

# ERM Benchmark Survey Report

A report on PACICC's fifth ERM benchmarking survey

October 2017

2017



# Member Survey on ERM Practices

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## Executive summary

PACICC is the financial guarantee fund for Canada's P&C insurance industry. The Corporation is focused on initiatives to address solvency risk in the industry. This includes annual member surveys that explore the depth and quality of the industry's enterprise risk management (ERM) programs. PACICC has surveyed its members on their ERM practices five times now over the past seven years. These surveys encourage member dialogue on industry best practices and highlight practical elements that underpin a robust ERM program. For purposes of the survey, the threshold between "large companies" and "small companies" is deemed to be \$500 million in annual direct written premium (DWP). This report presents four findings from the latest survey, conducted earlier in 2017.

First, the survey confirms differences in corporate governance practices between larger and smaller companies in the industry – in terms of parties responsible for ERM management, taking direction from Head Office, having access to the Board of Directors or a Board Committee and being part of the Executive Management Team. While ERM is the responsibility of Chief Risk Officers in larger companies, responsibilities are spread across a number of positions in smaller companies. The percentage of larger companies taking direction from a Head Office has increased compared to smaller companies. While most parties with ERM responsibilities have access to the Board or a Board Committee overseeing ERM, this is more pronounced for larger companies. With task specialization and more staff in larger companies, there is less likelihood for parties with ERM responsibilities to be part of the firm's Executive Management Team.

Second, the survey shows differences in the approaches taken to risk management between larger and smaller companies in the industry. Although the gap is closing, more larger companies have a formal process in place to identify new and emerging risks compared to smaller companies. While larger companies report that ERM is highly embedded in or accepted by the business, some smaller companies still view ERM as a regulatory compliance exercise. All larger companies responding to the Survey said they maintain a risk profile of all material risks identified. This is not the case with smaller companies. All larger companies said they have a business continuity plan and cyber protection plan in place for the entire organization. This is not the case with smaller companies.

A third area of interest is the importance that companies attach to Own Risk and Solvency Assessment (ORSA) and Economic Capital Models (ECM). A significantly larger percentage of both large and smaller companies have engaged external resources to complete and/or review their ORSAs, compared to last year. Over the past year, the percentage of both larger and smaller companies using ORSA results for capital management, ERM and strategic planning has doubled – far more than for insurance pricing and executive compensation purposes. A growing number of both larger and smaller companies use an ECM on a regular basis. Over the past year, larger companies used their ECM for capital management, ERM and strategic planning purposes. Smaller companies used it principally for capital management and insurance pricing purposes.

Fourth, the survey enquired about top emerging risks – in the next three years and over the next 10 years. In the near term, the top issue was industry competition. This is not surprising, given that the P&C insurance industry is highly competitive and we are approaching a hardening in the market (especially in auto insurance coverage). Over the longer term, there was a decided shift in focus to technological change and the effect that this will have on how products are delivered to market.

PACICC will continue to publish annual ERM Survey results in order to enhance industry education on the merits of a robust ERM program. These surveys help to foster industry dialogue and increase effective risk management oversight and practices in the industry.

## Introduction

Enterprise Risk Management (ERM) is widely considered a best practice for P&C insurance companies to employ in managing risks. Top-performing companies distinguish themselves through their superior risk management capabilities and practices. Their financial performance is influenced by how well they integrate risk management across the organization. Canada's insurance regulators strongly recommend that P&C insurance companies seek to enhance their processes for managing risks on an enterprise basis. Risk management is essential to the business of insurance. Key risk areas include: underwriting, credit, market, liquidity, operational, strategic, reputation and emerging risks.

In its role as the financial guarantee fund for Canada's P&C insurance industry, PACICC is committed to assisting member companies in strengthening the depth and quality of their risk management programs. This will help to mitigate industry solvency risk. PACICC has issued ERM surveys to its members (in strict confidence) five times now over the past seven years - in 2011, 2013, 2015, 2016 and 2017. The surveys are developed in consultation with PACICC's Risk Management Advisory Committee (an industry advisory committee of risk management experts). Survey questions encourage dialogue among members regarding leading ERM practices and highlight practical elements that underpin a robust ERM program.

PACICC issues follow-up reports to members with aggregate industry-level results showing how well the industry is managing enterprise risks, where progress is being made and where further attention may be required. This report presents 2017 survey findings and includes comparisons against past results. Members of the Advisory Committee are listed in Appendix I. The survey questions are listed in Appendix II.

