

ERM Benchmark Survey Report

A report on PACICC's fourth ERM benchmarking survey

December 2016

2011
2013
2015
2016

Member Survey on ERM Practices

A report on PACICC's fourth ERM benchmarking survey

December 2016

Prepared by Ian Campbell, Vice President, PACICC

Contents

Executive Summary	1
Introduction	3
Background	4
2016 ERM Survey	
1. Keen stakeholder interest in ERM	5
2. Enhanced documentation and practices	6
3. Opportunities to refine ERM practices	8
Survey comparison	10
Respondent feedback	11
Key risk management terms used in this survey	13
Appendix I – PACICC’s Risk Management Advisory Committee	14
Appendix II – 2016 ERM Survey Questions	16

**Property and Casualty Insurance
Compensation Corporation**

20 Richmond Street East, Suite 210
Toronto, Ontario M5C 2R9

Executive summary

As the financial guarantee fund for Canada's P&C insurance industry, PACICC is focused on initiatives to mitigate solvency risk in the industry. This includes periodic member surveys that seek to gauge the depth and quality of the industry's enterprise risk management (ERM) programs. ERM is widely considered as a best practice for property and casualty (P&C) insurance companies to manage risks, seize opportunities and achieve business goals. Top-performing organizations continue to distinguish themselves on the basis of superior risk management programs.

PACICC has surveyed its members on their ERM practices four times now over the past six years. These surveys (developed in consultation with PACICC's Risk Management Advisory Committee) 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 firms" and "small firms" was deemed to be \$500 million in annual direct written premium (DWP). This report presents three findings from the latest survey, conducted earlier in the year.

First, the survey confirms keen stakeholder interest in ERM. Participation in PACICC Risk Officer's Forum activities over the past year has increased significantly – almost doubling last year's numbers. More than two-thirds of respondents said they participate in webinars and/or Forum meetings throughout the year. Webinars offer in-depth expert analysis of emerging risk issues. Forum meetings bring together senior risk officers to share information and engage in frank discussion on topical industry issues. There has also been an increase in the percentage of industry DWP accounted for by survey respondents over the years. More than 100 firms were represented in the latest survey, accounting for more than 80 percent of market share.

Second, the survey shows that PACICC members have made significant progress in addressing key risk areas. ERM practices have become well-established in both large and small firms. Documentation of risks has also increased. Management is embracing the components of an effective ERM program, including: risk appetite; risk identification, assessment and response; communication; and monitoring. Most respondents said they have an ERM framework in place and use a Board-approved risk appetite statement to outline quantitative and qualitative goals and benchmarks. A risk register outlines various responsibilities, priority risks and action plans. There is growing similarity in the ERM approaches used by large and small firms. Given the great progress made to date and the fact that the survey is now an annual exercise, it is not likely that survey results will show dramatic change year-over-year in future.

A third finding from the survey is that there is opportunity to further refine ERM practices in the industry. A number of firms (large and small) still do not have a formal process in place to identify new or emerging risks. Many said they systematically quantify operational risks only when possible. Many with business continuity plans only test for cyber protection on an ad hoc basis, despite the fact that three out of five respondents cited cyber security as the most significant risk facing the industry over the next three years. Some continue to view ERM as a regulatory compliance exercise. A number do not employ an economic capital model on a regular basis. As well, many said they have not had their ERM functions assessed by an external (independent) advisor.

PACICC will continue to advance industry education on the merits of a robust ERM program through these annual surveys. This will help to encourage industry dialogue and enhance effective risk management oversight and practices in the industry.

Introduction

ERM is widely considered as a best practice for P&C insurance companies to use in managing risks. Top-performing institutions continue to distinguish themselves on the basis of superior risk management capabilities. Their financial performance is influenced by how well they manage risks in an integrated manner across the entire organization. Canada's insurance regulators (including the Office of the Superintendent of Financial Institutions) have strongly recommended 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.

