Risk Management

Risk management is a process. People use risk management to stop problems before they cause harm. Risk management finds and reduces problems that might happen in the future. People use risk management to prepare for <u>uncertainties</u>. It helps protect resources, money, and plans. Risk management is important in business. Banks, hospitals, universities, and factories all use risk management.

The first step in risk management is <u>identifying</u> risks. A risk is something that might go wrong. Risks include storms, bank robberies, and computer hacks. People also study how often risks happen. They think about how serious the risks are. This research decides which risks need more attention. Identifying risks helps people plan for them.

The next step in risk management is finding ways to control risks. Risk managers create safety plans, buy insurance, and make rules. These steps make risks smaller. For example, a company might get more fire alarms. Or, a company may train employees to handle different types of emergencies. These actions lower the chances of risks causing harm.

People and businesses must keep managing risks. They need to make sure their plans continue working. They also look for new risks. Situations changes so updating risk management plans often is important. Staying <u>alert</u> helps people stay safe and avoid risks.

In conclusion, risk management is an important process. This process identifies and reduces risks. Risk management protects people and resources. It involves finding risks, analyzing them, and reducing them. People can handle risks better by regularly checking and updating plans. Risk management helps businesses stay ready for challenges.

1. What does "<u>uncertainties</u>" mean?
    a. the best thing you hope will happen
    b. problems that have had consequences
    c. mysteries that people do not know how to solve
    d. things that could happen but you are not sure about

2. Which word means the same as "identifying"?
    a. brainstorming   b. breaking
    c. finding   d. finishing

3. What does "alert" mean?
    a. awake   b. organized
    c. protected   d. ready

4. What does it mean to "manage" risks?
    a. keep risks controlled   b. have lots of risks
    c. make choices about risks   d. change risks over time

5. How does the picture add meaning to the reading?
    a. It explains how people can control risks.
    b. It emphasizes that risks should be as low as possible.
    c. It makes readers imagine risks that affect technology.
    d. It describes the three types of risks: high, medium, and low.

6. Is it important to check on risks after reducing them?
    a. Yes, because risks always grow over time.
    b. No, because new risks are more important.
    c. Yes, because plans may need to change over time.
    d. No, because risk management plans take away risks.

7. Which sentence shows an example of reducing risk?
    a. A fire in a warehouse damages fire alarms.
    b. People in a factory regularly use safety equipment.
    c. Students research problems that have consequences in real life.
    d. A bank manager thinks about what could happen if the bank computers get hacked.

8. Sequence risk management. Write "first," "next," or "last" by each step.

_____ find out what possible things could go wrong

_____ make a plan to control risks if they happen

_____ decide how serious a risk could be

Answer Key

1. D
2. C
3. D
4. A
5. B
6. C
7. B
8. first, last, next