## Background

### **PACICC's ERM benchmark survey initiative has three goals:**

1. Encourage dialogue among industry stakeholders regarding ERM best practices;
2. Highlight practical elements that underpin a robust ERM program; and
3. Identify areas where further progress may be needed.

Questions in the 2017 survey focused on company characteristics, governance procedures, ERM framework and practices, Own Risk and Solvency Assessment (ORSA) and Economic Capital Models (ECM) and tools and resources. The survey omitted some questions from past surveys where strong industry consensus has developed (i.e. consistent 90%+ support, such they can be viewed as best practices), including:

- ✓ Does your company have a documented ERM framework or policy in place with established procedures?
- ✓ Does your company have Board-approved risk appetite statement in place?
- ✓ Does your company's Board of Directors have an Audit Committee or Risk Committee in place to oversee the ERM framework?
- ✓ Does your company's risk appetite statement outline specific goals, benchmarks, parameters and limits?

### **Industry response to the latest ERM survey was very strong.**

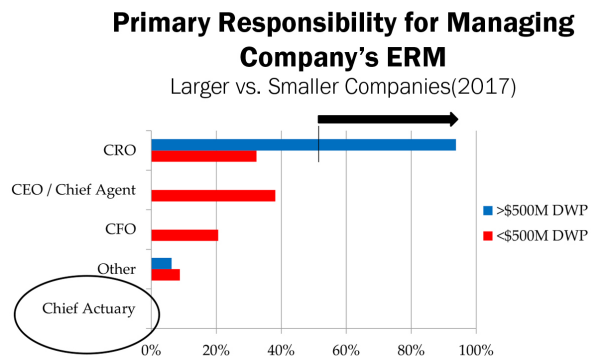
- Direct and related-company responses were received from 110 companies in the industry (106 in 2016).
- Market share references relate to the most recent published figures (2016 DWP) for the industry.
- Responses accounted for 87.7% of total private industry DWP (86.2% in 2016).
- This includes 15 of the largest firms in the industry (i.e. more than \$500 million in DWP).
- 73.6% of respondents are regulated by OSFI, accounting for 74.0% of total private industry DWP.
- Respondents with more than \$1 billion in DWP accounted for 72.4% of industry market share.
- Respondents with more than \$500 million in DWP accounted for 77.5% of industry market share.



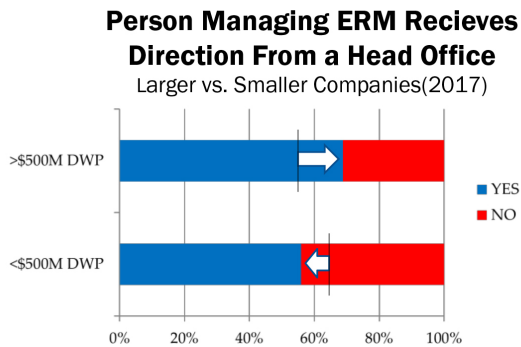
# 2017 ERM Survey Findings

## 1. Differences in governance

This year's Survey confirms differences in corporate governance practices between larger and smaller companies in the industry – in terms of parties responsible for ERM management, taking direction from Head Office, having access to the Board of Directors or a Board Committee and being part of the Executive Management Team.

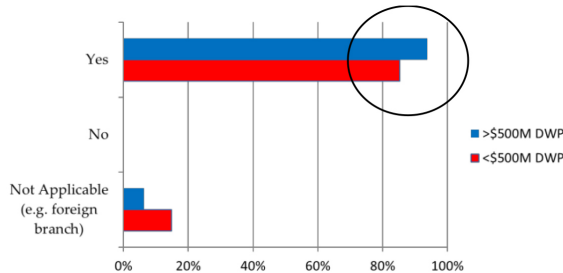


While ERM is the responsibility of Chief Risk Officers in larger companies, responsibilities are spread across a number of positions in smaller companies. In 2015, 52% of larger firms said their CRO had primary responsibility for managing the company's ERM program. This grew to 93% in the latest Survey. Smaller firms spread this responsibility between the Chief Executive Officer, Chief Agent, Chief Financial Officer or another party (e.g. Vice President of Finance). No companies (large or small) in the latest Survey said that their Chief Actuary had this responsibility.



