

DAT 610: Milestone One Guidelines and Rubric

Overview: Company XYZ, a property and casualty insurer, has a strong record of using data analytics to manage market risk, credit risk, and insurance risk. After a risk and control self-assessment revealed greater than expected operational losses (largely from fraudulent automobile accident personal injury claims), Company XYZ decided to commit the necessary resources to bolster its operational risk program. The company's stated goal is to have an operational risk management program that performs at the same high level as its other risk programs, all of which are to report into a single chief risk officer.

Company XYZ already has in place an industry-standard special investigations unit (SIU) that is responsible for investigating claims that are suspected of being fraudulent. The unit is understaffed, however, so it is unable to address the high volume of auto accident bodily injury claims that are deemed suspicious in the claims adjudication system. Company XYZ decides that its established SIU is the appropriate operational risk function on which to begin bolstering its operational risk management program. Among the investments needed by its SIU to address operational losses to fraudulent claims, XYZ identified a top priority as a greater investment in data analytics to better help it rank order those claims that are most suspicious.

Company XYZ has also identified a need to invest in a risk management system to consolidate risk data from the entire organization, not just its SIU. Further, the company believes its risk management system should provide robust visualization of internal loss data and also integrate external loss data (to be made available by subscription).

Prompt: Your assignment is to develop an operational risk management proposal for the chief risk officer. The proposal should allow Company XYZ to address its immediate internal losses from fraudulent claims by prioritizing its SIU's limited resources against the most suspicious auto accident bodily injury claims. Additionally, it is your assignment to recommend a risk management system technology platform that integrates the special investigations unit's analytic output with the internal loss data reported by other business functions within Company XYZ.

Specifically, the following **critical elements** must be addressed:

- 1. Organizational Background and Goals**

Provide the background information for your organization. What are the risk assessment goals for the organization?

- 2. Established Programs, Policies, Strategies, and Practices**

What risk assessment programs, policies, strategies, and practices are currently in place within the organization? To what extent are these strategies appropriate for the organization? Consider the organization's current techniques and practices for risk assessment. Evaluate the existing techniques for their accuracy in assessing risk within the organization's data model.

3. Recommended Techniques and Practices

Recommend alternative techniques and practices that would improve the organization's risk management assessment accuracy. What evidence exists to support the improved accuracy and utility of these techniques for the organization?

4. Support for Enhancement of Risk Assessment Potential

What research supports data analytic enhancement through risk assessment techniques and practices? Why is enhancing risk assessment potential important for this organization?

Guidelines for Submission: This submission must be one to two pages in length and must use double spacing, 12-point Times New Roman font, and one-inch margins. Citations must use APA format.

Critical Elements	Exemplary (100%)	Proficient (90%)	Needs Improvement	Not Evident (0%)	Value
Organizational Background and Goals	Meets "Proficient" criteria, and risk assessment and management goals are connected to program, policy, and strategy	Describes the organizational background and accurately articulates the general risk assessment and management goals	Describes the organization's background and articulates the general risk assessment and management goals, but	Does not describe the organization's background and articulate general risk assessment and management goals	25
Established Programs, Policies, Strategies, and Practices	Meets "Proficient" criteria and supports evaluation with relevant examples and research	Evaluates the current risk assessment programs, policies, strategies, techniques, and practices for utility and accuracy in assessing risk within the organizational context	Defines the current programs, policies, strategies, techniques, and practices but does not evaluate them for utility and accuracy within the organizational context	Does not define the current programs, policies, strategies, techniques, and practices	25
Recommended Techniques and Practices	Meets "Proficient" criteria, and recommendations show evidence of an analysis of established practices in alternative environments	Recommends and supports techniques and practices that have the potential to improve risk assessment and management accuracy within the organization	Recommends techniques and practices for the organization but does not support the recommendations in terms of potential improvement of assessment and	Does not recommend techniques and practices for the organization's risk assessment and management improvement	25

Support for Enhancement of Risk Assessment Potential	Meets “Proficient” criteria, and claims and support are contextualized for the specific organizational environment and risk	Supports claims of the importance of enhancing risk assessment potential within the organization with valid and credible research	Makes claims about the importance of enhancing risk assessment, but claims are not supported with valid and credible research	Does not make claims about the importance of enhancing risk assessment	2 5
Total					100