

Tutorial Letter 201/0/2018

Risk Management

RMN111Z

Year module

Department of Operations Management

IMPORTANT INFORMATION

Please register on myUnisa, activate your myLife e-mail addresses and make sure that you have regular access to the myUnisa module website, **RMN111Z-2018-Y1**, as well as your group website.

This tutorial letter contains feedback on both your assignments, and information about the examination.

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1 INTRODUCTION

Dear Student

We trust that you have enjoyed studying the module thus far and that you have successfully submitted both your assignments for evaluation.

This academic year is rapidly drawing to a close. We therefore recommend that you start with your preparations for your examinations as soon as possible to master the specific outcomes and module requirements. An early start will assist you in effective examination preparation and time management.

This tutorial letter contains feedback on both the assignments as well as valuable information about the examination. Please familiarise yourself with its contents and make use of the feedback on the assignments as an additional learning source. Keep in mind that you will be examined on all the content in your study guide.

All your study material for this module will be available on myUnisa for your convenience. We encourage you to visit the module site on a weekly basis. Ensure that your myLife e-mail account is active and that you have access to this e-mail account, as we will use this medium of communication to communicate with you regularly.

We wish you all the best for the upcoming examinations!

2 myUNISA

You can access most of the information that you will need for this module on the RMN111Z module site on myUnisa. This is just one of many benefits that myUnisa offers. It is important that you visit myUnisa regularly. In order to receive regular communication from us, your lecturers, and the e-tutors **it is essential that you activate your myLife e-mail account on myUnisa**. Consult the *Study @ Unisa* brochure for more information about myUnisa. We would like to encourage you to use this system. If you are already using the system, keep on visiting the site regularly.

3 E-TUTORS

E-tutors have been allocated to all RMN111Z students. Your e-tutor will communicate with you on a regular basis via myUnisa and send out regular communication via your myLife e-mail account.

This communication will be quite helpful in preparing for your examinations. Ensure that your myLife e-mail account has been activated and that you participate in the activities that are prepared by your e-tutor.

4 EXAMINATION INFORMATION

4.1 General

We often receive requests from students for examination **hints or tips**. As you will discover through learning, all the content that has been prescribed in your study guide is important and should be studied holistically in order to master the subject matter and to equip you with the necessary knowledge of the field. There is nothing that you can “leave out”.

Refer to **Tutorial Letter RMN111Z/101/0/2018** or the module site for more information about the examination. ***We cannot give you any additional information about the content of the examination, but you are welcome to contact us if you struggle to master the content of the module for the examination.***

4.2 Examination details

The examination paper is a closed-book examination.

The duration of the examination is **two** hours.

The examination paper will consist of two sections.

Section A consists of question 1. Question 1 contains ten multiple-choice questions that you will have to answer. You may answer these on the question paper in the spaces provided below each question. Question 1 counts 10 marks.

Section B consists of three questions of 20 marks each. You **MUST ANSWER ALL THREE QUESTIONS** in section B. These questions are longer essay questions, for which you will be expected to provide discussions or explanations of concepts.

The examination total is **70 marks**.

You should study ALL the study units to prepare for the examination.

You will receive examination support a few weeks prior to your examination via myUnisa; please make sure that you have access to the module site.

4.3 Examples of examination questions

The examination questions will be similar in format to those of previous examinations. You can download past papers from the module site under the **Official Study Material** tab and work through the past papers on your own. You are welcome to join a discussion group on the module site to discuss the questions and exchange your answers. This is an enriching way of interacting with your fellow students.

If you are struggling with this module, contact us for advice. Please note that the lecturers will not provide you with a memorandum for past examinations. This is done to encourage you to become an independent student.

4.4 Year mark and final assessment mark

As explained in Tutorial Letter RMN111Z/101/0/2018, your final assessment mark for the module will be a combination of your year mark (Assignment 01 and 02) and an examination mark.