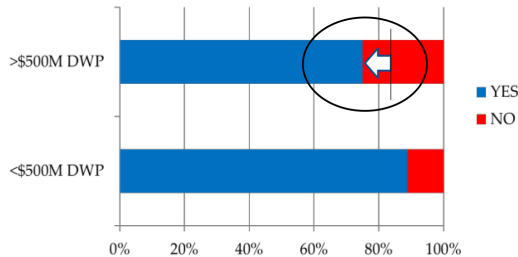
Larger firms and smaller firms appear to be going in opposite directions with respect to autonomy over the past year. Last year's Survey was the first time this question was asked – "Does the person with primary responsibility for managing ERM receive direction for risk management activities from a head office?" The percentage of larger companies taking direction from a head office increased when compared to smaller companies – from 55% (2016) to 68% (2017) for larger companies versus 65% (2016) down to 56% (2017) for smaller companies.

**Person Managing ERM has Access to Board or Board Committee**  
Larger vs. Smaller Companies(2017)



While most parties with ERM responsibilities have access to the Board or a Board Committee overseeing ERM, this is more pronounced for larger companies. There was virtually no change here over last year's results. Persons with ERM responsibilities have greater access to the Board of Directors or a Board Committee overseeing ERM in larger companies (94%) compared to those in smaller companies (85%).

**Person Managing ERM is Part of Executive Management Team**  
Larger vs. Smaller Companies(2017)

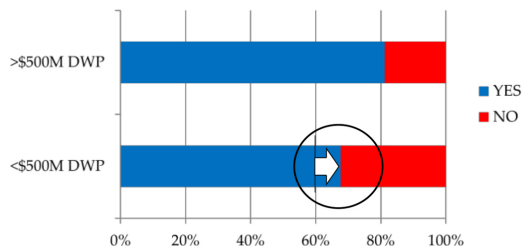


With task specialization and a larger number of staff in larger companies, there may be less likelihood for the person with ERM responsibilities to be part of the firm's Executive Management Team. Last year, 83% of larger companies said persons with ERM responsibilities were part of their Executive Management Team – but only 75% this year. For smaller firms, the trend was similar but less pronounced – 91% last year versus 89% this year.

**2. Approaches to risk management**

The survey shows differences in the approaches taken to risk management between larger and smaller companies in the industry.

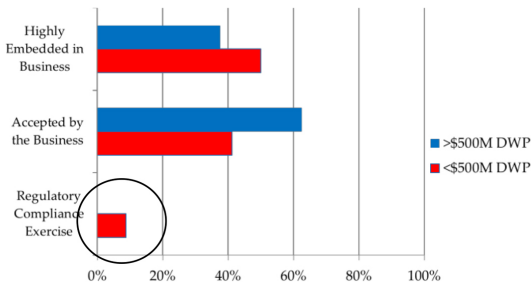
**Company Has a Formal Process in Place to Identify New/Emerging Risks**  
Larger vs. Smaller Companies(2017)



Although the gap is closing, a greater number of larger companies have a formal process in place to identify new and emerging risks, compared to smaller companies in the industry. The percentage of larger firms reporting that they had a formal new/emerging risk identification process in place decreased slightly (from 83% down to 81%). The percentage of smaller companies reporting an identification process in place increased somewhat (from 60% up to 68%).

### How Does Your Company View ERM

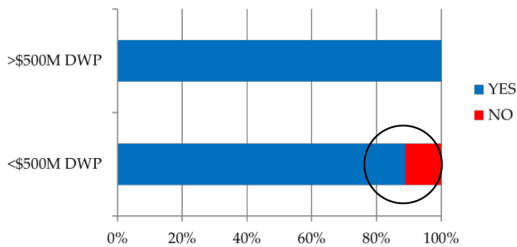
Larger vs. Smaller Companies(2017)



While larger companies report that ERM is highly embedded in or accepted by the business, some smaller companies still view ERM as a regulatory compliance exercise. In 2015, 10% of larger companies said they viewed ERM as a compliance exercise. This year, no larger company reported that outlook. In 2015, 34% of smaller companies said they viewed ERM as a compliance exercise. That percentage has fallen dramatically (to just 9%) in the latest Survey.

