



Learning Outcome	Assessment Criteria	Indicative Content
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1 21 Questions	Understand the concept of risk.	1.1 Describe risk and its main components.	1.1.1 What is meant by the term 'risk'.
			1.1.2 The differences between risk and uncertainty.
			1.1.3 The differences between peril and hazard, including physical and moral hazard.
			1.1.4 What is meant by the term 'risk management'.
			1.1.5 The main steps in the risk management process.
		1.2 Describe the role of risk in society.	1.2.1 Risk at the individual and corporate level.
			1.2.2 Catastrophic risks; their frequency and severity, origin and impact.
			1.2.3 The role of government, including the use of legislation.
			1.2.4 Society's attitude to risks, including risk aversion and compensation culture.
			1.2.5 Changing nature of risk in modern society, including the main sources of new risks.
		1.3 Describe 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 Describe the effects of risk upon organisations.	1.4.1 The effect of risk on an organisation's decision-making.
			1.4.2 The main factors that determine risk appetite and risk tolerance.
			1.4.3 Corporate culture, including the effects of weak and strong culture.
		1.5 Describe the main types of risk.	1.5.1 Pure.
			1.5.2 Particular.
			1.5.3 Speculative.
1.5.4 Fundamental.			



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		1.6	Describe the main categories of risk faced by an organisation.	1.6.1	Strategic.
				1.6.2	Business/market.
				1.6.3	Reputational.
				1.6.4	Financial, including liquidity.
				1.6.5	Credit, including default.
				1.6.6	Legal, including regulatory and compliance.
				1.6.7	Operational.
				1.6.8	Other main categories.
		1.7	Describe the main risks specific to insurance companies.	1.7.1	Underwriting.
				1.7.2	Pricing, including forecasting and objective/subjective risks.
				1.7.3	Accumulation.
				1.7.4	Reserving.
				1.7.5	Emerging risks.
		2 12 Questions	Understand how risk can be identified and analysed.	2.1	Describe risk information.
2.1.2	The importance of trusted and relevant information.				
2.2	Describe the main techniques of risk identification.			2.2.1	The main techniques.
				2.2.2	Internal and external sources of information.
				2.2.3	Breaking down risk complexity.
2.3	Describe the main methods of collecting risk information.			2.3.1	Risk classification.
				2.3.2	The purpose of risk registers.
2.4	Describe the main factors in risk analysis.			2.4.1	Frequency.
				2.4.2	Severity, including methods of quantifying severity.
				2.4.3	Inherent and residual risk.
				2.4.4	Methods of presentation.
3 10 Questions	Understand how risk can be evaluated.			3.1	Describe how risk can be evaluated.
		3.2	Describe the main evaluation factors.	3.2.1	Risk appetite and risk tolerance.
				3.2.2	Financial, legal and moral issues.
		3.3	Describe the use of risk registers.	3.3.1	Content and use of risk registers.
				3.3.2	Incorporation of risk decisions.
				3.3.3	Risk owners.
				3.3.4	Reasons for regular reviews.



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4 16 Questions	Understand how risk can be treated.	4.1	Describe the main ways in which risk can be treated.	4.1.1	Elimination.
				4.1.2	Control.
				4.1.3	Transfer.
				4.1.4	Retention.
		4.2	Describe the main types of risk control.	4.2.1	Factors in deciding to use risk controls.
				4.2.2	Directive.
				4.2.3	Preventive.
				4.2.4	Corrective.
				4.2.5	Detective.
				4.2.6	Use of multiple controls.
		4.3	Describe how and why risk may be spread.	4.3.1	Diversification, main benefits and drawbacks.
				4.3.2	Hedging through derivatives.
		4.4	Describe the use of insurance in risk transfer.	4.4.1	Benefits and drawbacks of using insurance, including mandatory insurance.
		4.5	Describe the other main types of risk transfer mechanism.	4.5.1	Commercial contracts.
				4.5.2	Catastrophe bonds.
				4.5.3	Leasing and hiring.
				4.5.4	Surety agreements.
				4.5.5	Guarantees.
				4.5.6	Waivers.
				4.5.7	Indemnities.
				4.5.8	Disclaimers.
4.6	Describe how and why risk may be retained.	4.6.1	Voluntary and involuntary.		
		4.6.2	Self-insurance and captives.		
		4.6.3	Methods of financing risk retention.		

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5 12 Questions	Understand how risk is managed in practice.	5.1	Describe the main risk management roles and responsibilities.	5.1.1	Directors and non-executive directors, board of directors, sub committees, corporate governance, duty to shareholders.
				5.1.2	Chief Risk Officer, risk managers and teams.
				5.1.3	Internal audit.
		5.2	Describe the generic risk management process and role of enterprise risk management (ERM).	5.2.1	Generic risk management process.
				5.2.2	ERM, including benefits and drawbacks.
		5.3	Describe the risk management factors unique to insurance brokers.	5.3.1	Errors and omissions.
				5.3.2	Insurer financial strength.
		5.4	Describe the function of the main risk management service providers.	5.4.1	Loss adjusters.
				5.4.2	Loss assessors.
				5.4.3	Forensic specialists.
				5.4.4	Legal services.
				5.4.5	Governance, risk and compliance (GRC) consultants.
5.4.6	Appraisal specialists.				
5.4.7	Other service providers.				
6 4 Questions	Understand business continuity management.	6.1	Describe the role of and standard approach to business continuity management (BCM).	6.1.1	Reasons for BCM, including benefits and drawbacks.
				6.1.2	Standard approach for BCM.
		6.2	Describe the main elements of the BCM process.	6.2.1	Crisis management.
				6.2.2	Continuity planning.
				6.2.3	Recovery planning.