You earn a year mark by submitting **both Assignments 01 and 02**. The marks obtained for these assignments will be added to your examination mark to calculate your final assessment mark for this module. The assignment marks will contribute a maximum of 20% (10% each) to the final assessment mark for the module, while the examination mark will contribute 80%. Note that the submission of Assignment 01 only is required for admission to the examination, but that the marks obtained for **both** assignments contribute to your final mark. Therefore, although you will be admitted to the examination after having submitted Assignment 01, you will forfeit 10% of your final mark if you do not submit Assignment 02.

Irrespective of your year mark, you must obtain a subminimum of 40% in the examination. According to Unisa's assessment policy, your year mark will not be taken into account if you obtain less than 40% in the examination. In that case, the mark obtained in the examination will be your final mark. You will not pass this module if your examination mark is less than 40%.

If you write a **supplementary examination**, your year mark will **not** be taken into account when your final mark is calculated; therefore, the mark you will receive will be that which you achieved for the examination. **Remember, it is your responsibility to contact us to enquire whether the prescribed material will be the same during the next academic period or not.**

If you write an **aegrotat** or **special examination**, your year mark will be taken into account and the subminimum rule of 40% will apply. This means that, should you obtain a mark of less than 40% in the examination, your year mark will not be taken into account, and the examination mark will be your final mark for this module.

4.5 Remarking of examinations



If you want to request a re-mark or re-check of your examination script after the results have been released, **do NOT contact your lecturers. The official procedure appears in the *Study @ Unisa* brochure. Please also take note of the policy on these requests.**

5 ASSIGNMENT 01 FEEDBACK

The solutions to each question are indicated in bold print. The reference page numbers to the study guide are indicated in brackets next to the correct option.

1. Risk evaluation ...
 - (1) is the expression of risk in financial terms.** (Study guide, p 3)
 - (2) is the provision of funds to recover from losses.
 - (3) results in loss, damage, disruption or injury.
 - (4) is the identification of pure risk.

2. Maximum Possible Loss (MPL) is ...
 - (1) the maximum cost of a loss resulting from a single event.
 - (2) the maximum cost of a loss that could result in multiple conditions.
 - (3) the maximum cost of a loss that could result from single event conditions, including failure of risk-control measures.** (Study guide, p 3)
 - (4) the maximum cost of a loss that could result from a single event given that all risk-control measures operate as expected.

3. Normal Loss Expectancy (NLE) is the ...
 - (1) maximum cost of a loss that could result from a single event given that all risk-control measures operate as expected.** (Study guide, p 4)
 - (2) maximum cost of a loss that could result in multiple conditions.
 - (3) maximum cost of a loss that could result from multiple events given that all risk-control measures operate as expected.
 - (4) maximum cost of a loss that could result from single event conditions, including failure of risk control.

4. Risk is part of everyday life and can be categorised in two dimensions, namely ...
 - (1) likelihood and frequency.
 - (2) likelihood and consequence.** (Study guide, pp 5-6)
 - (3) consequence and severity.
 - (4) hazards and risk.

5. Risk classification is fundamental to the study of risk management. For which types of risks is it also important?
 - (a) speculative and specific risks
 - (b) pure and speculative risks
 - (c) fundamental and particular risks
 - (d) market and financial risks

- (1) a and c
 - (2) b and d
 - (3) b and c** (Study guide, pp 9-11)
 - (4) a, b, c and d
6. The goal of the pre-contact stage of control is to ...
- (1) reduce energy transfer.
 - (2) reduce the amount of energy released.
 - (3) prevent loss.** (Study guide, p 85)
 - (4) investigate incidents.
7. Emergency preparedness, rescue operations and incident investigation form part of ...
- (1) the pre-contact stage of control.
 - (2) the contact stage of control.
 - (3) specific risk-control systems.
 - (4) the post-contact stage of control.** (Study guide, p 85)
8. Employee benefits include ...
- (1) Road Accident Fund protection.
 - (2) environmental management.
 - (3) pension fund and medical aid.** (Study guide, p 157)
 - (4) unemployment insurance.
9. One of the simplest yet most effective models to illustrate the loss-producing process is known as ...
- (1) the risk management model.
 - (2) the loss causation model.** (Study guide, p 26)
 - (3) the risk management loop.
 - (4) a normal distribution curve.
10. A risk assessment comprises the following steps ...
- (1) hazard identification and risk analysis.
 - (2) value judgment, acceptability and tolerability.
 - (3) risk analysis, risk control and risk finance.
 - (4) hazard identification, risk analysis, value judgment, acceptability and tolerability.** (Study guide, p 33)