Serving as the financial guarantee fund for Canada's P&C insurance industry, PACICC is committed to helping member companies to strengthen the depth and quality of their risk management programs in order to mitigate industry solvency risk. PACICC has issued ERM surveys to its members (in strict confidence) four times over the past six years – in 2011, 2013, 2015 and 2016. The surveys were developed in consultation with PACICC's Risk Management Advisory Committee (an industry advisory committee of risk management experts). The surveys seek to encourage dialogue among members regarding leading ERM practices and to 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 needed. This report presents the latest survey findings and includes comparisons against past results. Members of the Advisory Committee are listed in Appendix I. The 2016 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 2016 survey focused on company characteristics, governance procedures, ERM framework and practices, Own Risk and Solvency Assessment (ORSA), economic capital and tools and resources.

Industry response to the latest ERM survey was very strong.

- Direct and related-company responses were received from 106 companies in the industry.
- Market share references relate to the most recent published figures for the industry (2015 DWP).
- Responses accounted for 83.9 percent of total industry DWP.
- Responses accounted for 86.2 percent of total private industry DWP.
- This includes 18 of the largest firms in the industry (i.e. those with more than \$500 million in DWP).
- Just over 80 percent of companies with DWP exceeding \$100 million responded to the survey.
- All but three companies with Canadian market share exceeding one percent submitted responses.
- Almost 60 percent of respondents are regulated by OSFI.

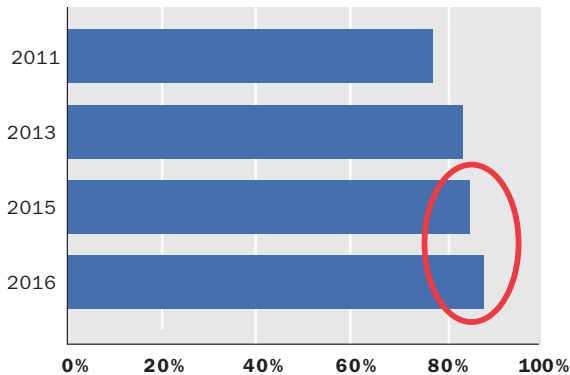
2016 ERM Survey Findings

1. Keen stakeholder interest in ERM

Industry stakeholders continue to show keen interest in ERM best practices. This is demonstrated through their active participation in PACICC ERM surveys (now distributed annually) as well as Risk Officer's Forum meetings and Emerging Risks Webinars throughout the year.

Survey respondents

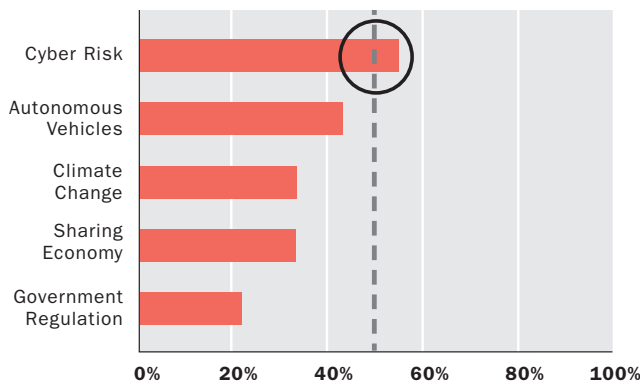
Percentage of private industry DWP



The percentage of industry DWP accounted for by ERM survey respondents has steadily increased over the past six years. In 2011, the volume of industry DWP accounted for by respondents totalled 65 percent. In terms of private industry DWP, the figure was 78 percent. In 2013, the industry DWP figure grew to 73 percent and the private industry DWP figure grew to 82 percent. In the 2015 survey, respondents accounted for 75 percent of industry DWP and 84 percent of private industry DWP. In the most recent survey, respondents accounted for 84 percent of industry DWP and 86 percent of private industry DWP.

