THE ALS GROUP

Your Risk Management Partner With Both Eyes On The Future

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Imagine staring into a crystal ball and having the power to know what would happen to your business in the next few months, few years, or decade. You would be able to plot out a path for your company that guarantees success. Risk management might not be this crystal ball, but it is one of the key business functions that can help you navigate the path ahead, based on a deep understanding of current trends, historical data, and market dynamics.

As a leading risk management firm, The ALS Group keeps both eyes on the future because that's where risk happens – in the unpredictable and uncertain of 'tomorrow', and only those who are prepared today can weather the storms yet to come. Having provided clients with thoughtful guidance over the last 30 years, you can count on ALS to be a trusted partner in providing the guidance to identify and mitigate potential risks your company faces.

The ALS Group has a methodical, thorough, and trusted approach to risk identification, structuring insurance coverage and creating an overall "Risk Management Process" that allows for a sustainable program structure.

If we used a familiar healthcare analogy, we are advocates for a "risk wellness program" rather than our clients going to the emergency room time after time. We structure partnerships with the insurance providers while always keeping the Total Cost of Risk (TCoR) in focus.

What does this entail? Here are 5 of the most important risk management factors to consider for your business:

1. Having A 3-Dimensional Approach To Risk Management

Managing risk is about more than just insurance. A high-level, effective, and mature awareness of risk helps your company stay prepared. This is referred to as Enterprise Risk Management (ERM). Identification of risks, understanding how frequent they can occur and what their financial impact could be along with what mitigation steps (including buying insurance) are possible is the process ALS uses. This means 1) looking in-depth at issues in major risk categories depending on your industry (e.g. hazard risk, revenue risk, credit risk, technology, and supply chain risks to name a few); 2) defining what is a true material risk to your company and what is the company's risk appetite (e.g. a manufacturer can't function if their inventory supply is disrupted by some event and then without that regular production are their revenue channels going to be permanently impaired); 3) doing a risk assessment of the current exposure of the business (e.g. identifying the gaps in coverage for your expanding business that you maybe had not considered when starting).

ALS RISK MANAGEMENT ASSESSMENT

2. Knowing The Exact Total Cost Of Risk (TCoR)

We define TCoR as the total cost of your insurance premiums, losses, and costs for related outside services (TPA, insurance brokerage fees, coverage counsel, safety engineers, etc.). TCoR is a quantifiable, controllable number that can be identified and reduced. Because of this, calculating the TCoR for the past 5 years of your business' operations is important. It allows you to implement best risk practices to mitigate the costs spent on risk management, so that your coverage is at its most efficient, without leaving any gaps that could be detrimental to operations. For instance, imagine auditing your IT recovery systems and finding that you have five servers too many, and you pay utilities for them monthly. Would you not want to reduce the number to something more practical yet still remain cautious?

3. Managing Your Interactions And Risks Based On Others

A company's risk management plan requires is five crucial considerations:

- **Create a Risk Management Work-Group** – thinking about risk as a business consequence will allow the senior leadership to integrate risk management in the strategic planning and business management process;
- **Improved Contract Management and Execution** – Having a sturdy risk framework for each contract your company enters into which has a clear scope of work, robust indemnitees to protect the company, comprehensive insurance provisions and appropriate details on the exact terms of coverage that is required will add contract certainty to any dispute or claim.
- **Understand Material Risks** – a thoughtful system of identifying risks that can affect the company's goals is a fundamental part of the process – understand the financial and reputational impact a risk can have – What Gets Measured, Gets Managed!
- **Manage Insurance Procurement** – this includes selecting the risk brokerage partners that will provide value and help the company mitigate risks that can be impactful. The company needs zealous representation in the insurance marketplace to achieve what others cannot. That will contribute to the company's lower TCoR.
- **Address Your Supply Chain Risks** – Are you covered in case one of your suppliers experiences a total loss of business (with fire, flood, wind, earthquakes, or hurricanes considered 'showstopper' risks)?

4. Planning Around Your Company's Intangible Assets

Even in business-to-business (B2B) interactions, the main drivers of those relationships are people. For you to have a firm grasp on your relationships with suppliers and customers alike, you need to be able to manage risks associated with human capital, including intellectual property and reputation. A comprehensive Enterprise Risk Management strategy puts more esoteric risks in focus. To eliminate gaps where staff and other people are concerned, a company needs to emphasize strong internal governance procedures, including training and development of employees where necessary. This also requires a strong focus on health and safety regarding the people who work for your company.

5. Have An Integrated IT Risk Framework Alongside Your Business Risk

According to the most recent Allianz Risk Barometer, Cyber Risks rank as the top business risk for a third year in a row. With the current iteration of the internet, data breaches occur quite often and companies across the world are implicated. IT Risk is something that should be approached both offensively and defensively, to make sure that a company's bases are covered. Any business that approaches IT risk holistically with all the other risks involved with the company effectively decreases the cost and scope of a data breach. This counts especially if you have customer-facing technologies like apps where your customers' information could also be jeopardized. At the ALS Group, we work using a cross-organization methodology to make sure the risks associated with data and other technological breaches are mitigated.

Identify and analyze exposures.

When faced with risk don't run in the opposite direction or opt to use a crystal ball of fallacy. Rather, have confidence in your risk management process where your company can use metrics, analysis, and auditing to its advantage. Our professionals at The ALS Group are not clairvoyants working with crystal balls, but they are knowledgeable in the multifaceted environment of keeping your company safe. We make sure that your gaps are covered so that no one misstep has you falling through a hole. Trust us to be your "jungle guide" to clear an informed pathway to a mature and effective risk management program.

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