



Aon's Scenario Analysis

Identify your potential loss scenarios

Which external developments, or products and activities in your company, may expose you to substantial losses? Is your organisation prepared for a major calamity, such as a cyber attack? Aon can help you answer these questions and also helps you understand the effects on your financials. This enables you to make informed business decisions.

Scenario analysis is a collaborative process between Aon and the client using a structured and proven methodology. Its objective is to identify, assess and quantify the impact of major losses, such as risks resulting from product liability, cyber attack, environmental events, and directors & officers (D&O) liability. The detailed risk scenarios are also used to review current insurance policies, and identify coverage gaps or sub-optimal insurance programme constructions.

How it works

Aon's Scenario Analysis includes the following steps:



Together with the client, we identify the most critical risk areas on corporate level. We then select the scenarios that need to be quantified. The scenarios are then developed using event trees in operational-level workshops. The amount per loss component is calculated with reference to claims and risk data.

Examples of loss components are:

- loss of turnover;
- higher costs;
- material and business interruption costs caused to third parties;
- environmental damage;
- recall costs;
- fines.

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

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

Scenario Analysis Report

The resulting Scenario Analysis Report provides a sound basis for changes in insurance strategy, and includes the management information required at board level. Aon's Scenario Analysis Methodology has been successfully applied in sophisticated organisations in the oil & gas, chemicals, pharmaceuticals, medical devices, mass transportation, and media & entertainment industries.

Benefits

- Aon Scenario Analysis offers your company:
- improved insight into and understanding of major risks and therefore better decision making at business unit and board levels;
- alignment of policy limits and sub limits with real exposure;
- renewed and increased confidence in your company's insurance programme and compliance;
- motivation for business units to manage their own risks, through e.g.: strategic review of certain (low margin, high risk) products;
- 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 organization. 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, specializing in a wide range of disciplines.

Additional information

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

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