

Fundamentals of risk management

Purpose

To explore the principles of risk management and the role of insurance within these principles.

Assumed knowledge

It is assumed that the candidate already has knowledge of the fundamental principles of insurance as covered in IF1 Insurance, legal and regulatory or equivalent examinations.

Summary of learning outcomes	Number of questions in the examination *
1. Understand the meaning of risk.	9
2. Understand the role and purpose of risk management.	8
3. Understand the core elements of the risk management process.	12
4. Understand the different categories of risk.	5
5. Understand current trends in risk management.	6
6. Understand the position of insurance within risk management.	5
7. Understand the key risk management lessons learnt from major loss events.	5

* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

Important notes

- Method of assessment:
Mixed assessment consisting of two components, both of which must be passed. One component is a coursework assignment and one is a multiple choice question (MCQ) examination. The details are:
 1. an online coursework assignment using RevisionMate consisting of 10 questions which sequentially follow the learning outcomes. This must be successfully completed within 6 months of enrolment; and
 2. an MCQ exam consisting of 50 MCQs. 1 hour is allowed for this exam. This exam must be successfully passed within 18 months of enrolment.
- This syllabus will be examined from 1 May 2026 to 30 April 2027.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- This PDF document has been designed to be accessible with screen reader technology. If for accessibility reasons you require this document in an alternative format, please contact us on online.exams@cii.co.uk to discuss your needs.

1. Understand the meaning of risk.

- 1.1 Explain the difference between risk and uncertainty.
- 1.2 Explain the basics of probability theory.
- 1.3 Discuss risk perception.
- 1.4 Explain the difference between pure and speculative risk.

2. Understand the role and purpose of risk management.

- 2.1 Explain the evolution of the discipline of risk management.
- 2.2 Outline the benefits of risk management.
- 2.3 Explain the senior roles within risk management, their purpose and responsibilities.
- 2.4 Explain the relationship between risk management, compliance and the audit function.

3. Understand the core elements of the risk management process.

- 3.1 Outline the risk management process.
- 3.2 Explain the purpose and contents of a risk register.
- 3.3 Discuss the key risk management standards.
- 3.4 Explain the various risk management tools and techniques.
- 3.5 Explain the regulatory and corporate governance environment affecting risk management.

4. Understand the different categories of risk.

- 4.1 Define and categorise the different forms of risks.

5. Understand current trends in risk management.

- 5.1 Discuss the principles of Enterprise Risk Management (ERM) and Governance Risk and Compliance (GRC) and how this affects risk management.
- 5.2 Explain the concepts of risk aggregation and correlation.

6. Understand the position of insurance within risk management.

- 6.1 Explain the role of insurance as a risk transfer mechanism.
- 6.2 Explain the role of an insurance intermediary in supporting risk management.
- 6.3 Discuss alternative risk financing options.

7. Understand the key risk management lessons learnt from major loss events.

- 7.1 Explain why risk management systems can fail and the consequences of their failure.

Additional resources

The following resources may assist you with your studies.

Note: The examination will test the syllabus alone.

Supporting information for the syllabus can be found on the unit page via the CII website. The resources found here: www.cii.co.uk/learning will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

Additional reading material can also be found referenced in an appendix within the study text.

Learning support

Fundamentals of risk management. London: CII. Study text M67.

Insurance, legal and regulatory. London: CII. Study text IF1.

Supporting exam documents

Tax tables which are provided in your exam can be found here: www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/supporting-exam-documents/

Assessment information

Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:

1. Visit www.cii.co.uk/qualifications
2. Select the appropriate qualification
3. Select your unit from the list provided
4. Select qualification update on the right hand side of the page

Examination guide

The examination guide is available on the unit page via the CII website.

If you have a current study text enrolment, the current examination guide is included and is accessible via **RevisionMate** (www.cii.co.uk/login). Details of how to access RevisionMate are on the first page of your study text.

It is recommended that you study from the most recent versions of the examination guide.

Exam preparation

Exam preparation guidance and supporting exam documentation are available via the CII website: <https://www.cii.co.uk/learning/qualifications/assessment-information>.