



The Montana Small Business Development Center presents:

RISK MANAGEMENT

Risk Management



Dena Johnson, MBA, EDFP



Dljohnson@PayneWest.com



(406) 238 1992



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AGENDA

- 3 types of risk
- 5 risk management strategies

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Additional Support



“Be careful out there...”



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risk

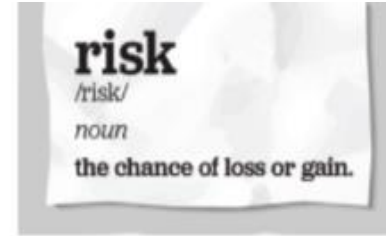
/risk/

noun

the chance of loss or gain.

RISK STRATEGY

Our **Riscover**® approach of managing RISK is much broader than the narrow focused TRADITIONAL INSURANCE model.



Risks



BUSINESS RISK



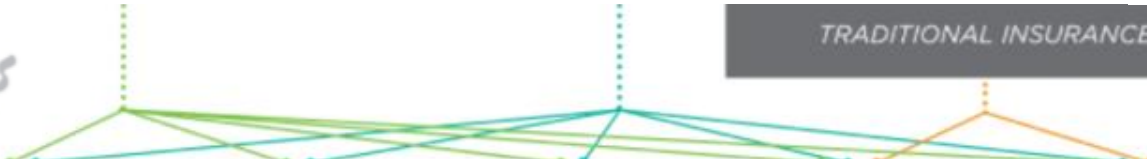
STRATEGIC RISK



HAZARD RISK

TRADITIONAL INSURANCE

Strategies



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HAZARD RISK

Any cause that creates harm or damage to humans, property, or the environment.

Fire burns buildings in downtown Gardiner

By Chronicle Staff Jul 14, 2020



A fire destroyed multiple buildings in the center of Gardiner, Montana, on Tuesday.
From the Park County Sheriff's Office Facebook page

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Kenny Chesney's Bozem

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BUSINESS RISK



Business risk is associated with the internal or day to day **operation** of the organization.

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BUSINESS RISK



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SUPPLY CHAIN

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BUSINESS RISK



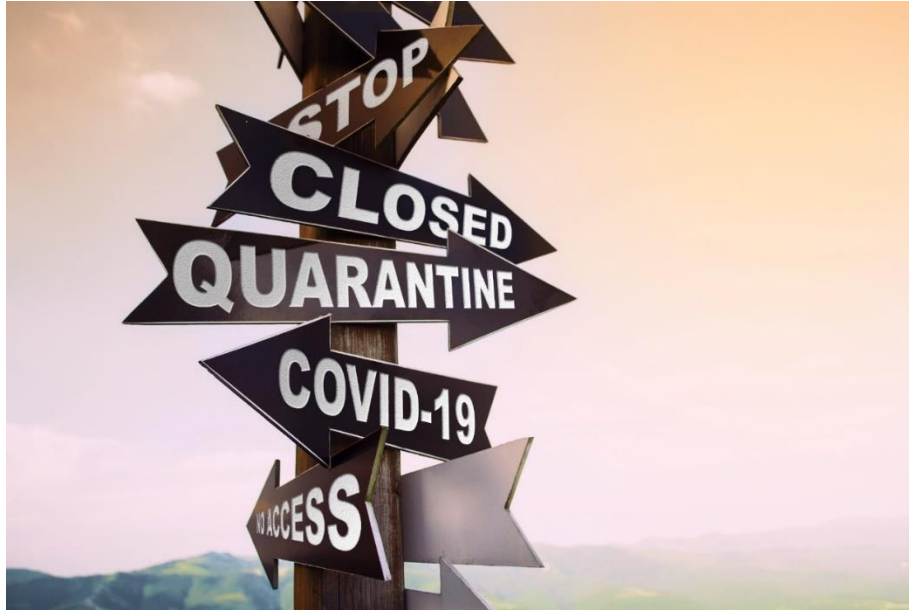
Business Continuity & Disaster Recovery Checklist

Before a disaster strikes—whether big or small—it's important to have an overall business continuity and disaster recovery plan in place.

The following checklist outlines ways to help prepare so your business is ready to get back in business as quickly as possible.