11. The aim of the post-contact stage of control is to recover from incidents as quickly as possible. Which of the following is not a control measure?
- (1) **Training of personnel** (Study guide, p 86)
 - (2) Emergency preparedness and disaster recovery plans
 - (3) Effective spillage clean-up
 - (4) Incident investigation
12. Task observation is an effective method to determine the adequacy of procedures, knowledge and skill retraining during the ...
- (1) control measures at the contact stage.
 - (2) **control measure at the pre-contact stage.** (Study guide, p 89)
 - (3) control measures at the post-contact stage.
 - (4) control measures at the pre- and post-contact stage.
13. The post-contact stage of control includes ...
- (1) leadership, administration and risk control rules.
 - (2) personal and group communication.
 - (3) engineering and change management.
 - (4) **incident investigation and emergency preparedness.** (Study guide, p 88)
14. Occupational hygiene deals with the effects the workplace has on the employee. Workplace stressors are divided into ...
- (1) physical, mechanical and ergonomic stressors.
 - (2) mechanical and electrical stressors.
 - (3) **physical, chemical and biological stressors.** (Study guide, p 94)
 - (4) physical, chemical and physiological stressors.
15. When determining losses, a risk manager should be concerned with the threat of a consequential loss, which is calculated by the following profit equation:
- (1) profit = income ÷ expenditure
 - (2) **profit = income – expenditure** (Study guide, p 104)
 - (3) profit = income + expenditure
 - (4) profit = income x expenditure
16. Maximum Foreseeable Loss (MFL) is the ...
- (1) **largest foreseeable loss which is reasonably conceivable describes.** (Study guide, p 105)
 - (2) loss not related to damage of assets.
 - (3) loss that measures the number of times an event occurs.
 - (4) loss is nowhere near the foreseeable loss.

17. A statistical theory that is of significance to insurance industries is the ...
- (1) law of premium calculations.
 - (2) law of uncertainty.
 - (3) law of empirical probabilities.
 - (4) law of large numbers.** (Study guide, p 109)
18. The fund that pays for injuries to third party arising from accidents is the ...
- (1) Compensation of Occupational Injuries and Diseases fund.
 - (2) Road Accident Fund.** (Study guide, p 121)
 - (3) captive insurance fund.
 - (4) non-captive insurance fund.
19. Schedule of the Compensation for Occupational Injuries and Diseases Act outlines the percentage disability for various occupational injuries.
- (1) 1
 - (2) 2** (Study guide, p 128)
 - (3) 3
 - (4) 4
20. The ... only covers claims for loss or damage suffered as a result of a personal injury or death and includes loss of earning and support.
- (1) Compensation for Occupational Injuries and Diseases Act
 - (2) Occupational Health and Safety Act
 - (3) Road Accident Fund** (Study guide, p 144)
 - (4) insurance fund

[TOTAL: 20]

6 ASSIGNMENT 02 FEEDBACK

The solutions to each question are indicated in bold print. The reference page numbers to the study guide are indicated in brackets next to the correct option.

1. Risk control ...
 - (1) **is the provision of appropriate levels and standards of protection for people, assets and earning to minimise the pure risks identified.** (Study guide, p 3)
 - (2) is the provision of funds to recover from losses.
 - (3) results in loss, damage, disruption or injury.
 - (4) is the identification of pure risk.

