

# **ERM Benchmark Survey Report**

A report on PACICC's eighth ERM benchmarking survey

September 2021

**2021**



# Member Survey on ERM Practices

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September 2021

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## Executive summary

PACICC is the industry-funded, non-profit resolution authority for Canada's Property and Casualty (P&C) insurance industry. PACICC's mandate includes a focus on initiatives to address solvency risk in the industry. One such initiative involves 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 eight times now over the past 10 years. These Surveys encourage Member dialogue on industry ERM standard practices and highlight practical elements that underpin a robust risk management program. This report identifies standard practices and common practices in the management of ERM among Member companies, as well as other points of interest.

The Survey compares responses for large companies vs. small companies in the industry. "Large companies" are deemed to be those with \$500 million or more in Direct Written Premium (DWP) in the past year. "Small companies" are those with less than \$500 million in DWP.

The report identifies a list of ERM standard practices employed by most firms in the industry. These standard practices reflect at least 90 percent support among respondents, over several years of Surveys. The report also identifies common practices employed by many firms in the industry in the management of ERM. The more popular the initiatives become, the more generally accepted they are as standard practice. There are an equal number of standard practices and common practices cited. A number of points of interest (e.g. emerging trends and unexpected responses) are also noted in this report.

All Survey responses are received in strict confidence by PACICC. This report presents summary results only, with no attributed comments or identifiers. PACICC issues its ERM Survey now on a bi-annual basis in order to avoid "survey fatigue" and to allow more time for changes in practices and approaches to develop. PACICC plans to continue to survey Members regarding ERM practices in order to enhance industry education on the merits of a robust ERM program. Surveys like this one help to foster industry dialogue and increase effective risk management oversight and practices across the industry and thus help to minimize solvency risk.

## Introduction

Enterprise Risk Management (ERM) is widely viewed as a standard practice for P&C insurance companies to employ in managing risks. Top-performing companies have distinguished themselves through demonstrated superior risk management capabilities and practices. Their financial performance is influenced by how well they integrate risk management activities across the organization. Canada's insurance regulators strongly recommend that P&C insurance companies seek to enhance their risk management practices on an enterprise-wide 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 resolution authority for Canada's P&C insurance industry, PACICC remains committed to assisting Member companies in strengthening the depth and quality of their risk management capabilities and practices. This will help to mitigate solvency risk. PACICC has distributed ERM Surveys to its Members eight times now over the past 10 years – in 2011, 2013, 2015, 2016, 2017, 2018, 2019 and 2021. PACICC's ERM Benchmark Survey initiative has three goals:

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

The Surveys (now conducted using SurveyMonkey for ease and simplicity) were developed in consultation with PACICC's Risk Management Advisory Committee (an industry advisory committee of risk management experts). Members of the Advisory Committee are listed in Appendix I.

Following each survey of Members, PACICC issues a summary report with aggregate 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 2021 Survey findings and includes comparisons against past results. The full list of Survey questions (which compares this year's responses against those received from the first year that each question was posed) appears in Appendix II.

Questions in the 2021 Survey focused on company characteristics, governance procedures, ERM framework and practices, Own Risk and Solvency Assessment (ORSA), Economic Capital Models (ECM) and tools and resources. Industry response to the latest ERM Survey remains very strong.

- Direct and related-company responses were received from 118 companies in the industry – up from 113 in 2019
  - ▶ 30 Respondents with more than \$500 million in DWP
    - account for 77.3% of industry DWP
  - ▶ 88 Respondents with less than \$500 million in DWP
    - account for 16.6% of industry DWP

- Responses accounted for 93.9% of total private industry DWP – up from 86.9% in 2019
- 75.4% of respondents are regulated by OSFI, accounting for 83.2% of total private industry DWP.

Market share references relate to the most recent published figures (2020 DWP) for the industry. The high response rate (highest ever) is a good indication of the degree to which Canadian P&C insurers are engaged in the whole concept of ERM and are interested in exchanging standard practices information. N.B. Percentages in the Survey may not add to 100 due to rounding and/or to respondents missing or skipping questions.

# 2021 ERM Survey Findings

## 1. Standard practices

When PACICC first began surveying Members on their ERM practices a decade ago, there were considerable differences in approaches across the industry. With the sharing of information and the passage of time, many initiatives have come to be accepted now as standard practice. The degree of sophistication and maturity in ERM practices between very large companies and very small companies has narrowed considerably. For example, while the use of a risk appetite statement outlining specific goals, benchmarks, parameters and limits is now commonplace, such was not always the case.

