

Risk Officer's Forum

**The year
in review**

2021

The Risk Officer's Forum continues to encourage the development of Enterprise Risk Management (ERM) best practices among Canadian licensed P&C insurers and reinsurers.

Dear industry stakeholders:

As the Chair of PACICC's Risk Management Advisory Committee, it is my pleasure to update you on the work of the Risk Officer's Forum – now in its eighth full year of operation.

PACICC remains committed to raising industry awareness about Enterprise Risk Management best practices through the ongoing work of its Risk Officer's Forum. Operation of the Forum is supervised by a seven-member Advisory Committee that provides PACICC's Board with technical expertise and advice regarding current and emerging risk issues. The Advisory Committee includes senior risk management professionals from across the industry and is supported by a PACICC Administrator. The Advisory Committee seeks to identify priority and emerging risk issues, enhance dialogue with industry regulators, develop information sharing opportunities and monitor major areas of risk.

While the COVID-19 pandemic forced all programming online for a second year, PACICC again offered a compelling series of Forum meetings and webinars to connect stakeholders with subject-matter experts who delved into topical risk issues. If there can be a silver lining to the COVID-19 experience, it is that attendance for PACICC events has increased dramatically. The events now typically attract up to 150-200 attendees from 60+ Member companies right across Canada.

I would like to thank my Advisory Committee colleagues for their counsel and continuing involvement, and also thank Ian Campbell and Denika Hall at PACICC for their high-quality work. We look forward to continuing success in 2022 and beyond.

Brandon Blant
Chair, PACICC Risk Management Advisory Committee
Deputy Group Chief Risk Officer and Chief Risk Officer
North America
Intact Financial Corporation

Forum activities and events in 2021

Forum meetings

Forum meetings are half-day, in-person sessions held in Toronto. The meetings include a guest speaker discussing a topical industry issue, followed by an industry panel of risk experts discussing current ERM issues. The meetings seek to engage attendees in interactive, frank discussion. Regulators may attend as guest speakers only. Media are not permitted to attend.

April 1

Topics: **Update on Current Industry Issues – OSFI priorities and planned activities for 2021/22 fiscal year; Internal focus/examination; Climate; Guidelines (B2, B3, E4); IFRS 17; COVID-19; Commercial hard market; Emerging technology; and Cyber risk**

Guest speaker: **Jacqueline Friedland**, Senior Director, Property and Casualty Insurance Group, OSFI



Jacqueline Friedland

Topic: **How Companies Ration and Allocate Capital for Earthquake Risk**

Discussion: **Craig Pinnock**, Chief Financial Officer, Northbridge Financial Group and Chief Agent, Tokio Marine & Nichido Fire Insurance Co. Ltd. (Canadian Branch)

Anya Sri-Skanda-Rajah, Managing Director, GC Analytics & Advisory, Guy Carpenter Canada

Sean Russell, Managing Director, Guy Carpenter Canada

Topic: **Risk of Long-Term Low Interest Rates**

Discussion: **Jimmy Jean**, Macro Strategist, Desjardins General Insurance Inc.

Michael Cook, Vice President, Client Relations & LDI Client Portfolio Manager, CIBC Asset Management

Gaurav Dhiman, Portfolio Manager, Global Fixed Income CIBC Asset Management

September 15

Topic: **CEO Perspective on Flood Resiliency Efforts in Canada**

Guest speaker: **Rob Wesseling**, President and Chief Executive Officer The Co-operators Group Limited



Rob Wesseling

Topic: **Global/Local Reinsurance Market Conditions/Trends**

Panel: **Peter Askew**, President and Chief Executive Officer Guy Carpenter Canada

Matt Wolfe, President, Reinsurance Solutions Canada Aon Canada

Topic: **Results of the 2021 PACICC Benchmark Survey on ERM Practices**

Panel: **Brandon Blant**, Deputy Group Chief Risk Officer and Chief Risk Officer, North America, Intact Financial Corporation

Sonia Kundi, Chief Risk Officer, Zurich Canada

Phil Traicus, Director, Insurance Risk, ERM, The Wawanesa Mutual Insurance Company

Ian Campbell, Vice President, Operations, PACICC (Moderator)

Forum meetings (continued)

November 17

Topic: **CEO Perspective on Climate Change**
Guest speaker: **Jason Storah**, Chief Executive Officer, Aviva Canada Inc.



Jason Storah

Topic: **Risks of Space Weather Phenomena**
Presentation: **Dr. Sandra Chapman**, Director, Centre for Fusion, Space and Astrophysics and Professor, Department of Physics, University of Warwick, Coventry, United Kingdom

Topic: **Review of Agenda Items from OSFI's Annual Risk Management Seminar (Climate Risk Update, Technology and Cyber Risk, Operational Resilience, Risk Management Guidance & Policy, IFRS 17 Insurance Contracts, Cyber Risk Underwriting, Capital Update and Internal Target Panel Discussion)**

Panel: **Tracy Mann**, Vice President, Enterprise Risk Management and Chief Compliance Officer, Definity Financial Corporation
Bernard McNulty, Chief Agent, Canada and Head of Claims, Canada, Allianz Global Corporate & Specialty (Canada Branch)
Ryan Vekeman, Vice President, Insurance Risk Management TD Insurance

Emerging risks webinars

Emerging Risks webinars focus in-depth discussion on technical aspects of one ERM issue. All webinars are recorded and posted on the PACICC website for future on-demand rebroadcast.

February 24

Topic: **A Conversation with Insurers Regarding Risk Identification & Risk Assessment**

Speakers: **Maz Bown**, Chief Risk Officer, Aviva Canada Inc.
John Lewis, Chief Executive Officer, Fenchurch General Insurance Company
Andrew Yorke, Vice President, Enterprise Risk Management and Chief Risk Officer, The Co-operators Group Limited

May 19

Topic: **ESG Scores – Implications for Investments and Underwriting**
Speakers: **Carl Lussier**, Assistant Vice President, Personal Lines Projects Definity Financial Corporation
Alyson Slater, Senior Director, Sustainable Finance, Global Risk Institute in Financial Services
Aaron White, Client Portfolio Manager, Equities CIBC Asset Management

October 23

Topic: **Solar Storms and Other Major Threats to Canada's Electrical Power Grids**

Speakers: **Dr. Eric Durand**, Head, Cyber Center of Competence and Director, Swiss Re Institute, Swiss Re Management Ltd.
Dr. Jan Eichner, Senior Consultant, Corporate Underwriting Non-Life, Munich Re



Eric Durand



Jan Eichner

2021 Benchmark ERM Survey of PACICC Members

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.

PACICC has distributed ERM Surveys to its Members eight times now over the past 10 years. This 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.

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. Responses accounted for 93.9% of total private industry DWP – up from 86.9% in 2019.

2021 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. 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.

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

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?

2019		2021	
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?

2019		2021	
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%

Risk Officer's Forum Membership

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

If you are not being contacted directly regarding upcoming Risk Officer's Forum events, please notify Ian Campbell to have your name added to PACICC's Forum database.

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2021 Risk Management Advisory Committee



Brandon Blant
(Committee Chair)

Deputy Group Chief Risk Officer
Intact Financial Corporation

Risk Management Advisory Committee members oversee the operations of the Risk Officer's Forum.

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.



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