

ENTERPRISE VALUE@RISK

All too often risk management approaches, even advanced ones, fall short on offering senior leaders and boards precise measures of what is at stake. This is particularly true for emerging risks, such as cyber threats, political risk, climate change and supply chain relationships, among other areas. As the adage goes, if you cannot measure it, you cannot manage it, which often leads many organizations to face perilous blindsides or, worse yet, develop hubris that they are in fact shielded from complex threats. Calculating precise Enterprise Value@Risk measures provides deep insights on the adequacy of risk-hedging strategies, including insurance, as well as overall organizational readiness and risk awareness.



Economic Impact Analysis

Most enterprises are financially underhedged when it comes to complex risks, such as cyber threats, supply chain vulnerabilities, climate and political risks among others. Quantifying precise measures of value@risk can help contain these losses, while correctly framing resilience strategies.



Cyber Risk and Supply Chains

So-called intangible threats, such as cyber, reputational risk and supply chain or third-party relationships often go unmeasured because of their amorphous nature. Putting precise figures around value@risk, as well as correlations and dependencies, can help improve business continuity planning as well as correct hedging and recovery strategies.



Impact and Likelihood

It is not enough to say what the likely risks are to an enterprise, nor is it enough to superficially describe the potential impacts. A deeper level of analysis calls for a read on severity, precise measures of enterprise value@risk, as well as correlations, relationships and dependencies in complex systems.



Economic Analysis

Once enterprise value@risk is determined against different threat scenarios and threat vectors, organizations can make more precise investments in risk mitigation, business continuity planning and disaster preparation, than is allowed for by "flying in the dark."



Risk Reduction Strategies

Enterprise value@risk engagements include risk reduction strategies, whether organizations aim to retain risks, transfer them or partially fund quantifiable risk exposures through hybrid structures.



Total Cost of Risk (TCOR)

Set against precise measures of enterprise value@risk organizations can better gauge and benchmark the adequacy of their total cost of risk and insurance (TCOR) vis-à-vis the actual economic risk they face. This analysis can help set insurance policy limits, as well as inform broker and insurance carrier coverage negotiations.

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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