Following are seven standard practices (identified in responses to the 2021 Survey) employed by most firms in the industry. A “standard practice” typically reflects at least 90 percent support among respondents over several years of PACICC ERM Surveys.

### 2021 PACICC ERM Survey

Question #	Standard Practice	Respondent Support %
6	In leading companies, persons with primary responsibility for managing ERM have direct access to the Board of Directors or to the relevant Committee of the Board	94.2
9	Leading companies have a documented ERM framework or policy in place with established procedures	96.6
10	Leading companies have a Board-approved risk appetite statement	94.1
12	Risk categories explicitly addressed in leading companies' ERM programs include: underwriting, credit, market, liquidity, operational and strategic	90.7
17	Leading companies have a risk profile in place listing all of the material risks identified by the company	94.9
23	Leading companies employ business continuity planning for the entire organization	94.9
26	Leading companies have a cyber protection plan in place for the entire organization	90.7

## 2. Common practices

Following are seven common risk management practices employed by many firms in the industry. The more popular these approaches become, the more generally accepted they are as standard practice. The 2021 Survey revealed an equal number of standard practices and common practices.

### 2021 PACICC ERM Survey

Question #	Common Practice	Respondent Support %
7	Persons with primary responsibility for managing ERM are part of the company's Executive Management Team	82.2
13	Companies have a formal process in place to identify new or emerging	83.1
14	ERM is considered to be highly embedded in the business and valued by Senior Management and the Board of Directors	59.3
15	Impacts considered in companies' ERM framework while assessing risk include: potential impact on income/earnings, potential impact on regulatory capital and reputational impact	86.4
18	Companies' risk profiles address: information relating to each risk, persons primarily responsible for managing each risk, prioritization of individual risks based on the ratings assigned and action plans to mitigate priority risks	80.5
19	ERM is managed by forming an aggregated measure of enterprise risks and managing risks individually	69.5
20	Methodologies and techniques that companies use to assess risk include: key risk indicators, loss event data, economic capital modelling, facilitated workshops and interviews	58.5

### 3. Points of interest

Following are a number of interesting points found in responses to the 2021 ERM Survey.

#### 2021 PACICC ERM Survey

Question #	Standard Practice	Respondent Support %
4	Most companies' CROs have primary responsibility for the ERM framework	Domestic = 85.8 Subsidiary = 81.8 Branch = 41.2
5	For Subsidiaries and Branches, persons with primary responsibility for managing ERM receive direction from a Head Office	Subsidiary = 86.9 Branch = 81.2
8	A growing number of companies are relying on ERM activities to help to determine executive compensation	Yes/Minimally: 2021 = 59.3 2019 = 44.2
11	A surprising number of companies said their ERM function had not been assessed by an external (independent) advisor; it is possible that their Head Office ERM function was assessed	No = 34.7
16	An opportunity exists for companies to communicate principles in their risk appetite statements internally to all employees	Yes = 37.7
38	Cyber security and climate change are the leading risk issues over the next 1-3 years; Pandemic and class action lawsuits appeared for the first time as short-term risk issues	Cyber = 24.9 Climate = 16.4
39	Climate change and cyber security are the leading risk issues over the next 3-10 years; Strategic innovation was cited as a long-term risk issue for the first time	Climate = 26.0 Cyber = 15.6



## 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 oversees the work of PACICC’s Risk Officer’s Forum and is composed of senior industry risk officers who are supported by a PACICC Administrator.

### 2021 Advisory Committee Members

Brandon Blant	Intact Financial Corporation (Committee Chair)
Sanjeev Agarwal	AIG Canada
Randy Besse	SGI Canada
Manon Débigaré	Desjardins General Insurance Group
Michele Falkins	Heartland Farm Mutual Inc.
Sonia Kundi	Zurich Canada Inc.
Tracy Mann	Economical Mutual Insurance Company

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

### 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
- 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

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 meetings** – feature a guest speaker addressing a topical industry issue followed by two panel sessions featuring industry experts and senior risk officers from the industry who seek to engage attendees in frank discussion on a variety of current ERM issues and topics.
- **Emerging risks webinars** – feature recognized subject-matter 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, in a talk show format. Links to all past webinars are available on the PACICC website for future on-demand rebroadcast.

## Appendix II – 2021 ERM Survey Questions

Following are summary responses (Total) for each of the questions posed in the 2021 ERM Survey, in bold. Percentages are rounded and may not add to 100%. In brackets is the 2021 breakdown for large companies (>\$500M in DWP) vs. small companies (<\$500M in DWP). Also included is the benchmark Total for each question along with the year that that question was first included in the Survey.

### Company characteristics

#### 1. What was your company's total Direct Written Premium in 2020?

All replies are received in strict confidence.

#### 2. Please specify the nature of your company. (Select one)

- Domestic (Canadian-owned company)  
– **61.9% Total** (Large 63.3%; Small 61.4%); 66% Total in 2016
- Subsidiary of a foreign parent  
– **22.9% Total** (Large 20%; Small 23.9.7%); 19% Total in 2016
- Branch of a foreign parent  
– **13.6% Total** (Large 16.7%; Small 12.5%); 17% Total in 2016

#### 3. At what level is your organization regulated? (Select one)

- Federal – **37.3% Total** (Large 30%; Small 39.8%); 41% Total in 2018
- Provincial – **18.6% Total** (Large 6.7%; Small 25%); 34% Total in 2018
- Both – **40.7% Total** (Large 63.3%; Small 33%); 25% Total in 2018

### Governance

#### 4. Who has primary responsibility for your company's ERM framework? (Select one)

- CEO or Chief Agent  
– **11% Total** (Large 3.3%; Small 13.6%); 28% Total in 2013  
13 responses = 6 Domestic; 2 Subsidiary; 5 Branch
- Chief Risk Officer  
– **78% Total** (Large 93.3%; Small 72.7%); 46% Total in 2013  
92 responses = 67 Domestic; 18 Subsidiary; 7 Branch
- Chief Actuary  
– **0.8% Total** (Large 0%; Small 1.1%); Option not included in 2013  
1 responses = 0 Domestic; 1 Subsidiary; 0 Branch
- Chief Financial Officer  
– **6.8% Total** (Large 3.3%; Small 8%); Option not included in 2013  
8 responses = 4 Domestic; 0 Subsidiary; 4 Branch
- Other (Please specify)  
– **2.5% Total** (Large 0%; Small 3.4%); 28% Total in 2013  
3 responses = 1 Domestic; 1 Subsidiary; 1 Branch

#### 5. Does the person with primary responsibility for managing ERM receive direction for risk management activities from a head office?

- Yes – **60.2% Total** (Large 73.3%; Small 55.7%); 62% Total in 2016  
71 responses = 38 Domestic; 20 Subsidiary; 13 Branch
- No – **38.1% Total** (Large 26.7%; Small 42%); 38% Total in 2016  
45 responses = 39 Domestic; 3 Subsidiary; 3 Branch

**6. 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 – **92.4% Total** (Large 93.3%; Small 92%); 86% Total in 2011
- No – **0% Total** (Large 0%; Small 0%); 14% Total in 2011
- Not applicable (e.g. foreign branch) – **5.9% Total** (Large 6.7%; Small 5.7%); Option not included in 2011

**7. Is the person with primary responsibility for managing ERM part of the company's executive management team?**

- Yes – **82.2% Total** (Large 83.3%; Small 81.8%); 75% Total in 2011
- No – **16.1% Total** (Large 16.7%; Small 15.9%); 25% Total in 2011

**8. Do ERM activities in your company help to determine executive compensation? (Select one)**

- Yes – **14.4% Total** (Large 23.3%; Small 11.4%); 7% Total in 2015
- Minimally – **44.9% Total** (Large 43.3%; Small 45.5%); 39% Total in 2015
- Not at all – **39% Total** (Large 33.3%; Small 40.9%); 54% Total in 2015

**9. Does your company have a documented Enterprise Risk Management (ERM) framework or policy with established procedures?**

- Yes – **96.6% Total** (Large 100%; Small 95.5%); 87% Total in 2013
- No – **1.7% Total** (Large 0%; Small 2.3%); 13% Total in 2013

**10. Does your organization have a Board-approved risk appetite statement?**

- Yes – **94.1% Total** (Large 86.7%; Small 96.6%); 51% Total in 2013
- No – **5.9% Total** (Large 13.3%; Small 3.4%); 49% Total in 2013

**11. Has your company's ERM function been assessed by an external (independent) advisor? (Select one)**

- In the last year – **13.6% Total** (Large 13.3%; Small 13.6%); 23% Total in 2015
- In the last 3 years – **27.1% Total** (Large 33.3%; Small 25.0%); 12% Total in 2015
- More than 3 years ago – **22.9% Total** (Large 23.3%; Small 22.7%); 0% Total in 2015
- Not assessed – **34.7% Total** (Large 30%; Small 36.4%); 65% Total in 2015

## **ERM framework and practices**

**12. 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 – **96.6% Total** (Large 100%; Small 95.5%); 93% Total in 2011
- **Credit risk** – Risks related to changes in the credit quality of counterparties or intermediaries to which your company is exposed (including reinsurance receivables) – **95.8% Total** (Large 100%; Small 94.3%); 94% Total in 2011

- **Market risk** – Risks that arise from volatility in financial markets, including changes in interest rates, bond and stock prices – **94.9% Total** (Large 96.7%; Small 94.3%); 95% Total in 2011
- **Liquidity risk** – Risks related to possible cash-flow shortfalls, including cash calls following major loss events, credit-rating downgrades, problems accessing financial markets – **93.2% Total** (Large 96.7% Small 92%); 87% Total in 2011
- **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 – **97.5% Total** (Large 100%; Small 96.6%); 90% Total in 2011
- **Strategic risk** – The risk of loss arising from strategic business decisions – **90.7% Total** (Large 100%; Small 87.5%); 84% Total in 2011

**13. Does your company have a formal process in place to identify new or emerging risks?**

- Yes – **83.1% Total** (Large 90%; Small 80.7%); 68% Total in 2016
- No – **15.3% Total** (Large 10%; Small 17%); 32% Total in 2016

**14. Does your company consider ERM to be primarily: (Select one)**

- A regulatory compliance exercise – **7.6% Total** (Large 3.3%; Small 9.1%); 19% Total in 2015
- Accepted by the business – **31.4% Total** (Large 40%; Small 28.4%); 41% Total in 2015
- Highly embedded in the business and valued by Senior Management and Board of Directors (or equivalent) – **59.3% Total** (Large 56.7%; Small 60.2%); 40% Total in 2015

**15. 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 – **94.1% Total** (Large 86.7%; Small 96.6%); 92% Total in 2015
- Potential impact on regulatory capital – **86.4% Total** (Large 83.3%; Small 87.5%); 94% Total in 2015
- Reputational impact – **93.2% Total** (Large 86.7%; Small 95.5%); 79% Total in 2015

**16. How broadly has your company communicated principles in its risk appetite statement? (Select all that apply)**

- Communicated to the Board – **90.7% Total** (Large 86.7%; Small 92%); 95% Total in 2015
- Communicated internally to senior management – **92.4% Total** (Large 90%; Small 93.2%); 92% Total in 2015
- Communicated internally to all employees – **37.3% Total** (Large 50%; Small 33%); 14% Total in 2015
- Communicated externally – **5.9% Total** (Large 3.3%; Small 6.8%); 15% Total in 2015

**17. Does your company maintain a risk profile of all of the material risks identified by the company?**

- Yes – **94.9% Total** (Large 100%; Small 82.3%); 79% Total in 2011
- No – **3.4% Total** (Large 0%; Small 4.5%); 21% Total in 2011  
(If No, please skip to question #19)

**18. 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? – **90.7% Total** (Large 93.3%; Small 89.8%); 83% Total in 2011
- Person(s) primarily responsible for managing each risk?  
– **82.2% Total** (Large 80%; Small 83%); 75% Total in 2011
- Prioritization of individual risks based on the ratings assigned?  
– **80.5% Total** (Large 86.7%; Small 78.4%); 76% Total in 2011
- Action plans to mitigate priority risks?  
– **91.5% Total** (Large 93.3%; Small 90.9%); 81% Total in 2011

**19. How does your company manage enterprise risks (for example, as related to economic capital)? (Select one)**

- Forms an aggregated measure of its enterprise risks  
– **5.9% Total** (Large 6.7%; Small 5.7%); 10% Total in 2011
- Manages risks individually  
– **22.9% Total** (Large 10%; Small 27.3%); 48% Total in 2011
- Both – forms aggregated measure of its enterprise risks and manages risks individually  
– **69.5% Total** (Large 83.3%; Small 64.8%); 42% Total in 2011

**20. Which of the following methodologies and techniques does your company use to assess risk? (Select all that apply)**

