



Risk management and insurance for Moroccan MSMEs

*Supporting MSMEs in understanding
and managing their risks*

Training agenda – to be updated by trainer if virtual training (based on trainer's guide)

Time	Session
09:00 – 09:40	Session 1: Introduction
09:40 – 11:10	Session 2: Identify risks
11:10 – 11:20	Break
11:20 – 12:25	Session 3: Analyze and assess risks
12:25 – 13:00	Session 4: Prioritize risks
13:00 – 14:00	Lunch
14:00 – 16:35	Session 5: Treat and exploit risks
16:35 – 16:45	Break
16:45 – 17:10	Session 6: Monitor and review
17:10 – 17:45	Session 7: Training recap and closing

Session 5

Treat and exploit risks



What are my options?

Risk
avoidance

Risk
reduction

Risk
transfer

Risk
retention

Risk avoidance

- Negative rather than a positive technique
 - When an organization refuses to accept the risks linked to a certain activity and decides not to engage in the action that gives rise to risk
- Unsatisfactory approach in some cases
 - Extensively avoiding risks also means missing the potential gain that accepting them may have allowed
- Should be used with caution
 - Only makes sense when the benefits of avoiding the risk largely outweigh the value of engaging in the risky activity

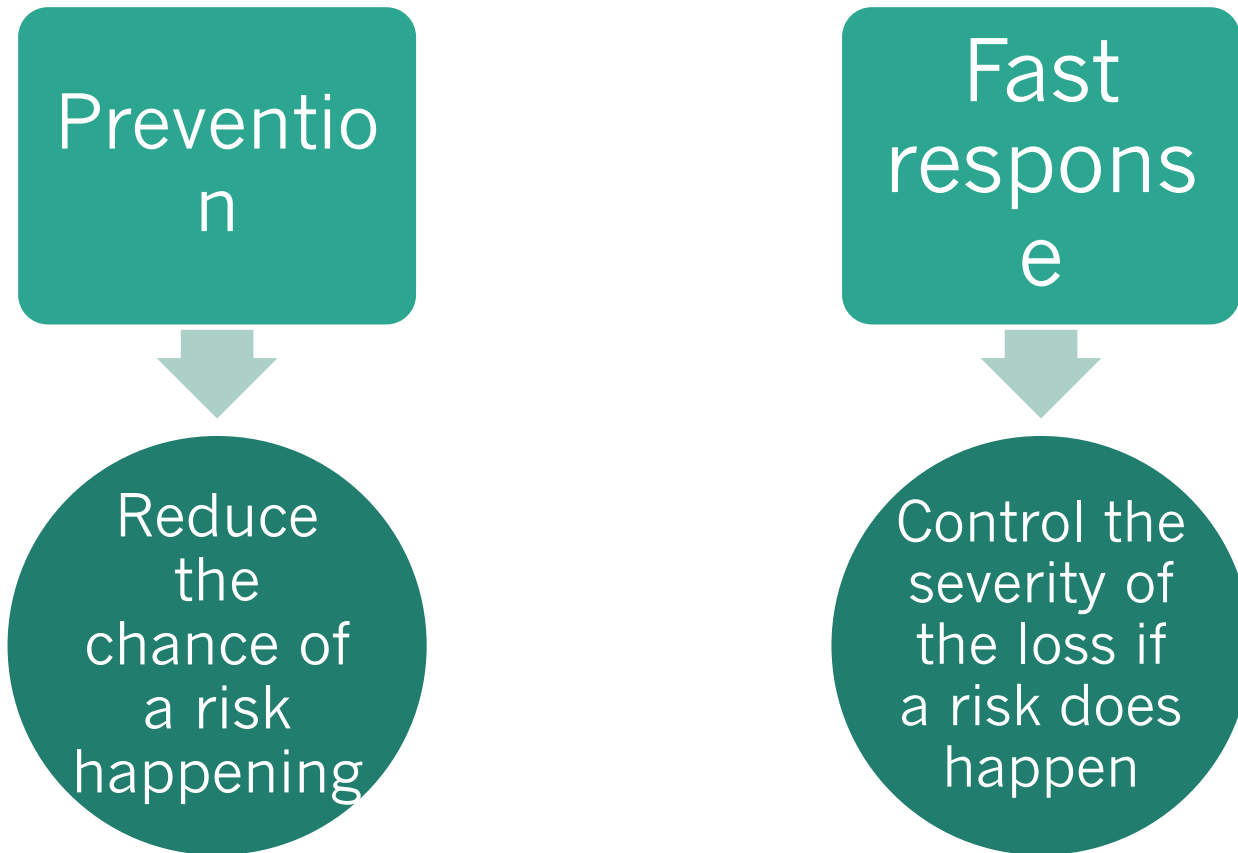
Risk avoidance – Examples

- Not building in flooding prone areas to prevent flood damages
- Farming organically to avoid using a toxic pesticide
- Designing windows that can be cleaned from the inside to reduce the risk of relying on potentially hazardous external access
- Renting or leasing a property in order to avoid legal liability associated with the ownership of property
- Using proven and existing technologies rather than adopting new ones, though these could lead to better performance or lower costs
- Choosing a supplier with a proven track record instead of a new supplier that offers significant price incentives to avoid the risk of working with a new supplier that is not known
- Operating only in the domestic market to avoid the risks linked to an export activity

Risk reduction

- An essential part of risk management
- Taking action to reduce the likelihood and/or the severity of risks
 - Implementing control measures so that the risk in question occurs as rarely as possible or that the consequences are as small as possible – preferably both

