

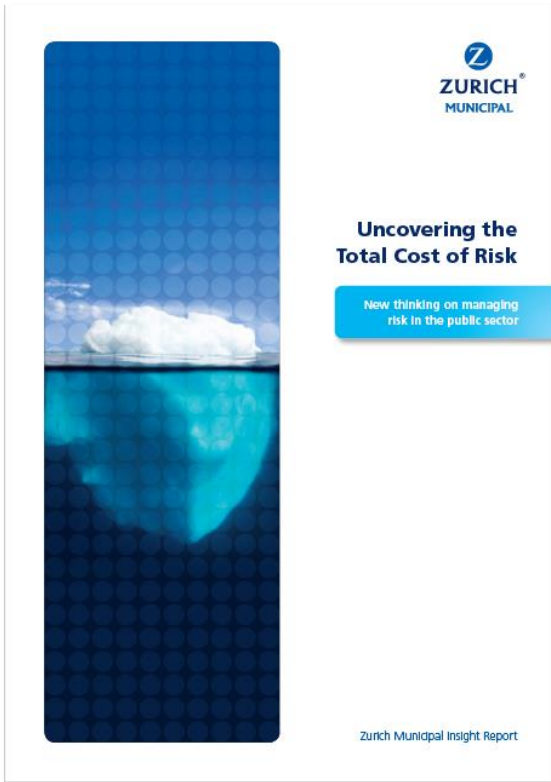
Total Cost of Risk

What value Prevention, Mitigation, Risk and Resilience?

Alix Bedford, Zurich Municipal







A total cost of risk calculation should include:

Risk Financing or Transfer Costs

- This includes all insurance premiums, broker commission/fees and captive contributions

Loss Costs (both Direct and Indirect)

- Direct loss costs such as deductibles and claims that are anticipated and funded inside the risk management plan, the cost of administering claims by third part administrators, uninsured or self-insured losses, and indirect costs such as additional unfunded business expenses that arise from a claim

Administrative Costs

- Including additional fees or expenses paid for claims management, risk control and other project costs such as data analytics

Taxes & Fees

- Including IPT and VAT



Introduction

Total Cost of Risk



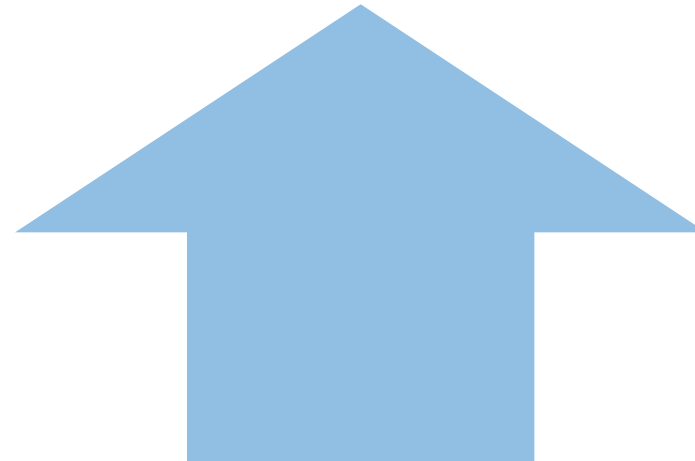
Cost of control

- Insurance management
- Insurance premium
- Risk management
- Inspection regimes
- Maintenance programmes
- Audit
- Training



Cost of response

- Claims payments
- Direct expense e.g. legal
- Penalties
- Productivity
- Reparation/cost of reacting
- Reputation/Confidence/Objectives



Prevention and Mitigation

“Prevention is better than the cure”



