AssociatePI Study Guide

Comprehensive 500 Study Guide: Chapter One

How to use this guide:
Use this guide as you go through the 500 Comprehensive course by filling in the corresponding content underneath the section heading. NOT every section will be included. Only the most important subjects will be required in this guide

For instance, under the "Risk Overview" section, write in information about risk that YOU find relevant to your studying

<u>**DO NOT**</u> write every single word of the online course. This should be used for note-taking purposes. Notes should be quick bullet points or shorthand for your future reference after you complete this course

Come back to this study guide once you complete the course for quicker and easier studying

Two "fill in the blank" options

<u>Option 1: Print</u>
Print this study guide and use a pen/pencil to handwrite your notes

<u>Option 2: Type</u>
Type your notes into the PDF. Go to Tools > Content > Edit Text & Objects > Edit Document Text
- This will allow you to edit the PDF and type in your own notes. Make sure to SAVE your work!

Section I: Risk Management

Defining Risk

Risk
Define risk

Define possibility

Define probability

Elements of Risk
What are the two elements of risk? Define each
   1.

   2.

Classifying Risk

Quadrants of Risk
Define the following quadrants of risk:

Financial

Hazard

Operational

Strategic

Diversifiable vs. Nondiversifiable Risk
Who is affected by diversifiable risk?

Who is affected by nondiversifiable risk?

Pure and Speculative Risks
Define pure risk

Define speculative risk

Other speculative risks:
- Credit risk:
- Price risk:
- Inflation risk:
- Interest rate risk:
- Liquidity risk:
- Market risk:

Subjective and Objective Risk
What is a subjective risk?

What is an objective risk?

Introduction to Loss Exposures

Loss Exposure
What are the **t**hree elements to loss exposures?

Asset at Risk of Loss

Cause of Loss (Peril)
Define the four types of hazard

Legal hazard

Moral hazard

Morale hazard

Physical hazard

Cost of Loss

Loss Exposure Types

Loss Exposure Types
Define direct loss

Define indirect loss

List the four types of loss exposures:

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-
-
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Loss Exposure Type – Liability

What is the liability loss exposure?

Liability Exposure - Asset at Risk of Loss

What is the liability asset at risk of loss?

Liability Exposure - Cause of Loss (Peril)

What is the liability cause of loss?

List and define the ten causes of lawsuits and liability loss:

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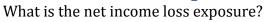-

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Liability Exposure - Cost of Loss
What is the liability cost of loss?

Loss Exposure Type - Net Income

What is the net income loss exposure?

Net Income Exposure - Asset at Risk of Loss

What is the net income asset at risk of loss?
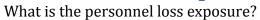
Net Income Exposure - Cause of Loss (Peril)

What is the net income cause of loss?

Net Income Exposure - Cost of Loss

What is the net income cost of loss?

Loss Exposure Type - Personnel

What is the personnel loss exposure?

Personnel Exposure - Asset at Risk of Loss

What is the personnel asset at risk of loss?

Personnel Exposure - Cause of Loss (Peril)

What is the personnel cause of loss?

Personnel Exposure - Cost of Loss
List and describe the four personnel costs of loss

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Loss Exposure Type - Property

What is the property loss exposure?

Define intangible property

Define tangible property

Property Exposure - Asset at Risk of Loss
What is the property asset at risk of loss?

List and define the five types of property exposed to property loss:

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Property Exposure - Cause of Loss (Peril)
What is the property cause of loss?

Property Exposure - Cost of Loss
What is the property cost of loss?

List and describe the three property costs of loss:

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The Risk-Management Process

Risk-Management Process
List and define the six steps of the risk-management process.
1.

2.

3.

4.

5.

6.

Advantages of Risk Management

How Individuals Benefit from Risk Management
How does risk management benefit the individual?

How Organizations Benefit from Risk Management
How does risk management benefit the organization?

How Society Benefits from Risk Management
How does risk management benefit society?

Goals of Risk Management

Risk-Management Goals

What are the eight risk management goals?

1.

2.

3.

4.

5.

6.

7.

8.

Risk Management Goal - Continued Growth and Profit

Define the goal of growth

Define the goal of profit

Risk Management Goal - Continue Operations

Define the goal of continuing operations

Describe how this conflicts with other goals

Risk Management Goal - Economy of Operations

Define the goal of economy of operations

Risk Management Goal - Legal Obligations

Define the goal of legal obligations

Describe how this conflicts with other goals

Risk Management Goal - Risk Acceptability

Define the goal of risk acceptability

Describe how this conflicts with other goals

Risk Management Goal - Social Responsibility

Define the goal of social responsibility

Describe how this conflicts with other goals

Risk Management Goal - Stable Earnings

Define the goal of stable earnings

Risk Management Goal - Survival

Define the goal of survival

Enterprise-Wide Risk Management (ERM)

Define Enterprise-Wide risk management.

Define traditional risk management.

Comparing Risk-Management Structures

What is the traditional risk-management structure?

What is the ERM structure?

Applying ERM

Pillars of ERM

List and define the three pillars of ERM:

Obstacles to ERM

List and define the three common impediments of ERM:

Traditional vs. ERM Review

Complete the traditional risk management vs. ERM comparison table:

	Traditional	ERM
Considers pure risk		
Considers speculative risk		
Manages hazard risk		
Manages operation risk		
Manages financial risk		
Manages strategic risk		
Integration		

Risk Management Technology

List the three areas of data and technology that have advanced risk management:

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Technology – Analyzing Data

List and define the five ways a business can advance using big data and data driven decision making:

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Technology – Retrieving Data

Define accelerometer

Define closed loop

Define personal exoskeleton

Technology – Storing Data
Define blockchain

Define cloud storage

Next Steps

You've completed the chapter one study guide! You should review your notes in this guide for a better understanding of the concepts and make sure you have mastered each section recap.

Your next step is to keep studying! Five more chapters to go. Check out our 500 Comprehensive Course for the remaining chapters.