

The Issue

To comply with the requirements of shareholders, governing bodies and insurers, it is increasingly important that company officials and their advisers understand the business interruption risks inherent within their organisations and the adequacy of their insurance arrangements.

The impact of these risks is increased by:

- ⊙ Interdependencies within the organisation.
- ⊙ Single points of failure and/or bottle necks in the process chain.
- ⊙ Single sources within the supply chain (often not understood or evaluated).
- ⊙ Information and communications dependencies.
- ⊙ Property/location risks.
- ⊙ Risks at the premises of key suppliers and customers.
- ⊙ Market sensitivities and brand and reputation issues.

The solution

idRisk offers a professional and specialist service to evaluate key insurable business interruption risks. This is achieved by the production of an 'interruption report' detailing:

- ⊙ The principal financial and operations dependencies and the potential consequences of an insurable event.
- ⊙ Quantification of business interruption loss figures.
- ⊙ An analysis of future insurance needs.
- ⊙ Risk Management recommendations as appropriate with particular reference to Business Continuity Management.

This consultative service is offered as a stand-alone review, as part of an operational risk review, or as part of, and quantification of, a business continuity management exercise.

idRisk implements a process which includes analysis of:

- ⊙ Revenue and definition and calculation of insurable values including interdependencies, seasonalities and "market" sensitivities.
- ⊙ Increased cost of working expenditure.
- ⊙ Key items of infrastructure and replacement lead times.
- ⊙ Business activities which cannot easily be subcontracted.
- ⊙ Resilience and mitigating factors.
- ⊙ Identification of suppliers which are single sourced and the ability to resource items.
- ⊙ Dependency on electronic data and communications and disaster recovery planning arrangements.
- ⊙ Business continuity planning/risk management arrangements.

Benefits of idRisk's solution

- ⊙ Calculates the Maximum Amount Subject and Normal Loss Expectancy to assist management, placing brokers and insurers in evaluating the B.I. exposures.
- ⊙ Evaluates future insurance needs and audits these against current arrangements.

- ⊙ Assists management in mitigating the risk exposures and formulating a risk financing programme.
- ⊙ Measures the value of business continuity planning arrangements in terms of reduced B.I. exposures.
- ⊙ Gives an understanding of the terms and conditions of the insurance cover.