

# **ERM Benchmark Survey Report**

A report on PACICC's tenth ERM benchmarking survey

September 2025



**2025**



# Member Survey on ERM Practices

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## Executive Summary

PACICC is the industry-funded, non-profit resolution mechanism 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. This includes 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 10 times now over the past 14 years. (The survey is now issued on a bi-annual basis in order to avoid "survey fatigue" and also to provide more time for changes in practices and approaches to develop).

This benchmarking survey is intended to encourage Member dialogue on industry ERM best practices and highlight practical elements that underpin a robust risk management program. This report identifies both common and best practices in the management of ERM among Member companies, as well as other points of interest (e.g. developing trends and notable survey responses).

The survey analysis compares responses for "large companies" vs. "small companies" in the industry. For purposes of this survey, large companies are defined as those with \$500 million or more in Direct Written Premium (DWP) in the previous year (2024). Small companies are those with less than \$500 million in DWP.

The report identifies a list of ERM best practices employed by most firms in the industry. These best 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 they become, the more accepted they are as best practice for the industry. There are more common practices than there are best practices. A number of points of interest (e.g. emerging trends and changes in responses compared to past years) are also noted in this report.

All survey responses are received in strict confidence by PACICC staff, and are not shared with third parties. This report presents summary results only, with no attributed comments or identifiers.

PACICC intends to continue to survey Members regarding ERM practices in order to enhance industry education on the merits of a robust ERM program. We hope that surveys like this one help to foster industry dialogue and increase effective risk management oversight and implementation of best practices across the industry.

## Introduction

Enterprise Risk Management (ERM) is widely viewed as a best practice for P&C insurance companies to employ in managing risks. Top-performing companies have distinguished themselves over time through demonstrated superior risk management capabilities and practices. Their financial performance is influenced by how well they integrate risk management activities across the organization. The bottom line is that effective risk management is essential to the business of insurance. Key risk areas include: underwriting, credit, market, liquidity, operational, strategic, reputation and emerging risks.

Canada's federal and provincial/territorial insurance regulators have strongly recommended that P&C insurance companies seek to enhance their risk management practices on an enterprise-wide basis and have published guidelines outlining their expectations for implementation of effective ERM for insurers, regardless of size or lines of business.

In its role as the resolution mechanism 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, as we believe that this will help to mitigate industry solvency risk. PACICC has distributed ERM Surveys to its Members (in strict confidence) 10 times now over the past 14 years – in 2011, 2013, 2015, 2016, 2017, 2018, 2019, 2021, 2023 and 2025. The surveys, conducted using SurveyMonkey (for response ease and simplicity), were developed in consultation with PACICC's Risk Management Advisory Committee (an industry advisory committee of risk management experts). The survey questions – and subsequent analysis and published reports— are intended to encourage dialogue among Members regarding leading ERM practices, and highlight practical elements that underpin a robust ERM program.

Following each survey of Members, PACICC issues a summary report to Members, with aggregate results indicating: how well the industry is managing enterprise risks; where progress is being made; and where further attention may be required. This report presents 2025 survey findings and includes comparisons against past results. Members of the Advisory Committee are listed in the Appendix. Responses to this year's questions are compared against those received from the first year that each question was posed, to show progress made.

## 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
3. Identify areas where further progress may be needed.

Questions in the 2025 survey focused on company characteristics, governance procedures, ERM framework and practices, Own Risk and Solvency Assessment (ORSA), Economic Capital Models (ECM), tools and resources, and new and emerging risks. The survey questions include benchmark responses (from when each question was first posed to Members), enabling readers to see how responses have changed over time and assess the magnitude of the change.

Industry response to the latest ERM survey remains very strong.

- Direct and related-company responses were received from 111 of PACICC's 163 Member companies – the largest number of responses received was 118 from 167 companies, in 2021
  - ▶ 36 with more than \$500 million in DWP in 2024 = 81.7% of industry DWP
  - ▶ 75 with less than \$500 million in DWP in 2024 = 12.3% of industry DWP
- Accounted for 93.9% of total industry DWP – highest ever
- 75.2% of respondents are regulated by OSFI, accounting for 88.4% of total industry DWP.

