

Risk Officer's Forum

April 2016

**The year
in review**

2015

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 Chair of PACICC's Risk Management Advisory Committee, it is my pleasure to update you on the work of the Risk Officer's Forum, and to reflect back on activities over the past year – the Forum's second full year of operation.

PACICC plays an important role in raising industry awareness about Enterprise Risk Management best practices through the work of its Risk Officer's Forum. Forum operations are overseen by an Advisory Committee which provides PACICC's Board with ongoing technical expertise regarding current and emerging risk management issues. The Advisory Committee comprises senior industry risk officers and is supported by a PACICC Administrator.

Over the past year, the Advisory Committee focused on identifying emerging and priority risk issues, fostering dialogue between regulators and industry risk professionals, creating opportunities for information sharing on industry best practices and monitoring major risk areas. Program activities included a series of Risk Officer's Forum meetings and Emerging Risks webinars, a third bi-annual Benchmark Survey on ERM Practices and Committee liaison with industry stakeholders on topical risk issues.

I want to extend my thanks to my Advisory Committee colleagues for their counsel over the past year, and to Ian Campbell and support staff at PACICC for their high-quality work. I want to also thank Mark Struck (Wawanesa Mutual Insurance Company) who retired from the Advisory Committee at the end of 2015. I am confident that the Forum is positioned for continuing success, with a full program of activities to engage the industry in 2016.

Susan Meltzer,
PACICC Risk Management Advisory Committee Chair

Forum activities and events in 2015

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, unscripted discussion. Regulators may attend as guest speakers only. Media are not permitted to attend.

April 22

Guest Speakers: **Darrell Leadbetter**, *Director, P&C Insurance Group, OSFI*
Kristi Rahemtulla, *Director, P&C Insurance Group, OSFI*

Topics: Guideline B-3 Compliance Review; Business Models Leveraging Reinsurance; and 2015 Reinsurance Standardized Stress Test (SST)

Panel Topics: Reinsurance Risk Management; Own Risk and Solvency Assessment (ORSA); Internal Solvency Models; Emerging Risks; and 2015 PACICC ERM Survey – Findings



Darrell Leadbetter



Kristi Rahemtulla

September 24

Guest Speaker: **Brian Rosenbaum**, *Senior Vice President, Financial Services Group, National Director, Legal and Research Practice, and National Cyber and Privacy Practice Leader, Aon Risk Services*

Topic: Next Generation of Cyber Risk: Convergence of the Digital & Physical Realms

Panel Topics: Cyber Security and Telematics; Changing Insurance Business Models; Reinsurance Risk Management; OSFI Operational Risk Guideline; and Internal Solvency Models and ERM



Brian Rosenbaum

December 15

Guest Speaker: **Alister Campbell**, *President and Chief Executive Officer, The Guarantee Company of North America*

Topic: Managing in a Changing World of Risk

Panel Topics: Annual OSFI Risk Management Seminar – Industry Feedback; Risk Culture; Risk Appetite; and Model Risk



Alister Campbell



Carmine Porco



Alan D'Silva



Louis Durocher

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.

May 20

Speaker: **Carmine Porco**, *Social Business Lead, Canada, Accenture Digital*

Topic: Social Media: Implications for P&C Insurance

June 24

Speaker: **Alan D'Silva**, *Senior Partner, Stikeman Elliott LLP*

Topic: Emerging Litigation Issues

November 18

Speaker: **Louis Durocher**, *Chief Risk Officer, Aviva Insurance Company of Canada*

Topic: A Day in the Life of a CRO

PACICC 2015 Benchmark Survey on ERM Practices

Survey goals

- Encourage dialogue among industry stakeholders regarding ERM best practices
- Highlight practical elements that underpin a robust ERM program
- Identify areas where further progress may be needed

