

# Risk responses – CAAT's cradle



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## Risk responses

There are 4 potential risk responses

C   A   A   T

Reference: Cat's Cradle is a satirical postmodern novel, with science fiction elements, by American writer Kurt Vonnegut.



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## C - Control

Reduce chance or size of loss, or make the likelihood more certain.

Types of controls:

- ✓ Preventive
- ✓ Detective
- ✓ Corrective



## A - Accept

Risk owner acknowledges that the potential loss from a risk is not great enough to warrant spending money to avoid it.



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## A - Avoid

Completely eliminating any hazard that might harm the organization, its assets, or its stakeholders; and removing the chance that the risk might become a reality.



**JUST DON'T DO IT**



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## T - Transfer

Risk owner pays another party to take responsibility for mitigating specific losses that may or may not occur.

- ✓ Insurance
- ✓ Derivatives
- ✓ Outsourcing



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