	Learning Outcome		Assessment Criteria		Indicative Content
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1 **9** **Questions**	**Understand the meaning of risk.**	1.1	Explain the difference between risk and uncertainty.	1.1.1	Difference between risk and uncertainty.
				1.1.2	Relationship between risk and reward.
		1.2	Explain the basics of probability theory.	1.2.1	Principles of probability theory (including probability as a numerical value).
				1.2.2	Relationship between probability and frequency.
		1.3	Discuss risk perception.	1.3.1	The effect of risk on an individual's decision-making.
				1.3.2	The main behaviours and biases.
				1.3.3	External factors that can affect risk perception, including political, corporate and group.
		1.4	Explain the difference between pure and speculative risk.	1.4.1	Difference between pure and speculative risk.
2 **8** **Questions**	**Understand the role and purpose of risk management.**	2.1	Explain the evolution of the discipline of risk management.	2.1.1	Early history of risk management (mathematics and data samples).
				2.1.2	Modern developments in risk management (continuity planning and self-insurance, including the human element of decision making).
		2.2	Outline the benefits of risk management.	2.2.1	Benefits of risk management - compliance with regulations.
				2.2.2	Reduced costs, reduction in incidents.
				2.2.3	Improved corporate governance.
				2.2.4	Preservation of reputation.
				2.2.5	Increased likelihood of achievement of corporate objectives.
		2.3	Explain the senior roles within risk management, their purpose and responsibilities.	2.3.1	Board of directors, risk committees, chief risk officer, risk manager, risk officer and chief compliance officer.
				2.3.2	Risk appetite and tolerance.
				2.3.3	Risk aware culture & risk maturity.
		2.4	Explain the relationship between risk management, compliance and the audit function.	2.4.1	The role of the audit function (internal and external).
				2.4.2	The relationship between risk management and audit.
				2.4.3	The role of the compliance function.
				2.4.4	The relationship between risk management and compliance.

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3 **12** **Questions**	**Understand the core elements of the risk management process.**	**3.1**	Outline the risk management process.	**3.1.1**	Context and identification.
				3.1.2	Analysis and evaluation.
				3.1.3	Treatment.
				3.1.4	Review and communication.
				3.1.5	Risk management philosophy.
				3.1.6	Continuity planning.
		3.2	Explain the purpose and contents of a risk register.	**3.2.1**	The advantages and disadvantages of using a risk register.
				3.2.2	The design and construction of a risk register.
		3.3	Discuss the key risk management standards.	**3.3.1**	The key components of the principle risk management standards.
				3.3.2	The advantages and disadvantages of adopting an appropriate risk management standard.
		3.4	Explain the various risk management tools and techniques.	**3.4.1**	Identification.
				3.4.2	Assessment and monitoring.
				3.4.3	Control and financing.
				3.4.4	Sources of internal and external information.
		3.5	Explain the regulatory and corporate governance environment affecting risk management.	**3.5.1**	Regulatory context (Financial regulators and Solvency II).
				3.5.2	The role and purpose of corporate governance.
4 **5** **Questions**	**Understand the different categories of risk.**	**4.1**	Define and categorise the different forms of risks.	**4.1.1**	Strategic.
				4.1.2	Business/market.
				4.1.3	Reputational.
				4.1.4	Financial, including liquidity.
				4.1.5	Credit, including default.
				4.1.6	Legal, including regulatory and compliance.
				4.1.7	Operational.
				4.1.8	Other main categories.

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5 **6** **Questions**	**Understand current trends in risk management.**	5.1	Discuss the principles of Enterprise Risk Management (ERM) and Governance Risk and Compliance (GRC) and how this affects risk management.	5.1.1	The principles of Enterprise Risk Management (ERM).
				5.1.2	Principles of Governance Risk and Compliance (GRC).
				5.1.3	Interaction of ERM and GRC with risk management.
		5.2	Explain the concepts of risk aggregation and correlation.	5.2.1	The concepts of risk aggregation.
				5.2.2	Correlation of risk.
6 **5** **Questions**	**Understand the position of insurance within risk management.**	6.1	Explain the role of insurance as a risk transfer mechanism.	6.1.1	Advantages and disadvantages of insurance.
				6.1.2	Legal framework of insurance.
				6.1.3	Organising an insurance programme.
				6.1.4	Types of cover (co-insurance, umbrella policies, specialist & global cover).
				6.1.5	Details of cover (deductibles, renewal).
		6.2	Explain the role of an insurance intermediary in supporting risk management.	6.2.1	Support services provided by an insurance intermediary.
		6.3	Discuss alternative risk financing options.	6.3.1	Risk retention and self-insurance.
				6.3.2	Internal funding or captives.
				6.3.3	Reinsurance.
				6.3.4	Risk transfer by contract.
				6.3.5	Alternative risk transfer.

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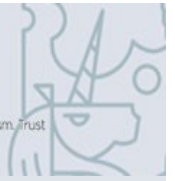
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7 **5** **Questions**	**Understand the key risk management lessons learnt from major loss events.**	**7.1**	Explain why risk management systems can fail and the consequences of their failure.	**7.1.1**	Why risk management systems can fail.
				7.1.2	The consequences of the failure of risk management systems.
				7.1.3	The lessons learnt from past loss events.