

Second Enterprise Risk Management Seminar

ERM 2010



Institute of Actuaries of Australia

– It's All About Opportunity

AMORA JAMISON HOTEL, 11 JAMISON STREET, SYDNEY

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The role of the CRO

Challenges and opportunities

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Challenges for the CRO

- Ensure the organisation manages high impact, low probability risks
- Building an effective risk management capability in a cost effective manner
- Embedding this capability into the corporate culture

These are inter-related and are important in developing an embedded 'risk-aware' culture

High impact, low probability risks

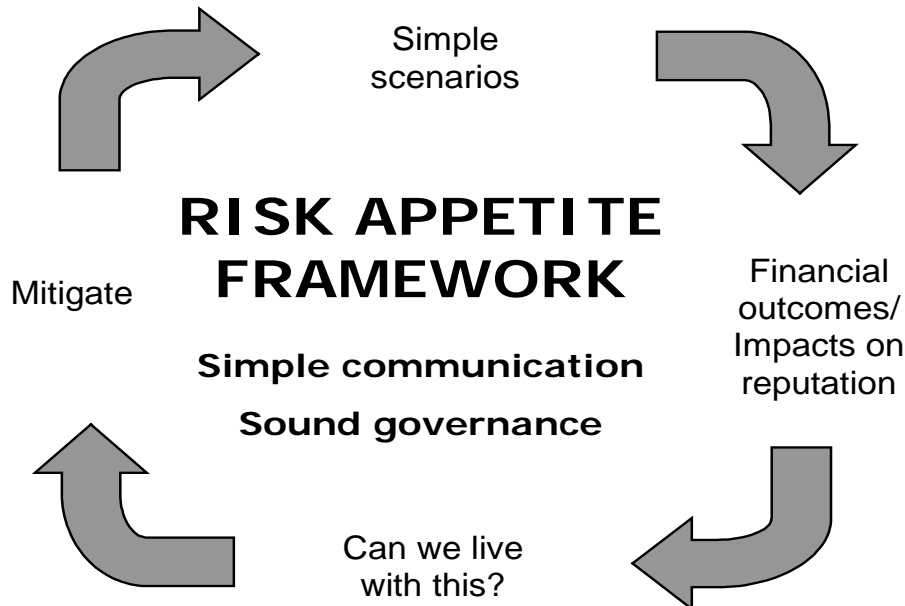
...the importance of Donald Rumsfeld...

- Identifying the **'unknown unknowns'**
- Managing the **'known'** risks

The financial crisis exposed many known risks that were not being well managed

High impact, low probability risks *...stress tests and risk appetite tools...*

- Think the unthinkable
- Can Boards live the consequences?



Building an effective ERM capability

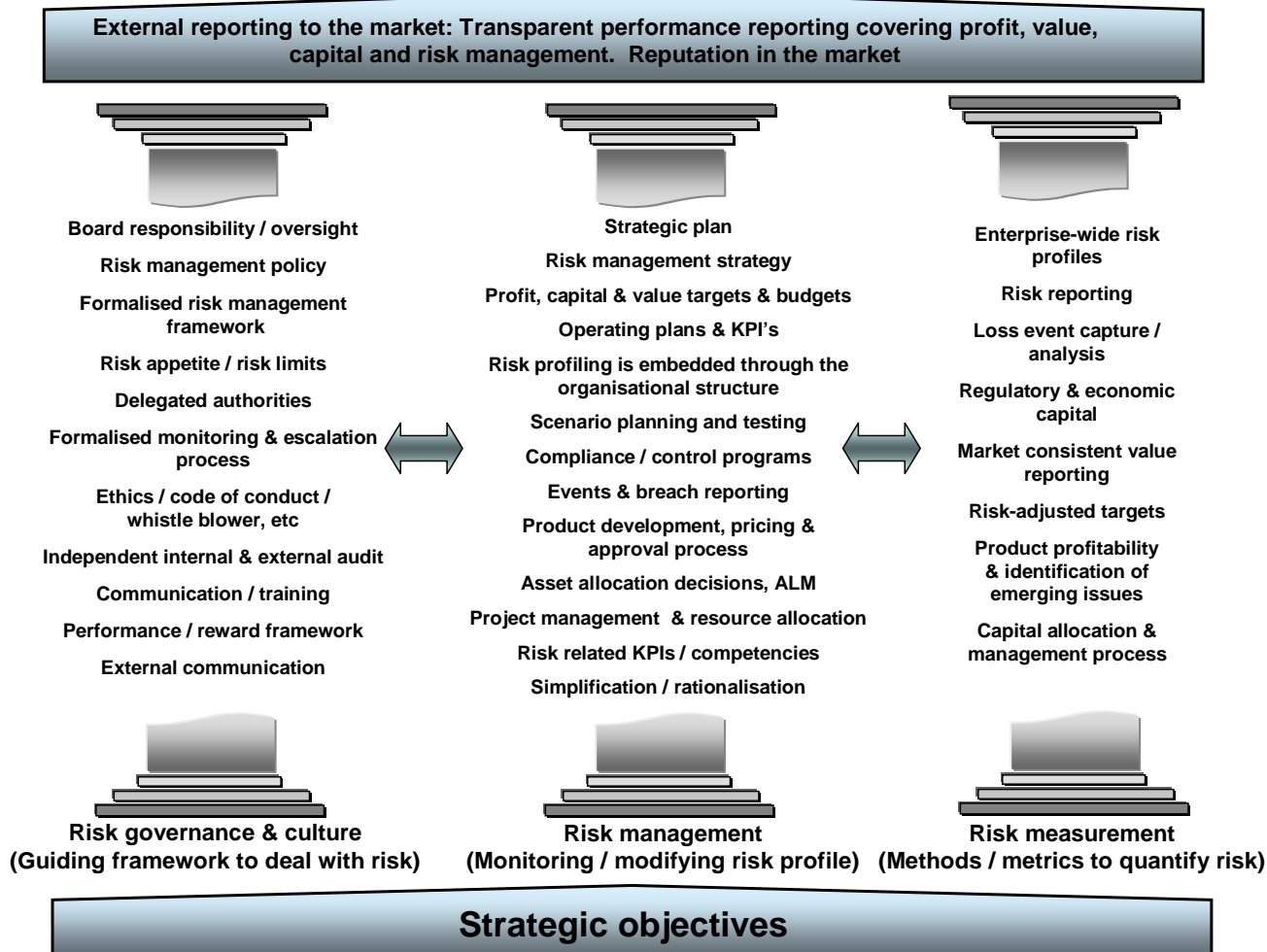
...it's not easy...

- Still evolving as a discipline
- Large number of moving parts
- One size does not fit all
- Needs to be aligned with your corporate culture

Explain what an effective risk management capability 'looks and feels' like

Building an effective ERM capability

At AXA APH, risk is governed, managed and measured, in a coordinated manner, to optimise risk taking



Embedding ERM in a companies culture

- Create the *'tone at the top'*
- Develop Board approved policies
- Enhance key management processes
- Develop some powerful examples

Communicate, communicate and communicate!

Opportunities and challenges for actuaries

- Neatly aligned skill set
- The timing is right, key stakeholder want improved ERM capabilities

The challenge is communication – can we engage and influence?

Recognise the challenge and address it!