental analysis involves examining a company's financial statements, management, and market position to determine its intrinsic value and guide investment decisions.   
Investors look at:  
✔️ **Earnings** – How much profit a company makes   
✔️ **Debt Levels** – Can they handle their debt?   
✔️ **Revenue Growth** – Are sales increasing?   
It’s like reading a restaurant review before deciding where to eat.

**Flashcard 3**  
**What is Technical Analysis?**  
Technical analysis studies stock price charts and patterns to predict future movements.   
Traders use indicators like:

* Moving Averages – Trends over time
* RSI (Relative Strength Index) – Overbought or oversold?
* Support & Resistance – Price floors and ceilings

It’s like looking at past weather patterns to predict tomorrow’s forecast!

**Flashcard 4**  
**What Factors Influence Markets?**  
Market movements are affected by:  
1️ **Economic Data** – Inflation, interest rates, GDP   
2️ **News & Events** – Elections, wars, natural disasters   
3️ **Investor Sentiment** – Fear or greed in the market   
Example: A big interest rate hike can crash stock prices because borrowing gets expensive and business sentiment drops!

**Flashcard 5**  
**What is Market Sentiment?**  
Market sentiment is how investors **feel** about the market—bullish (optimistic) or bearish (pessimistic).   
When people **feel good**, they buy stocks → prices go up.   
When people **panic**, they sell stocks → prices drop.   
It’s like social media trends—hype can drive things up, but fear can make them crash!

### ***Investment Strategies***

**Flashcard 1**  
**What is an Investment Strategy?**  
An investment strategy is a plan for growing your money based on risk tolerance, time horizon, and goals.   
Example: A **college student** might take more risks for higher returns, while a **retiree** might focus on safety.   
It’s like planning a road trip—you need a route that matches your destination!

**Flashcard 2**  
**What is Value Investing?**  
Value investing means buying **undervalued stocks** and holding them long-term.   
Legendary investor **Warren Buffett** uses this strategy!   
Example: If a strong company’s stock drops because of temporary bad news, value investors see it as a **discount deal**!

It’s like buying a wallet with $10 inside it for the price of $8.

**Flashcard 3**  
**What is Growth Investing?**  
Growth investing focuses on companies expected to grow fast, even if they don’t pay dividends.   
Example: Tech companies like **Tesla, Amazon, and Nvidia** are popular for growth investors.   
It’s like betting on a startup—you take a risk, but the rewards can be massive!

**Flashcard 4**  
**What is Dividend Investing?**  
Dividend investing means buying stocks that pay regular **dividends** (cash payouts to shareholders).   
Example: A $1,000 stock with a $50 annual dividend has a **5% dividend yield**.   
Great for investors who want passive income, like retirees!

**Flashcard 5**  
**What is Dollar-Cost Averaging (DCA)?**  
DCA means investing **a fixed amount** regularly, regardless of market conditions.   
Example: Investing **$500 every month** in an index fund. Some months you buy high, some months you buy low—this smooths out risk.   
It’s like buying groceries weekly—sometimes prices are high, sometimes low, but over time, it evens out!

**Personal Finance**

***Foundations of Personal Finance***

**Flashcard 1**

**What is personal finance?**  
Personal finance involves managing your money, including budgeting, saving, investing, and planning for the future.   
It’s about making smart choices with your money so you can meet your financial goals and be prepared for unexpected situations.   
In Canada, it’s especially important to consider factors like taxes, healthcare costs, and retirement savings plans when managing your finances.   
It’s like taking care of your own financial health—just as you would a physical workout!

**Flashcard 2**

**What’s the importance of budgeting?**  
Budgeting helps you keep track of your income and expenses.   
By creating a budget, you can manage spending, save money, and avoid unnecessary debt.   
It helps you identify areas where you can cut back, ensuring your money works efficiently for your long-term goals.   
It's exactly like a map for your money—without it, you might get lost.

**Flashcard 3**

**What is an emergency fund?**  
An emergency fund is a savings buffer for unexpected situations like car repair or medical bills.   
Experts recommend saving 3-6 months’ worth of living expenses to cover emergencies.   
In Canada, this can also help cushion the impact of unexpected job loss or urgent healthcare expenses.   
It’s like having an umbrella for rainy days—so you’re not caught in the storm.