Risk reduction



Risk reduction – Examples

Prevention

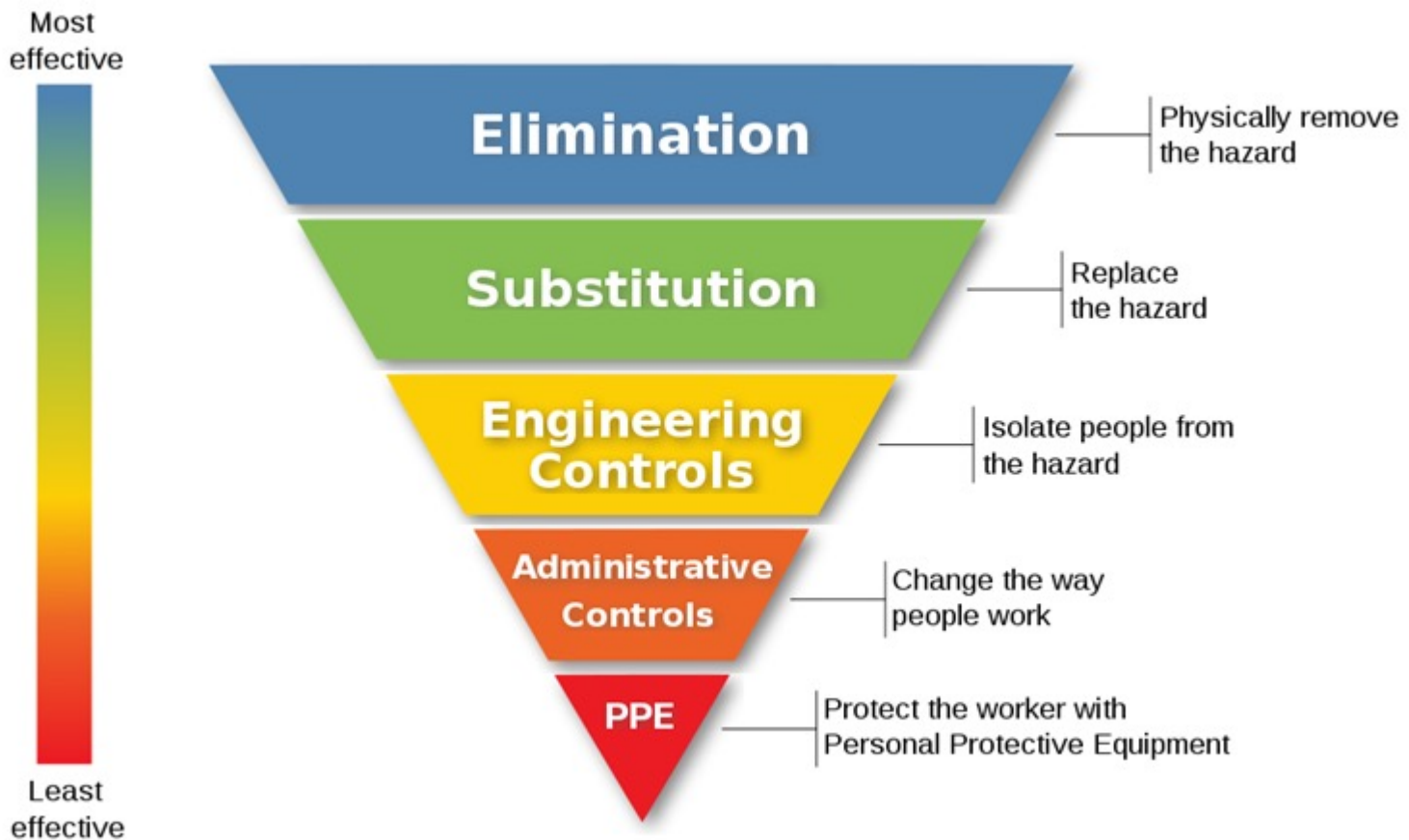
- Not storing inflammable substances close to heat sources in order to reduce the risk of fire
- Changing to a safer chemical to avoid the risks related to a dangerous chemical
- Keeping workplaces tidy and disinfected to reduce the risk of food-borne diseases and infections (for food-related businesses)
- Having constant health/medical surveillance to monitor and detect early signs of ill health to reduce the risks of severe illnesses caused by work activities
- Putting in place a system of double-signature requirements for checks, invoices, and payables verification to help prevent embezzlement and fraud
- Diversifying investments to reduce the effects of a financial crisis
- Buying at a guaranteed exchange rate in order to reduce the risk associated with exchange rate fluctuations
- Exporting to different countries to diversify the list of buyers

Risk reduction – Examples

Fast response

- Installing fire sprinklers or fire suppression systems to quickly extinguish fires and reduce damage
- Identifying evacuation routes and running preparedness drills in case of a fire
- Establishing systems and processes for remote communication and remote work in case telework is required
- Installing power generators as a back-up system to provide electricity in case of power outages
- Assigning and training backup personnel to handle the work of critical employees when they are absent due to a health-related concern
- Conducting exit interviews to identify organizational or cultural triggers that are causing a higher than usual loss of talent

Hierarchy of risk reduction measures (for occupational and health risks)



Source: NIOSH

Residual risks

- It is impossible to prevent all risks and losses
- After control measures have been taken to avoid and reduce threats, some risks might still remain
 - These are called residual risks
- Residual risks can be dealt with the next two strategies that will be discussed: risk transfer and risk retention

Risk transfer

- Sharing with another party the burden of loss from a risk, and the measures to reduce it
- Risks can be shared with business partners or third parties within the business ecosystem, by agreement
 - If a partner is available and risk transfer is strategic and affordable
- Not all risks can be transferred

Risk transfer – Examples

- Outsourcing software development or customer support needs to another company
 - To avoid the direct risks linked to these activities
- Outsourcing the manufacturing of hard goods
 - This way, the company can concentrate more on business development without having to worry as much about the manufacturing process
- Transportation agreements in which a contract is entered into with a reliable and professional company
 - Company takes over any risks linked to the transport of goods
- Purchasing insurance
 - Risk is financed by the insurance company upon the payment of a premium by the insured

What about insurance? Have you ever considered insurance as a solution? Why or why not?



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