Emerging risks confronting your company over the next 1-3 years

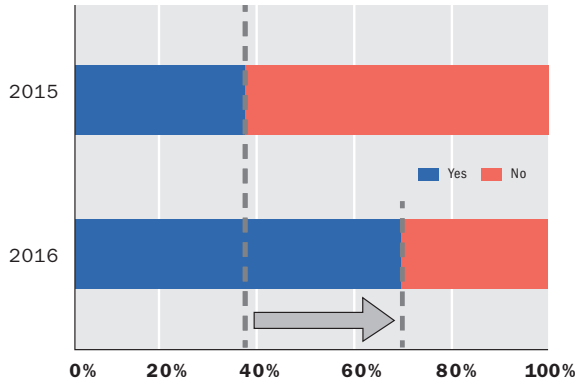
All respondents



The steadily increasing response rate demonstrates the value that members attach to the survey. All survey responses are received in strict confidence. Only summary results are shared with the industry. Survey questions are reviewed annually. Core questions appear in each survey for comparative purposes over the years. New this year was a question on emerging risks confronting the industry over the next three years. Respondents said cyber risk is the number one concern for the industry in the immediate future.

Do you participate regularly in PACICC Risk Officer's Forum events?

All respondents



PACICC organizes Risk Officer's Forum meetings and Emerging Risks Webinars throughout the year. The goal is to focus discussion on major existing risks and significant emerging risks within the industry. Last year, 36 percent of respondents said they participated regularly in these events. That figure almost doubled to 69 percent in this year's survey. Respondents are very interested in the topics being discussed at these events. Webinar topics in 2016 included autonomous vehicles, cyber security and business interruption. Copies of all past webinars are

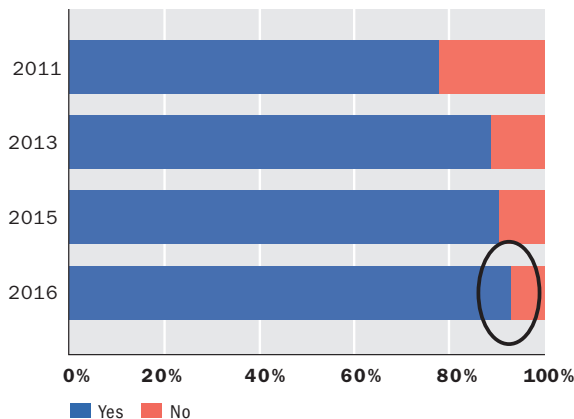
available on the PACICC website. Forum meetings this year included discussion on: operational risk, market conduct, emerging risks, risk culture and cascading risk appetite.

2. Enhanced documentation and practices

Survey results show that there has been significant industry progress in the manner in which risks are identified, assessed and monitored. ERM practices have become well-established for both large and small firms. Documentation of risks has increased. Management is embracing the components of an effective ERM program, including: risk appetite; risk identification, assessment and response; communication; and monitoring.

Documented ERM framework in place

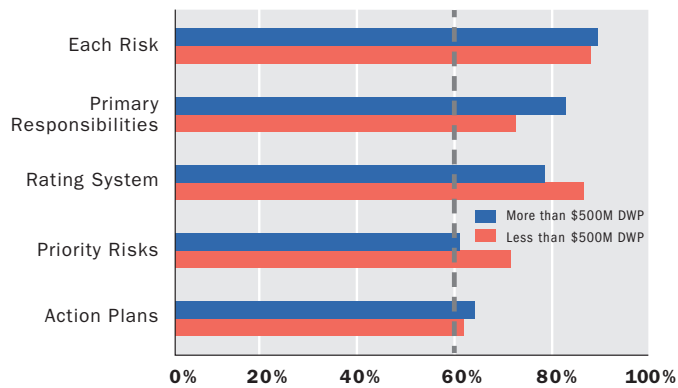
All survey respondents



Some 92 percent of respondents said they have a documented ERM framework or policy in place with established procedures. This is an improvement over last year's result (89 percent). In 2011, the figure was 78 percent. The percentage of respondents noting that their company has a Board-approved risk appetite statement in place increased from 86 percent in 2015 to 88 percent in 2016. In 2011, the figure was just 62 percent.

Risk register addresses...

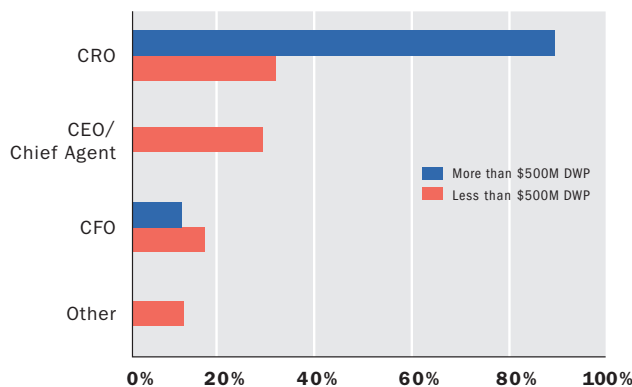
Larger vs. smaller companies (2016)



92 percent of respondents said their company maintains a risk profile of all material risks identified – a dramatic improvement over last year’s result (76 percent). 84 percent of respondents said their company’s Board of Directors has an Audit and Risk Committee or a dedicated Risk Committee in place to oversee the ERM framework. In 2016, at least 60 percent of respondents said their companies’ risk registers address key elements, including: each risk, primary responsibilities, rating system, priority risks and action plans.

Primary responsibility for managing company ERM

Larger vs. smaller companies (2016)

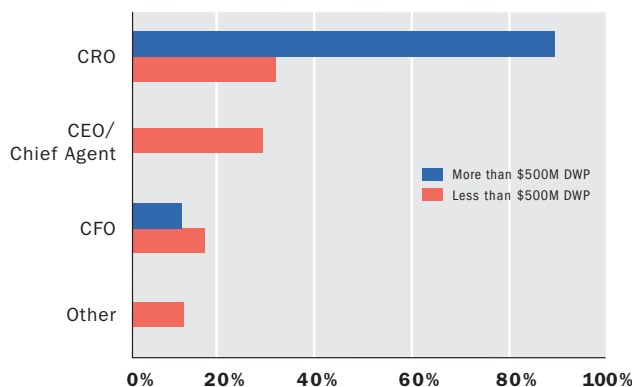


Survey results show a clear concentration of ERM management responsibilities under the Chief Risk Officer for larger firms in the industry. For smaller firms, the trend has been to balance these among the Chief Executive Officer or Chief Agent, Chief Financial Officer, Chief Actuary or another party. The survey asked whether the person with primary responsibility for managing ERM is part of the company’s executive management team. The difference here (91 percent for smaller firms vs. 83 percent for larger firms) is understandable. With task specialization and more staff in larger

firms, there is less likelihood for the person with ERM responsibilities to be part of the firm’s Executive Management Team.

Impacts considered in ERM framework when assessing risk

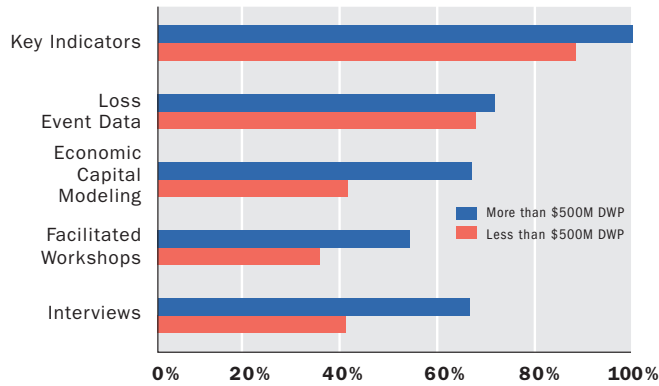
Larger vs. smaller companies (2016)



Survey respondents were asked which impacts are considered in their company’s ERM framework while assessing risk – Income/earnings? Regulatory capital? Reputation? Regulatory capital was ranked first and cited by all large companies responding vs. 97 percent of small companies responding. Income/earnings was considered by near identical percentages – 89 percent of large companies vs. 88 percent of small companies. Reputation was cited as a consideration by a greater percentage of large companies (94 percent) than small companies (82 percent).

