

Risk

- Risk involves uncertainty and is based on chance happenings of things going wrong or uncertainty regarding how long something will take or how much it will cost.
- Also can be described as “an uncertainty regarding loss.”
- There are two concepts related to risk and loss i.e. hazard and perils.

‘Risk analysis’ is employed in its broadest sense to include:

- ***Risk assessment***
 - involves identifying sources of potential harm, assessing the likelihood that harm will occur and the consequences if harm does occur.
- ***Risk management***
 - evaluates which risks identified in the risk assessment process require management and selects and implements the plans or actions that are required to ensure that those risks are controlled.
- ***Risk communication***
 - involves an interactive dialogue between stakeholders and risk assessors and risk managers which actively informs the other processes.
- ***Risk analysis = risk assessment + risk management + risk communication.***

Types of Risk

- Fundamental
- Particular
- Pure
- Speculative



Six Principles of Insurance

- Utmost Good Faith
- Insurable Interest
- Indemnity
- Subrogation
- Contribution
- Proximate Cause

