

The 'Fortuitous Loss' Decision Matrix

A Simple Framework for Managing Life's Risks

Created by SafeSimpleSound Financial Planning

Financial Excellence • Educational Generosity

Your S3 Risk Management Tool

Safe • Simple • Sound > Foundation-First Financial Wisdom

What You'll Discover:

- Simple System: A 4-quadrant grid to decide: Transfer, Retain, Prevent, or Avoid.
 - Safe Foundation: How to identify risks that *cannot* be insured.
 - Sound Strategy: Stop wasting money insuring small risks and focus on the big ones.
 - Constitutional Advantage: Move from "buying insurance" to "architecting safety."
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The Decision Matrix

Where does your risk fall? Locate it to find the S3 Strategy.

Quadrant 1: High Frequency / High Severity

Examples: Drunk driving, building in a flood plain without elevation.

* S3 Strategy: AVOIDANCE

* **Why:** It happens too often and costs too much. Insurance won't cover it (uninsurable), and you can't afford to pay for it.

* **Action:** Change behavior or location immediately.

Quadrant 2: High Frequency / Low Severity

Examples: Minor fender benders, shoplifting, window breakage, seasonal colds.

* **S3 Strategy:** PREVENTION & RETENTION

* **Why:** It's annoying but not bankrupting. Premiums would be too high (trading dollars).

* **Action:** Install cameras (Prevent) and budget for repairs (Retain).

Quadrant 3: Low Frequency / High Severity

Examples: House fire, premature death, major lawsuit, disability.

* **S3 Strategy:** TRANSFER (INSURANCE)

* **Why:** Rare but devastating. This is the "Sweet Spot" for insurance economics.

* **Action:** Buy high limits, high deductibles. This is where insurance belongs.

Quadrant 4: Low Frequency / Low Severity

Examples: Losing a pair of sunglasses, minor cosmic bad luck.

* **S3 Strategy:** RETENTION

* **Why:** It rarely happens and costs little. Don't clutter your mind or budget with it.

* **Action:** Ignore it or pay out of pocket.

The "Is it Accidental?" Test

Before filing a claim or buying a policy, ask:

1. Was the timing unexpected? (Yes = Pass)
2. Was the cause external? (Yes = Pass)
3. Could I have reasonably prevented this through maintenance? (No = Pass)

If you failed any of these, it is likely a Maintenance Expense, not an Insurable Risk.

Insights Summary

Key S3 Differentiator: We help you stop over-insuring the small stuff (Quad 2 & 4) so you can afford massive protection for the big stuff (Quad 3).

Educational Generosity Promise: Use this grid for your business or home to save money immediately.

Your Next Steps

Immediate Action: List your top 3 financial worries. Place them on the grid. Are you using the right strategy?

Foundation Building: Increase deductibles on “Quad 3” risks to lower premiums, then use savings to fund “Quad 2” retention.

Professional Support: Need help categorizing a complex risk? Let's chat.

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