

Role of a Risk Management Advisor

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Business owners and insurance buyers should use the same care and detail when selecting an insurance agent as they do when selecting an attorney, accountant, or banker. Just like these other highly skilled professionals, risk management advisors handle complex issues and provide resolution for many underlying business concerns.

In the past, protecting your company's assets against property and liability loss was a minor part of your organization's overall business strategy. Insurance was the traditional form of protection.

But the rising cost of insurance, changing economic conditions, new technologies, larger risks, and a changing legal environment have caused more companies to make managing risk a much more involved process and priority. Insurance, therefore, has become just one method for controlling your company's vulnerability to loss, and the role of your insurance agent has evolved into that of a risk management advisor.

A risk management advisor will begin their process by assisting you with identifying exposures and then exploring all the response options. To do this effectively and efficiently, your advisor must be aware and have knowledge of all the activities, assets, locations, products, and processes of your company in order to anticipate losses, adequately prepare your company for them, and minimize the costs of doing so. They must also have knowledge of business law, statistics, economics, safety and loss prevention, business finance, and insurance.

The next step is to evaluate your loss exposure and available risk management techniques and subsequently design a comprehensive risk management program. A comprehensive risk management program will address loss prevention, claims management, *and* insurance.

The final step will be to help implement your risk management program and continually monitor it so your company's goals are met.

It is important to work with a risk management advisor who knows and understands your industry. This helps ensure you are getting the experience and best practices in all areas of risk for your business. Most of all, your risk management advisor must be innovative with applying knowledge in the performance of his or her duties.