



Risk Governance – making better decisions

**LASS Risk Management and Insurance
Forum 2018**

Today's focus

What is risk?

What are the emerging trends?

A holistic view of insurable risk

Key considerations

Financial implications

Risk governance – making better decisions

What is risk?

Risk is such a broad subject

‘A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities’

- Often seen as a negative
- The grey areas abound
- Only a small portion of risk is ‘insurable’
- Most insurable risk is quantifiable
- Can often be mitigated by pre-emptive action



“Risk comes from not knowing what you’re doing”

Warren Buffet

What are the emerging trends?

Data and analytics are becoming the norm

- AI, machine learning, big data

As the world itself becomes more complex, so will our response

Natural hazards and climate change demonstrate both acute and chronic issues

- Strategies will need to consider both
- They will need to evolve
- We will need to be flexible

Fundamentally – better data is going to lead to better mitigation outcomes

What does all this mean in practice?

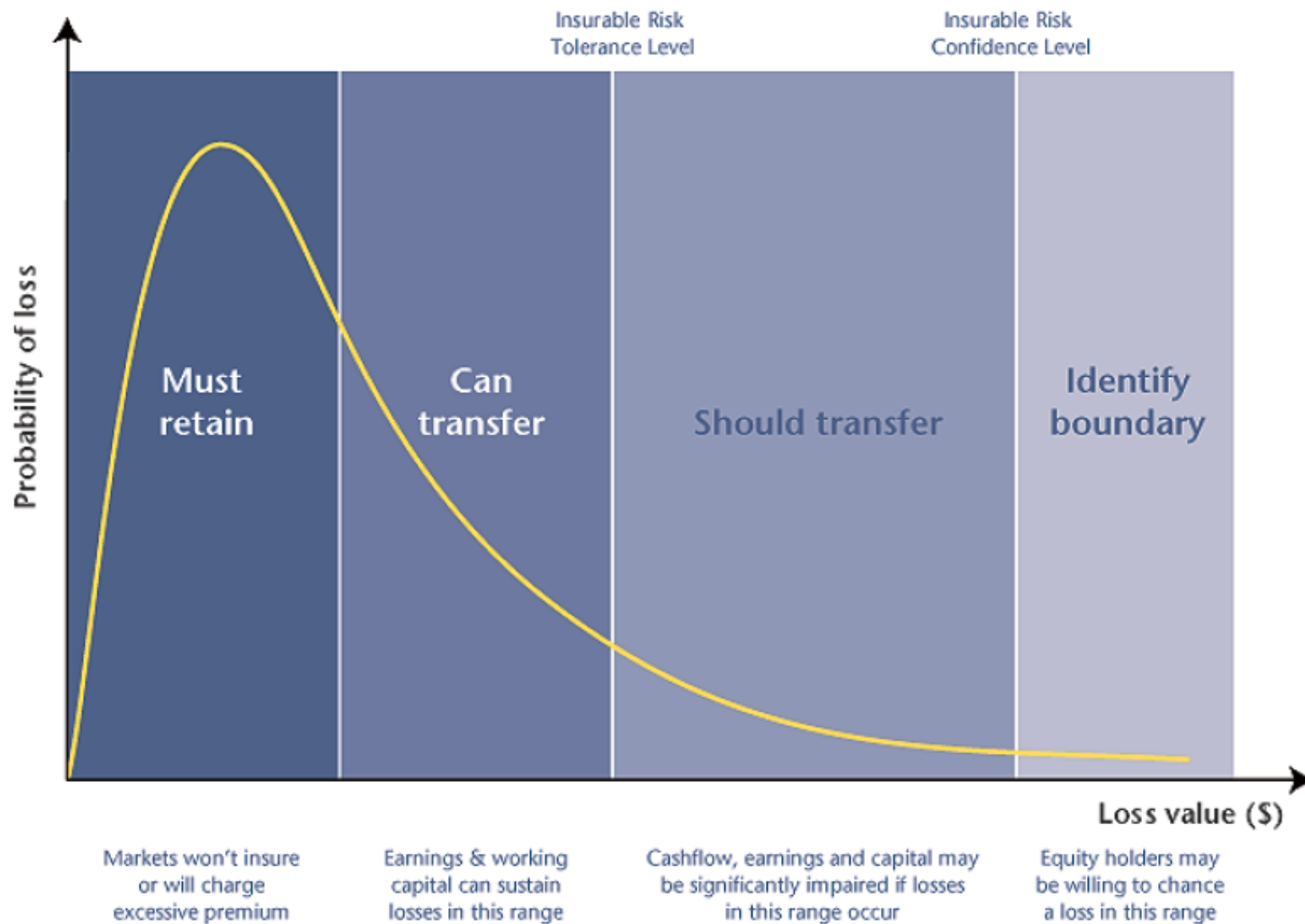
A holistic view of insurable risk



Key considerations

- Joined up thinking
 - removing the internal silos
 - having strategic partners that support your aims
- Multi-disciplinary expertise
 - no one organisation has the data/understanding to these complex problems
 - solutions are going to become more hybrid
- This is a journey not a destination, once you go down this path you will never cease
 - there are virtuous cycles – which need to be understood

Financial implications



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Optimising Insurance Programme

- Alternative insurance products
- Insurance excess
- Insurer security
- Policy terms, conditions and limits
- Pricing
- Risk finance decision platform
- Total sums insured

Determining Risk

- Asset and plant valuations
- Defining the risk (e.g. MDBI exposure)
- Engineering information reports
- Pre-loss business interruption

Resilience

- Asset resilience
- Organisational resilience
- Adaptive resilience
- Post event recovery (BCP, DRP)

Risk Positioning

- Financial ability to accept risk
- Funding availability
- Willingness to accept risk

Control and Prevention

- Avoiding risk
- Education and awareness
- Physical prevention and engineering to mitigate risk

Loss and Volatility Estimation

- Business interruption loss estimation
- Hazard loss estimation
- Loss and claims history
- Natural disaster loss estimation
- Supply chain disruption





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