Market share references relate to the most recent published figures (2024 DWP) for the industry. The high response rate (highest-ever percentage of DWP) is a clear indication of the degree to which Canadian P&C insurers are committed to the concept of ERM, and their interest in exchanging best practices information.

**Note:** Percentages in the survey may not add to 100 due to rounding and/or to respondents missing or skipping questions.

Five new questions were added to this survey to ensure that it remains relevant and informative, including:

- **Question 12** – Identifying new risks added to companies' taxonomy of risks
- **Question 16** – Percentage of companies' risk taxonomy covered by a risk appetite statement
- **Question 22** – Status of companies' operational resiliency program
- **Question 28** – Identifying who is responsible for ORSA in Member companies
- **Question 39** – How companies are managing third-party risk.

Survey responses are presented in four sections in the report:

- a) **Best Practices (7)** – Survey Questions 6, 9, 10, 15, 17, 23 and 26
- b) **Common Practices (12)** – Survey Questions 7, 13, 14, 18, 19, 20, 21, 24/25/26, 34, 37, 38 and 39
- c) **Points of Interest (12)** – Survey Questions 8, 11, 12, 16, 22, 28, 29, 30, 35, 36, 40 and 41
- d) **Other Survey Responses (7)** – Survey Questions 2, 3, 4, 5, 31, 32 and 33.



# 2025 ERM Survey Findings

## a) Best Practices

When PACICC first began surveying Members on their ERM practices more than 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 “best practice.” The degree of sophistication and maturity in ERM practices between very large companies and very small companies in the industry has narrowed considerably. Without question, the use of a risk appetite statement outlining specific goals, benchmarks, parameters and limits is a must for risk managers. While this may now seem routine, such was not always the case.

Following are seven best practices identified through responses to the 2025 Survey, employed by most firms in the industry. We define a best practice as one that reflects at least 90 percent support among respondents over several years of PACICC ERM Surveys.

### 1. 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

#### Survey Question 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 – **94.6% Total** (Large 29.7%; Small 64.9%); 86% Total in 2011
- No – **0% Total** (Large 0%; Small 0%); 14% Total in 2011
- Not applicable (e.g. foreign branch) – **3.6% Total** (Large 2.7%; Small 0.9%); Not an option in 2011  
“Not applicable” responses included: Foreign branch CRO has access to the Board of an unregulated local operating entity; and Reporting is to Senior Management as a foreign branch

### 2. Leading companies have a documented ERM framework or policy in place with established procedures

#### Survey Question 9...

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

- Yes – **94.6% Total** (Large 32.4%; Small 62.1%); 87% Total in 2013
- No – **3.6% Total** (Large 0%; Small 3.6%); 13% Total in 2013

### 3. Leading companies have a Board-approved risk appetite statement

#### Survey Question 10...

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

- Yes – **91.0% Total** (Large 29.7%; Small 61.3%); 51% Total in 2013
- No – **7.2% Total** (Large 2.7%; Small 4.5%); 49% Total in 2013

#### 4. Key impacts considered in companies' ERM framework while assessing risk include: potential impact on income/earnings and potential impact on regulatory capital

##### Survey Question 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 – **95.5% Total** (Large 31.5%; Small 64.0%); 92% Total in 2015
- Potential impact on regulatory capital – **93.7% Total** (Large 30.6%; Small 63.1%); 94% Total in 2015
- Reputational impact – **88.3% Total** (Large 31.5%; Small 56.3%); 79% Total in 2015
- Other key impact(s) – **40.5% Total** (Large 15.3%; Small 25.2%); Not an option in 2015  
“Other key impact(s)” included: Operations; Customers; People (insureds/employees); Achieving strategy; Likelihood; Human resources; Business objectives; Resilience; Key projects, strategies and initiatives; Emerging risks; Systems/Customer/Employees; Strategic/Operational/Compliance; Sustainability; Operational/Customer expectations; Operational resilience; Employee safety; Potential regulatory impact; and none of the above.

