

Risk and Insurance Management Society (RIMS) Certified Risk Management Professional (CRMP) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is referred to as the total amount of risk an organization is willing to accept in pursuit of its objectives?**
 - A. Risk governance**
 - B. Risk appetite**
 - C. Key performance indicator (KPI)**
 - D. Organizational resilience**

- 2. STEEP is a method used for strategic planning. What does the acronym STEEP stand for?**
 - A. Security, technical, emerging, external, profit**
 - B. Social, technological, economic, environmental, political**
 - C. Standard, technique, enterprise, environmental, process**
 - D. Social, theory, external, engaging, program**

- 3. What is meant by contract risk?**
 - A. The risk of losing money in investments**
 - B. The potential for liabilities from unfulfilled contractual obligations**
 - C. The chance of contract disputes leading to litigation**
 - D. The risk associated with contract negotiations**

- 4. Which risk identification and analysis technique should a risk management professional use to gather information from multiple departments in a brainstorming session?**
 - A. Checklists**
 - B. Flowcharts**
 - C. Workshops**
 - D. Questionnaires**

- 5. Which of the following is NOT a component of an effective risk management framework?**
 - A. Risk identification**
 - B. Risk assessment**
 - C. Recruitment policies**
 - D. Risk monitoring**

- 6. What are operational controls designed to do in risk management?**
 - A. Mitigate operational risks**
 - B. Increase organizational risks**
 - C. Evaluate past claims**
 - D. Facilitate employee training**

- 7. Which term describes the various techniques used to assess risks and their implications?**
 - A. Risk reporting**
 - B. Risk evaluation**
 - C. Risk assessment methodologies**
 - D. Risk communication**

- 8. What is the first step in delivering risk training?**
 - A. Developing training**
 - B. Identifying existing training**
 - C. Identifying training needs**
 - D. Scheduling training**

- 9. In a SWOT analysis, which component evaluates external circumstances that can benefit the organization?**
 - A. Strengths**
 - B. Weaknesses**
 - C. Opportunities**
 - D. Threats**

- 10. What are the main components of a risk management framework?**
 - A. Risk identification, risk assessment, risk response, and risk monitoring**
 - B. Market analysis, stakeholder engagement, and cost control**
 - C. Product development, marketing strategy, and customer outreach**
 - D. Financial forecasting, asset allocation, and liquidation strategies**

Answers

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1. B
2. B
3. B
4. C
5. C
6. A
7. C
8. C
9. C
10. A

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Explanations

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1. What is referred to as the total amount of risk an organization is willing to accept in pursuit of its objectives?

- A. Risk governance
- B. Risk appetite**
- C. Key performance indicator (KPI)
- D. Organizational resilience

The total amount of risk an organization is willing to accept in pursuit of its objectives is known as risk appetite. This concept encompasses the organization's overall attitude towards risk-taking, balancing potential rewards against the likelihood of adverse outcomes. Risk appetite is crucial because it guides decision-making and strategy formulation, helping organizations align their risk-taking activities with their strategic goals and risk management policies. Risk appetite typically takes into account the organization's capacity to manage and absorb risks, as well as the specific context and objectives the organization aims to achieve. By defining risk appetite, organizations can establish thresholds for risk-taking that align with their overall mission, vision, and values. In contrast, risk governance refers to the framework and processes that ensure risks are effectively managed and decision-making aligns with the organization's risk appetite. Key performance indicators (KPIs) are metrics used to evaluate the success of an organization in achieving its objectives, but they do not specifically define the organization's stance on risk. Organizational resilience is the ability of an organization to anticipate, prepare for, respond to, and recover from disruptions, which is related to risk management but does not specifically encompass the concept of willingness to accept risk.

2. STEEP is a method used for strategic planning. What does the acronym STEEP stand for?

- A. Security, technical, emerging, external, profit
- B. Social, technological, economic, environmental, political**
- C. Standard, technique, enterprise, environmental, process
- D. Social, theory, external, engaging, program

The acronym STEEP stands for Social, Technological, Economic, Environmental, and Political factors, which are essential components when conducting a strategic analysis. This framework helps organizations understand the broader external environment that can impact their operations and decision-making. In the context of strategic planning, each element of STEEP plays a crucial role: - **Social factors** deal with demographic trends, cultural norms, and changes in consumer behavior that could affect demand for products or services. - **Technological factors** include advancements in technology that can either create opportunities for innovation or serve as threats by disrupting existing business models. - **Economic factors** encompass economic conditions such as inflation, interest rates, and economic growth, which influence organizations' financial performance. - **Environmental factors** refer to ecological and environmental issues, such as climate change and sustainability, which are increasingly important for corporate social responsibility. - **Political factors** involve government policies, regulations, and political stability, all of which can significantly impact strategic planning and operational effectiveness. By employing the STEEP analysis, businesses are better equipped to identify potential risks and opportunities within these five areas, enabling more informed strategic decisions. The other choices do not accurately represent the components that comprise the STEEP framework.