### Company Maintains a Risk Profile of All Material Risks Identified

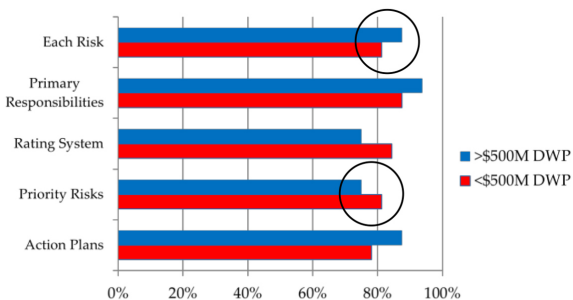
Larger vs. Smaller Companies(2017)



All larger companies responding to the Survey said they maintain a risk profile of all material risks identified. This is not the case with smaller companies. There was no change here for larger firms over last year's results – all maintain a risk profile of all material risks identified. The percentage of smaller firms reporting in the affirmative increased slightly compared to last year, from 88% to 89%.

### Company's Risk Profile Addresses...

Larger vs. Smaller Companies(2017)



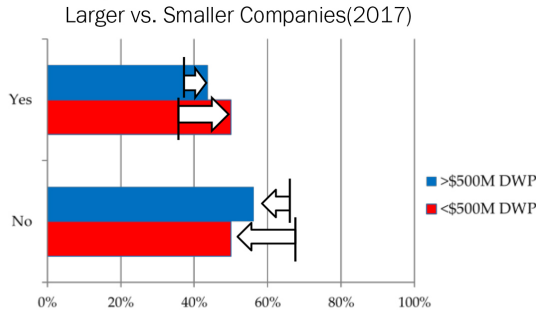
The Survey enquired about specific risks that companies' risk profiles address. For both larger and smaller firms, there were increases over the past year with respect to primary responsibilities (83.3% up to 93.7% for larger; 73.3% up to 87.5% for smaller), priority risks (61.1% up to 75% for larger; 73.3% up to 81.2% for smaller) and action plans (66.7% up to 87.5% for larger; 63.3% up to 66.7% for smaller). Smaller firms appear more focused on addressing priority risks rather than each individual risk.

All larger companies employ a Business Continuity Plan, compared to 82% of smaller companies. 81.2% of larger firms and 62.1% of smaller firms with BCPs test business continuity annually. 75% of larger firms and 82.7% of smaller firms with BCPs test for disaster recovery annually. All larger firms have a Cyber Protection Plan in place compared to 76.5% of smaller companies.

### 3. Importance of ORSA and ECM

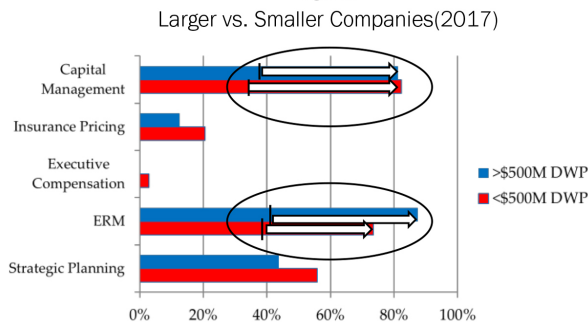
A third area of interest in the Survey is the importance that companies attach to Own Risk and Solvency Assessment (ORSA) and Economic Capital Models (ECM).

#### External Resources Engaged to Complete and/or Review ORSA



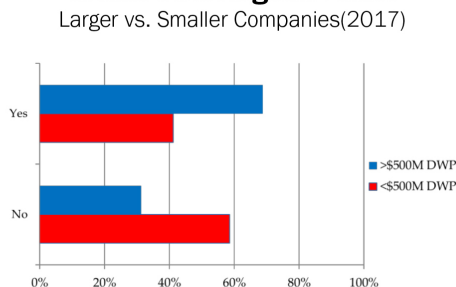
A significantly larger percentage of both large and smaller companies have engaged external resources to complete and/or review their ORSAs, compared to last year. Larger firms' use of external resources increased from 35% to 44% over the past year, while smaller firms' use increased from 34% to 50%. Percentage use in 2015 was higher than in 2016 for both larger and smaller firms – almost identical with 42.1% for larger firms and 41.9% for smaller firms.

#### Your Company Uses Its ORSA Results for...



Over the past year, the percentage of both larger and smaller companies using ORSA results for capital management, ERM and strategic planning doubled – far exceeding the use of ORSA results for insurance pricing and executive compensation purposes. Larger company use: capital management (36.7% up to 81.2%), ERM (40% up to 87.5%) and strategic planning (23.2% up to 43.7%). Smaller company use: capital management (36.7% up to 81.2%), ERM (40% up to 87.5%) and strategic planning (23.2% up to 43.7%).

