

The new ERM Guide

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Components of Enterprise Risk

Actuaries and Civil Engineers

- How co-operation came about
- Working together
- Synergies – both are engineers
- Publication of RAMP in 1998, 2002, 2005
- STRATrisk Guide 2006
- Work on operational risk, 2008
- 2009/10 – ERM Guide

Some key points

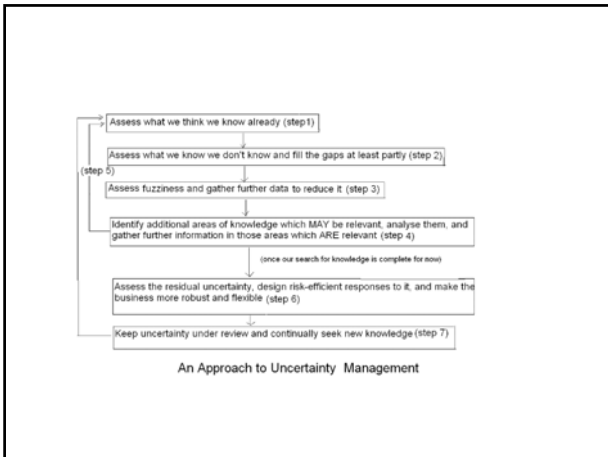
- Gap between currently considered best practice and leading edge thinking
- Impact of unanticipated and increasing change
- Crucial importance of uncertainty – it's not just about risk events
- Hierarchy of risks – project, programme, strategic
- Need for governance and risk-leadership
- Opportunities as well as threats

The ERM Guide

- Many organisations have embraced the ERM concept
- Having ERM may improve credit ratings
- Implementation is proving difficult
- The Guide shows the way to successful implementation
- We believe it could give practical help to many organisations

Contents of the Guide

- Organisational principles
- Managing uncertainty
- Other activities – analysing causes of risk
 - - satisfying risk capacity
 - - studying future scenarios
 - - developing responses to risk
- Managing strategic, project and operational risks
- Risk governance
- Developing an action plan
- Self-assessment check





Board action plan

- Introduce an ERM Framework which studies and manages possible future variability of business outcomes
- Take a proactive unbiased systematic approach to the management of uncertainty
- Develop cost-effective responses to the uncertainty which remains

Board action plan (continued)

- Study hidden pressures
- Set up early warning systems
- Introduce quantitative modelling and scenario analysis
- Arrange for ERM to be interwoven with corporate strategy and business development processes, to achieve overall robustness and flexibility

Board action plan (continued)

- Pay special attention to financial flexibility
- Set up a central risk function with holistic scope
- Give inspirational risk leadership
- Establish a risk-aware culture throughout
- Ensure adequate systems and controls are in place, including crisis management
- Consult stakeholders about risks

What next?

- Is the Guide helpful?
- How can we make a real impact?
- Is publication on the internet sufficient?
- Will actuaries use the Guide to help organisations both inside and outside financial services to introduce ERM?
- Please may we have your feedback?