- [Build a Team](#)
- [Review Operations](#)
- [Plan Communications](#)
- [Prepare Employees](#)
- [Practice Safety Procedures](#)
- [Secure Your Technology and Data](#)
- [Contact Supply Chain](#)
- [Establish an Alternate Location](#)
- [Run Tests and Adjust](#)

BUSINESS RISK



“And just like that...everything changed” — Jeb Blount

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STRATEGIC RISK

Strategic risk derives from an organizations goals and objectives.



STRATEGIC & BUSINESS



Decisions (made everyday) by **management/owners/executives** that effect the organizations ability to reach those goals and objectives.

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Culture of GROWTH

Retention & Recruitment



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What is your first line of defense and your key to growth?

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STRATEGIC RISK



What do your financials say?

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STRATEGIC RISK



Identify, prioritize & quantify (analyze)



BUSINESS & STRATEGIC RISKS

Cash Flow	Absenteeism	Aging Workforce	Attracting/ Retaining Talent	Brand Management	Client Growth	Client Safety (on-site)	Cohesive Management Team	Contract Management/ Negotiation	Contractual Risk Transfer
Copyright Infringement	CSA Compliance	Customer Relationship Management	Data Security Training	Disease/ Disability Management	Donor Relationship Management (non-profit)	Electronic Data Security/Cyber Liability	Employee Dishonesty & Crime	Employee Engagement	Employee Financial Wellness
Employee Policies & Procedures	Employee Turnover	Employees Working from Home	Employment Practices Liability	ERISA, HIPPA, COBRA, Fair Labor, Etc.	Fleet Management Transport Risk	Fraud	Health & Wellness of Employees	Health Care Reform Consequence	HR Record Management
International Employee Management	Interruption in Cash Flow	Loss of Customer/Canceled Contract	Low Employee Morale	Management HR Training	OSHA/CCOHS	Outsourcing	Key man	Professional Liabilities	Quality Control
Records Retention	Regulatory Compliance	Retention of Key Employees	Rising Cost of Employee Benefits	Sales Management	Self-Insured Gaps	Sexual Misconduct & Abuse	Social Media Risk – External & Internal	Staff Productivity	Supply Chain Disruption
Unknown Claim History	Volunteer Risk	Workplace Safety	Workplace Violence	Blood borne Pathogens	Design of Disability Plans	Earthquake	Employee Injury at Home	Employee Sickness	Environmental Impairment
Flood	Hand Tool Safety	Hazardous Waste Containment	Hired & Non-Owned Auto	Insurance to Value	Mechanical Breakdown	Mold	Ordinance & Law	Preventative Maintenance	Product Liability
Stop-Loss Analysis	Distracted Driving (Texting, cell phone use)	Workplace Violence	Business Perpetuation	Business Exit Strategies	Disaster Recovery	Diversity of Revenue Streams	External Economic Impact	First in Command Low Productivity	Futures & Hedge Training
Intellectual Capital Protection	Long Term Funding Disruption	Bond Accessibility	Mergers & Acquisitions	Partnerships with other Companies	Predictive Modeling	Product Line Management	Reputation Risk	Rogue Behavior	Technology Advance.
Economic Slowdown	Regulatory or Legislative Changes	Increasing Competition	Failure to Innovate & Meet Customer Needs	Business Interruption	Key Contract or Business Loss	Political Risk & Uncertainties	Property Valuation	Pension Scheme Funding	Climate Change

Risk change

1990



2020





INSURANCE CAPACITY



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HOW WE VIEW YOUR RISKS & INSURANCE PROGRAM

HAZARD RISK

Commercial insurance is purchased to protect you financially in the event of a loss or a claim against your business.

BUSINESS & STRATEGIC RISK

Those risks that can impact the day-to-day operations or long-term financial future of the organization.

RISK MANAGEMENT



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What is Risk Management?

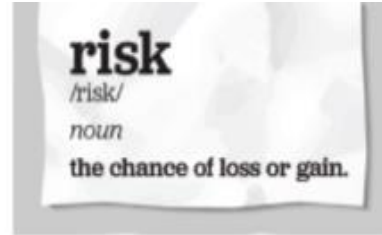
Risk management is the identification, evaluation, and prioritization of risks (defined in ISO 31000 as *the effect of uncertainty on objectives*) followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events^[1] or to maximize the realization of opportunities.