**Flashcard 4**

**What is debt management?**  
Debt management is about balancing your borrowing and repayment.   
It includes paying off high-interest debt quickly, like credit cards, and avoiding new debt.   
In Canada, managing student loans and mortgages should also be part of your strategy.   
Think of it like a game—if you don’t control the debt, the interest can crush your finances.

**Flashcard 5**

**What is the role of credit scores?**  
Your **credit score** reflects how well you manage debt. It impacts your ability to borrow money and get favorable rates.   
A higher score means lower borrowing costs and better terms for things like car loans or mortgages.   
In Canada, credit scores are used by banks to determine your eligibility for loans, credit cards, and even rental agreements.   
It’s like your financial reputation—keep it strong, and you’ll get better deals!

***Investing Basics***

**Flashcard 1**

**What is investing?**  
Investing is putting your money into assets like stocks, bonds, or real estate with the goal of growing your wealth over time.   
The idea is to generate returns that outpace inflation, especially important in today’s fluctuating economy.   
It’s like planting a seed—if nurtured right, it can grow into something much bigger.

**Flashcard 2**

**What are risk and return in investing?**  
Risk is the possibility of losing money, and return is the profit you make from your investment.   
Typically, higher risk comes with the potential for higher returns, but it can also bring bigger losses.   
In Canada, understanding how economic factors like inflation or currency fluctuations can impact risk is essential for smart investing.   
It’s a balance game—taking on more risk might bring more reward, but it could also bring more losses.

**Flashcard 3**

**What is diversification?**  
Diversification means spreading your investments across various assets to reduce risk.   
Instead of putting all your money into one stock or asset, you invest in a mix of stocks, bonds, real estate, and other investments.   
In Canada, it's also wise to diversify internationally to take advantage of global growth.   
It’s like not putting all your eggs in one basket—spread them out to keep things safe.

**Flashcard 4**

**What are mutual funds?**  
Mutual funds pool money from many investors to buy a diversified portfolio of stocks, bonds, or other assets.   
It allows you to invest in a mix of assets without having to buy each one individually.   
In Canada, mutual funds offer various risk levels, making it easier to find one that suits your investment strategy.   
Think of it like a group investment—everyone chips in, and the fund manager takes care of the details.

**Flashcard 5**

**What is compound interest?**  
Compound interest means earning interest on both your original investment and the interest that’s already been added.   
The longer your money is invested, the more it grows—like a snowball rolling downhill!   
In Canada, compound interest can be an essential tool for growing retirement savings, like through RRSPs or TFSAs. 🇨🇦  
It’s one of the most powerful ways to grow your wealth over time.

***Retirement Planning***

**Flashcard 1**

**What is retirement planning?**  
Retirement planning involves saving and investing to ensure you have enough money when you stop working.   
It’s important to start early to take advantage of compound interest and tax benefits from Canadian accounts.   
In Canada, programs like the Canada Pension Plan (CPP) and Old Age Security (OAS) should also be factored in. 🇨🇦  
Think of it as building a nest egg that will support you later in life.

**Flashcard 2**

**What are retirement accounts?**  
Retirement accounts, like **401(k)** or **IRA** in the U.S., are known as **RRSPs** and **TFSAs** in Canada. These accounts allow you to save money for retirement while offering tax benefits.   
They come with contribution limits and rules, but they’re great for long-term growth.   
The key difference is that RRSP contributions are tax-deferred, while TFSA withdrawals are tax-free.   
It’s like setting up a dedicated savings account that only grows stronger over time.

**Flashcard 3**

**What is a 401(k)?**  
A **401(k)** is a retirement savings plan offered by your employer, where you can contribute a portion of your paycheck.   
Often, your employer matches some of your contributions, making it a great way to grow your savings.   
In Canada, the RRSP works similarly, but it's not tied to your employer’s matching contributions.   
It’s like a joint venture—your employer adds to your future savings, helping it grow.

**Flashcard 4**

**What is an IRA?**  
An **IRA** (Individual Retirement Account) is another type of retirement savings account, but it’s set up by you, not your employer.   
There are two main types: **Traditional IRA** and **Roth IRA**.   
In Canada, this is comparable to the **TFSA** (Tax-Free Savings Account) and **RRSP** (Registered Retirement Savings Plan), which both offer tax advantages in different ways.   
It’s like your personal savings plan for a comfortable retirement.