#### 5. Leading companies have a risk profile in place listing all of the material risks identified by the company

##### Survey Question 17...

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

- Yes – **94.6% Total** (Large 31.5%; Small 63.1%); 79% Total in 2011
- No – **3.6% Total** (Large 0.9%; Small 2.7%); 21% Total in 2011

#### 6. Leading companies employ business continuity planning for the entire organization

##### Survey Question 23...

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

- Yes – **94.6% Total** (Large 31.5%; Small 63.1%); 88% Total in 2016
- No – **3.6% Total** (Large 0.9%; Small 2.7%); 12% Total in 2016

## 7. Leading companies have a cyber protection plan in place for the entire organization

*Survey Question 26...*

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

- Yes – **96.4% Total** (Large 31.5%; Small 64.8%); 89% Total in 2016
- No – **1.8% Total** (Large 0.9%; Small 0.9%); 11% Total in 2016

## b) Common Practices

Following are 12 “common practices” employed by many firms in the industry in the management of ERM. The more popular these approaches become, the more likely they are to qualify as a best practice. The 2025 survey still revealed more common practices than best practices.

### 1. Persons with primary responsibility for managing ERM are part of the company’s Executive Management Team

*Survey Question 7...*

*Is the person with primary responsibility for managing ERM part of the company’s Executive Management Team?*

- Yes – **86.5% Total** (Large 26.1%; Small 60.4%); 75% Total in 2011
- No – **11.7% Total** (Large 6.3%; Small 5.4%); 25% Total in 2011

### 2. Companies have a formal process in place to identify new or emerging risks

*Survey Question 13...*

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

- Yes – **88.3% Total** (Large 31.5%; Small 56.8%); 68% Total in 2016
- No – **9.9% Total** (Large 0.9%; Small 9.0%); 32% Total in 2016

### 3. ERM is considered to be highly embedded in the business and valued by Senior Management and the Board of Directors

*Survey Question 14...*

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

- Highly embedded in the business and valued by Senior Management and Board of Directors (or equivalent) – **70.3% Total** (Large 22.5%; Small 47.7%); 40% Total in 2015
- Accepted by the business – **22.5% Total** (Large 7.2%; Small 15.3%); 41% Total in 2015
- A regulatory compliance exercise – **5.4% Total** (Large 2.7%; Small 2.7%); 19% Total in 2015

**4. Companies' risk profiles address: information relating to each risk, action plans to mitigate priority risks; person(s) primarily responsible for managing each risk; and prioritization of individual risks based on the ratings assigned**

**Survey Question 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 – **86.5% Total** (Large 29.7%; Small 56.8%); 83% Total in 2011
- Action plans to mitigate priority risks – **82.9% Total** (Large 27.9%; Small 55.0%); 81% Total in 2011
- Person(s) primarily responsible for managing each risk – **81.1% Total** (Large 26.1%; Small 55.0%); 75% Total in 2011
- Prioritization of individual risks based on the ratings assigned – **77.5% Total** (Large 27.0%; Small 50.5%); 76% Total in 2011

**5. ERM is managed by forming an aggregated measure of enterprise risks and managing risks individually**

**Survey Question 19...**

*Enterprise risks negatively impact daily operations and can jeopardize a company's ability to achieve its objectives. They vary in severity and can stem from both internal and external sources. How does your company manage enterprise risks? (Select one)*

- Both – forms an aggregated measure of its enterprise risks and manages risks individually – **75.7% Total** (Large 27.0%; Small 48.7%); 42% Total in 2011
- Manages risks individually – **21.6% Total** (Large 5.4%; Small 16.2%); 48% Total in 2011
- Forms an aggregated measure of its enterprise risks – **0% Total** (Large 0%; Small 0%); 10% Total in 2011

**6. Methodologies and techniques that companies use to assess risk include: key risk indicators, loss event data, economic capital modelling, interviews and facilitated workshops**

**Survey Question 20...**

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

- Key risk indicators – **86.5% Total** (Large 30.6%; Small 55.9%); 86% Total in 2015
- Loss event data – **83.8% Total** (Large 28.8%; Small 55.0%); 62% Total in 2015
- Economic capital modelling – **81.1% Total** (Large 30.6%; Small 50.5%); 48% Total in 2015