2. Pure risk ...
 - (1) is a management function.
 - (2) is the presence of uncertainty.
 - (3) carries the potential of either loss or gain.
 - (4) **results in loss, damage, disruption or injury.** (Study guide, p 2)

3. The meaning of risk from an insurance industry viewpoint means that the insurance industry ...
 - (1) accepts the technical meaning of the risk.
 - (2) **accepts the risk to be insured.** (Study guide, p 6)
 - (3) has considering accepting the risk to be insured.
 - (4) does not understand the risk to be insured.

4. Doherty has successfully applied the ..., which is well developed and researched in the investment field.
 - (1) ALARP theory
 - (2) risk management theory
 - (3) business risk theory
 - (4) **portfolio theory** (Study guide, p 7)

5. Risk is explained as having two dimensions, namely ...
 - (1) **consequence and likelihood.** (Study guide, p 8)
 - (2) frequency and severity.
 - (3) pure and speculative risks.
 - (4) incident and accident.

6. The risk management model consists of two components, risk control and risk financing. Risk control disciplines have developed over the years. These risk control disciplines include ...
- (1) fire and environmental management.
 - (2) occupational medicine, nursing and hygiene.
 - (3) safety and security.
 - (4) safety, quality assurance, system maintenance and human resource.** (Study guide, pp 25-26)
7. The abbreviation DIFR refers to ...
- (1) disabling injury frequency rate.** (Study guide, p 36)
 - (2) disabling incident frequency rate.
 - (3) disabling injury fatality rate.
 - (4) disabling insurance frequency rate.
8. The abbreviation DIIR refers to ...
- (1) disabling incident injury rate.
 - (2) disabling injury insurance rate.
 - (3) disabling injuring incident rate.** (Study guide, p 36)
 - (4) disabling injury instance rate.
9. Measurement of cause measures the causes of losses in the organisation and has more value than measurement of ...
- (1) standards.
 - (2) consequence.** (Study guide, p 37)
 - (3) control.
 - (4) cause.
10. Cost of risk refers to the monetary value of an organisation's exposure to pure risk. Which of the following is not a cost of risk concept?
- (1) cost of loss
 - (2) cost of insurance
 - (3) measurement results** (Study guide, p 39)
 - (4) administrative expenses

11. Methodologies and approaches used for risk assessment varies according to the type of risk being assessed, where occupational safety risk is focused on ...
- (1) health and safety of the community.
 - (2) health and safety of the employer.
 - (3) health and safety of the employee.** (Study guide, p 45)
 - (4) health and safety of the contractor.
12. ... involves the systematic identification of hazardous jobs and the hazards related to these jobs.
- (1) Incident/accident investigation analysis
 - (2) Hazard analysis
 - (3) Risk analysis
 - (4) Task analysis** (Study guide, p 49)
13. Which one of the following options was developed by the chemical industry?
- (1) Checklists
 - (2) FTA
 - (3) HAZOP** (Study guide, p 51)
 - (4) FMEA
14. ... is used for evaluating the likelihood or frequency of an event that can occur in a number of ways.
- (1) FME
 - (2) FTA** (Study guide, p 61)
 - (3) HAZOP
 - (4) SWIFT
15. A subjective method of allocating frequency to a scenario is known as ...
- (1) frequency index.** (Study guide, p 65)
 - (2) frequent analysis.
 - (3) frequent index.
 - (4) frequent investigation.
16. During consequence analysis, you first need to decide if the analysis will consider the effect on ...
- (1) people.
 - (2) injuries.
 - (3) the employer.
 - (4) employees.** (Study guide, p 66)

