

# Practical Risk Management

## *The Handbook for Risk and Financial Professionals*

### TABLE OF CONTENTS

#### Volume I—Topics A–E

#### Volume II—Topics F–J

#### A. Risk Management Activities

The Risk Manager's Job.....	A-1
Staffing the Risk Management Function .....	A-2
Risk Identification.....	A-3
How To Read an Insurance Policy.....	A-4
Marketing a Large Account.....	A-5
Policy Statements and Risk Management Manuals.....	A-6
Broker Selection.....	A-7
The Broker's Duty to a Client.....	A-8
Contractual Risk Transfer.....	A-9
Specifications for Insurance Management.....	A-10
Employee Leasing.....	A-12
Reports to Management.....	A-13
Coping with a Difficult Market.....	A-14
The Risk Management Audit.....	A-15
Cost of Risk.....	A-16
An Internal Audit of the Risk Management Function.....	A-17
Broker Compensation.....	A-18
Benchmarking.....	A-19
Selecting Service Providers.....	A-20
Change Management for Risk Managers.....	A-21
Strategic Planning for Risk.....	A-22
Brand and Reputation Risk Management.....	A-23
Insurance Archaeology.....	A-24
The Risk Management Process.....	A-25

#### B. Risk Finance & Self-Insurance

Risk Retention.....	B-1
Overview of Risk Financing Techniques.....	B-2
Cash Flow Plans.....	B-3
Cost Allocation.....	B-4
Taxes.....	B-5

Mergers & Acquisitions.....	B-6
Topic Reserved.....	B-7
Workers Compensation Self-Insurance.....	B-8
Workers Compensation Self-Insurance Requirements by State.....	B-9
Captive Insurance Companies.....	B-10
Financial Guarantees.....	B-11
Liability Risk Retention Act.....	B-12
Municipal Pooling.....	B-13
Derivatives and Financial Risk Management.....	B-14
Accounting.....	B-15
Association Pools.....	B-16
Owner Controlled Insurance Programs.....	B-17
Enterprise Risk Management.....	B-18
Finite Risk.....	B-19
Capital Markets Risk Financing.....	B-20
Auto Liability Self-Insurance.....	B-21

#### C. Insurers

Insurer Solvency.....	C-1
Direct Writers.....	C-2
FM Global.....	C-3
Highly Protected Risks.....	C-4
Surplus Lines.....	C-5
Lloyd's.....	C-6
Topic Reserved.....	C-7
Reinsurance.....	C-8

#### D. Loss Control/Claims Management

Safety.....	D-1
Fleet Safety.....	D-2
Fire Protection.....	D-3
Security.....	D-4
Emergency Response Planning.....	D-5
Occupational Safety and Health Administration (OSHA).....	D-6

Liability and Workers Compensation  
 Claims Management ..... D-7  
 Property Loss Adjusting ..... D-8  
 Loss Records ..... D-9  
 Structured Settlements..... D-10  
 Back Injuries ..... D-11  
 Rehabilitation..... D-12  
 AIDS and HIV ..... D-13  
 Right-To-Know..... D-14  
 Subrogation ..... D-15  
 Ergonomics ..... D-16  
 Mold ..... D-17  
 Business Continuity Management..... D-18  
 Fraud ..... D-19  
 A Positive Approach to Liability Loss Control .... D-20  
 Safety Incentive Programs ..... D-21

**E. Legal & Political Aspects**

Risk Management and the Law ..... E-1  
 Litigation Management ..... E-2  
 Topic Reserved..... E-3  
 Punitive Damages..... E-4  
 International Risk Management ..... E-5  
 Political Risks ..... E-6  
 Kidnap, Ransom & Terrorist Acts ..... E-7  
 Employee Benefits ..... E-8  
 Acting as a Witness in  
 Legal Proceedings ..... E-9  
 Discoverability of  
 Risk Management Information ..... E-10  
 Terrorism ..... E-11