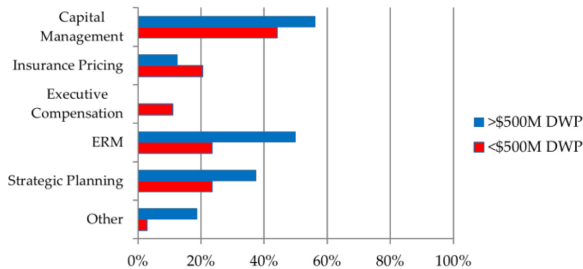
#### Company Uses an Economic Capital Model on a Regular Basis



A growing number of both larger and smaller companies are using an Economic Capital Model on a regular basis. Larger firms' use increased from 56% last year to 69% this year. Smaller firms' use also increased, from 32% last year up to 41% this year.

**If ECM Used Regularly, the ECM Results are Used for...**

Larger vs. Smaller Companies(2017)



Over the past year, both larger and smaller companies reported using their ECM principally for capital management (56.2% larger; 44.1% smaller), ERM (50% larger; 23.5% smaller) and strategic planning purposes (37.5% larger; 23.5% smaller).

**4. Top emerging risks**

The survey enquired about top emerging risks – in the next three years and over the next 10 years. No sample risks were provided to prompt replies. Answers were rolled up into summary categories.

**Top Emerging Risks Confronting Your Company Over the Next 1-3 Years**

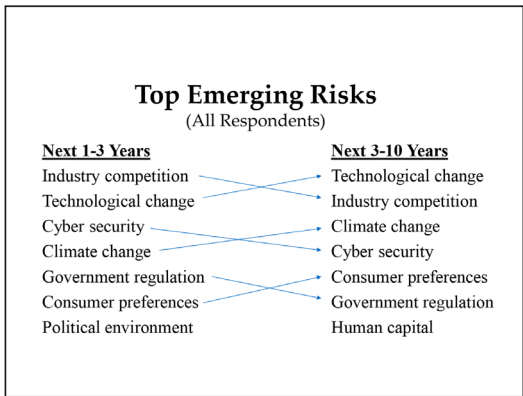
(All Respondents)

1.	Industry competition	20.3%
2.	Technological change	19.7%
3.	Cyber security	18.4%
4.	Climate change	13.8%
5.	Government regulation	11.2%
6.	Changing consumer preferences	7.9%
7.	Political environment	3.3%

In the near term, the top emerging risk issue for respondents was industry competition (20.3%). This is perhaps not so surprising, given that the P&C insurance industry is highly competitive and we appear to be approaching a hardening of the market in the insurance cycle – especially with respect to auto insurance coverage. Industry competition was marginally ahead of technological change (19.7%) as a key concern for respondents. Almost three-quarters of respondents were focused on four key issues over the next three years: industry competition, technological change, cyber security and climate change.

Over the longer term, industry competition and technological change effectively switched positions in the minds of Survey respondents. There was a decided increase in concern regarding technological change (32.5%, up from 19.7%). Concern about industry competition decreased less than 1% – from 20.3% down to 19.4%. Respondents recognize the ability of technological change to reshape the business of insurance with new ways of measuring, controlling and pricing risk (e.g. artificial intelligence, blockchain, the Internet of things, telematics, cloud computing, etc.).

<b>Top Emerging Risks Confronting Your Company Over the Next 3-10 Years</b> (All Respondents)		
1.	Technological change	32.5%
2.	Industry competition	19.4%
3.	Climate change	10.1%
4.	Cyber security	8.5%
5.	Changing consumer preferences	8.5%
6.	Government regulation	6.9%
7.	Human capital	4.6%



This graph compares respondents' summary responses over the two time period - 1-3 years and 3-10 years. It is interesting to note that the top six risks (accounting for more than 90% of responses in each time period) effectively paired off and switched places in the two columns over time. The moderate concern about the political environment in the short term switches to concern about human capital (e.g. staffing, loss of administrative memory, etc.) over the long term.

## Survey comparison

Following is a table summarizing responses to common questions appearing in all five past ERM surveys (2011, 2013, 2015, 2016 and 2017).