<https://www.zurich.co.uk/news-and-insight/a-view-from-our-partner>



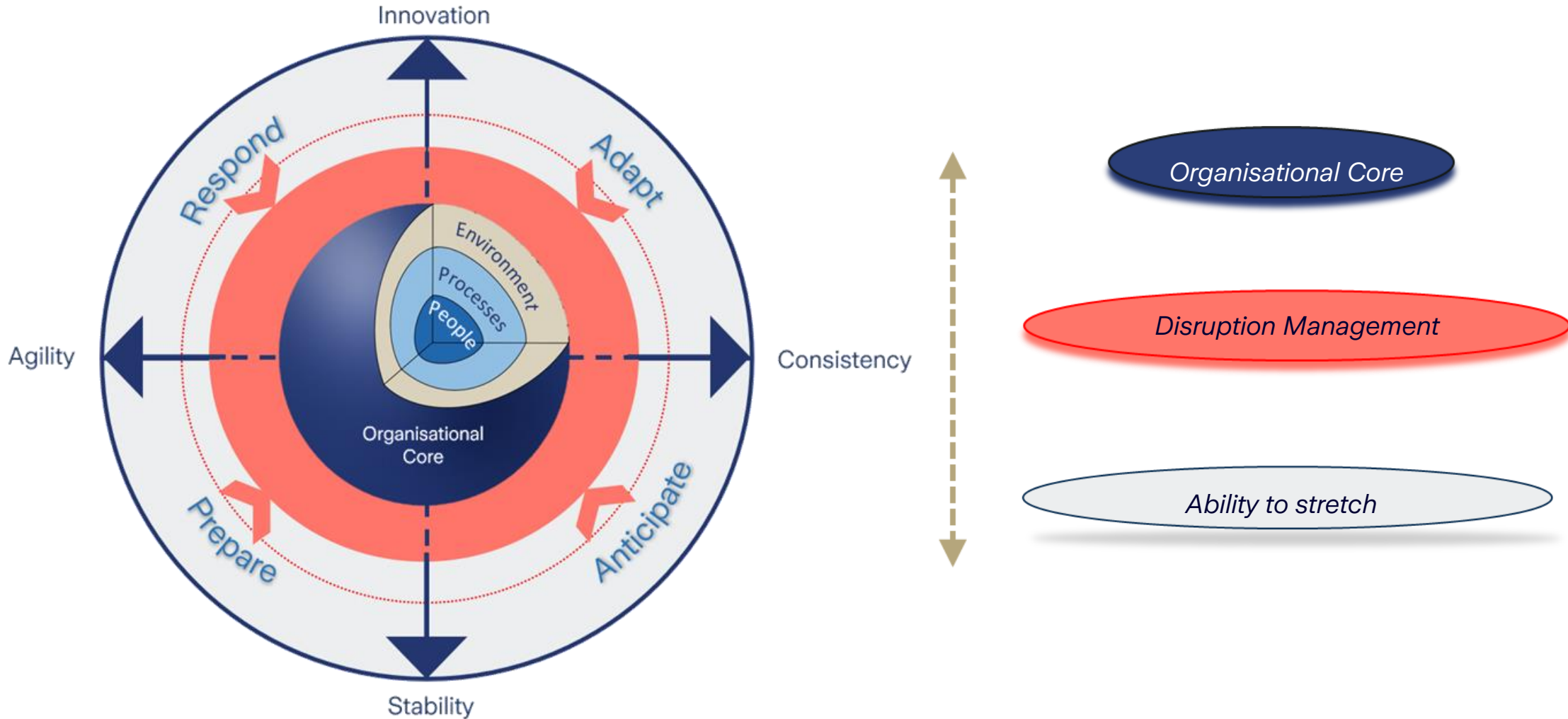
“Short cuts make long delays.” J.R.R. Tolkein



“Give me six hours to chop down a tree and I will spend the first four sharpening the axe.” Abraham Lincoln



The importance of the risk management role



Taking the opportunity to investigate and learn from the past

“The only mistake in life is the lesson not learned.” Albert Einstein



Assess the total cost of risk, focusing on resilience maximises cost savings

Optimise risk mitigation and transfer strategies

Work with your suppliers and experts

Take advantage of a comprehensive risk management approach included in your insurance cover

Have processes and procedures in place to ensure continuous improvement

Invest in risk management resources, systems and solutions

Thank you and let's discuss!

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