

Chapter 33 The Basics of Risk Management

Section 33.2 Handling Risk

Section Summary with Key Terms and Academic Vocabulary

Handling Risk Risk can be avoided, reduced, retained, or transferred. Individuals and businesses try to avoid and reduce risk whenever they can, but some risk is inevitable. Both businesses and people can transfer risk. Insurance provides a way to transfer risk to an insurance company. Insurance enables a large number of people to share a possible loss. (Examples related to individuals might include using anti-virus software, not giving personal information over the Internet, and not picking up hitchhikers.)

Key Terms _____

premium The price an insured person or business pays for insurance protection for a specified period of time

peril Anything that may possibly cause a loss

hazard Anything that increases the likelihood of loss through peril

insurance policy A contract between a person and an insurance company to cover a specific risk

Academic Vocabulary _____

retain Keep in possession or use

mode Particular form or variety of something

undergo Submit to

conversely Reversed in order, relation, or action