

# 17<sup>th</sup> General Insurance Seminar

## Risk and Reward



Institute of Actuaries of Australia

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# Risk Management Culture - a case for improvement

Daniel Tess, Group Actuary  
Richard Foda, Head of Risk & Compliance

Wesfarmers Insurance

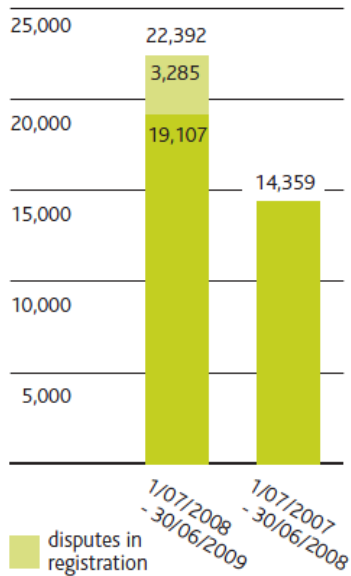


# The corporate risk environment

*There is evidence that identified incidents are on the rise but that many more go unreported*

### New disputes

#### New disputes overall



The Financial Ombudsman Service received 19,107 new disputes during 2008-2009.

This represented an increase of 33% on 2007-2008.

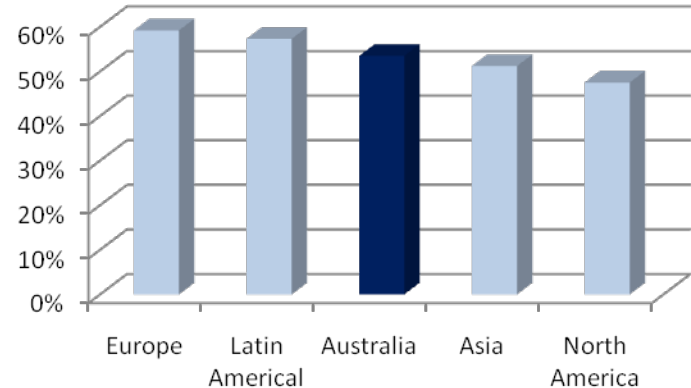
**Source:** Financial Ombudsman Service 2008-2009 Annual Review



“The total number and value of fraud incidents reported increased significantly” (from 2006 to 2008).

**Source:** KPMG Fraud Survey (2008)

#### Reporting rate of observed misconduct



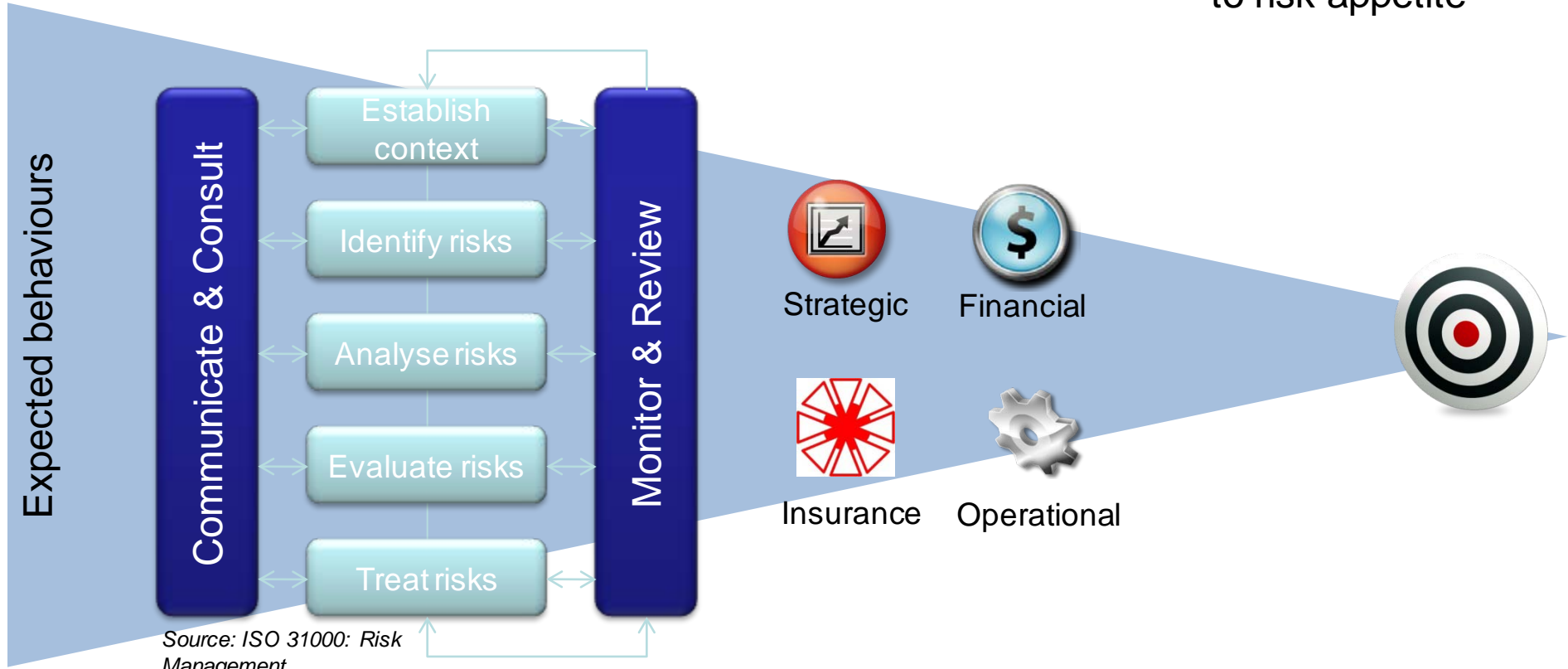


# The risk management ecosystem

1 – The risk management process

2 - Applied to each risk category

3 - To ensure consolidated adherence to risk appetite





## The Risk Culture challenge

***The lessons of corporate collapses and the approach taken by leading multi-nationals indicate that a strategy of promoting and encouraging risk culture is a vital element in ensuring the company's risk management framework is effective***

Positive risk management behaviours can lead to:

- ✓ People feeling more comfortable to take risks appropriately
- ✓ Early warning and more complete identification of actual and potential incidents
- ✓ Greater trust in and communication between managers and their teams
- ✓ Greater consistency
- ✓ An uplift in engagement.



# Insurance Risk Framework