**F. Property Risks and Insurance**

Property Insurance ..... F-1  
 Property Valuation ..... F-2  
 Construction Projects..... F-3  
 Goods in Transit ..... F-4  
 Equipment Breakdown ..... F-5  
 Ocean Marine ..... F-6  
 Earthquake..... F-7  
 Flood ..... F-8  
 Difference-in-Conditions ..... F-9  
 Time Element Exposures and Insurance..... F-10  
 Crime ..... F-11  
 Computer Centers..... F-12  
 Builders Risk Insurance ..... F-13  
 Recovering from a Property Loss ..... F-14  
 Fine Arts..... F-15  
 Inland Marine..... F-16

**G. Liability Risks and Insurance**

Primary General Liability..... G-1  
 Umbrella Liability ..... G-2  
 Workers Compensation ..... G-3  
 Longshore and Harbor Workers  
 Compensation Act ..... G-4  
 Protection & Indemnity..... G-5  
 Directors & Officers Liability..... G-6  
 ERISA..... G-7  
 Automobiles..... G-8  
 Car Rental Contracts..... G-9  
 Topic Reserved ..... G-10  
 Aircraft ..... G-11  
 Liability for Property in Custody ..... G-12  
 Product Liability ..... G-13  
 Environmental Liability..... G-14  
 Underground Storage Tanks..... G-15  
 Nuclear Hazards and  
 Radioactive Contamination ..... G-16  
 Personal Injury ..... G-17  
 Miscellaneous Liability ..... G-18  
 Employment Practices Liability ..... G-19  
 Americans With Disabilities Act ..... G-20  
 Cyber Risks and Insurance ..... G-21  
 Special Events Liability Insurance..... G-22

**H. Risk Manager’s Resources**

Organizations..... H-1  
 Publications..... H-2  
 Consultants..... H-3  
 Risk Management Education..... H-4  
 State Insurance Regulation ..... H-5  
 Data Collection and Statistics..... H-6  
 Risk Management Information  
 Systems ..... H-7  
 Risk Management on the Internet..... H-8  
 Role of the Actuary ..... H-9  
 Global Risk Management Standards..... H-10

**I. Specific Industries**

Public Entities ..... I-1  
 Healthcare..... I-2  
 Insurance Brokers & Agents ..... I-3  
 Banks and Financial Institutions..... I-4  
 Construction Contractors ..... I-5  
 Utilities ..... I-6  
 Schools..... I-7