Primary methodologies to assess risks

Larger vs. smaller companies (2016)



Primary methodologies to assess risk include: key indicators, loss event data, economic capital modeling, facilitated workshops and interviews. It is interesting to note how large and small companies rely on the same methodologies in the same manner.

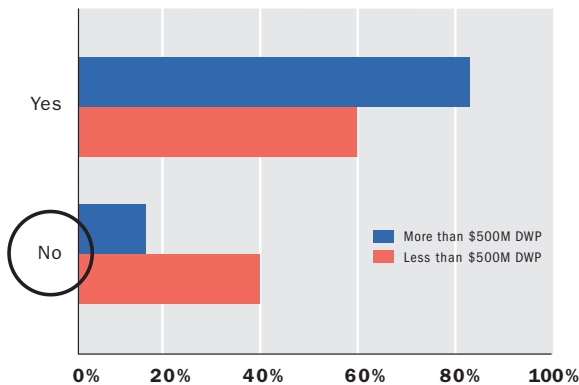
100 percent of large companies and 82 of small companies said they employ business continuity planning for the entire organization and have a cyber protection plan in place. Both larger and smaller firms use their Own Risk and Solvency Assessment (ORSA) results for ERM (40 percent vs. 36 percent), capital management (37 percent vs. 34 percent) and strategic planning purposes (23 percent vs. 22 percent). None use it for executive compensation. Some smaller firms (7 percent) also use it for insurance pricing purposes. Large firms (39 percent) and small firms (17 percent) both indicated that they plan to increase their ERM staff headcount.

3. Opportunities to refine ERM practices

While the industry has made great strides to incorporate ERM best practices, survey results show that there is opportunity for further refinement.

Formal process in place to identify new or emerging risks

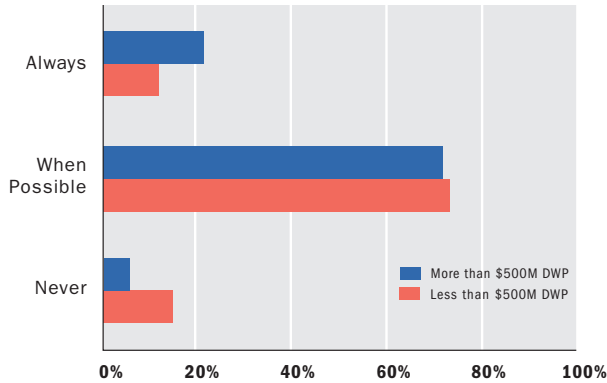
Larger vs. smaller companies (2016)



A significant number of firms both large (17 percent) and small (40 percent) still do not have a formal process in place to identify new or emerging risks.

Operational risks systematically quantified

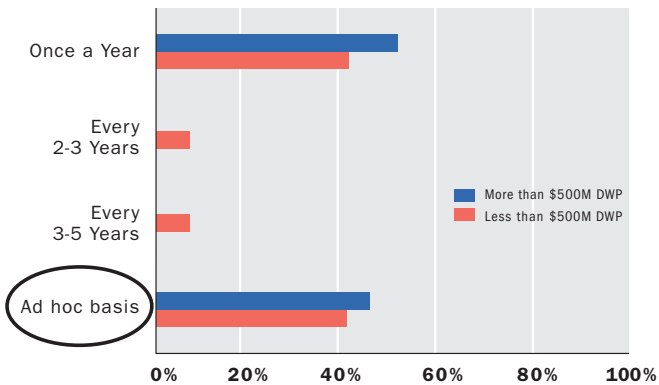
Larger vs. smaller companies (2016)



Many respondents said they systematically quantify operational risks only when possible – 5 percent of large firms vs. 15 percent of small firms.