5 step Process

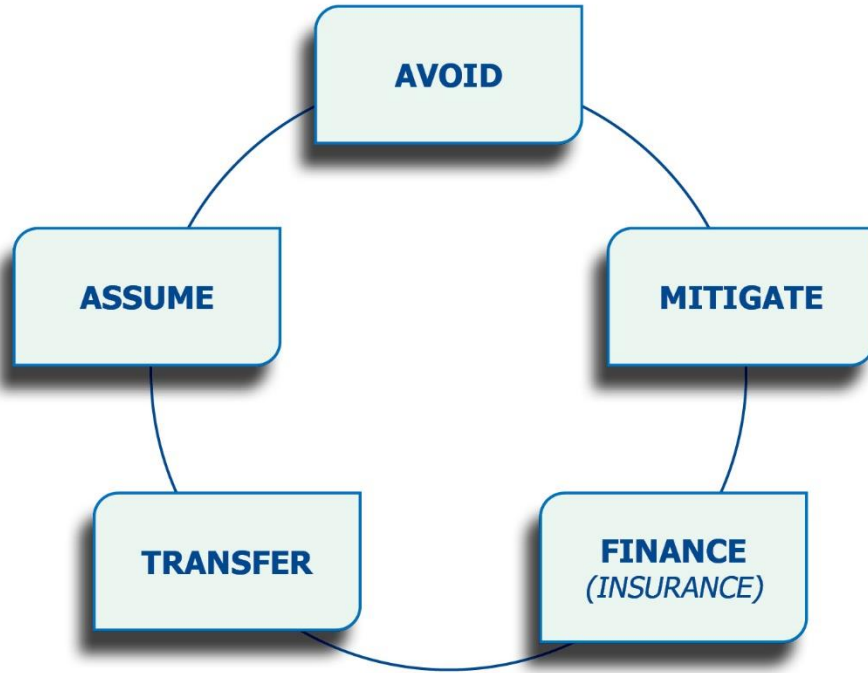


RISK STRATEGY

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RISK MANAGEMENT STRATEGIES



Avoid (prevent)



Mitigate



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Assume



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Finance

Insurance does not avoid, prevent, or reduce risk – it pays for it.



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HOW DOES A CYBER POLICY PAY FOR IT?

INCIDENT RESPONSE TEAM

FORENSIC IT

Determine what was compromised. How did they get access? Can we get it back

LEGAL

Notification costs, regulatory compliance, negotiations with ransom demand

ACCOUNTING

Quantify the loss in revenue

BREACH COACH

Transfer



Monitor & Implement



Monitor the plan. It should not sit on a shelf collecting dust. Determine how often it needs to be monitored.

Implement changes in real time – don't wait for when you are not busy – you will always be busy.

