

Name:

## Five Minute Exercise

### *Risk Management*

**Given:**

An area has a population of 1000

The population's VSL is \$6 million

Four risk reduction policies are being considered: A, B, C and D

Multiple policies could be adopted.

The total cost of each policy, and its effect on an individual's risk is shown below:

Policy	A	B	C	D
Cost in millions	1	100	40	150
Reduction in risk	0.001	0.01	0.005	0.025

**Determine:**

If the optimal mix of policies is adopted, how many lives will be saved on average?

Answer: