

## Loss Data Consortium Service

*Standardised loss event pooling, checking, analysis and reporting for individual loss data consortium, using a common set of data standards and a single technology platform with advanced security features.*

The Loss Data Consortium Service is a set of professional management, data collection, data checking, data analysis and data reporting services provided by RiskBusiness to individual loss data consortia on a subscription basis. The Service allows individual participating firms to pool loss event data on an anonymous and confidential basis, then use the resultant industry statistics, derived data and anonymous data points for their own internal purposes.

Many organisations want to have access to anonymised loss event information which relate to their peers and customers or clients. Until now, access to services of this nature have usually been either extremely expensive or have been limited in scope, data quality or ease of data access. By introducing a common set of data standards, accompanied by tiered service levels, participants gain reliable and easy access to high quality data of a nature determined by the service level which that participant feels provides the appropriate cost-benefit trade-off.

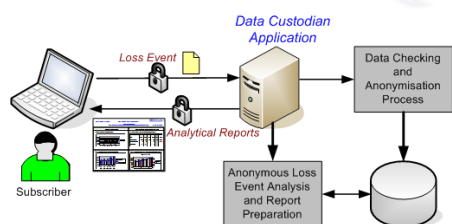
In abstract, a participant subscribes to the Loss Data Consortium Service through a local association, which also forms part of the overall governance process. The participant is provided with a set of data standards and is expected to contribute its own loss event information according to those standards, using a secure data submission process. Submitted data is automatically checked and, if accepted, anonymised and encrypted, then stored at an independent data custodian. The consortium services team runs a variety of data analysis on the anonymised data and provides analytical reports, depending on the Subscriber's service level, back to the participant's authorised users.

Data confidentiality is enforced through segregated data storage and data encryption, using a combination of public and private keys, with participant identifier data being separated from loss event value and detail, then stored in encrypted form. This thus requires access to the participant's private key to reconstruct and thus identify the source of any single loss event. Only the participant has its private key.

Loss data consortia data fills a crucial gap in the information required by an organisation in assessing its exposure to the environment within which it operates – it can be used to augment the organisation's own internal loss history, as a source of establishing scenarios which may impact upon the organisation and which should thus be evaluated and as a means for evaluating business decisions, such as expanding into new business areas or geographic locations or in evaluating a potential investment opportunity into a new industry sector. While some will argue that public loss data performs a similar role, such data is always handicapped by its source – publicly available data – while in a loss data consortium, members agree to submit all of their data, not just that which "escapes" into the public domain.

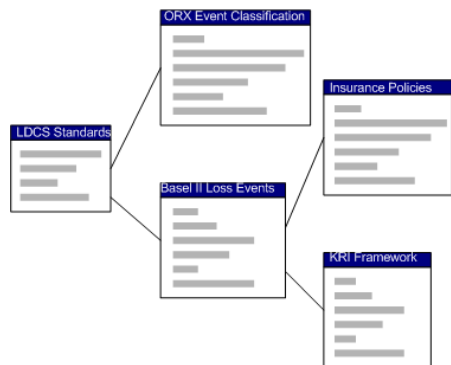
The Loss Data Consortium Service provides the same set of services to many individual loss data consortia, thus providing a cost effective "localised" solution to individual country or regional requirements, while facilitating the possibility for cross-industry sector and/or cross-border data sharing between individual loss data consortia.

To achieve this, the Loss Data Consortium Service employs advanced technical solutions to data collection, data checking, data anonymisation, data analysis and data reporting to facilitate a near "real-time" supply of relevant loss event information which participants may use for their own internal purposes.



A key difference between the Loss Data Consortium Service and other loss data consortia is that RiskBusiness has leveraged technology and prior experience in collecting sensitive data, preserving confidentiality and providing value-add reporting to provide a single, global service which is customised and individually branded for each local or regional association interested in collecting loss event information amongst its members. The Loss Data Consortium Service also crosses industry sectors and the different types of risks which individual organisations face.

A core principle underlying the Loss Data Consortium Service is a comprehensive set of data standards, which include relevant definitions and thresholds and stipulate the loss data classification structures used. These structures are also mapped to the Basel II loss event types, the RMA's KRI Framework, ORX's event classification and to standard insurance policy structures. Our data standards cover both operational risk and credit issues, thus facilitating the collection of probability of default, loss given default and exposure at default data, in addition to actual or potential losses.



The RiskBusiness Loss Data Consortium Service is a cost-effective, secure and confidential service which provides a high standard representative data set for internal use by participants. Through the common platform and data standards, coupled to the International Loss Data Consortia Association which is focussing on best practice and global standards, a participant is secure in the knowledge that the data they have available represents an equivalent standard to their own internal data, yet on a far more expansive basis. Note however, that RiskBusiness itself is not a loss data consortium, but the provider of the core services to many different loss data consortia who each use the Loss Data Consortium Service.

For more information on establishing a loss data consortium in your country or geographic region or to find out about existing loss data consortia which you may be able to join, please contact RiskBusiness Services Limited through our website or email us at [info@RiskBusiness.com](mailto:info@RiskBusiness.com).