**Flashcard 5**

**What is social security?**  
Social Security is a government program that provides financial support to people in retirement.   
In Canada, this program is called **Canada Pension Plan (CPP)**, and it offers monthly payments once you retire, based on your contributions.  
It’s important to understand how much CPP you’ll receive based on your work history.   
It’s like a safety net that helps cover your costs after you stop working.

***Taxes and Financial Planning***

**Flashcard 1**

**What are taxes?**

Taxes are mandatory payments individuals and businesses make to the government to fund public services like healthcare, education, and infrastructure.   
In Canada, common taxes include income tax, sales tax (GST/HST), and property tax. 🇨🇦  
Think of taxes as the price you pay for living in a society with roads, hospitals, and schools.

**[** Public Services are free services (partly or completely), that is for the benefit of the people **]**

**Flashcard 2**

**What is income tax?**

Income tax is a tax on the money you earn from jobs, investments, and businesses.   
The more you earn, the higher percentage you may have to pay (progressive tax system).   
In Canada, you file an annual tax return to determine if you owe money or get a refund.  
It’s like giving the government a cut of your paycheck to keep the country running.

**Flashcard 3**

**What are tax deductions and credits?**

Deductions reduce your taxable income, while credits lower the actual tax you owe.   
Examples in Canada include RRSP contributions (deduction) and tuition tax credits.   
Using deductions and credits wisely can help you pay less tax!   
Think of it as legal ways to keep more money in your pocket.

**Flashcard 4**

**What is tax-free investing?**

Some accounts, like the TFSA in Canada, allow you to grow investments tax-free.   
You don’t pay taxes on withdrawals, unlike RRSPs, which are taxed upon withdrawal.   
Using tax-advantaged accounts can help maximize your savings.   
It’s like having a money-growing machine that the government can’t touch.

**Flashcard 5**

**What is financial planning?**

Financial planning is setting goals for your money and creating a plan to achieve them.   
It includes budgeting, investing, tax strategies, and retirement planning.   
A solid financial plan helps you build wealth and prepare for the future.  
Think of it as a roadmap to financial success.

***Smart Spending and Consumer Awareness***

**Flashcard 1**

**What is smart spending?**

Smart spending means making conscious choices about where your money goes.   
It involves comparing prices, avoiding impulse purchases, and prioritizing needs over wants.   
By tracking expenses and looking for deals, you can save more money.   
Think of it as shopping with strategy instead of emotions.

**Flashcard 2**

**What is the difference between needs and wants?**

Needs are essentials like food, housing, and healthcare.   
Wants are things that are nice to have but not necessary, like designer clothes or luxury cars.   
Understanding this difference helps you spend wisely and save for important goals.   
It’s like prioritizing survival over splurging.

**Flashcard 3**

**What are common spending traps?**

Spending traps include impulse purchases, high-interest debt, and unnecessary subscriptions.   
Retailers use psychological tricks like discounts and limited-time offers to make you spend more.   
By recognizing these traps, you can avoid financial regret.   
It’s like avoiding quicksand that can swallow your money.

**Flashcard 4**

**What is financial fraud and how can you avoid it?**

Financial fraud includes scams like phishing, identity theft, and fake investments.   
Always verify sources, use strong passwords, and never share personal information.   
In Canada, the government provides fraud awareness resources to protect consumers. 🇨🇦  
Think of it as locking your doors to keep thieves out—but for your finances.

**Flashcard 5**

**How can you be a smart consumer?**

Being a smart consumer means researching products, reading reviews, and comparing options.   
Avoid getting tricked by misleading advertising or high-pressure sales tactics.   
In Canada, you have rights under consumer protection laws to ensure fair treatment. 🇨🇦  
It’s like being a detective—question everything before you spend.

**Insurance**

***Understanding Insurance***

**Flashcard 1**

**What is insurance?**  
Insurance is a contract where you pay a premium (a regular payment) to an insurer in exchange for protection against financial loss or risks.   
It’s designed to provide a safety net in case something unexpected happens, like an accident, illness, or property damage.   
In Canada, insurance covers various needs, from health and life insurance to auto and home coverage.  
It’s like having a backup plan for life’s uncertainties, so you’re never completely exposed.

**Flashcard 2**

**Why do we need insurance?**  
Insurance is essential because it helps manage risks, offering financial protection when things go wrong.   
Without it, you might face significant financial burdens in case of emergencies or accidents.   
In Canada, auto and home insurance are mandatory for drivers and homeowners, respectively.   
Think of it as a shield that absorbs the blow when life hits hard.

