

# Advances in strategic risk management in insurance

## Purpose

To explore how advances in risk management lead to improved strategic decision making in an insurance context.

## Assumed knowledge

It is assumed that the candidate already has the knowledge gained from a study of the relevant sections of IF1 Insurance, legal and regulatory or equivalent examinations.

### Summary of learning outcomes

1. Understand the benefits of effective decision making for insurance operations.
2. Understand different perspectives on risk management decision making.
3. Understand how insurance operations make decisions in practice.
4. Understand different perspectives on setting and communicating risk appetite in insurance operations.
5. Understand risk culture in insurance operations.
6. Understand the impact that insurance and corporate governance regulation can have on risk management decisions.

## Important notes

- **Method of assessment:** 3 x 80 marks course-work questions. These are submitted online within a 12 month enrolment period. Candidates are required to pass all three coursework assignments to be awarded the credit for the unit.
- The syllabus is examined on the basis of English law and practice unless otherwise stated.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page

## **1. Understand the benefits of effective decision making for insurance operations**

- 1.1 Analyse the key corporate decisions for insurance companies.
- 1.2 Evaluate the impact of key influencers on strategy.
- 1.3 Evaluate the effect that good decision making can have on profit and efficiency over the long term.

## **2. Understand different perspectives on risk management decision making**

- 2.1 Analyse the main elements and limitations of utility theory.
- 2.2 Evaluate the practical implications of modern finance theory for risk management.
- 2.3 Apply the cultural theory of risk to insurance operations.
- 2.4 Evaluate the stakeholder theory perspective on risk management.

## **3. Understand how insurance operations make decisions in practice**

- 3.1 Examine how key decision makers may perceive risk.
- 3.2 Examine the effect that risk culture and group thinking can have on managerial decision making.
- 3.3 Examine the implications of incentives on risk taking.

## **4. Understand different perspectives on setting and communicating risk appetite in insurance operations**

- 4.1 Examine how risk appetite is set in practice.
- 4.2 Examine the impact of risk appetite on the behaviour of the organisation.
- 4.3 Evaluate the top-down and bottom-up perspectives on risk appetite.
- 4.4 Evaluate the elements of an effective risk appetite communication strategy.
- 4.5 Discuss different approaches to disclosing risk appetite information in annual reports.

## **5. Understand risk culture in insurance operations**

- 5.1 Discuss the importance of embedding risk cultures in organisations.
- 5.2 Evaluate techniques for assessing and managing risk culture.
- 5.3 Analyse the role of leadership in embedding the risk culture in the organisation.
- 5.4 Discuss the role of the human resource function in assisting in the monitoring and management of the organisational risk culture.
- 5.5 Evaluate the role of the risk function in supporting an appropriate risk culture.
- 5.6 Evaluate different perspectives on effective risk culture.

## **6. Understand the impact that insurance and corporate governance regulation can have on risk management decisions**

- 6.1 Discuss the aims of insurance and corporate governance regulation.
- 6.2 Examine the practical impact of regulation on risk management decision making.

## **Reading list**

The recommended reading for 993 is included in the online course itself, which is provided through [www.revisionmate.com](http://www.revisionmate.com). There is no separate study text.