

SCENARIO-BASED STRESS TESTING

Even in the best run organizations in the world, complex risks are bringing even robust enterprise risk management frameworks to a standstill – rendering them and their organizations feeble in the face of emerging threats. One of the key points of vulnerability in many organizations is the “set it and forget it” approach when it comes to comprehensive risk management. Running veritable fire drills, table top exercises and scenario-based stress tests can help sharpen organizational responses and decision making in the face of adversity.



Financial & Economic

Financial and economic shocks can occur sending reverberating waves through an organization, an industry and, indeed, the global economy. Running scenario-based analysis on how well an organization can weather an economic storm can improve organizational decision making and resilience.



Geopolitical & Security

An emerging market is a country where politics matter more than economics. By this definition, the whole world is increasingly governed by geopolitical and security issues, where even advanced economies are defying the rules-based system and economic norms. Shock-proofing an organization to geopolitical and security storms can help expand readiness to even the most dire scenarios.



Technological

Technological change, cybersecurity, privacy and regulatory complexity do not live in a vacuum of enterprise digital transformation efforts. Running downside scenario analysis on the possible value@risk or interdependencies of technological risks and rewards can help shed new light on investments in digital transformation, privacy and cybersecurity, also adding a dimension to market risk and business model obsolescence.



Environmental

Environmental shocks due to the rising incidence of natural catastrophes or climate change-related threats are not only more frequent they are more severe. Demonstrating how these events can impact an organization and its supply chains must be incorporated as a part of overall enterprise resilience and business continuity planning.



Social & Humanitarian

Social polarization and humanitarian risks loom large and are deeply related to other risk vectors. Gauging market reactions, such as activist shareholders, adverse social movements and what the potential impacts and responses should be is a path to improved readiness.



Governance & Liability

The global erosion of institutional trust stemming for wide-scale corporate governance failures is plaguing organizations of all sizes. Scenario-based stress testing for the likely scenarios and consequences that can bring an enterprise to its knees can help focus board-level attention on the risks and the right responses.

Risk Cooperative is a strategic risk advisory and insurance brokerage firm able to originate, place and service innovative risk-transfer and insurance solutions globally.

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