■ Responses highlighted in green show improvement since the previous survey.

Question	2011		2013		2015		2016		2017	
	Yes %	No %	Yes %	No %	Yes %	No %	Yes %	No %	Yes %	No %
<i>Do you maintain a risk register of all the material risks identified by your company?</i>	79	21	79	21	77	23	92	8	96	4
<i>Is the individual with primary responsibility for managing your company's enterprise risks part of the company's executive management team?</i>	75	25	87	13	87	13	89	11	88	0 N/A 12
<i>Does this individual have direct access to the Board of Directors?</i>	86	14	100	0	97	3	90	10	88	12
<i>Does your risk profile address...</i>										
• Information relating to each risk?	83	17	92	8	88	12	88	12	80	20
• "Owner"/person primarily responsible?	75	25	92	8	84	16	77	23	86	14
• Consistent process and rating system?	78	22	78	22	79	21	83	17	78	22
• Prioritization of individual risks?	76	24	75	25	63	37	69	31	76	24
• Action plan to mitigate priority risks?	81	19	83	17	81	19	65	35	78	22
<i>Which key risk areas are explicitly addressed in your risk profile...</i>										
• Underwriting risk?	93	7	100	0	97	3	98	2	100	0
• Credit risk?	94	6	86	14	92	8	90	10	98	2
• Market risk?	95	5	94	6	95	5	96	4	98	2
• Liquidity risk?	87	13	83	17	89	11	83	17	94	6
• Operational risk?	90	10	87	13	97	3	98	2	100	0
• Strategic risk?	84	16	77	23	82	18	86	14	90	10
<i>Does your company...</i>										
• Form an aggregate measure of its enterprise risks?	10		13		9		8		14	
• Manage risks individually?	48		47		37		33		38	
• Both?	42		40		54		59		48	
<i>Has your company's risk management function been assessed by an external (independent) advisor?</i>			30	70	35	65	40	60	46	54



## Key risk management terms used in this survey

The survey document included the following definitions to ensure common understanding among respondents.

### **Enterprise Risk Management (ERM)**

A process (implemented by an entity's Board of Directors, management and other personnel, applied in strategy setting and across the entity) designed to identify potential events that may affect the entity, to manage risk to be within its risk appetite, and to provide reasonable assurance regarding the achievement of entity objectives.

### **Risk appetite**

The degree of risk (broadly measured, in quantitative terms) that an insurance company is willing to accept in pursuing its business goals and values. Risk appetite requires an insurer to consider its total risk-taking philosophy, including the expectations of its shareholders. A risk appetite statement can also include qualitative factors.

### **Risk profile**

A summary of the most material risks an insurer faces (perhaps five to 10), ranked on an appropriate basis considering severity and probability. Some insurers may also compile a more extensive list (e.g. Risk Catalogue or Risk Register) including less significant risks.

### **Risk tolerance**

Requires an insurance company to consider, in quantitative terms, exactly how much of its capital it is willing to lose, as well as its tolerance of volatility in earnings and other measures of performance and value.

### **Risk limits**

Requires an insurance company to consider in detail how much risk that individual managers should be allowed to take.



## Appendix I - PACICC's Risk Management Advisory Committee

The Risk Management Advisory Committee provides PACICC's Board of Directors with ongoing technical expertise regarding current and emerging risk management issues. The Advisory Committee is composed of senior industry risk officers and is supported by a PACICC Administrator.

### 2017 Advisory Committee Members

Susan Meltzer	Aviva Canada (Committee Chair)
Sanjeev Agarwal	AIG Canada
Randy Besse	SGI Canada
Brandon Blant	Intact Financial Corporation
Manon Débigaré	Desjardins General Insurance Group
Dinesh Garbharran	TD Insurance
Randy Musselman	The Guarantee Company of North America

Committee Administrator: Ian Campbell, Vice President, Operations, PACICC

The above Advisory Committee oversees the work of PACICC's Risk Officer's Forum.

### Forum Mandate

The Forum seeks to enhance risk management within the P&C insurance industry by:

- Discussing and sharing risk management best practices within industry;
- Reviewing and communicating topical risk management information;
- Serving as a risk management resource for PACICC and for insurance regulators;
- Discussing major existing risks and significant emerging risks within the industry; and
- Providing resources, references and information to facilitate research of risk management and related governance topics.

