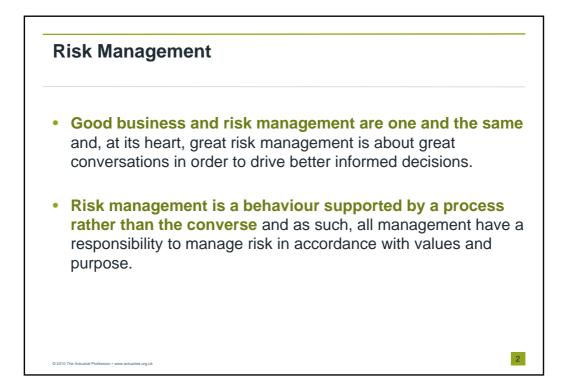
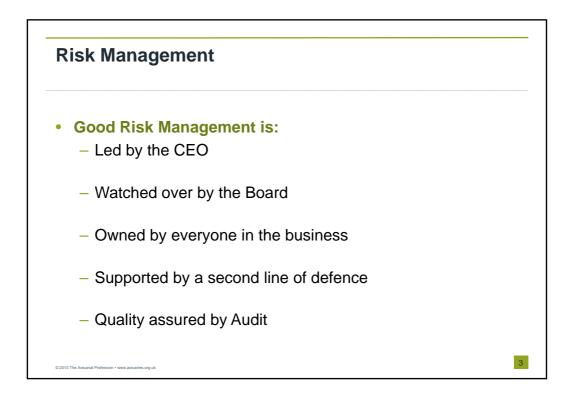
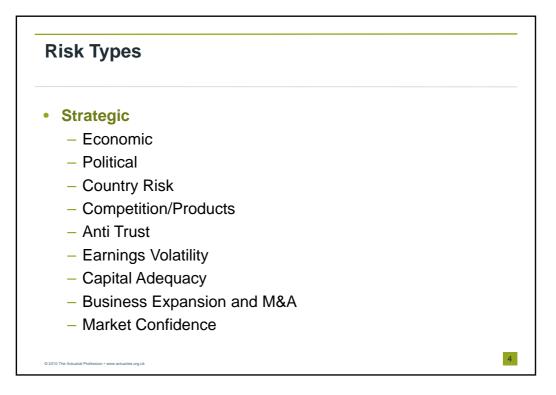
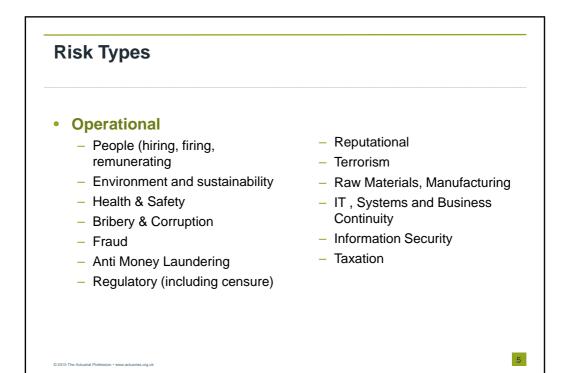


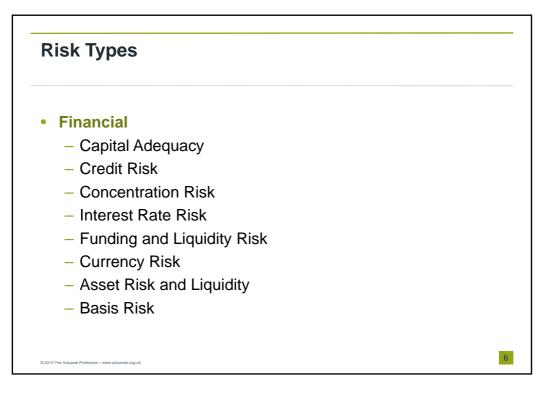
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Risk Management - Corporates		
Strategic Risk	 Strategic risk is important for all Corporates 	
	 Consumer understanding helps with emerging risks 	
Operational Risk	 Customer satisfaction and safety is a priority 	
	 Sales practices 	
	 The factory is often physical 	
	- Commodities	
	– Taxation	
	 Transactional risk is mainly with customers 	
 Financial Risk 	 Limited financial risk on balance sheet for consume goods 	
	 Resource and project risk on balance sheet for capital goods 	
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Risk Management - Insurance		
Strategic Risk	 As per Corporates 	
Operational Risk	 Sales practices 	
	 Information technology is the factory 	
	 Regulators and customers distrust insurance 	
	 Embedded underwriting disciplines 	
	 Large established pricing and valuation models 	
Financial Risk	 Balance sheet is 10 x bigger than Corporates 	
	 Risk remains in the products sold 	
	 ALM is legally required 	
	 Under UK regulation, all contracts are valued and market to market (gross not net) 	
	 Relatively few risk decision people e.g. Product designe valuation experts and investment managers 	

Risk Management - Banking		
•	Strategic Risk	 As per Corporates
	offategie Mak	 Speed of Crisis – Run on the Bank
•	Operational Risk	 Sales practices
	-	 Information technology is the factory
		 Banking in the 'sin bin' since 2008
		 Multiple risk decision points – each banker and each trader
		 Multiple complex pricing and valuation models
•	Financial Risk	 Balance sheet is 100 x bigger than Corporates
		 Liquidity is critical for stability
	 Annual refinancing is 20 x bigger than insurance 	
		 Financial risks in each product sold
	The Actuarial Profession • www.actuaries.org.uk	 Very different risks in Retail, Corporate and Investment Banking