- Interviews – **80.2% Total** (Large 31.5%; Small 48.7%); 52% Total in 2015
- Facilitated workshops – **60.4% Total** (Large 22.5%; Small 37.8%); 41% Total in 2015
- Other – **16.2% Total** (Not an option in 2015)  
*“Other” responses included: Risk and control self-assessment and economic capital modelling from a corporate standpoint; Senior Management Committees; Scenario analysis; Structural review of external thought leadership on emerging risks; External consultants; Stress testing; Quarterly Management representative letters by VPs highlighting key risks and control/compliance issues; Audit/control validations; and Annual operational risk self-assessment and reviews*

## 7. Underwriting remains the leading area for companies in the review of new products and lines of business prior to launch

### Survey Question 21...

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

- Underwriting– **53.1% Total** (Large 18.9%; Small 34.2%); 54.8% Total in 2023
- Enterprise Risk Management – **19.8% Total** ((Large 6.3%; Small 13.5%); 17.4% Total in 2023
- Corporate Actuarial – **8.1% Total** (Large 2.7%; Small 5.4%); 2.6% Total in 2023
- Legal – **3.6% Total** (Large 1.8%; Small 1.8%); 1.7% Total in 2023
- Finance – **0% Total** (Large 0%; Small 0%); 1.7% Total in 2023
- Other – **18.9% Total** (Large 4.5%; Small 14.5%); 18.3% Total in 2023  
*“Other” responses included: Underwriting, Integrity and Governance; Mix of expertise (all parts above) – Project approach; Fair Business Practice Committee; It is multi-faceted (Operations, Legal, Compliance and Business Development); Underwriting, Actuarial, Legal and Finance; Mainly Underwriting, but we also have a Products Committee where Operations, Actuarial, Risk, Underwriting, Finance and Legal participate; Strategy; Business Operations Control; Representatives from all of Underwriting, Actuarial. ERM, Legal and Finance collectively; Executive Leadership; Product Development; Underwriting leads with support and involvement of all functions listed; and Corporate Claims*

## 8. Companies employing business continuity planning for the entire organization test annually for business continuity, disaster recovery and cyber protection

### Survey Questions 24...

#### *How often do you test business continuity?*

- Once a year – **69.4% Total** (Large 26.1%; Small 43.2%); 45% Total in 2015
- Every 2-3 years – **12.6% Total** (Large 2.7%; Small 9.9%); 11% Total in 2015
- Every 3-5 years – **0.9% Total** (Large 0%; Small 0.9%); 15% Total in 2015
- Ad hoc basis – **13.5% Total** (Large 3.6%; Small 9.9%); 29% Total in 2015

### Survey Questions 25...

#### *How often do you test disaster recovery?*

- Once a year – **71.2% Total** (Large 27.0%; Small 44.1%); 67% Total in 2016
- Every 2-3 years – **6.3% Total** (Large 0.9%; Small 5.4%); 11% Total in 2016
- Every 3-5 years – **0.9% Total** (Large 0%; Small 0.9%); 4% Total in 2016
- Ad hoc basis – **15.3% Total** (Large 3.6%; Small 11.7%); 16% Total in 2016

### Survey Question 26...

#### *How often is your cyber protection plan tested?*

- Once a year – **63.9% Total** (Large 23.4%; Small 40.5%); 47.0% Total in 2016
- Every 2-3 years – **12.6% Total** (Large 3.6%; Small 9.0%); 5.0% Total in 2016
- Every 3-5 years – **0.9% Total** (Large 0%; Small 0.9%); 5.0% Total in 2016
- Ad hoc basis – **20.7% Total** (Large 5.4%; Small 15.3%); 44.0% Total in 2016

## 9. Companies are assigning more full-time equivalent (FTE) employees to their risk management function

### Survey Question 34...

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

- Large company average – **10.3 FTE employees** (7.2 FTE employees in 2017)
- Small company average – **2.5 FTE employees** (1.5 FTE employees in 2017)