**J. Glossary**

Glossary..... J-1

## Alphabetical List

Accounting .....	B-15	ERISA.....	G-7
Acting as a Witness in Legal Proceedings .....	E-9	Factory Mutual System (FM Global) (The).....	C-3
AIDS and HIV .....	D-13	Financial Guarantees .....	B-11
Aircraft .....	G-11	Fine Arts .....	F-15
Americans With Disabilities Act .....	G-20	Finite Risk.....	B-19
An Internal Audit of the Risk Management Function .....	A-17	Fire Protection .....	D-3
A Positive Approach to Liability Loss Control ....	D-20	Fleet Safety .....	D-2
Association Pools .....	B-16	Flood .....	F-8
Auto Liability Self-Insurance .....	B-21	Fraud .....	D-19
Automobiles .....	G-8	Global Risk Management Standards.....	H-10
Back Injuries .....	D-11	Glossary.....	J-1
Banks and Financial Institutions .....	I-4	Goods in Transit .....	F-4
Benchmarking .....	A-19	Health Care.....	I-2
Brand and Reputation Risk Management .....	A-23	Highly Protected Risks.....	C-4
Broker Compensation .....	A-18	How To Read an Insurance Policy .....	A-4
Broker Selection .....	A-7	Inland Marine .....	F-16
Broker's Duty to a Client (The) .....	A-8	Insurance Brokers & Agents.....	I-3
Builders Risk Insurance .....	F-13	Insurance Archaeology .....	A-24
Business Continuity Management.....	D-18	Insurer Solvency .....	C-1
Capital Markets Risk Financing .....	B-20	International Risk Management .....	E-5
Captive Insurance Companies.....	B-10	Kidnap, Ransom & Terrorist Acts .....	E-7
Car Rental Contracts .....	G-9	Legal Witness, Acting as .....	E-9
Cash Flow Plans.....	B-3	Liability and Workers Compensation Claims Management.....	D-7
Change Management for Risk Managers.....	A-21	Liability for Property in Custody.....	G-12
Computer Centers .....	F-12	Liability Risk Retention Act.....	B-12
Construction Contractors .....	I-5	Litigation Management.....	E-2
Construction Projects.....	F-3	Lloyd's.....	C-6
Consultants .....	H-3	Longshore and Harbor Workers Compensation Act.....	G-4
Contractual Risk Transfer .....	A-9	Loss Records.....	D-9
Coping with a Difficult Market .....	A-14	Management .....	A-11
Cost Allocation .....	B-4	Marketing a Large Account.....	A-5
Cost of Risk.....	A-16	Mergers & Acquisitions.....	B-6
Crime .....	F-11	Miscellaneous Liability .....	G-18
Cyber Risks and Insurance .....	G-21	Mold.....	D-17
Data Collection and Statistics .....	H-6	Municipal Pooling.....	B-13
Derivatives and Financial Risk Management .....	B-14	Nuclear Hazards and Radioactive Contamination.....	G-16
Difference-in-Conditions .....	F-9	Ocean Marine .....	F-6
Direct Writers.....	C-2	Occupational Safety and Health Administration (OSHA) .....	D-6
Directors & Officers Liability .....	G-6	Organizations.....	H-1
Discoverability of Risk Management Information .....	E-10	Overview of Risk Financing Techniques .....	B-2
Earthquake .....	F-7	Owner Controlled Insurance Programs .....	B-17
Emergency Response Planning .....	D-5	Personal Injury .....	G-17
Employee Benefits .....	E-8	Policy Statements and Risk Management Manuals .....	A-6
Employee Leasing .....	A-12	Political Risks .....	E-6
Employment Practices Liability.....	G-19	Primary General Liability.....	G-1
Enterprise Risk Management .....	B-18	Product Liability .....	G-13
Environmental Liability .....	G-14	Property Insurance.....	F-1
Equipment Breakdown .....	F-5	Property Loss Adjusting.....	D-8
Ergonomics .....	D-16		

Property Valuation .....	F-2	Schools.....	I-7
Protection & Indemnity .....	G-5	Security .....	D-4
Public Entities.....	I-1	Selecting Service Providers.....	A-20
Publications .....	H-2	Special Events Liability Insurance .....	G-22
Punitive Damages.....	E-4	Specifications for Insurance .....	A-10
Recovering from a Property Loss .....	F-14	State Insurance Regulation .....	H-5
Rehabilitation.....	D-12	Strategic Planning.....	A-22
Reinsurance.....	C-8	Structured Settlements .....	D-10
Reports to Management.....	A-13	Subrogation.....	D-15
Right-To-Know.....	D-14	Surplus Lines .....	C-5
Risk Identification.....	A-3	Taxes.....	B-5
Risk Management Audit (The).....	A-15	Terrorism.....	E-11
Risk Management Education .....	H-4	Time Element Risks .....	F-10
Risk Management Information Systems .....	H-7	Topics Reserved.....	B-7, C-7, E-3, G-10
Risk Management on the Internet.....	H-8	Umbrella Liability .....	G-2
Risk Management Organizations.....	H-1	Underground Storage Tanks .....	G-15
Risk Management Process.....	A-25	Utilities .....	I-6
Risk Manager's Job (The).....	A-1	Staffing the Risk Management	
Risk Management and the Law .....	E-1	Function.....	A-2
Risk Retention.....	B-1	Workers Compensation .....	G-3
Role of the Actuary.....	H-9	Workers Compensation Self-Insurance .....	B-8
Safety .....	D-1	Workers Compensation Self-Insurance	
Safety Incentive Programs .....	D-21	Requirements by State .....	B-9