Four Components of Risk Management

Risk management is the identification, assessment and prioritization of risks and the subsequent application of resources to minimize, monitor and control the probability and impact of losses. Effective risk management activities create value and should be an integral part of planning processes. Intentional and comprehensive risk management can significantly impact your bottom line by:

- Improving insurance premium pricing
- Reducing insurance deductible and retention amounts
- Ensuring a safe and stable environment for staff and students
- Understanding and be preparing for risks before losses occur

Strategies for addressing an identified risk typically include the following:

Risk Avoidance

Eliminate a service or activity considered too risky

•Eliminate activities that involve risk
•Avoid creating activities that involve risk
•Relatively extreme approach

Mitigation or Prevention

Reduce the likelihood of loss and lessen the impact of losses should they occur

•Manage liability by structuring activities and programs in ways that reduce or limit institutional risk

Risk Transfer

Transfer the risk of a loss to another party

•Insurance policies
•Indemnification agreements
•Releases and waivers

Risk Retention

Accept the risk as it is – some risk is inherent in the activities of operation.

•Self-insurance
•Deductibles
•Identify specific uninsured exposures

At First Fidelity Brokerage our team of dedicated professionals can help you navigate your options and provide you with a detailed analysis of exposures, cost, and best practices.

This article is the first in a series of Understanding Risk Management, a complete guide to ensuring that your Insurance Broker is managing your risk, and not just binding your policies.

Mark Muscatiello
Managing Director, Education
markm@ffbinsurance.com
Office: (212) 933-9050 x1818

Kelly Machu
Executive Vice President
kmachu@ffbinsurance.com
Office: 212-933-9050 x1830