



# OA General Services, Risk Management

## Enterprise Risk Management

### ERM Definitions

#### Risk Treatment

**Avoid** - Avoid the risk all together.

**Diversify** - Spreads loss exposures over numerous projects, products, markets, or regions. Ex: Owning stock in different industries.

**Duplicate** - A risk control technique that uses back up processes or devices in case of original system failure or damage. Ex: IT has data backup locations.

**Prevention** - A control technique that reduce the frequency of a particular loss.

**Reduce** - A control technique that reduces the severity of a particular loss.

**Retain** - A risk financing technique that involves assumption of risk in which gains and losses are retained within the organization.

**Separate** - Isolates loss exposures from one another to minimize a loss. Ex: Progressive insures homes in Florida and North Dakota.

**Transfer** - Risk transfer is typically associated with shifting the financial responsibility for losses to another party. Such as insurance.