

NAME OF SUBJECT	INSURANCE RISK MANAGEMENT	
LEARNING & SKILL OUTCOMES	OBJECTIVES	
Appraise and understand the context of risk management	<ul style="list-style-type: none"> • Appraise the various risks faced by an organization 	
Appraise and understand the risk identification and prioritisation processes	<ul style="list-style-type: none"> • Appraise the various risk control measures available, including risk identification and prioritisation processes 	
Examine methods of risk assessment and analysis	<ul style="list-style-type: none"> • Design a risk management programme for a business organization • Appraise the methods of risk assessment and analysis 	
Examine and understand the risk controlling techniques in the insurance industry.	<ul style="list-style-type: none"> • Examine the risk controlling techniques in the insurance industry 	
Analyze and understand the risk transfer and financing options	<ul style="list-style-type: none"> • Analyze ways to transfer risk and possible options to finance risk 	
Appraise the methods of risk monitoring and review	<ul style="list-style-type: none"> • Appraise the insurance mechanism, the methods of risk monitoring and review in risk management 	
Examine the international risk management	<ul style="list-style-type: none"> • Examine the practice and management of international risk 	
CONTENT OUTLINE		
<p>THE CONTEXT OF RISK MANAGEMENT</p> <ul style="list-style-type: none"> • The principles and properties of risk • The definition of risk management: scope (eg operational risk, financial risk, enterprise risk, etc) • The need for and value of risk management (eg risk culture) <ul style="list-style-type: none"> ○ Risk maturity, development and identification of management ○ Risk aware culture ○ Law of large number • The relationship between risk and ownership of risk within the organisation • The risk management process; <ul style="list-style-type: none"> ○ Risk management responsibilities: <ul style="list-style-type: none"> ▪ Allocation of responsibilities ▪ Risk architecture and reporting ▪ Risk committees ▪ Role of the risk manager ○ Risk Management cycle • The significance of managing global risk 		
<p>RISK IDENTIFICATION AND PRIORITISATION PROCESSES</p> <ul style="list-style-type: none"> • Sources and uses of information for the risk identification process • Techniques used to identify risks advantages & disadvantages, including: <ul style="list-style-type: none"> ○ Checklists ○ Risk mapping ○ Risk matrices ○ Physical inspections ○ Organisational charts ○ Control self assessments ○ Business impact analysis ○ Flow charts 		

- Fault trees
- HAZOPs
- Brainstorming / workshops
- Risk Appetite Development and Application
 - Risk and human behaviour, including the measurement of an individual's attitude to risk.
 - Factors which influence group attitudes to risk taking.
 - Process of decision making in relation to risk
 - Risk appetite statement
- Ranking risk: key risk identification

METHODS OF RISK ASSESSMENT AND ANALYSIS

- Subjective and objective assessment and analysis of Identified risks.
- Modelling and measuring risk, including:
 - Hazard indices
 - Risk modelling and forecasting
 - Use of statistical techniques and probability theory
 - Application of normal and binomial distribution formula to practical situation
 - Dependency modelling
- Internal and external comparisons /benchmarking

RISK CONTROLLING TECHNIQUES

- Risk control plans and techniques
- Financial risks
 - Internal concerns, including financial control and liquidity, including Solvency II
 - External concerns, including :
 - Investment market movement
 - Credit risk
 - Risk Based Capital (RBC)
- Risks within the service chain
- Risk and corporate governance, including :
 - Corporate Governance Code 2012
 - Sarbanes Oxley
- Technology and e-commerce risks / digital risk
- Physical damage risk control
 - Use of passive measures in the design and construction of buildings, to prevent or limit loss by fire
 - Differentiation between Insurable risk and business risk
 - PML assessment
- Intellectual asset exposure and controls
 - The value and importance of :
 - Brand values
 - Other reputational issues
 - Damage prevention strategies
- Liability controls, including:
 - Public
 - Environment Quality Act 1974 and the categories of pollution in the Act
 - Legislation affecting the potential legal liabilities arising out of the sale or supply of goods and services
 - The Consumer Protection Act 1999
 - Employees
 - Main statutes relating to an employer's legal liability to his employees and the effect of breach statute, particularly the Occupational Safety and Health Act 1994
 - Workplace legislation
 - Professional indemnity
 - Directors and Officers/Trustees
- Product risk controls, including:
 - The Sale of Goods Act 1957
 - Malaysian directive relating to general product safety
 - Quality control

- Brand/reputational risk
- Research and development exposures
- Product recall
- Contract risk management
- Other risk categories, including:
 - Political risks
 - Environmental and pollution risks
 - Contractual risks
 - Outsourcing
- Risk Based Decision Making
 - Evaluation of risk control options, including cost-benefit analysis
 - Loss of value
 - Economic losses
 - Non-economic losses
- Business continuity planning and management, including Disaster Recovery Plan (DRP)

RISK TRANSFER AND FINANCING OPTIONS

- Risk Financing
 - Variables which determine the nature of risk financing techniques, including loss experience and cash flows
- The purpose of and process for determining retained risk including:
 - Self-insurance/funding
 - Captives.
- The options available for transferring risk, including:
 - Contractual transfer;
 - Insurance;
 - Alternative risk transfer including securitisation and use of derivatives.
- Evaluating risk financing options, including cost-benefit analysis
- Preparation & implementation of risk financing plans
- The balance between insurance and the management of risk programmes.
 - Risk management vs insurance
- Nature of reinsurance, the use of facultative and treaty reinsurance and the differences between them
- The underwriting cycle, capacity management and company insurance arrangement

THE METHODS OF RISK MONITORING AND REVIEW

- Integrating risk management across an organisation
- Methods of monitoring and reviewing management of risk across the organisation.
- Communicating and reporting on the management of risk both internally and externally
- Risk Management Information System (RMIS).
 - RMIS fundamental Concepts
 - Evolution of RMIS components, potential benefits and limitations of RMIS
 - Designing RMIS
 - Implementing RMIS
 - Managing RMIS
- Factors which have contributed to the growth of international operations of companies
- Special features of international risk management
- International insurance programmes for multinational corporations

INTERNATIONAL RISK MANAGEMENT

- Different types of legal system and their distinguishing features including captive insurance company concept
- Concept of tort and the different forms of legal systems used in :
 - Malaysia
 - Europe
 - USA
 - Selected Asian countries
- The principal of the insurance structure and regulation market in
 - Malaysia
 - Europe

- USA
- Selected Asian countries
- Control of foreign insurers writing business in the principal industrialised countries including supply chain risk management programme