

Aon Risk Maturity Index



What's your organization's risk maturity rating?

Overview and Purpose

The Aon Risk Maturity Index is a first-of-its-kind tool designed to capture, aggregate and assess an organisation's risk management practices and provide participants with immediate feedback in a Risk Maturity Rating and comments for improvement. Aon has partnered with the Wharton School of the University of Pennsylvania to develop the Index and conduct joint research on the relationships between risk management practices and actual performance.

The Aon Risk Maturity Index combines the experience and knowledge of Aon Risk Solutions (ARS), Aon Global Risk Consulting (AGRC) and Aon Hewitt into an easy-to-understand questionnaire on risk management processes, corporate governance and risk understanding. Upon completion of the 30-35 minute questionnaire, participants receive a customised Risk Maturity Rating and general commentary on improving that Rating.

The Index was launched in April 2011 with selected US clients and responses will continue to be captured as the Index is rolled out globally throughout the remainder of the year. As more data is captured, the Index will evolve into an industry standard and a platform for insight on global Risk Maturity Ratings, as well as a means for providing real time insights into an organisation's rating relative to industry peers. These valuable insights can be used by to support strategic discussions regarding risk management frameworks and capabilities. The Index is free to complete.

Question Focus

The Index includes a variety of questions concerning risk management practices, corporate governance and management decision processes. The questions and content are targeted at risk and finance leaders, although senior legal or business leaders may also be able to respond. Question topics include:

- Board Understanding & Commitment to Risk Management
- Risk Management Stewardship
- Risk Communication
- Risk Culture: Engagement & Accountability
- Risk Identification
- Risk Management & Strategy Development
- Risk Information & Decision Making Processes
- Risk Information & Human Capital Processes
- Risk Analysis & Quantification
- Risk Management Focus & Strategy

Risk Maturity Ratings

The data captured will support analysis of the relationship between specific business practices and financial performance. Risk Maturity Rating levels are defined in the table below.

 <p>5 Advanced</p>	<p>The organisation has a well developed ability to identify, measure, manage and monitor risks; risk management processes are dynamic and adapt to changing risks and business cycles</p> <ul style="list-style-type: none"> • Formal statements of risk appetite and tolerance exist and guide decision making • Risk and risk management information is explicitly considered in decision processes • Analysis is consistently applied, incorporating qualitative & quantitative techniques • Risk management is viewed as providing a competitive advantage with a focus on optimising risk-reward trade-offs
 <p>4 Operational</p>	<p>There is a clear understanding of the organisation 's key risks and also a consistent execution of activities to address these risks; some functional areas may employ more sophisticated techniques</p> <ul style="list-style-type: none"> • The set of loss and tolerance guidelines are predetermined or developing • Explicit consideration of risk and risk management information is taken in key decisions • Analysis is consistently applied, incorporating both qualitative and quantitative techniques
 <p>3 Defined</p>	<p>The organisation understands and is addressing its key risks; capabilities to measure, manage and monitor risks are in place but may be inconsistent across the organisation</p> <ul style="list-style-type: none"> • Guidelines for loss and risk tolerance are less developed • Risk and risk management information is considered informally I implicitly in decision making • Analysis is consistently applied, with a focus on qualitative approaches
 <p>2 Basic</p>	<p>There is inconsistent understanding, management and monitoring of key risks across the organisation; capabilities to consistently identify, assess, manage and monitor risks are limited</p> <ul style="list-style-type: none"> • Risk management activities occur at the functional level rather than the enterprise level • Risk management activities emphasise compliance • Risk and risk management information is considered informally or implicitly in decision making, often on an ad hoc basis
 <p>1 Initial</p>	<p>If the organisation identifies and addresses risks it is done within silos only; components and activities of the risk management process are limited in scope and implemented in an ad-hoc manner</p>

For more information or to participate in the Index, contact paavo.laakso@aon.fi