

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 and 992 Risk management in insurance or equivalent examinations.

Summary of learning outcomes

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

Important notes

- Method of assessment: Coursework - 3 online assignments (80 marks). Each assignment must be individually passed.
- 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
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

- 1. Evaluate 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. Evaluate 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. Analyse 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. Evaluate 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. Evaluate 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. Analyse 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. There is no separate study text.