

# How do I know my policy limits are right for my organisation?

Choosing the right insurance limit on liability is a challenging task. Getting it wrong can have a significant impact on your organisation’s balance sheet. **Limit analysis** is one way to bring some science to the guesswork.

## The problem

Many risk professionals struggle to put a value on their liability risk exposures and map out their maximum foreseeable losses, leading to policy limits based on guesswork, budget constraints or benchmarking. The problem with this approach is that it does not take into account the risks unique to your organisation.

## The impact

If your policy limit is too low, your organisation’s balance sheet may be crippled by an un-insured loss. In the event of a catastrophic loss you may also face intensive questioning from your organisation, its board and even shareholders about the policy limit decision.

## The solution

Limit analysis is Aon’s risk quantification process that helps you to identify and assess the specific liability risks your organisation is facing. Using information from your business and Aon’s risk library, we identify worst case scenarios, potential impacts and then we model the risk using Monte Carlo simulation.

## The benefits

- Avoiding catastrophic balance sheet costs – Limit Analysis will provide you the information you need to ensure the organisation’s liability insurance is fit for purpose, and not exposing the business to an underinsurance risk
- Efficient spending – Our method will provide you the information that you require to choose the right limit and avoid unnecessary spending on over-insurance
- Tailored approach – You will be equipped with information that is specifically tailored to your organisation’s risks and needs – insurance is not a one size fits all approach

## Where is this relevant?



Product Contamination & Recall      Cyber      Crime      Public Liability      Professional Indemnity

## Contact

To find out more or organise your consultation, please contact Ross Ivey on ph: 03 9211 3337 or [ross.ivey@aon.com](mailto:ross.ivey@aon.com)



**“Limit analysis helps to bring some science to the guesswork and equips you with the information you need to make such an important business decision”**

*Ross Ivey*

## How we can help

Our expert Risk Analytics team can conduct limit analysis for your organisation to assist you in choosing the right policy limits.