

Loss & External Operational Risk Loss Data

Paul Ashton

Director, ORIC

Agenda

- ORIC & Its Purpose
- Internal Loss Data: Challenges
- External Loss Data: Challenges
- Next Steps

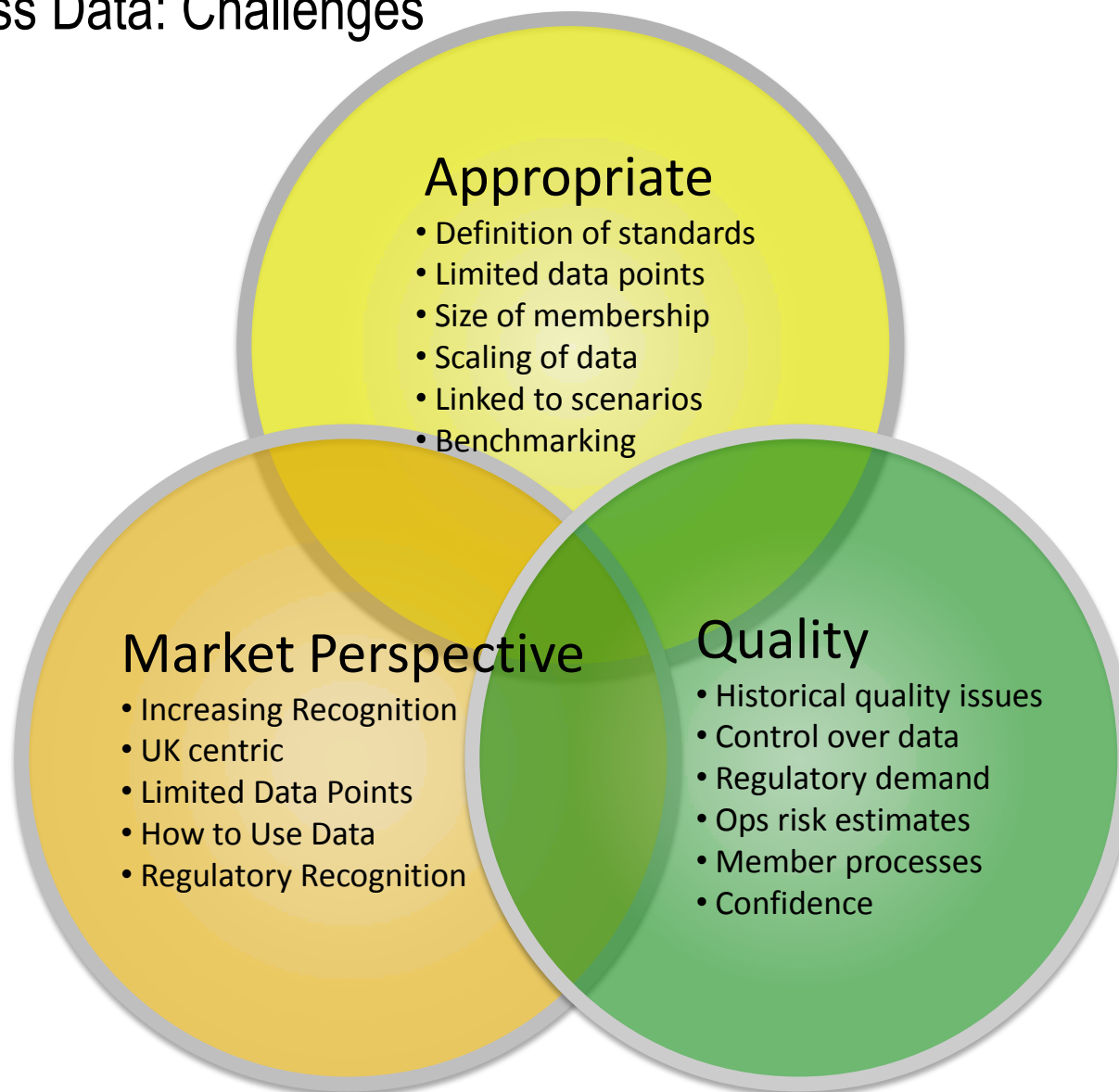
ORIC's Purpose & Aims

- **ORIC's purpose**
- ORIC exists to help members manage operational risk by providing high quality loss event data that will allow them to understand the potential scale and source of losses. ORIC collects, standardises and reports on operational risk loss data for the insurance industry. It works with members to ensure data are helpful for regulatory purposes and to improve the tools available to analyse these data.
- **Key Aims**
- To provide high quality operational loss event data relevant to the insurance industry.
- To improve the tools available to members to help them with their analysis of operational risk, including:
 - Benchmarking
 - Scenario benchmarking
 - Scaling data
 - Modelling options for operational risk
- To help members work with regulators to set the framework for dealing with operational risk quantification and capital allocation in insurance.
- To help support the development of good practice in operational risk analysis and modelling in insurance and provide a framework that allows members to exchange ideas and information on the management of operational risk.

Internal Loss Data: Challenges



External Loss Data: Challenges



Next Steps

- Consensus needed across industry regarding capture and use of loss data
- Need for data quality standards
- Loss capture best practices to be adopted
- Greater emphasis on quality of data from internal and external sources
- Confidence in external data required to increase use and acceptance by stakeholder community
- External data providers must provide more than data: scaling, benchmarking tools