With your BCP, how often do you test cyber protection?

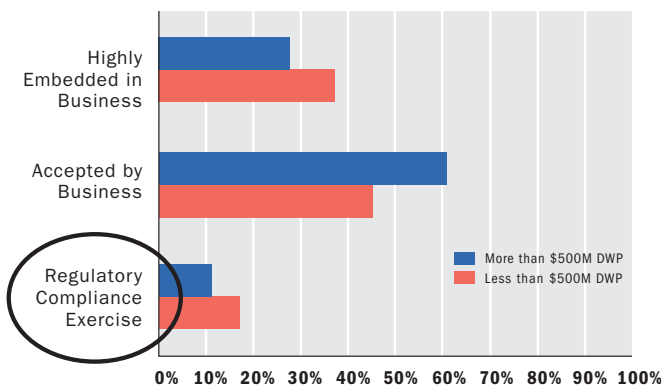
Larger vs. smaller companies (2016)



Many firms with business continuity plans only test for cyber protection on an ad hoc basis (47 percent of large firms vs. 42 percent of small firm) – despite the fact that three out of five respondents cited cyber security as the most significant risk facing the industry over the next three years.

Enterprise Risk Management is...

Larger vs. smaller companies (2016)



A number of companies continue to view ERM as a regulatory compliance exercise – 11 percent of large firms vs. 17 percent of small firms.

Through the work of its Risk Officer's Forum, PACICC will continue to promote stakeholder dialogue and advance industry education on the merits of a robust ERM program. This includes an annual ERM survey of members in order to track industry progress on risk management oversight and practices

Survey comparison

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

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

Questions	2011		2013		2015		2016	
	Yes %	No %	Yes %	No %	Yes %	No %	Yes %	No %
Does your company have a documented Enterprise Risk Management (ERM) framework or policy with established precedures?	80	20	87	13	90	10	92	8
Do you maintain a risk register of all the material risks identified by your company?	79	21	79	21	77	23	92	8
Does your company have a Board-approved risk appetite statement?	–	–	51	49	87	13	89	11
Is the individual with primary responsibility for managing your company’s enterprise risks part of the company’s executive management team?	75	25	87	13	87	13	89	11
Does this individual have direct access to the Board of Directors?	86	14	100	0	97	3	90	10
Does your company’s risk profile address...								
• Information relating to each risk?	83	17	92	8	88	12	88	12
• An “owner” or person primarily responsible?	75	25	92	8	84	16	77	23
• Consistent process and rating system?	78	22	78	22	79	21	83	17
• Prioritization of individual risks?	76	24	75	25	63	37	69	31
• Action plan to mitigate priority risks?	81	19	83	17	81	19	65	35
Which key risk areas are explicitly addressed in your company’s risk profile... (check all that apply).								
• Underwriting risk?	93	7	100	0	97	3	98	2
• Credit risk?	94	6	86	14	92	8	90	10
• Market risk?	95	5	94	6	95	5	96	4
• Liquidity risk?	87	13	83	17	89	11	83	17
• Operational risk?	90	10	87	13	97	3	98	2
• Strategic risk?	84	16	77	23	82	18	86	14
Does your company... (check one box)								
• Form an aggregate measure of its enterprise risks?	10	Not applicable	13	Not applicable	9	Not applicable	8	Not applicable
• Manage risks individually?	48	Not applicable	47	Not applicable	37	Not applicable	33	Not applicable
• Both?	42	Not applicable	40	Not applicable	54	Not applicable	59	Not applicable
Has your company's risk management function been assessed by an external (independent) advisor?			30	70	35	65	40	60

Respondent feedback

Following is selective feedback from the 2011, 2013 2015 and 2016 surveys reflecting growing appreciation of the benefits of ERM. Early feedback shows work at the development stage. Later feedback reflects greater interest in certain aspects of ERM (e.g. perspectives on ORSA, differing ERM frameworks, etc.).

