



CHC  
Global

# Malicious Risks: Probable Maximum Loss (PML) Studies

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## Malicious Risk PML Studies

A Probable Maximum Loss (PML) study provides an independent and expert third party evaluation for organisations to understand their exposure to malicious risks. It provides decision makers with a detailed understanding of the risks their organisations are exposed to and paints a clear picture of what a worst-case scenario may look like. Our studies can cover risks relating to a range of political violence scenarios, but are often focused on terrorism and related issues.

While some perils can be assessed by looking at past data; analysing malicious risks can be a far more complex exercise, as hostile actors can be intelligent and highly adaptable. A PML study brings together quantitative and qualitative analysis, including our proprietary data and in-house expertise. Our unique approach equips organizations with confidence in their decision making relating to the management and transfer of terrorism and other malicious risks.

At the completion of a PML study, clients receive detailed analysis and commentary on a range of scenarios, including an assessment of the specific financial and other impacts of the most likely, worst-case, and credible worst-case positions.



## Insurance Context

Our methodology is unique and our PML studies are undertaken within the context of an insurance transaction and the client's individual malicious risk exposure. This means that the resulting reports offer practical and quantifiable information for clients to make well-informed decisions.

## Enterprise Risk Integration

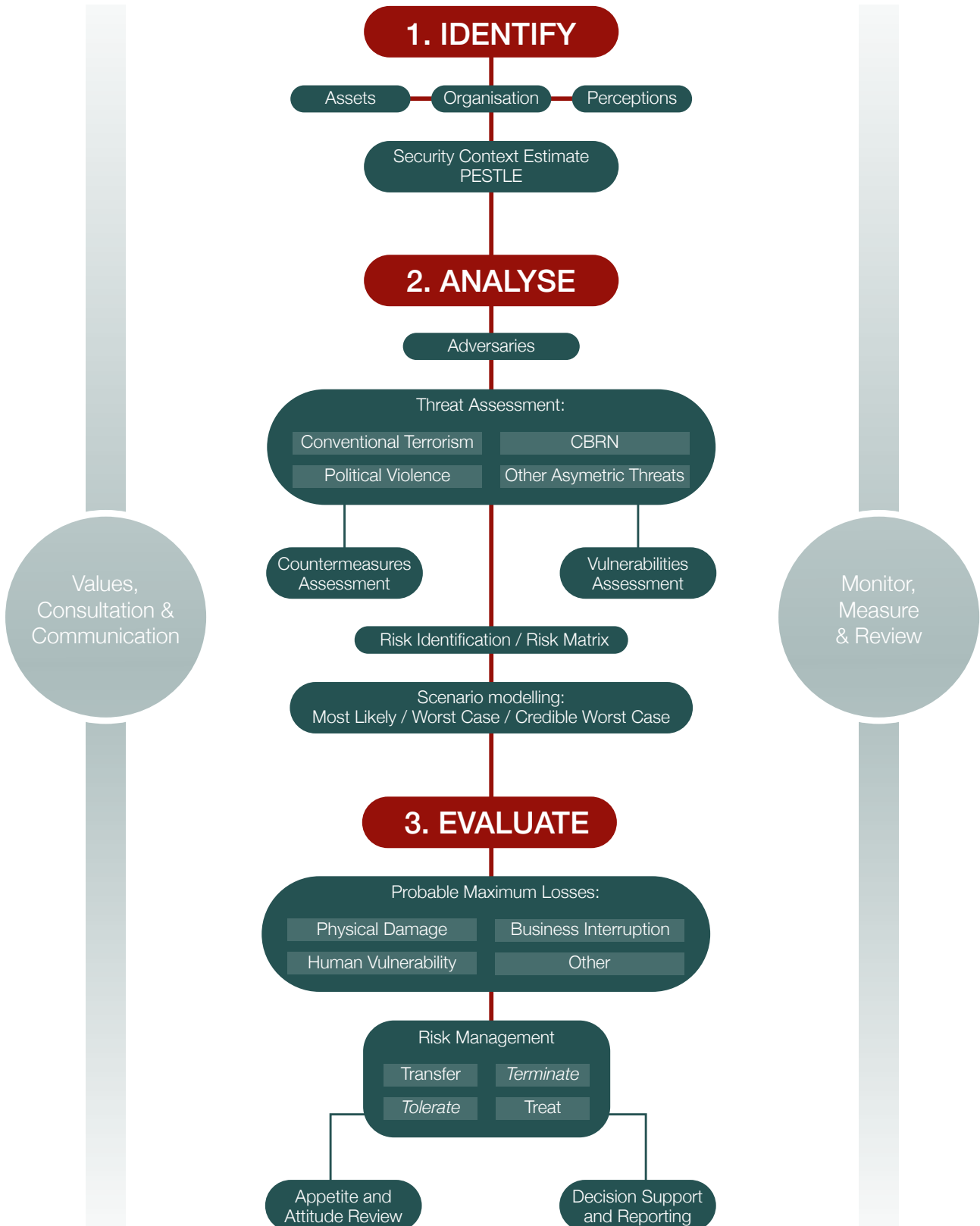
We employ the globally recognised ISO-31000 risk management approach to developing a comprehensive malicious risks picture and a range of scenarios. Through using this widely accepted methodology, clients find that the outputs of our risk assessments can be easily integrated into their existing risk register, often at Enterprise Level.