## 10. Most companies participated regularly in Risk Officer's Forum meetings in 2024

### Survey Question 37...

*Did you, or your company's designate, participate regularly in Risk Officer's Forum meetings and/or Emerging Risks Webinars during 2024?*

- Yes – **87.4% Total** (Large 30.6%; Small 56.8%); 37.0% Total in 2015
- No – **10.8% Total** (Large 1.8%; Small 9.0%); 63.0% Total in 2015  
*"No" comments included: One or two a year externally, wouldn't describe as "regularly"; We were in transition; It will be an external resource; Wasn't aware; No, but watch them online after; Not licensed until Q4 2024; and new risk officer just assigned*

## 11. With the emergence of new/developing AI technology and OSFI's increasing risk management reporting requirements, many organizations are developing a new risk management framework to manage model risk

### Survey Question 38...

*With the emergence of new/developing artificial intelligence technology, and OSFI's increasing risk management reporting requirements, how is your company managing model risk?*

- New model risk management framework is being/has been developed – **48.6% Total** (Large 18.0%; Small 30.6%); 56.5% Total in 2023
- No changes in approach planned at this time – **27.9% Total** (Large 4.5%; Small 23.4%); 33.0% Total in 2023
- Additional headcount will be added to manage additional model risk regulatory requirements – **17.1% Total** (Large 8.1%; Small 9.0%); 9.6% Total in 2023

## 12. With growing industry concerns regarding the control and impact of external risks, many organizations are developing a new risk management framework to manage third-party risk regulatory requirements

### Survey Question 39...

*Given the growing industry concerns regarding the control and impact of external risks, how is your company managing third-party risk?*

- New third-party risk management framework is being/has been developed – **48.6% Total** (Large 15.3%; Small 33.3%); 60.8% Total in 2023
- No changes in approach planned at this time – **28.8% Total** (Large 9.0%; Small 19.8%); 30.4% Total in 2023
- Additional headcount will be added to manage additional third-party risk regulatory requirements – **16.2% Total** (Large 6.3%; Small 9.9%); 7.8% Total in 2023



## c) Points of Interest

Following are interesting points found in responses to the 2025 ERM survey.

### 1. ERM activities are helping to determine executive compensation in a growing number of companies

*Survey Question 8...*

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

- Yes – **25.2% Total** (Large 8.1%; Small 17.1%); 7% Total in 2015
- Minimally – **38.7% Total** (Large 15.3%; Small 23.4%); 39% Total in 2015
- Not at all – **34.2% Total** (Large 9.0%; Small 25.2%); 54% Total in 2015

### 2. Fewer companies said their ERM function has not been assessed by an external (independent) advisor

*Survey Question 11...*

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

- In the last year – **28.8% Total** (Large 9.9%; Small 18.9%); 23% Total in 2015
- In the last 3 years – **22.5% Total** (Large 6.3%; Small 16.2%); 12% Total in 2015
- More than 3 years ago – **22.5% Total** (Large 9.9%; Small 12.6%); 0% Total in 2015
- Not assessed – **23.4% Total** (Large 6.3%; Small 17.1%); 65% Total in 2015

### 3. Six of the top 10 risks added to companies' risk taxonomy in 2025 were cited as a short-term concern later in the survey (highlighted with a checkmark below)

New Risk Added to Taxonomy	% of Responses
✓ Technology/Artificial Intelligence (AI)	12.4
Third-party risk	12.4
✓ Geopolitical	10.9
Privacy/information security	9.3
✓ Government regulation	8.5
Financial management	6.2
✓ Economic uncertainty (tariffs)	5.4
Reinsurance capacity/costs	5.4
✓ Climate change	3.9
✓ Cyber security	3.9
Fair treatment of customers	3.9

New Risk Added to Taxonomy	% of Responses
Liquidity	3.1
Human resources (recruit/retain)	2.3
Model risk	2.3
Legal/litigation	2.3
Product/service delivery/execution	1.6
Fraud	1.6
Strategic planning/execution	1.6
Credit risk	1.6
Systemic risk	0.8
Environmental/Social/Governance (ESG)	0.8