**Flashcard 3**

**What are the types of insurance?**  
Common types of insurance include health, life, auto, home, and disability insurance.   
Each type provides coverage for specific risks—health insurance for medical costs, life insurance for beneficiaries, and auto insurance for car accidents, among others.   
In Canada, some insurance types, like **health** and **auto**, are highly regulated by the government to ensure accessibility and fairness. 🇨🇦  
It’s like having different types of tools in your toolbox to tackle life’s challenges.

**Flashcard 4**

**What is life insurance?**  
Life insurance is a policy that pays a lump sum to your beneficiaries if you pass away.   
It’s designed to help loved ones cover expenses like funeral costs, debts, and living expenses in your absence.   
In Canada, life insurance is essential for families with dependents or anyone with outstanding financial obligations. 🇨🇦  
It’s like ensuring that your loved ones are financially supported even when you’re no longer around.

**Flashcard 5**

**What is health insurance?**  
Health insurance helps cover the costs of medical care, from doctor visits to hospital stays and prescriptions.   
In Canada, the **Public Health Care System** covers essential healthcare services, but private health insurance can help with additional costs not covered by the government. 🇨🇦  
Health insurance ensures that you don’t face significant financial hardship when you need medical attention.   
Think of it as a safeguard for your health and well-being.

***Chapter 2***

**Flashcard 1**

**What is auto insurance?**  
Auto insurance is a policy that covers damages and injuries caused by accidents involving your vehicle.   
It typically includes liability coverage (for injuries or property damage to others) and collision coverage (for damage to your own vehicle).   
In Canada, auto insurance is mandatory for all drivers, with provinces like Ontario requiring additional coverage for medical expenses. 🇨🇦  
It’s like having a safety net for the road—protecting you from the unpredictable nature of driving.

**Flashcard 2**

**What is home insurance?**  
Home insurance protects your home and possessions against risks like fire, theft, or natural disasters.   
It typically includes coverage for the building itself, your personal property, and liability protection if someone gets hurt on your property.   
In Canada, home insurance is essential for homeowners, and some mortgage lenders require it as a condition for securing a loan. 🇨🇦  
Think of it as a protective barrier that shields your home from unexpected risks.

**Flashcard 3**

**What is disability insurance?**  
Disability insurance provides income replacement if you can’t work due to injury or illness.   
It’s designed to help you maintain your lifestyle and cover your bills when you’re unable to earn an income.   
In Canada, both public (Employment Insurance for sickness) and private disability insurance options are available, depending on your employment and personal situation. 🇨🇦  
It’s like an income shield that steps in when you’re unable to work.

**Flashcard 4**

**What is renters insurance?**  
Renters insurance protects your belongings in case of damage or theft while renting an apartment or home.   
It typically covers items like furniture, electronics, and clothing, as well as liability for accidents that happen in your rented space.   
In Canada, renters insurance is optional but highly recommended, as it provides peace of mind knowing your property is protected. 🇨🇦  
It’s like a personal safety net for your rented home—ensuring your possessions are covered.

**Flashcard 5**

**What is travel insurance?**  
Travel insurance helps cover unexpected expenses that may occur while traveling, like trip cancellations, medical emergencies, or lost baggage.   
It’s essential for travelers, especially for international trips where healthcare costs and emergencies can be extremely expensive.   
In Canada, some travel insurance plans also cover trip interruption or delayed flights, offering a safety net for unforeseen issues. 🇨🇦  
It’s like having a backup plan for your vacation—just in case the unexpected happens.

***Exploring Essential Insurances***

**Flashcard 1**

**What is liability insurance?**  
Liability insurance covers legal costs and damages if you are responsible for injury or property damage to others.   
It’s often included in auto, home, and business insurance policies to protect you from lawsuits or claims.   
In Canada, liability insurance is essential for protecting personal assets from unexpected accidents or mistakes. 🇨🇦  
It’s like a safety net that catches you if you slip up—shielding you from legal and financial consequences.

**Flashcard 2**

**What is umbrella insurance?**  
Umbrella insurance is extra liability coverage that extends beyond the limits of your regular insurance policies.   
It’s designed to protect you from large claims or lawsuits that exceed the limits of your auto, home, or boat insurance.   
In Canada, umbrella insurance is optional but a good idea for high-net-worth individuals or anyone at risk of large lawsuits. 🇨🇦  
Think of it as an extra layer of protection for your most valuable assets.