## Physical and Cyber Considerations

Our PML studies were initially developed looking at hostile actions from a physical perspective, including impacts on the built environment, operations and people. With the changing nature of malicious risks, we can now also consider the possible impacts of events which may occur at the cyber-physical nexus; for example where an attack on industrial control systems creates physical damage or business interruption.



# A Rigorous Approach





## Stage 1: Identify

Our risk assessments are based on analysis of historical events, the contemporary terrorism landscape, and the client's existing threat management posture. Working closely with our clients, we consider relevant threats, vulnerabilities, and malicious risks as well as the client's risk appetite. This initial phase involves an assessment of premises, together with interviews with a client's key team, to understand their perception of risk and the security environment they work in. For most projects this involves site visits and interviews.

## Stage 2: Analyse

Our expert advisors draw on their specialist knowledge and experience to collate findings from the identification phase. We identify potential adversaries, their intentions and capabilities as well as assess current countermeasures and existing vulnerabilities. In some instances, we draw on the specialisms of the broader Advisory Team in blast modelling and cyber. It is during this phase that we can develop an accurate picture of most likely, worst case and credible worst case scenarios.

## Stage 3: Evaluate

During this final stage we are able to apply an insurance lens and consider the probable maximum loss position. This final study allows decision makers to be extremely well-informed when it comes to new and renewal insurance arrangements, and to confidently discuss and negotiate changes to existing limits, wordings or assets to be included in an insurance programme.





## Types of PML

We offer three levels of PML:

### Desktop

We produce our assessment based on the information that would usually be provided with a terrorism insurance submission, and compliment this data with open-source research. We conduct a remote review of assets, threats and vulnerabilities in order to produce an assessment.

### Enhanced

We start with our desktop PML and add scenario blast-effect modelling to produce a semi-quantitative loss assessment. Through enhanced desktop assessment and remote interviews, we consider in detail the existing risk mitigation capabilities of the insured assets, to determine potential enhancements that could reduce the probable maximum loss.

### Comprehensive

We conduct an initial assessment using the information from the insurance submission, and then compliment this with detailed open-source research and site visits. Routinely, we would speak with the security directors and engineers during the site visit. Blast and effect modelling is conducted to produce an estimate of damage and losses.



## Benefits of undertaking a PML

- Provides a better understanding of malicious risks, which can be incorporated in Enterprise Risk Management structures.
- Demonstrates duty of care and a commitment to safety and security.
- Improves business resilience and crisis planning.
- Demonstrates that a relevant risk assessment has been conducted.
- Informs insurance purchasing, particularly in a challenging terrorism and political violence market.
- Supports submissions to lenders seeking indemnification against debt.





## About CHC Global

CHC Global are strategic malicious risks advisors, protecting people, assets, and operations from deliberate actions, intended to cause significant harm, loss, or disruption. Focussed exclusively on malicious risks, we solve complex problems for clients across the globe. The business comprises an insurance broking team, that guides and supports clients in the transfer of their risks through specialist insurance products, and an advisory practice that helps clients understand and manage their malicious risks.

We have experience operating across five continents, including in complex environments. Our clients range from global enterprises to private clients, and we have extensive experience working across a range of industries including hospitality, events, real estate, retail, critical national infrastructure, news media, pharmaceuticals, extractives and insurance.

We operate in the context of the Lloyd's of London insurance market; we are a Broker at Lloyd's and are regulated by the UK Financial Conduct Authority. Fiercely independent, we are home to some of the world's leading malicious risk experts and our clients can be reassured of our quality and discretion.





## Find out more

Expertise Independence Integrity Discretion Respect Loyalty

If you would like to find out more about CHC Global and the work we do, please visit our website [www.chcglobal.co.uk](http://www.chcglobal.co.uk), you can also find us on LinkedIn.

If you would like to discuss undertaking a PML study for your organisation please email: [info@chcglobal.co.uk](mailto:info@chcglobal.co.uk)

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