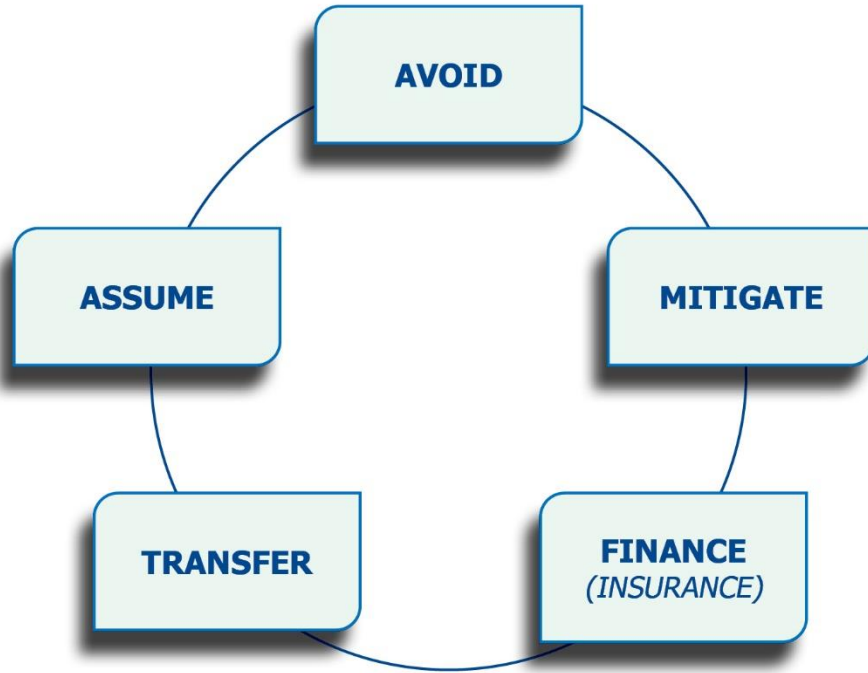
Measure & Control

Company Mission, Vision, Goals

Company Policies – internal controls



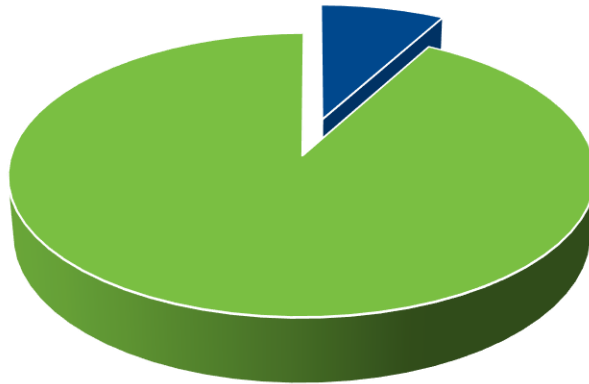
RISK MANAGEMENT STRATEGIES



TOTAL COST OF RISK

Hazard v. Business/Strategic Risks

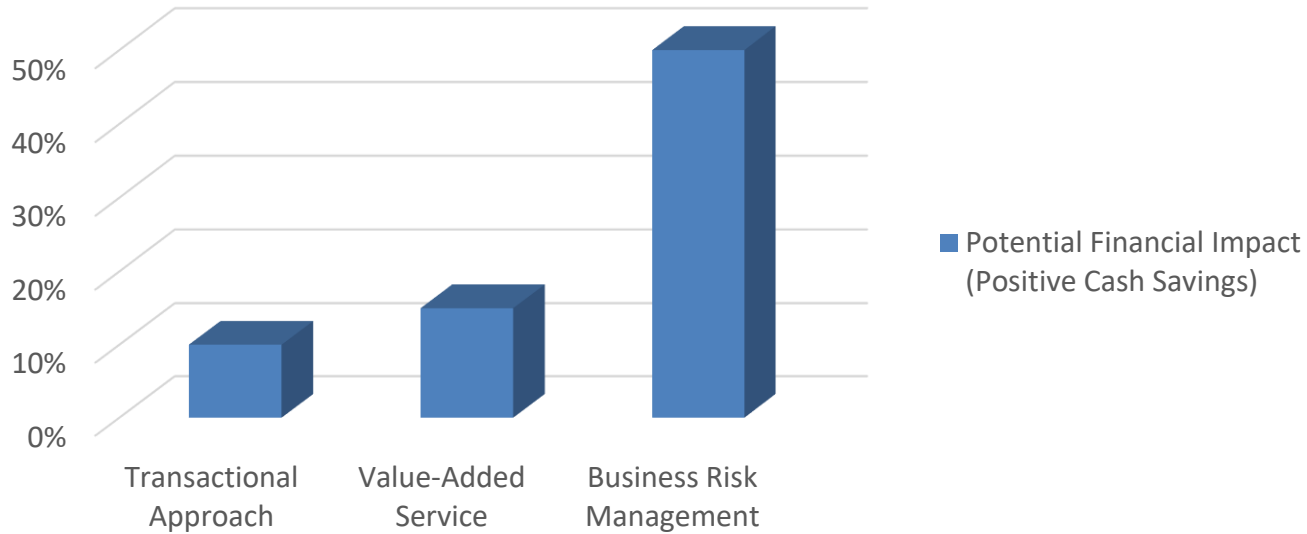
Company Risk Retention - Cost



- Insurance Premium & Deductible
- Business & Strategic Risks

SAVINGS

Potential Financial Impact (Positive Cash Savings)



RISK MANAGEMENT PLAN

What's yours?



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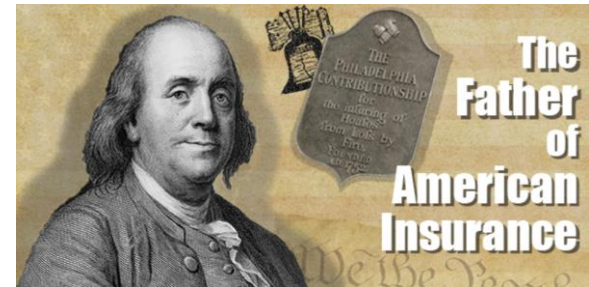
RISK MANAGEMENT **PLAN**

“A failure to plan... is a plan to fail”

Benjamin Franklin

Who co-founded the first insurance company in 1752?

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Thank you! And, be careful out there!

Dena Johnson, MBA
Commercial Insurance
djohnson@paynewest.com



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