Response Rate

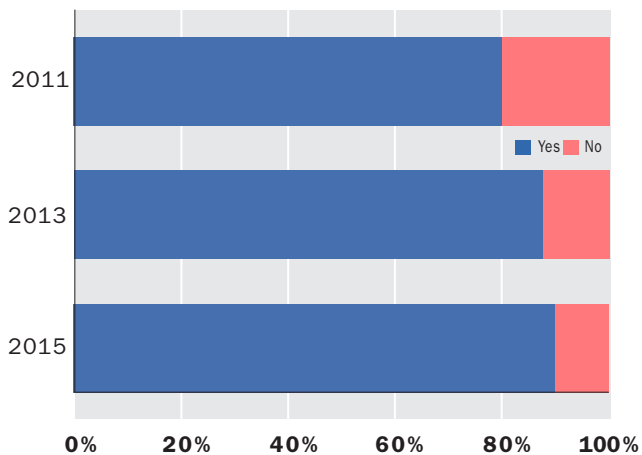
- 69 respondents to the Survey, conducted in March 2015
- Accounted for 86.8% of private industry Direct Written Premiums
- Included 24 of the 25 largest insurers

Note – \$500 million in DWP was used as the break-point between larger and smaller firms.

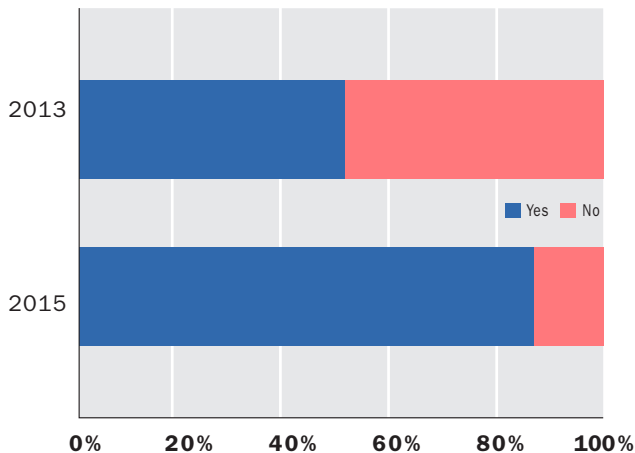
Key Findings

1. The P&C insurance industry continues to enhance its commitment to ERM

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

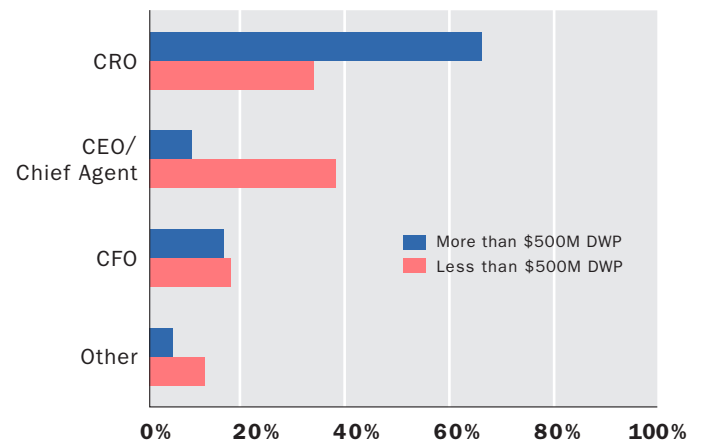


Does your company have a Board-approved risk appetite statement?

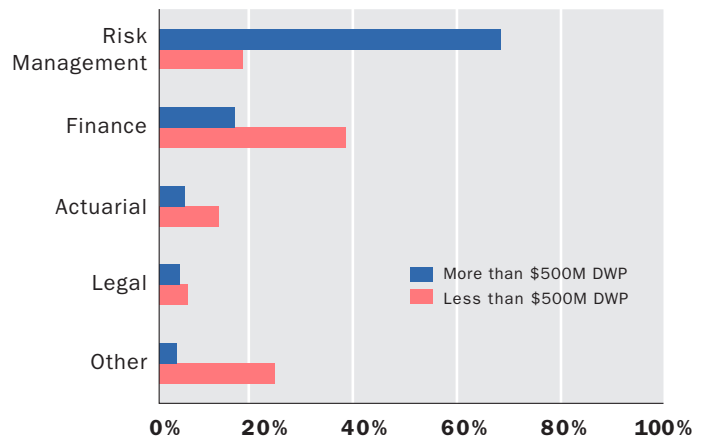


2. The Chief Risk Officer plays a key role in managing risks

Who has primary responsibility for managing your company's enterprise risks?