- Key risk indicators – **91.5% Total** (Large 100%; Small 88.6%); 86% Total in 2015
- Loss event data – **83.1% Total** (Large 86.7%; Small 81.8%); 62% Total in 2015
- Economic capital modelling – **70.3% Total** (Large 86.7%; Small 64.8%); 48% Total in 2015
- Facilitated workshops – **58.5% Total** (Large 80%; Small 51.1%); 41% Total in 2015
- Interviews – **74.6% Total** (Large 86.7%; Small 70.5%); 52% Total in 2015
- Other – **33.1% Total** (Large 36.7%; Small 31.8%); Option not included in 2015

**21. Which area of your company leads the review of new products and lines of business prior to launch?**

- Underwriting – **60.2% Total** (Large 73.3%; Small 55.7%); Option not included in 2015
- Corporate Actuarial – **5.9% Total** (Large 0%; Small 8%); 47% Total in 2015
- Enterprise Risk Management – **17.8% Total** (Large 20%; Small 17%); 40% Total in 2015
- Finance – **2.5% Total** (Large 0%; Small 3.4%); 47% Total in 2015
- Legal – **0% Total** (Large 0%; Small 0%); 27% Total in 2015
- Other – **11.0% Total** (Large 6.7%; Small 12.5%); Option not included in 2015

**22. Does your company systematically quantify the operational risks deemed material to the organization?**

- Always – **25.4% Total** (Large 30%; Small 23.9%); 20% Total in 2015
- When possible – **61.9% Total** (Large 60%; Small 62.5%); 65% Total in 2015
- Never – **10.2% Total** (Large 10%; Small 10.2%); 15% Total in 2015

**23. Does your company employ business continuity planning for the entire organization?**

- Yes – **94.9% Total** (Large 100%; Small 93.2%); 88% Total in 2016
- No – **3.4% Total** (Large 0%; Small 4.4%); 12% Total in 2016

**24. If your answer to Question 23 was Yes, how often do you test business continuity?**

- Once a year – **77.1% Total** (Large 86.7%; Small 73.9%); 45% Total in 2015
- Every 2-3 years – **3.4% Total** (Large 6.7%; Small 2.3%); 11% Total in 2015
- Every 3-5 years – **0.8% Total** (Large 0%; Small 1.1%); 15% Total in 2015
- Ad hoc basis – **11.9% Total** (Large 6.7%; Small 13.6%); 29% Total in 2015

**25. If your answer to Question 23 was Yes, how often do you test disaster recovery?**

- Once a year – **70.3% Total** (Large 76.7%; Small 68.2%); 67% Total in 2016
- Every 2-3 years – **11% Total** (Large 13.3%; Small 10.2%); 11% Total in 2016
- Every 3-5 years – **0.8% Total** (Large 0%; Small 1.1%); 4% Total in 2016
- Ad hoc basis – **12.7% Total** (Large 10%; Small 13.6%); 16% Total in 2016

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

- Yes – **90.7% Total** (Large 93.3%; Small 89.8%); 89% Total in 2016
- No – **7.6% Total** (Large 6.7%; Small 8%); 11% in 2016

**27. If your answer to Question 26 was Yes, how often is this cyber protection plan tested?**

- Once a year – **39.8% Total** (Large 43.3%; Small 28.8%); 47% Total in 2016
- Every 2-3 years – **8.5% Total** (Large 6.7%; Small 6.8%); 5% Total in 2016
- Every 3-5 years – **0.8% Total** (Large 0%; Small 0.8%); 5% Total in 2016
- Ad hoc basis – **36.4% Total** (Large 36.7%; Small 27.1%); 44% Total in 2016



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

### 28. In your company, is the Chief Risk Officer or head of ERM responsible for ORSA?

- Yes – **93.2% Total** (Large 96.7%; Small 92%); 82% in 2018
- No – **5.1% Total** (Large 3.3%; Small 5.7%); 16% in 2018

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

- Yes – **37.3% Total** (Large 36.7%; Small 37.5%); 42% Total in 2015
- No – **61% Total** (Large 63.3%; Small 60.2%); 58% Total in 2015