## **Forum Membership**

Membership in the Forum is open to staff of any Canadian licensed insurer or reinsurer (Federal, Provincial and Territorial) with management responsibility for ERM in their respective organizations. This includes PACICC member insurers and risk officers with insurers and reinsurers that are not PACICC members.

## **Forum Activities**

Forum activities include a series of half-day, in-person Forum meetings (held in Toronto) as well as a series of Emerging Risks Webinars.

- **Forum meetings** – feature a guest speaker addressing a topical industry issue followed by an industry panel session comprising senior industry risk officers who seek to engage attendees in frank and collegial discussion on a variety of current ERM issues and topics.
- **Emerging risks webinars** – feature recognized experts who delve into technical aspects of a single ERM issue. Webinars enable Forum members across Canada to easily participate from remote locations. Questions are received in advance to help guide the online discussion in real time. All webinars are available on the PACICC website for future on-demand rebroadcast.

## Appendix II - 2017 ERM Survey Questions

Following are the summary responses for each of the questions in the 2017 ERM Survey. They are not categorized (i.e. larger companies with >\$500M in DWP versus smaller companies with <\$500M in DWP). Percentages may not add to 100%.

### Company Characteristics

1. a) What was your company's total Direct Written Premium in 2016?
  - **Replies received in confidence.**
- b) Please specify the nature of your company: (Select one)
  - Domestic (Canadian-owned company) – **59.2%**
  - Subsidiary of a foreign parent – **20.4%**
  - Branch of a foreign parent – **20.4%**

### Governance

2. a) Who has primary responsibility for your company's ERM framework? (Select one)
  - CEO or Chief Agent – **26%**
  - Chief Risk Officer – **52%**
  - Chief Actuary – **0%**
  - Chief Financial Officer – **14%**
  - Other (Please specify) – **8%**
- b) Does the person with primary responsibility for managing ERM receive direction for risk management activities from a head office?
  - Yes – **60%**
  - No – **40%**
3. a) Does the person with primary responsibility for managing ERM have direct access to the Board of Directors or to the relevant Committee of the Board? (Select one)
  - Yes – **88%**
  - No – **0%**
  - Not applicable (e.g. foreign branch) – **12%**
- b) Is the person with primary responsibility for managing ERM part of the company's executive management team?
  - Yes – **88%**
  - No – **12%**

4. Do ERM activities in your company help to determine executive compensation? (Select one)
- Yes – **16%**
  - Minimally – **32%**
  - Not at all – **52%**
5. Has your company's ERM function been assessed by an external (independent) advisor? (Select one)
- In the last year – **22%**
  - In the last 3 years – **18%**
  - More than 3 years ago – **6%**
  - Not assessed – **54%**

### **ERM Framework and Practices**

6. Which of the following key risk categories are explicitly addressed in your company's ERM program? (Select all that apply)
- Underwriting risk – Risks assumed through the insurance contracts written and reinsurance ceded by your company – **100%**
  - Credit risk – Risks related to changes in the credit quality of counterparties or intermediaries to which your company is exposed (including reinsurance receivables) – **98%**
  - Market risk – Risks that arise from volatility in financial markets, including changes in interest rates, bond and stock prices – **98%**
  - Liquidity risk – Risks related to possible cash-flow shortfalls, including cash calls following major loss events, credit-rating downgrades, problems accessing financial markets – **94%**
  - Operational risk – Risks arising from potential deficiencies with respect to people, processes or systems in any of the risk areas noted above, as well as claims management and information technology – **100%**
  - Strategic risk - The risk of loss arising from strategic business decisions - **90%**
7. Does your company have a formal process in place to identify new or emerging risks?
- Yes – **72%**
  - No – **28%**

8. Does your company consider ERM to be primarily: (Select one)
- A regulatory compliance exercise – **6%**
  - Accepted by the business – **48%**
  - Highly embedded in the business and valued by Senior Management and your company's Board of Directors (or equivalent) – **46%**
9. Which of the following impacts are considered in your company's ERM framework while assessing risk? (Select all that apply)
- Potential impact on income/earnings – **94%**
  - Potential impact on regulatory capital – **94%**
  - Reputational impact – **92%**
10. How broadly has your company communicated principles in its risk appetite statement? (Select all that apply)
- Communicated to the Board – **90%**
  - Communicated internally to senior management – **94%**
  - Communicated internally to all employees – **14%**
  - Communicated externally – **12%**
11. Does your company maintain a risk profile of all of the material risks identified by the company?
- Yes – **96%**
  - No – **4%**
- (If No, please skip to question #13)
12. Does your company's risk profile address the following: (Select all that apply)
- Information relating to each risk (including causes and triggers), existing management practices or controls? – **80%**
  - Person(s) primarily responsible for managing each risk? – **86%**
  - A consistent process and rating system used to measure and assess the severity and probability of each risk? – **78%**
  - Prioritization of individual risks based on the ratings assigned? – **76%**
  - Action plans to mitigate priority risks? – **78%**