17. Consequence analysis involves determining the potential consequence if an event occurs and is based on a worse-case scenario. Which of the following is not a determinant of consequence analysis?
- (1) **value judgement** (Study guide, p 69)
 - (2) consequence matrix
 - (3) business interruptions
 - (4) consequence modelling
18. The ... strategy is to choose the course of action that has the largest minimum outcome.
- (1) risk analysis
 - (2) maximax rule
 - (3) **maximum rule** (Study guide, p 78)
 - (4) expected value rule
19. The ... rule should be employed in conditions that justifies optimism.
- (1) minimax
 - (2) **maximax** (Study guide, p 79)
 - (3) maximum
 - (4) maximin
20. The risk management loop consists of four options for controlling risks, namely ...
- (1) tolerate, treat, transform and terminate.
 - (2) **treat, transfer, terminate and tolerate.** (Study guide, p 83)
 - (3) transfer, treat, terminate and temperance.
 - (4) transfer, tolerate, temperance and test.
21. Reducing the amount of energy transfer is a process in the ... stage of the loss causation model.
- (1) **contact** (Study guide, p 85)
 - (2) pre-contact
 - (3) post-contact
 - (4) pre- and post-contact

22. A majority of risks can be controlled through one or more systems. Which of the following is **not** a generic risk control system?
- (1) planned inspections
 - (2) task observations
 - (3) engineering and task management
 - (4) stages of control** (Study guide, p 86)
23. Engineering and change management is a control measure at the ... stage.
- (1) contact
 - (2) pre-contact** (Study guide, p 91)
 - (3) post-contact
 - (4) pre- and post-contact
24. Occupational medicine deals with the monitoring of the ...
- (1) compensation claims.
 - (2) biological effects of workplace stressors on the human body.** (Study guide, p 94)
 - (3) risk effects of workplace stressors.
 - (4) controlling of workplace hazards.
25. ... is the provision of appropriate and adequate funding measures to pay for losses that occurs.
- (1) Risk control
 - (2) Risk insurance
 - (3) Risk financing** (Study guide, p 100)
 - (4) Risk banking

Please note that there was a misprint in Question 26. The correct Question 26 is printed below with the correct option indicated.

26. Maximum Foreseeable Loss is the ...
- (1) largest foreseeable loss that is identified.
 - (2) accepted foreseeable loss that is reasonably practicable.
 - (3) normal foreseeable loss that is reasonably practicable.
 - (4) largest foreseeable loss, which is reasonably conceivable.** (Study guide, p 105)

27. ... is a measure of the number of times an event with a specific outcome occurs during a defined time period.
- (1) Estimated maximum loss
 - (2) Loss probabilities and frequencies
 - (3) Loss frequency** (Study guide, p 106)
 - (4) Loss size
28. A frequency distribution curve has various shapes and a number of well-known curves exist. Which of the following is not a known curve?
- (1) binomial distribution curve
 - (2) Poisson distribution curve
 - (3) Pareto distribution curve
 - (4) loss frequency curve** (Study guide, p 108)

Please note that there was a misprint in Question 29. The correct Question 29 is printed below with the correct option indicated.

29. The level of compensation for occupational injuries and diseases is NOT determined by the ...
- (1) employer.
 - (2) employee.
 - (3) court.** (Study guide, p 133)
 - (4) occupational medical practitioner.
30. The Compensation for Occupational Injuries and Diseases Act (COIDA) pays compensation for ...
- (1) home-related injuries.
 - (2) personal occupational injuries and disease.** (Study guide, p 132)
 - (3) vehicle accidents.
 - (4) notifiable diseases.

TOTAL [30]

7 CONCLUSION

We trust that the examination guidelines provided in this Tutorial Letter are clear. Should you have any questions about the content of this module, or the two assignments, do not hesitate to contact us using the contact details provided in Tutorial Letter RMN111Z/101/0/2018.

You are welcome to contact us by e-mail if you are experiencing problems with the content of this tutorial letter or with any academic aspect of the module.

We wish you all the best for your examinations.

Your RMN111Z lecturers

Mrs Sandra Last and Mrs Cheryl Rielander

DEPARTMENT OF OPERATIONS MANAGEMENT