



WESTFIELD
GROUP

Sharing Knowledge. Building Trust.

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ERM Symposium Session C7

*Connective Tissue: Linking Enterprise-Level Risk Appetite
and Day-to-Day Risk Management*

Understand your Organization

- *Mission Statement and Goals*
- *Key Characteristics*
 - *Organizational Structure*
 - *Centralized/Decentralized*
 - *Businesses/Lines*
 - *Geography*
 - *Culture*
- *ERM Governance Structure*
- *Regulatory/Rating Agency Expectations*



Highest Level Risk Statements

- *Dependent on Mission Statement and Goals*
- *Desired/Required Level of Capitalization*
 - *Internal modeling*
 - *Rating agency methodology*
 - *Regulatory methodology*
- *Earnings Volatility*
 - *Explicit vs Implicit*
- *Risks governed by policy statements*
 - *Reserves, Investments, Liquidity, Reinsurance, etc.*

Next Level Risk Management

- *Risk Categories and Ownership*
 - *Strategic, Reputational, Operational, Financial, Compliance, etc.*
 - *Defined qualitative appetite for each and executive owner for each*
 - *Executive team buy-in and understanding*
- *Risk Inventory Process*
 - *Top down and bottom up*
 - *Business unit participation*
 - *Emerging Risk process*
 - *Determine ownership at risk level*



Next Level Risk Management

- *Risk Scoring*
 - *Utilize risk owners and subject matter experts*
 - *Impact, likelihood, onset, item impacted*
 - *Linkage to category risk appetite*
- *Risk Communication and Escalation Processes*
 - *Executive Committee and Board Committee*
- *Integration of Quantitative and Qualitative*
 - *Role of risk category owner*
 - *Role of executive team/committee*

Questions?



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