

# Contents

<b>1</b>	<b>Understanding Risk Management and Establishing a Risk Management Program</b>	<b>1.1</b>		
	Risk Management	1.3		
	Risk Management Costs and Benefits	1.6		
	Risk Management Program Goals	1.10		
	Risk Management Department Structure	1.18		
	Responsibilities and Reporting Relationships	1.24		
	Risk Management Policy Statement	1.28		
	Risk Management Program Monitoring and Revising	1.31		
	Summary	1.33		
<b>2</b>	<b>Understanding the Risk Management Process</b>	<b>2.1</b>		
	Step One: Identifying Loss Exposures	2.3		
	Step Two: Analyzing Loss Exposures	2.12		
	Step Three: Examining the Feasibility of Risk Management Techniques	2.18		
	Step Four: Selecting the Appropriate Risk Management Techniques	2.25		
	Step Five: Implementing the Selected Risk Management Techniques	2.27		
	Step Six: Monitoring Results and Revising the Risk Management Program	2.28		
	Summary	2.28		
<b>3</b>	<b>Assessing Property Loss Exposures</b>	<b>3.1</b>		
	Property Exposed to Loss	3.3		
	Major Causes of Loss Affecting Property	3.10		
	Methods of Valuing Property	3.22		
	Legal Interests in Property	3.31		
	Methods of Identifying Property Loss Exposures	3.34		
	Summary	3.38		
<b>4</b>	<b>Understanding the Legal Foundations of Liability Loss Exposures</b>	<b>4.1</b>		
	Legal Liability Based on Torts	4.4		
	Legal Liability Based on Contracts	4.18		
	Legal Liability Based on Statutes	4.23		
	Summary	4.25		
<b>5</b>	<b>Assessing Liability Loss Exposures, Part I</b>	<b>5.1</b>		
	Premises and Operations Liability Loss Exposures	5.3		
	Products Liability Loss Exposures	5.18		
	Completed Operations Liability Loss Exposures	5.29		
	Automobile Liability Loss Exposures	5.30		
	Watercraft Liability Loss Exposures	5.32		
	Summary	5.35		
<b>6</b>	<b>Assessing Liability Loss Exposures, Part II</b>	<b>6.1</b>		
	Workers' Compensation Liability Loss Exposures	6.3		
	Environmental Liability Loss Exposures	6.14		
	Professional Liability Loss Exposures	6.22		
	Summary	6.30		

<b>7</b>	<b>Assessing Management Liability Loss Exposures</b>	<b>7.1</b>	<b>11</b>	<b>Understanding Forecasting</b>	<b>11.1</b>
	Directors' and Officers' Liability Loss Exposures	7.3		Data on Past Losses	11.3
	Employment Practices Liability Loss Exposures	7.19		Probability Analysis	11.10
	Fiduciary Liability Loss Exposures From Employee Benefit Plans	7.26		Trend Analysis	11.31
	Summary	7.29		Summary	11.39
<b>8</b>	<b>Understanding Corporate Governance</b>	<b>8.1</b>	<b>12</b>	<b>Applying Forecasting</b>	<b>12.1</b>
	Role of Corporate Governance	8.4		Applied Calculations Involving Probabilities	12.3
	Board Composition and Directors' Legal Obligations	8.9		Applied Trend Analysis	12.14
	Key Issues in Corporate Governance	8.12		Summary	12.23
	Corporate Governance and Risk Management	8.19	<b>13</b>	<b>Understanding Cash Flow Analysis</b>	<b>13.1</b>
	Summary	8.20		Importance of Net Cash Flows	13.3
<b>9</b>	<b>Assessing Personnel Loss Exposures</b>	<b>9.1</b>		Time Value of Money	13.4
	Personnel Exposed to Loss	9.3		Methods for Evaluating Capital Investment Proposals	13.14
	Causes of Loss	9.6		Capital Investment Proposal Ranking	13.23
	Workplace Hazards	9.14		Calculation of Differential Annual After-Tax Net Cash Flows	13.26
	Financial Consequences of Personnel Losses	9.19		Summary	13.30
	Methods of Assessing Personnel Loss Exposures	9.21	<b>14</b>	<b>Applying Cash Flow Analysis</b>	<b>14.1</b>
	Trends Affecting Personnel Loss Exposures	9.26		Recognizing Cash Flows Related to Risk Management Techniques	14.4
	Summary	9.30		Recognizing Cash Flows Related to Risk Control Techniques	14.9
<b>10</b>	<b>Assessing Net Income Loss Exposures</b>	<b>10.1</b>		Recognizing Cash Flows Related to Risk Financing Techniques	14.11
	Business Risk	10.4		Recognizing Cash Flows Related to Combined Risk Management Techniques	14.27
	Hazard Risk	10.7		Considering Uncertainty in Cash Flow Analysis	14.31
	Financial Consequences of Business Interruption	10.12		Using Cash Flow Analysis to Select Risk Management Techniques	14.34
	Methods of Assessing Net Income Loss Exposures	10.24		Summary	14.37
				<b>Index</b>	<b>1</b>