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

- Capital management – **83.9% Total** (Large 80%; Small 85.2%); 70% Total in 2016
- Insurance pricing – **22% Total** (Large 30%; Small 19.3%); 9% Total in 2016
- Executive compensation – **5.1% Total** (Large 6.7%; Small 4.5%); 0% Total in 2016
- ERM – **84.7% Total** (Large 90%; Small 83%); 75% Total in 2016
- Inform strategic planning – **57.6% Total** (Large 73.3%; Small 52.3%); 45% Total in 2016
- Other – **21.2% Total** (Large 23.3%; Small 20.5%); Option not included in 2016

### 31. Does your company use an Economic Capital Model on a regular basis?

- Yes – **60.2% Total** (Large 76.7%; Small 54.5%); 31% Total in 2015
- No – **38.1% Total** (Large 23.3%; Small 43.2%); 69% Total in 2015

### 32. If your answer to Question 31 was Yes, for what purpose does your company use Economic Capital Model results? (Select all that apply)

- Capital management – **59.3% Total** (Large 76.7%; Small 53.4%); 89% Total in 2015
- Insurance pricing – **26.3% Total** (Large 33.3%; Small 23.9%); 42% Total in 2015
- Executive compensation – **2.5% Total** (Large 3.3%; Small 2.3%); 16% Total in 2015
- ERM – **42.4% Total** (Large 56.7%; Small 37.5%); 79% Total in 2015
- Inform strategic planning – **43.2% Total** (Large 56.7%; Small 38.6%); Option not included in 2015
- Other – **19.5% Total** (Large 20%; Small 19.3%); Option not included in 2015

## Tools and resources

### 33. 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 – **40.7% Total** (Large 46.7%; Small 38.6%); 36% Total in 2015
- Excel/MSOffice suite – **89.8% Total** (Large 90%; Small 89.8%); 85% Total in 2015
- Third-party applications – **65.3% Total** (Large 86.7%; Small 58%); 38% Total in 2015
- Other – **0.8% Total** (Large 0%; Small 1.1%); Option not included in 2015

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

- Larger company average – **8.4 FTE employees** (7.25 FTE employees in 2017)
- Smaller company average – **1.2 FTE employees** (1.5 FTE employees in 2017)

**35. What are your company's plans for 2021 regarding resources in the ERM function? (Select one)**

- Planning to increase headcount or allocation to external resources  
– **39% Total** (Large 50%; Small 35.2%); 20% Total in 2015
- Planning to decrease headcount or allocation to external resources  
– **0.8% Total** (Large 0%; Small 1.1%); 0% Total in 2015
- No changes planned to headcount or allocation to external resources  
– **55.9% Total** (Large 46.7%; Small 59.1%); 80% Total in 2015

**36. What are your company's plans for 2021 regarding tools in the ERM function? (Select one)**

- Planning to increase investment in tools  
– **16.9% Total** (Large 26.7%; Small 13.6%); 24% Total in 2015
- Planning to decrease investment in tools  
– **0% Total** (Large 0%; Small 0%); 0% Total in 2015
- No changes planned to investment in tools  
– **81.4% Total** (Large 73.3%; Small 84.1%); 76% Total in 2015

**37. Have you, or your company's designate, participated regularly in Risk Officer's Forum meetings and/or Emerging Risks Webinars during 2020?**

- Yes – **90.7% Total** (Large 96.7%; Small 88.6%); 37% Total in 2015
- No – **7.6% Total** (Large 3.3%; Small 9.1%); 63% Total in 2015

**38. What are three emerging risks confronting your company over the next 1-3 years?**

<b>2019</b>		<b>2021</b>	
1. Cyber security	23.4%	1. Cyber security	24.9%
2. Climate change	20.0%	2. Climate change	16.4%
Technological change	20.0%	3. Human resources	8.2%
4. Government regulation	12.2%	4. Technological change /Digitalization	7.0%
5. Industry competition	11.3%	5. Government regulation	5.3%
6. Human resources	4.3%	6. Pandemic/COVID-19	5.0%
Broker consolidation	4.3%	Class action/Litigation	5.0%

**39. What are three emerging risks confronting your company over the next 3-10 years?**

<b>2019</b>		<b>2021</b>	
1. Technological change	32.9%	1. Climate change	26.0%
2. Climate change	26.6%	2. Cyber security	15.6%
3. Industry competition	11.7%	3. Technological change /Digitalization	11.7%
4. Cyber security	10.6%	4. Autonomous vehicles	9.6%
5. Consumer preferences	5.3%	5. Strategic innovation	5.1%
Government regulation	5.3%	6. Industry consolidation /Competition	4.8%
7. Human resources	4.2%	Human resources	4.8%

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