

Introduction to risk management

Objective

To provide knowledge and understanding of the basic elements of risk and the role of insurance within these principles.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the basic elements of risk	19
2. Understand how risk can be identified and analysed	12
3. Understand how risk can be evaluated	11
4. Understand how risk can be treated	16
5. Understand how risk is managed in practice	12
6. Understand the elements of business continuity, continuity management and crisis management	5

Important notes

- Method of assessment: 75 multiple choice questions (MCQs). 2 hours are allowed for this examination
- This syllabus will be examined from 1 January 2020 to 31 December 2020.
- The syllabus is examined on 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/learning/qualifications/unit-introduction-to-risk-management-i11/
 2. Select qualification update on the right hand side of the page.

- 1. Understand the basic elements of risk**
 - 1.1 Describe the main components and key terms of risk
 - 1.2 Explain the role of risk in society including issues creating new risks, corporate and catastrophic risk events and the role of government
 - 1.3 Describe risk perception
 - 1.4 Describe risk appetite and risk tolerance
 - 1.5 Describe the main types of risk (upside, downside, operational, corporate)
 - 1.6 Describe the main categories of risk (financial/non-financial, pure/speculative, particular/fundamental, homogeneous, emerging risks, reputational risks)
- 2. Understand how risk can be identified and analysed**
 - 2.1 Describe risk information and its main purposes
 - 2.2 Describe the potential sources of risk information (internal/external)
 - 2.3 Describe the main methods of collecting risk information
 - 2.4 Describe how and why risks are analysed (probability, severity, risk mapping)
- 3. Understand how risk can be evaluated**
 - 3.1 Describe how risk is evaluated
 - 3.2 Explain the main criteria for evaluating risk (risk appetite: financial, legal, moral)
 - 3.3 Describe the possible risk decisions (eliminate, retain, control, transfer)
 - 3.4 Describe the use and content of risk registers in risk evaluation and the importance of regular review
- 4. Understand how risk can be treated**
 - 4.1 Explain the various risk control methods and their operation
 - 4.2 Describe how and why risks may be spread or hedged
 - 4.3 Describe the use of insurance as a risk transfer mechanism (insurability, benefits of insurance, co-insurance)
 - 4.4 Describe other risk transfer mechanisms (commercial contracts, disclaimers, self-insurance, alternative risk transfer (ART) and captives)
 - 4.5 Describe how risk may be financed
- 5. Understand how risk is managed in practice**
 - 5.1 Describe the risk management roles and responsibilities within organisations (Board, executives, managers, risk management specialists and all employees)
 - 5.2 Describe the generic risk management process and the role of enterprise risk management (ERM)
 - 5.3 Describe the risk categories applying to insurance organisations
 - 5.4 Describe the risks specific to insurance organisations, including brokers
 - 5.5 Describe the main function of risk management service providers
- 6. Understand the elements of business continuity, continuity management and crisis management**
 - 6.1 Describe the role and importance of business continuity management (BCM)
 - 6.2 Describe the main elements of BCM, including the structure and basic operation of a BCM process

Reading list

The following list provides details of further reading which may assist you with your studies.

Note: The examination will test the syllabus alone.

The reading list is provided for guidance only and is not in itself the subject of the examination.

The resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

CII/PFS members can access most of the additional study materials below via the Knowledge Services webpage at <https://www.cii.co.uk/knowledge-services>.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to <https://www.cii.co.uk/knowledge-services> or email knowledge@cii.co.uk.

CII study texts

Introduction to risk management. London: CII. Study text I11.

Books (and ebooks)

Handbook of insurance. Georges Dionne. New York: Springer, 2013.*

Handbook of the economics of risk and uncertainty. Mark Machina, W. Kip Viscusi. North Hollans, 2014.*

Introduction to risk management and insurance. 10th ed. Mark S Dorfman, David A Cather. Upper Saddle River, New Jersey: Pearson Prentice Hall, 2013.

Principles of risk management and insurance. 12th ed. George E. Rejda, Michael J. McNamara. Pearson Education, 2014.

eBooks

The following eBooks are available through Discovery via www.cii.co.uk/discovery (CII/PFS members only):

A short guide to operational risk. David Tattam. Gower, 2011.

Enterprise risk management: a common framework for the entire organisation. Philip E.J. Green. Oxford: Butterworth-Heinemann, 2016.

Enterprise risk management: from incentives to controls. James Lam. 2nd ed. Hoboken: Wiley, 2013.

Ethics and risk management. Lina Svedin. Charlotte, NC: Information Age Publishing, 2015.

Fundamentals of risk management: understanding, evaluating and implementing effective risk management. Paul Hopkin, Kogan Page, 2014.

Fundamentals of enterprise risk management: how top companies assess risk, manage exposure and seize opportunity. John J. Hampton. New York: American Management Association, 2015.

Principles of risk analysis: decision making under uncertainty. Charles E. Yoe. Boca Raton, Florida: CRC Press, 2012.

Factfiles and other online resources

CII fact files are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Written by subject experts and practitioners, the fact files cover key industry topics as well as less familiar or specialist areas of general insurance, life, and pensions and financial services, with information drawn together in a way not readily available elsewhere. Available online via www.cii.co.uk/ciifactfiles (CII/PFS members only).

The Insurance Institute of London (IIL) podcast lecture series features leading industry figures and subject experts speaking on current issues and trends impacting insurance and financial services. Available online at <https://www.cii.co.uk/insurance-institute-of-london/> (CII/PFS members only).

- Efficiency tactics within the insurance industry. Ian Searle.
- An examination of factors leading to a “hard” or “soft” insurance market. Ian Searle.
- Risk control. Ian Searle.
- Risk identification. Ian Searle.
- Risk quantification. Ian Searle.
- Role of insurance professionals in the risk management sector. Ian Searle.

Institute of Risk Management www.theirm.org.

Journals and magazines

Financial times. London: Financial Times. Daily. Available online at www.ft.com.

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at www.postonline.co.uk.

The Journal. London: CII. Six issues a year. Archive available online at <https://www.cii.co.uk/search-results?q=journal> (CII/PFS members only).

Access to further periodical publications is available from the Knowledge website at www.cii.co.uk/journalmagazines (CII/PFS members only).

Reference materials

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.*

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

Lamont's financial glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009.

Risk management: principles and guidelines (BS ISO 31000:2018). British Standards Institute, Feb 2018.

* Also available as an eBook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate (www.revisionmate.com). Details of how to access Revisionmate are on the first page of your study text.

It is recommended that you only study from the most recent version of the examination guide.

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.