3. What is meant by contract risk?

- A. The risk of losing money in investments
- B. The potential for liabilities from unfulfilled contractual obligations**
- C. The chance of contract disputes leading to litigation
- D. The risk associated with contract negotiations

Contract risk encompasses the potential for liabilities that arise from unfulfilled contractual obligations. This type of risk highlights the inherent uncertainties involved in any contractual agreement; when one party fails to meet their contractual commitments, it can lead to financial losses, damages, or other negative consequences for the affected party. Understanding this risk is crucial for effective risk management, as it allows organizations to foresee possible issues and implement strategies to mitigate them, such as thorough contract reviews, clear communication, and establishing contingency plans. By focusing on the obligations outlined in contracts, businesses can better manage their expectations and responsibilities, ultimately reducing the likelihood of experiencing liabilities stemming from these agreements. While other options address related concerns, they do not capture the essence of contract risk as accurately. For instance, disputes usually arise from failures in contract execution, but the core issue lies in the obligations that were not fulfilled, hence defining contract risk more narrowly to its liability implications.

4. Which risk identification and analysis technique should a risk management professional use to gather information from multiple departments in a brainstorming session?

- A. Checklists
- B. Flowcharts
- C. Workshops**
- D. Questionnaires

The use of workshops as a risk identification and analysis technique is particularly effective for gathering information from multiple departments during a brainstorming session. Workshops facilitate face-to-face interactions among participants, allowing for dynamic discussions and the free exchange of ideas. This collaborative environment encourages creativity and the identification of diverse perspectives and potential risks that may not be captured through more structured methods. In a workshop setting, participants can collectively explore their experiences and insights, leading to a richer understanding of risks that affect the organization. The interactive nature of workshops helps foster teamwork and can uncover risks that may not be immediately obvious when individuals work in silos. While checklists, flowcharts, and questionnaires can provide valuable input in risk assessment processes, they tend to be more structured and may not capture the breadth of information that a group brainstorming session can achieve. Checklists are useful for ensuring that specific risks are not overlooked but lack the engagement and collaborative element. Flowcharts are excellent for visualizing processes but are not necessarily conducive to generating new ideas through group discussion. Questionnaires can gather information from multiple departments, but they do so in a more rigid format which may limit the depth and spontaneity of input that can come from a group workshop.

5. Which of the following is NOT a component of an effective risk management framework?

- A. Risk identification**
- B. Risk assessment**
- C. Recruitment policies**
- D. Risk monitoring**

An effective risk management framework comprises several critical components that are essential for identifying, assessing, and mitigating risks within an organization. Risk identification, risk assessment, and risk monitoring are foundational elements that help organizations recognize potential risks, evaluate their impact, and continuously oversee risk mitigation efforts. Recruitment policies, however, are generally associated with human resources and are not inherently a part of a risk management framework. While having effective recruitment practices can contribute to managing human capital risk, they do not directly relate to the core functions of identifying, assessing, or monitoring risks as defined in traditional risk management structures. Therefore, selecting recruitment policies highlights a misunderstanding of the essential components that specifically constitute a risk management framework.

6. What are operational controls designed to do in risk management?

- A. Mitigate operational risks**
- B. Increase organizational risks**
- C. Evaluate past claims**
- D. Facilitate employee training**

Operational controls are specifically designed to mitigate operational risks within an organization. This involves implementing procedures, policies, and practices that help identify, monitor, and manage risks associated with day-to-day operations. By effectively applying these controls, organizations aim to minimize the likelihood of operational failures, enhance efficiency, and maintain compliance with regulatory requirements. Operational risks can arise from various sources, including inadequate processes, human errors, system failures, or internal fraud. Therefore, operational controls could include measures such as access controls, process documentation, regular risk assessments, and incident reporting mechanisms, all aimed at reducing the impact of these risks. Other options do not align with the primary function of operational controls. Increasing organizational risks does not align with the purpose of implementing controls, as the objective is to reduce risk exposure. Evaluating past claims pertains more to claims management than operational controls themselves. Facilitating employee training, while important, is just one component of a broader risk management strategy and not the primary focus of operational controls.