13. How does your company manage enterprise risks (for example, as related to economic capital)? (Select one)
- Forms an aggregated measure of its enterprise risks – **14%**
  - Manages risks individually – **38%**
  - Both -- forms aggregated measure of its enterprise risks and manages risks individually – **48%**
14. Which of the following methodologies and techniques does your company use to assess risk? (Select all that apply)
- Key risk indicators – **82%**
  - Loss event data – **70%**
  - Economic capital modelling – **50%**
  - Facilitated workshops – **52%**
  - Interviews – **52%**
15. Which area of your company leads the review of new products and lines of business prior to launch?
- Underwriting – **78%**
  - Corporate Actuarial – **18%**
  - Enterprise Risk Management – **26%**
  - Legal – **14%**
  - Finance – **22%**
16. Does your company systematically quantify the operational risks deemed material to the organization?
- Always – **14%**
  - When possible – **72%**
  - Never – **14%**
17. Does your company employ business continuity planning for the entire organization?
- Yes – **88%**
  - No – **12%**

If Yes...

a) How often do you test disaster recovery?

- Once a year – **72%**
- Every 2-3 years – **8%**
- Every 3-5 years – **2%**
- Ad hoc basis – **8%**

b) How often do you test business continuity?

- Once a year – **62%**
- Every 2-3 years – **12%**
- Every 3-5 years – **0%**
- Ad hoc basis – **16%**

18. Does your company have a cyber protection plan in place for the entire organization?

- Yes – **84%**
- No – **16%**

If Yes, how often is this cyber protection plan tested?

- Once a year – **44%**
- Every 2-3 years – **6%**
- Every 3-5 years – **0%**
- Ad hoc basis – **34%**

### **Own Risk and Solvency Assessment (ORSA) and Economic Capital**

19. Has your company engaged external resources to assist in completing and/or reviewing its ORSA?

- Yes – **48%**
- No – **52%**

20. Does your company use its ORSA results for: (Select all that apply)

- Capital management – **82%**
- Insurance pricing – **18%**
- Executive compensation – **2%**
- ERM – **78%**
- Inform strategic planning – **52%**

21. Does your company use an economic capital model on a regular basis?

- Yes – **50%**
- No – **50%**

If Yes, does your company use its economic capital model results for:  
(Select all that apply)

- Capital management – **48%**
- Insurance pricing – **18%**
- Executive compensation – **4%**
- ERM – **32%**
- Inform strategic planning – **28%**

### **Tools and Resources**

22. What technological tools currently support (that is, identify, analyze and report) risk management activities in your company? (Select all that apply)

- In-house developed applications – **26%**
- Excel / MSOffice suite – **82%**
- Third-party applications – **32%**

23. How many full-time equivalent (FTE) employees are assigned to your company's risk management function?

- Larger company average – **7.25 FTE employees**
- Smaller company average – **1.5 FTE employees**

24. What are your company's plans for 2017 regarding resources in the ERM function? (Select one)

- Planning to increase headcount or allocation to external resources – **16%**
- Planning to decrease headcount or allocation to external resources – **0%**
- No changes planned to headcount or allocation to external resources – **82%**



25. What are your company's plans for 2017 regarding tools in the ERM function?  
(Select one)
- Planning to increase investment in tools – **64%**
  - Planning to decrease investment in tools – **0%**
  - No changes planned to investment in tools – **76%**
26. Have you, or your company's designate, participated regularly in Risk Officer's Forum meetings and/or Emerging Risks Webinars during 2016?
- Yes – **80%**
  - No – **18%**
27. What are three emerging risks confronting your company over the next 1-3 years?
- **See page 9 for summary**
28. What are three emerging risks confronting your company over the next 3-10 years?
- **See page 10 for summary**

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