2016

- *Not reached the status of highly embedded in business.*
- *Most of the questions relate to form, however, the key questions asked are 14 & 17. All the “correct” policies and forms can be in place but will be entirely ineffective if not valued and embraced by the company's most senior people.*
- *“Cyber protection plan” is a fairly broad descriptor which will likely mean different things to different organizations.*
- *We have begun this process but have a lot more to do. Groundwork has been set and we’re building on it.*

2015

- *Ongoing research and reporting on regulatory requirements and changes thereto is valuable. Information on small- to mid-sized company tools used to manage risk management and strategies to integrate in business decisions... Summary of the different risk management frameworks developed and which would be more relevant and why for different types of organizations.*
- *Would like to get the different perspectives on ORSA (what it looks like as a deliverable and what is being considered), as well as how companies are integrating risk, controls and governance (if differently with the introduction of ORSA).*
- *More activities (desired) related to best practice sharing for larger companies.*

2013

- *A formal ERM Program is new to us and under current development/enhancement as we move forward.*
- *We are in the process of putting in place many of the items covered in this survey including a Risk Appetite Framework, Risk Register and Board Risk Committee. I have answered the questions in the negative as it may be several months before these items are completed.*
- *Importance of ERM is recognized. The PACICC-sponsored ERM sessions put on by KPMG were very much appreciated. On the survey, am glad it is being done, my only concern being the black-or-white responses called for in some cases when in fact one has started down the path but is not all the way there yet.*

2011

- *Our company's ERM practice (our policy, appetite, tolerances, limits and overall framework) are currently in a state of development. We are working towards creating a holistic approach to ERM that makes sense in terms of our size, risk profile, and stakeholder expectations.*
- *Basic ERM policy has just been defined; on our 'to do' list of areas to work on in the near future.*
- *We are in the process of developing an ERM policy for our company.*
- *ERM is on the radar, to be undertaken in the future. Answers reflect our position we will reach over the next few months, as we are implementing our ERM framework.*
- *ERM policy is in progress and when complete will capture our risk appetite and tolerance, with specific limits, and will be approved by the Board of Directors. The Risk Committee, chaired by the CRO, will have primary responsibility for oversight of the ERM policy.*
- *The responses we have provided are in respect to our current, or near-future, situation. Within the next 6 to 12 months we would anticipate a significant modification to our current ERM procedures.*

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 an assigned PACICC Administrator.

2016 Advisory Committee Members

Susan Meltzer	Aviva Canada (Committee Chair)
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, PACICC

Nigel Ayers (AIG Canada) and Jean-François Lafond (Desjardins General Insurance Group) retired from the Advisory Committee in 2016.

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 discussion on a variety of current ERM issues. 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.

Appendix II – 2016 ERM Survey questions

Company characteristics

1. a) What was your company's total Direct Written Premium in 2015?

- b) Domestic (Canadian-owned company)
 Subsidiary of a foreign parent
 Branch of a foreign parent

Governance

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

- Yes
 No

3. Does your company have a Board-approved risk appetite statement?

- Yes
 No

4. Does your company's Board of Directors have an Audit and Risk Committee or a dedicated Risk Committee in place to oversee the ERM framework?

- Yes
 No

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

- CEO or Chief Agent
 Chief Risk Officer
 Chief Actuary
 Chief Financial Officer
 Other (Please specify)

- b) Does the person with primary responsibility for managing ERM receive direction for risk management activities from a head office?
- Yes
- No
- 6.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
- No
- Not applicable (e.g. foreign branch)
- b) Is the person with primary responsibility for managing ERM part of the company's executive management team?
- Yes
- No
- 7.** Do ERM activities in your company help to determine executive compensation? (Select one)
- Yes
- Minimally
- Not at all
- 8.** Has your company's ERM function been assessed by an external (independent) advisor? (Select one)
- In the last year
- In the last 3 years
- More than 3 years ago
- Not assessed

