

## NEVARNOST (TVEGANJE): risk vs. hazard vs. peril

<https://thismatter.com/money/insurance/risks-perils-hazards.htm>

**Risk**, **peril**, and **hazard** are terms used to indicate the possibility of loss, and are often used interchangeably, but the insurance industry distinguishes these terms. A **risk** is simply the possibility of a loss, but a **peril** is a cause of loss. A **hazard** is a condition that increases the possibility of loss. For instance, fire is a peril because it causes losses, while a fireplace is a hazard because it increases the probability of loss from fire. Some things can be both a peril and a hazard.

There are different types of **risks** — only some are preventable, and only certain types of risk are insurable. Risk can be categorized as to what causes the risk, and to whom it affects. **Personal risks** are risks that affect someone directly, such as illness, disability, or death. **Property risk** affects either personal or real property. Thus, a house fire or car theft are examples of property risk. **Legal risk** (aka **liability risk**) is a particular type of personal risk that you will be sued because of neglect, malpractice, or causing willful injury either to another person or to someone else's property.

A **peril** is the direct cause of a loss, or the source of the loss. Perils are essentially what you are insuring your home, vehicles, or property from. (*fire, flood, theft, etc.*)

A **hazard** is anything that either causes or increases the likelihood of a loss. (*E.g., gas furnaces are a hazard for carbon monoxide poisoning.*) A **physical hazard** is a physical condition that increases the possibility of a loss. (*Thus, smoking is a physical hazard that increases the likelihood of a house fire and illness.*)