7. Which term describes the various techniques used to assess risks and their implications?

- A. Risk reporting**
- B. Risk evaluation**
- C. Risk assessment methodologies**
- D. Risk communication**

The term that accurately describes the various techniques used to assess risks and their implications is risk assessment methodologies. This term encompasses a wide range of systematic approaches and tools that organizations utilize to identify, analyze, and evaluate potential risks. These methodologies often include both qualitative and quantitative analysis techniques, providing a structured framework for understanding the likelihood and impact of specific risks on organizational objectives. Risk assessment methodologies are fundamental in the risk management process as they help in developing a clear picture of risk exposure and enable informed decision-making. Stakeholders can systematically evaluate various factors and determine risk priorities based on the information generated through these methodologies. While risk reporting, risk evaluation, and risk communication are all important components of risk management, they do not capture the holistic set of techniques and frameworks that risk assessment methodologies represent. Risk reporting refers to the communication of risk assessment findings to relevant stakeholders, risk evaluation pertains to the systematic assessment of risks to determine their significance, and risk communication involves sharing information about risks and risk management processes with stakeholders.

8. What is the first step in delivering risk training?

- A. Developing training**
- B. Identifying existing training**
- C. Identifying training needs**
- D. Scheduling training**

The first step in delivering risk training is identifying training needs. This process involves assessing the specific areas where knowledge and skills are lacking within an organization, which is crucial for tailoring the training program to address those gaps effectively. By understanding the training needs, organizations can ensure that the training is relevant, practical, and aligned with the overall risk management strategy. Identifying training needs lays the foundation for developing effective training content and ensures that the focus is on the most critical areas for improvement. When organizations jump directly to developing training materials or scheduling sessions without a clear understanding of what is needed, they risk wasting resources and may fail to provide the necessary knowledge that employees require to manage risk effectively. Thus, pinpointing these needs at the outset is essential for a successful training initiative.

9. In a SWOT analysis, which component evaluates external circumstances that can benefit the organization?

- A. Strengths**
- B. Weaknesses**
- C. Opportunities**
- D. Threats**

In a SWOT analysis, the component that evaluates external circumstances that can benefit the organization is Opportunities. Opportunities represent external factors or trends that the organization can leverage to enhance its performance or achieve its goals. Identifying opportunities enables the organization to align its resources and capabilities toward capitalizing on favorable conditions in the environment, such as emerging markets, technological advancements, or changes in regulatory frameworks that might create advantageous situations for growth and development. Understanding opportunities is crucial for strategic planning, as it allows the organization to focus on potential growth areas while also developing strategies to pursue these prospects effectively. This component plays a pivotal role in shaping how the organization can position itself competitively and maximize its potential in the marketplace.

10. What are the main components of a risk management framework?

- A. Risk identification, risk assessment, risk response, and risk monitoring**
- B. Market analysis, stakeholder engagement, and cost control**
- C. Product development, marketing strategy, and customer outreach**
- D. Financial forecasting, asset allocation, and liquidation strategies**

The main components of a risk management framework are foundational elements that guide organizations in identifying, assessing, responding to, and monitoring risks. Each of these components plays an essential role in creating a structured approach to risk management. Risk identification involves recognizing potential risks that could affect an organization's objectives. This step ensures that relevant risks are documented and considered in the decision-making process. Risk assessment then follows, where identified risks are analyzed to understand their potential impact and likelihood. This component helps prioritize risks based on their severity and enables organizations to allocate resources effectively. Following assessment, the risk response component focuses on developing strategies to manage or mitigate identified risks. This could involve avoiding, accepting, transferring, or mitigating the risks according to their priority levels. Finally, risk monitoring is an ongoing process that involves tracking identified risks and the effectiveness of response strategies. This ensures that the organization remains vigilant and can adjust its approaches as necessary when new risks emerge or when existing risks change. Together, these components form a cohesive risk management framework that is essential for organizations seeking to navigate uncertainties while achieving their goals.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://rims-certifiedriskmanagementprofessional.examzify.com>

We wish you the very best on your exam journey. You've got this!

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