



ARAG Rechtsschutz

Professional management of operational risk

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Through the implementation of ProKoRisk® we have substantially accelerated our operational risk management processes. ifb group has proved itself a highly competent professional and technical partner throughout the implementation phase.

Dr. Paul-Otto Fassbender
CEO ARAG Legal Insurance

The ARAG group uses ProKoRisk® to optimise its OpRisk system

Operating in twelve European countries and the USA, ARAG is one of the world's three largest providers of legal protection insurance. In Germany, the group also provides personal insurance as well as property, third-party, accident and motor insurance. The largest German family-owned insurance company developed a differentiated concept of tackling operational risk at an early stage, which was then implemented on a group-wide basis. In 2006, ARAG made the decision to introduce a professional software solution to efficiently support the operational risk management processes.

The aim of the investment was to reduce the amount of human resources required to carry out risk inventories in order to accelerate risk identification and assessment processes. ifb group were awarded the contract to transfer ARAG's existent and complex professional operational risk management concept (OpRisk) into a software-supported solution. The decisive factors that supported the choice of partner were extensive coordination between the concepts and the high level of professional expertise of both parties. These factors guaranteed the timely implementation of a high performance OpRisk system throughout the group.

Clearly defined requirements

ARAG's software decision was based on comprehensive performance specifications formulating the system's contextual requirements. These guidelines simultaneously aimed to create optimal conditions for implementing the solution in all the group companies.

The main criteria included:

- An automated, centrally controlled process for the implementation, assessment and reporting of risk inventories.
- Clear allocation of operational risk to organisational units and principal departments at the group holding company, insurance companies and service providers.
- Optimal user orientation and motivation through a user screen design based on the corporate design of individual group companies and an English/German dual language layout.
- A differentiated role and user concept in consideration of the high standards of ARAG group IT security.
- Straightforward integration of the software into the group IT landscape and an auditable historisation of risk data.



□ OpRisk as an integral company process component

Following evaluation of the ProKoRisk® software solution on the basis of the performance specifications, the contextual definition of the planned solution was punctually concluded. In the course of implementation, the project team focussed principally on the working process and motivation of the users. In order to ensure a smooth transfer onto the web-based system, the routine procedure familiar to all the participants was adopted. At the same time, in terms of the user interface design, ifb group software specialists maintained close consistency with the corporate design of the individual ARAG group companies in order to identify the OpRisk application as an integral component of the corporate processes. The screen design and the user language on every group unit are activated automatically – independent of the risk manager log-in. The ARAG group carries out quarterly risk inventories with the participation of around one hundred decentralised risk managers, who process all the risks within their area of responsibility via a web interface in ProKoRisk®. Consequently, the project team developed a differentiated role and access rights system using specific access right filters. Commensurate with the high standards of security at ARAG, ProKoRisk® only allows the central risk manager to access all the risk data. In line with the ARAG concept, the central risk manager is the only individual with the possibility to generate reports, carry out plausibility tests and amend or add to master data. The flexibility of ProKoRisk® ensured that all these requirements were met without problem within the tight schedule.

□ Effective practical reporting and high level of acceptance

The ARAG group uses ProKoRisk® to carry out a potential-dependent classification of all identified operational risks and, on this basis, defines a risk-specific auditing and reporting interval. Reporting frequency can be adapted at any time for both selected risks and the entire risk stock. In order to ensure that the risk management system provides the group management with all the relevant facts without producing a surplus of information, the project team developed a portfolio of standard reports. If necessary, additional reports can be generated quickly and easily using the ProKoRisk® Report-Designer. Through the introduction of ProKoRisk®, the ARAG group was able to further increase the level of acceptance of the risk management system in all group units. Above all, risk managers valued the unambiguous web-based user screen and considered ProKoRisk® to be extremely comprehensible and intuitively easy to operate. In the interests of the ongoing development of the operational risk management system, measures had already been taken during the conception and implementation to allow consideration for possible add on phases. Amongst other possibilities, a loss database or chance management system can be integrated if required. As such, ARAG were also comprehensively impressed with the OpRisk solution in view of its future security.