**Flashcard 3**

**What is term life insurance?**  
Term life insurance provides coverage for a specified period, usually 10, 20, or 30 years.   
If you pass away during that time, your beneficiaries receive a lump sum payout to help cover expenses.   
It’s typically less expensive than permanent life insurance, making it a popular choice for younger Canadians or families with growing children. 🇨🇦  
It’s like a financial safety net that supports your loved ones during your most vulnerable years.

**Flashcard 4**

**What is whole life insurance?**  
Whole life insurance is a type of permanent life insurance that provides lifelong coverage and includes a cash value component.   
The cash value grows over time, and you can borrow against it or use it to pay premiums.   
In Canada, it’s more expensive than term life insurance but offers long-term financial security and savings opportunities. 🇨🇦  
It’s like a combination of life protection and an investment—benefiting both you and your beneficiaries.

**Flashcard 5**

**What is group insurance?**  
Group insurance is a policy that covers a group of people, typically employees of a company or members of an association.   
It often includes health, dental, life, and disability insurance benefits, and premiums are typically lower due to the larger pool of people covered.   
In Canada, many employers offer group insurance as part of their benefits package. 🇨🇦  
It’s like a bulk buy—more people, better rates!

***Business and Professional Insurance Essentials***

**Flashcard 1**  
**What is business insurance?**  
Business insurance protects companies from financial losses due to risks like property damage, liability claims, and employee-related issues.   
It includes policies such as general liability, commercial property, and workers’ compensation insurance.   
In Canada, businesses often need insurance to comply with legal requirements or secure contracts with clients. 🇨🇦  
It’s like a financial safety net that helps businesses stay resilient against unexpected losses.

**Flashcard 2**  
**What is professional liability insurance?**  
Professional liability insurance, also called errors and omissions (E&O) insurance, covers professionals against claims of negligence or inadequate work.   
It’s essential for service-based professionals like doctors, lawyers, and consultants.   
In Canada, some industries require professional liability insurance to practice legally. 🇨🇦  
Think of it as a safeguard against costly legal battles due to professional mistakes.

**Flashcard 3**  
**What is cyber insurance?**  
Cyber insurance protects businesses against losses from cyberattacks, data breaches, and hacking incidents.   
It helps cover costs related to data recovery, legal fees, and customer notification.   
In Canada, cyber threats are increasing, making cyber insurance a crucial safeguard for companies handling sensitive information. 🇨🇦  
It’s like a digital shield protecting businesses from online dangers.

**Flashcard 4**  
**What is product liability insurance?**  
Product liability insurance protects businesses from claims that their products caused injury or damage.   
It’s essential for manufacturers, retailers, and wholesalers.   
In Canada, businesses are responsible for ensuring their products are safe and compliant with regulations. 🇨🇦  
Think of it as a layer of defense against product-related lawsuits.

***Specialized Insurance Solutions***

**Flashcard 1**  
**What is reinsurance?**  
Reinsurance is insurance for insurance companies, helping them manage risk by sharing large claims with other insurers.   
It prevents a single insurer from facing overwhelming financial losses.   
In Canada, reinsurance plays a vital role in stabilizing the insurance market. 🇨🇦  
It’s like a backup system that ensures insurers can keep their promises to policyholders.

**Flashcard 2**  
**What is self-insurance?**  
Self-insurance is when individuals or businesses set aside their own funds to cover potential losses instead of buying insurance.   
It’s often used by large companies or wealthy individuals who can afford to cover risks themselves.   
In Canada, some businesses use self-insurance for employee health benefits. 🇨🇦  
Think of it as a DIY insurance strategy where you act as your own insurer.

**Flashcard 3**  
**What is catastrophic insurance?**  
Catastrophic insurance provides coverage for rare but severe events like natural disasters or major medical emergencies.   
It’s designed to cover extreme financial losses that regular insurance may not fully address.   
In Canada, it can include earthquake insurance in high-risk areas like British Columbia. 🇨🇦

It’s like a last-resort financial parachute for worst-case scenarios.

**Flashcard 4**  
**What is credit insurance?**  
Credit insurance helps businesses and individuals manage the risk of non-payment on loans or credit agreements.   
It ensures lenders receive payments even if borrowers default due to unexpected circumstances.   
In Canada, credit insurance is commonly offered with mortgages, loans, and credit cards.   
Think of it as a financial safety net for lenders and borrowers.