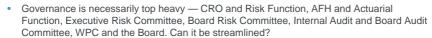
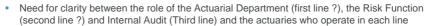


ORSA: A view from the Board Room

ORSA as a Process

- ICA process may need strengthening to improve risk identification, quantification and integration of qualitative risks
- Projection of the ICA to integrate with strategy developments still seems a technical challenge
- Can the process meet the organisation's business cycle and proactively seek genuine risk capital solutions?







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ORSA: A view from the Board Room

ORSA as a Report

- · Frequent updates, annual refresh
- My preferred structure is
 - Where we are now (strategy, risk matrix, management actions, ICA, Pillar 1) kept short
 - Projected results (base case, scenarios, reverse stress tests)
 - Commentary, options and recommendations
 - Attestations
- This should keep report fresh, forward-looking and relevant



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ORSA: A view from the Board Room



Observations — Short term

- Proportionality measured against extreme outcome, not expected result
- How reliable are the management actions in really extreme conditions?
- How can we integrate the insights brought by reverse stress testing? Mitigation of the RST scenarios could be a part of ORSA?
- Are there reports we can drop?



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ORSA: A view from the Board Room



Observations — Longer term

- Still too model-driven while judgements on tails, correlations and extreme events are subjective
- More emphasis on integrating reputation, strategy, culture, conduct and other qualitative risks
- Integrating Project Management and Product Development risks into the ORSA Process
- Can we achieve an integrated Return on Risk Capital discipline?
- IFRS4 must integrate with the ORSA Process



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ORSA: A view from the Board Room

Back to my initial observation

- The ORSA require an attempt to integrate strategy development, risk management, capital allocation, statutory valuation and, in time, financial reporting
- What can go wrong?



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