

What is the total cost of risk?

The TCOR is a quantifiable and controllable number that can be identified and then measured.

TCOR = Insurance premiums + direct costs + indirect costs + risk management expenses

Most people assume the TCOR refers to insurance premiums alone. But, by recognising all of the costs, you can implement strategies to reduce them.

Fact:
73.5% of companies don't monitor the total cost of supply chain disruption – leading to significant hidden costs

[Source: Zurich's 2014 Supply Chain Resilience Survey]

A typical insurance vs risk conundrum



Managing the TCOR

Aspects of these uninsured risks can be transferred to Zurich, such as protection against:

Zurich has a wealth of experience protecting some of the UK's largest and most complex Corporate risks (£5m to £300m turnover)

Data breaches

Fact:
\$3.5 million
The average cost to a company of a data breach in 2014, up 15% from 2013

[Source: Ponemon Institute's 2014 Cost of Data Breach: Global Analysis study]

Supply chain failure

Sorry we're CLOSED

Business interruption

Planning for the unplanned

Alongside traditional risk transfer covers, Zurich has developed speciality insurance to ensure businesses are protected from:



Modelling the TCOR

	Tangible costs	Intangible costs
Cost of control	<ol style="list-style-type: none"> 1. Insurance & insurance section 2. Inspection regimes 3. Training e.g. health & safety 4. Audit 5. Maintenance programmes 6. Supply chain management 7. Budget management 	<ol style="list-style-type: none"> 1. Goodwill 2. Reputation 3. Morale 4. Absence & health issues 5. Positive performance 6. Leadership & good management
Cost of risk	<ol style="list-style-type: none"> 1. Retained cost of claims 2. Court claims, legal expenses 3. Clean-up costs 4. Fines from service failure 5. Credit costs, strike costs 6. Penalties e.g. information commissioners 7. Time and costs of change 	<ol style="list-style-type: none"> 1. Reputation damage 2. Uncertainty 3. Loss of confidence 4. Loss of capacity 5. Failure to achieve objectives

Reducing the over all cost of risk?

The value of risk management



Therefore, gaining a true understanding of the TCOR allows businesses to better manage their overall risk profile

For more information, please get in touch with your usual Zurich contact