ERM framework and practices

- 9.** 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
 - Credit risk – Risks related to changes in the credit quality of counterparties or intermediaries to which your company is exposed (including reinsurance receivables)
 - Market risk – Risks that arise from volatility in financial markets, including changes in interest rates, bond and stock prices
 - Liquidity risk – Risks related to possible cash-flow shortfalls, including cash calls following major loss events, credit-rating downgrades, problems accessing financial markets, etc.
 - 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
 - Strategic risk – The risk of loss arising from strategic business decisions
- 10.** Does your company have a formal process in place to identify new or emerging risks?
- Yes
 - No
- 11.** Does your company consider ERM to be primarily: (Select one)
- A regulatory compliance exercise?
 - Accepted by the business?
 - Highly embedded in the business and valued by Senior Management and your company's Board of Directors (or equivalent)?
- 12.** Does your company's risk appetite statement outline specific goals, benchmarks, parameters and limits (on both a quantitative and qualitative basis)?
- Yes
 - No

- 13.** 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
 - Potential impact on regulatory capital
 - Reputational impact
- 14.** How broadly has your company communicated principles in its risk appetite statement? (Select all that apply)
- Communicated to the Board
 - Communicated internally to senior management
 - Communicated internally to all employees
 - Communicated externally
- 15.** Does your company maintain a risk profile of all of the material risks identified by the company?
- Yes
 - No
- (If No, please skip to question #17).
- 16.** 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?
 - Person(s) primarily responsible for managing each risk?
 - A consistent process and rating system used to measure and assess the severity and probability of each risk?
 - Prioritization of individual risks based on the ratings assigned?
 - Action plans to mitigate priority risks?
- 17.** How does your company manage enterprise risks (for example, as related to economic capital)? (Select one)
- Forms an aggregated measure of its enterprise risks
 - Manages risks individually
 - Both – forms an aggregated measure of its enterprise risks and manages risks individually

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

- Key indicators
 - Loss event data
 - Economic capital modelling
 - Facilitated workshops
 - Interviews
 - Other (Please specify)
-

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

- Underwriting
 - Corporate Actuarial
 - Enterprise Risk Management
 - Legal
 - Finance
 - Other (Please specify)
-

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

- Always
- When possible
- Never

21. Does your company employ business continuity planning for the entire organization and does it have a cyber protection plan in place?

Yes

No

If yes, how often do you test?

a) Disaster recovery Once a year
 Every 2-3 years
 Every 3-5 years
 Ad hoc basis

b) Business community Once a year
 Every 2-3 years
 Every 3-5 years
 Ad hoc basis

c) Cyber protection Once a year
 Every 2-3 years
 Every 3-5 years
 Ad hoc basis

Own Risk and Solvency Assessment (ORSA) and economic capital

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

Yes

No

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

Capital management

Insurance pricing

Executive compensation

ERM

Inform strategic planning

Other (Please specify)

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

Yes

No

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

Capital management

Insurance pricing

Executive compensation

ERM

Inform strategic planning

Other (Please specify)

Tools and resources

25. 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

Excel / MS Office suite

Third-party applications

Other (Please specify)

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

27. What are your company's plans for 2016 regarding resources in the ERM function? (Select one)

Planning to increase headcount or allocation to external resources

Planning to decrease headcount or allocation to external resources

No changes planned to headcount or allocation to external resources

28. What are your company's plans for 2016 regarding tools in the ERM function?
(Select one)

- Planning to increase investment in tools
- Planning to decrease investment in tools
- No changes planned to investment in tools

29. Have you, or your company's designate, participated regularly in Risk Officer's Forum meetings and/or Emerging Risks Webinars during 2015?

- Yes
- No

If No, please indicate why:

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

**Property and Casualty Insurance
Compensation Corporation**

20 Richmond Street East, Suite 210

Toronto, Ontario M5C 2R9

Phone (416) 364-8677

Fax (416) 364-5889

www.pacicc.ca