

# 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 concept of risk.                     | 21                                     |
| 2. Understand how risk can be identified and analysed. | 12                                     |
| 3. Understand how risk can be evaluated.               | 10                                     |
| 4. Understand how risk can be treated.                 | 16                                     |
| 5. Understand how risk is managed in practice.         | 12                                     |
| 6. Understand business continuity management.          | 4                                      |

## 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 2024 to 31 December 2024.
- The syllabus is examined on English law and practice unless otherwise stated
- This PDF document has been designed to be accessible with screen reader technology. If for accessibility reasons you require this document in an alternative format, please contact us at [online.exams@cii.co.uk](mailto:online.exams@cii.co.uk) to discuss your needs.
- 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
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## 1. Understand the concept of risk.

- 1.1 Describe risk and its main components.
- 1.2 Explain the role of risk in society.
- 1.3 Describe risk perception.
- 1.4 Describe the effects of risk upon organisations.
- 1.5 Describe the main types of risk.
- 1.6 Describe the main categories of risk faced by an organisation.
- 1.7 Describe the main risks specific to insurance companies.

## 2. Understand how risk can be identified and analysed.

- 2.1 Describe risk information.
- 2.2 Describe the main techniques of risk identification.
- 2.3 Describe the main methods of collecting risk information.
- 2.4 Describe the main factors in risk analysis.

## 3. Understand how risk can be evaluated.

- 3.1 Describe how risk can be evaluated.
- 3.2 Describe the main evaluation factors.
- 3.3 Describe the use of risk registers.

## 4. Understand how risk can be treated.

- 4.1 Describe the main ways in which risk can be treated.
- 4.2 Describe the main types of risk control.
- 4.3 Describe how and why risk may be spread.
- 4.4 Describe the use of insurance in risk transfer.
- 4.5 Describe the other main types of risk transfer mechanism.
- 4.6 Describe how and why risk may be retained.

## 5. Understand how risk is managed in practice.

- 5.1 Describe the main risk management roles and responsibilities.
- 5.2 Describe the generic risk management process and the role of enterprise risk management (ERM).
- 5.3 Describe the risk management factors unique to insurance brokers.
- 5.4 Describe the main function of risk management service providers.

## 6. Understand business continuity management.

- 6.1 Describe the role of and standard approach to business continuity management (BCM).
- 6.2 Describe the main elements of the 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 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. 14<sup>th</sup> ed. George E. Rejda, Michael J. McNamara. Pearson Education, 2021.

### eBooks

The following eBooks are available via [www.cii.co.uk/elibrary](http://www.cii.co.uk/elibrary) (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.

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\* Also available as an eBook through eLibrary via [www.cii.co.uk/elibrary](http://www.cii.co.uk/elibrary) (CII/PFS members only).

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. 2<sup>nd</sup> ed. Charles E. Yoe. Boca Raton, Florida: CRC Press, 2019.

### **Journals and magazines**

Financial times. London: Financial Times. Daily. Available online at [www.ft.com](http://www.ft.com).

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at [www.postonline.co.uk](http://www.postonline.co.uk).

The Journal. London: CII. Six issues a year.

### **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.

### **Examination guide**

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([ciigroup.org/login](http://ciigroup.org/login)). 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.