

Unit of Competency**Functional Area: Operations Management**

Title	Select appropriate risk management techniques
Code	105328L5
Range	This unit of competency is applicable to practitioners in import and export industry to select appropriate techniques for treating the loss exposures.
Level	5
Credit	6 (for reference only)
Competency	<p>Performance Requirement</p> <p>1. Knowledge of techniques for handling loss</p> <ul style="list-style-type: none"> • Use a range of skills to identify of risk control techniques • Use a range of skills to identify risk financing techniques, e.g., retention, noninsurance transfer, and commercial insurance • Use relevant methods to select the appropriate techniques <p>2.1. Identify risk control measures</p> <ul style="list-style-type: none"> • Identify measures to avoid risks (i.e., avoidance) • Identify measures to reduce the frequency of a particular loss (i.e., loss prevention) • Identify measures to reduce the severity of a loss after it occurs (i.e., loss reduction) <p>2.2. Identify and evaluate measures</p> <ul style="list-style-type: none"> • Identify and evaluate risk retention measures to manage risks • Identify and evaluate noninsurance transfers measures (e.g., transfer of risk by contracts, hedging price risks, and incorporation of a business firm) to manage risks • Identify and evaluate commercial insurance to manage risks <p>2.2. Select appropriate techniques</p> <ul style="list-style-type: none"> • Classify the various loss exposures according to loss frequency and loss severity • Evaluate the effectiveness of risk management techniques, e.g., <ul style="list-style-type: none"> • use risk retention to manage type 1 risk, i.e., low loss frequency and low loss severity • use the techniques of loss prevention and retention to manage type 2 risk, i.e., high loss frequency and low loss severity • use techniques of insurance to manage type 3 risk, i.e., low loss frequency and high loss severity • use techniques of avoidance to manage type 4 risk, i.e., high loss frequency and high loss severity • Select effective risk management techniques to treat loss exposures
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Capable of identifying risk control measures • Capable of identifying and evaluation risk financing measures • Capable of evaluating and selecting appropriate risk management techniques
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