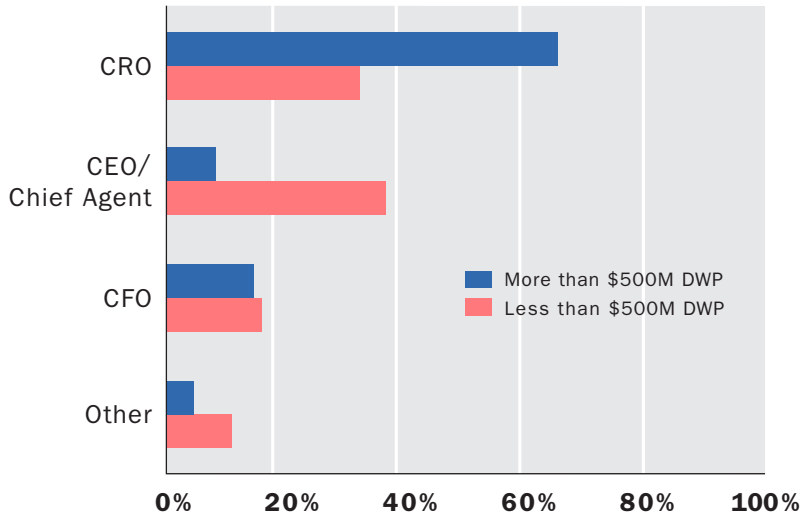
What department is primarily responsible for directing the ERM program?



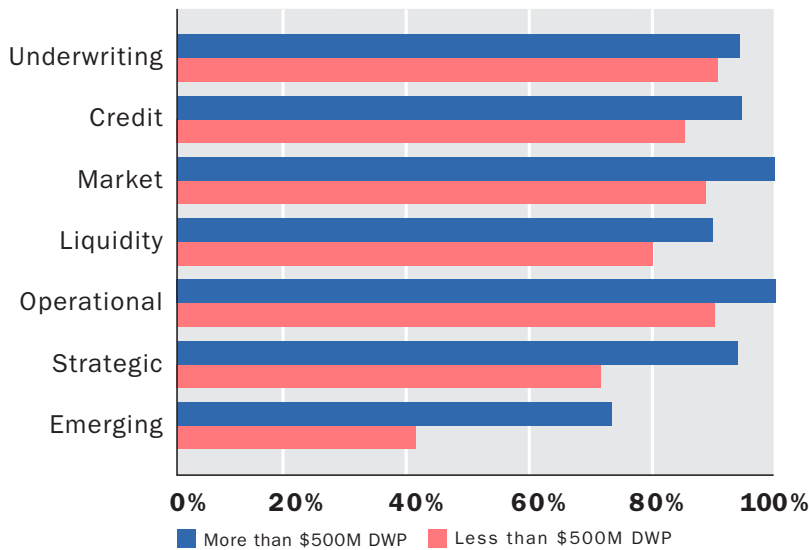
PACICC 2015 Benchmark Survey on ERM practices (continued)

3. There are differing approaches to ERM in larger vs smaller companies

Who has primary responsibility for managing your company's enterprise risks?



Which of the following key risk areas are explicitly addressed in your company's ERM program:
Underwriting risk? Credit risk? Market risk? Liquidity risk? Operational risk? Strategic risk? Emerging risk?



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.

2016 Risk Management Advisory Committee



Susan Meltzer
(Committee Chair)
Vice President, Risk
Aviva Insurance Company of Canada

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; and
- Providing resources, references and information to facilitate research of risk management and related governance topics.



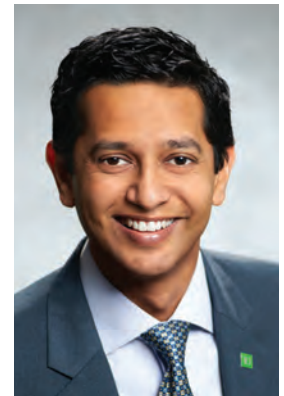
Nigel Ayers
Chief Risk Officer, Canada
AIG Insurance Company of Canada



Randy Besse
Risk Manager
SGI Canada



Brandon Blant
Vice President, Risk Management
Intact Financial Corporation



Dinesh Garbharran
Vice President, Risk Management
TD General Insurance Company



Jean-François Lafond
Chief Risk Officer
Desjardins General Insurance Group



Randy Musselman
Chief Risk Officer
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