



Aon's Liability Risk Quantification

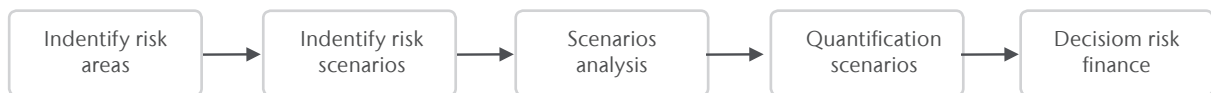
Identify your potential liability scenarios

Companies are facing an ever-increasing need to identify the appropriate limits of liability and coverage tailored to their specific risk profile. Is the current limit sufficient, and in line with your real exposure, and does the coverage match? Aon answers these questions by providing your organisation with the necessary analytical and quantitative tools.

Liability Risk Quantification (LRQ) is a collaborative process between Aon and the client, and follows a structured and proven methodology. Its objective is to identify, assess and quantify the impact of major liability risk scenarios. The detailed risk scenarios are also used in reviewing current liability policies, and identifying coverage gaps or sub-optimal programme construction.

How it works

The LRQ methodology includes the following steps:



In cooperation we identify the most critical risk areas on corporate level. The scenarios that require quantification are selected and then developed using event trees in operational-level workshops. By using claims and risk data, we calculate the amount per loss component. Loss components include:

- personal injury;
- material and business interruption costs third parties;
- environmental damage;
- recall costs;
- pure financial loss;
- fines;
- legal costs.

The loss components are aggregated into an estimate per scenario. Combined with the organisation's risk appetite, decisions can be made on:

- financing liability scenarios;
- limits of liability insurance;
- strategic risk management decisions.

Liability Risk Quantification report

The resulting Liability Risk Quantification report provides a sound basis for decisions about purchasing strategy, with the evidence critical for debate at board level. It also improves the focus on critical aspects of quality management. The Liability Risk Quantification methodology has been successfully applied in sophisticated organisations in high-risk industries, including oil & gas, chemicals, pharmaceuticals, food, and medical devices.

Benefits

Aon's Liability Risk Quantification offers your company renewed and increased confidence in your liability programme.

- improved insight into and understanding of major liability risks, and therefore better decision making, at both business unit and board levels;
- alignment of policy limits and sub limits with real exposure;
- business units are motivated to improve the management of their own liability risks. For example:
 - strategic review of certain products (low margin, high risk);
 - improved focus on certain critical aspects of quality management and contract management.

Aon

Aon Global Risk Consulting (AGRC) is the world's leading risk consultancy. Our global network gives us unparalleled knowledge of the challenges and opportunities in your sector. AGRC provides comprehensive and tailored solutions through a consistent approach applied by a panel of industry experts, specialising in a wide range of disciplines.

Additional information

If you would like to find out more about the added value of Liability Risk Quantification for your company, please contact:

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