#### 4. Larger companies have a larger percentage of risks in their risk taxonomy covered by a Risk Appetite Statement

##### Survey Question 16...

*What percentage of risks in your company's risk taxonomy is covered by a Risk Appetite Statement? (New question)*

- Large – **85.5%**
- Small – **74.2%**

#### 5. Most companies are developing or still implementing an operational resiliency program

##### Survey Question 22...

*What is the status of your company's operational resiliency program? (New question)*

- In the process of implementation – **44.1% Total** (Large 13.5%; Small 30.6%)
- In the development stages – **27.9% Total** (Large 9.9%; Small 18.0 %)
- Fully implemented – **26.1% Total** (Large 9.0%; Small 17.1%)

#### 6. For most companies, the Chief Risk Officer is responsible for ORSA

##### Survey Question 28...

*In your company, who is responsible for ORSA? (New question)*

- Chief Risk Officer – **70.3% Total** (Large 27.0%; Small 43.2%)
- CEO or Chief Agent – **8.1% Total** (Large 1.8%; Small 6.3%)
- Chief Financial Officer – **8.1% Total** (Large 0%; Small 8.1%)
- Chief Actuary – **5.4% Total** (Large 2.7%; Small 2.7%)

- Other (Please specify) – **6.3% Total** (Large 0.9%; Small 5.4%)  
*“Other” responses included: CFO/CRO; Role of SVP, CFO and CRO; Risk Manager; Compliance; We do not currently have an ORSA; VP, Finance and President; and Risk Officer, Canada*

## 7. Slightly fewer companies are using external resources to assist in completing and/or reviewing their ORSA

### Survey Question 29...

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

- Yes – **47.7% Total** (Large 13.5%; Small 34.2%); 51.3% Total in 2023
- No – **50.4% Total** (Large 18.9%; Small 31.5%); 48.7% Total in 2023

## 8. Over time, more companies have been using ORSA results for capital management, ERM, informing strategic planning and insurance pricing

### Survey Question 30...

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

- Capital management – **86.5% Total** (Large 27.0%; Small 59.5%); 70.0% Total in 2016
- ERM – **85.6% Total** (Large 28.8%; Small 56.8%); 75.0% Total in 2016
- Informing strategic planning – **64.8% Total** (Large 20.7%; Small 44.1%); 45.0% Total in 2016
- Insurance pricing – **27.9% Total** (Large 11.7%; Small 16.2%); 9.0% Total in 2016
- Executive compensation – **3.6% Total** (Large 1.8%; Small 1.8%); 0% Total in 2016
- Other – **0% Total** (Large 0%; Small 0%); Not an option in 2016

## 9. Slightly more companies plan to increase their headcount or allocation to external resources

### Survey Question 35...

*What are your company's plans for 2025 regarding resources in the ERM function? (Select one)*

- Planning to increase headcount or allocation to external resources – **36.9% Total** (Large 15.3%; Small 21.6%); 20.0% Total in 2015
- Planning to decrease headcount or allocation to external resources – **0% Total** (Large 0%; Small 0%); 0% Total in 2015
- No changes planned to headcount or allocation to external resources – **61.3% Total** (Large 17.1%; Small 44.1%); 80.0% Total in 2015

## 10. More companies plan to invest in tools in the ERM function

### Survey Question 36...

*What are your company's plans for 2025 regarding tools in the ERM function?*  
(Select one)

- Planning to increase investment in tools – **34.2% Total** (Large 16.2%; Small 18.0%); 24.0% Total in 2015
- Planning to decrease investment in tools – **9.0% Total** (Large 2.7%; Small 6.3%); 0% Total in 2015
- No changes planned to investment in tools – **54.9% Total** (Large 13.5%; Small 41.4%); 76.0% Total in 2015

## 11. Climate change remains the leading short-term risk issue for the industry (next 1-3 years); Geopolitical concerns has displaced cyber security as the second short-term risk issue

### Survey Question 40...

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

#### 2021

1. Cyber security	24.9%
2. Climate change	16.4%
3. Human resources	8.2%
4. Technology/AI	7.0%
5. Government regulation	5.3%
6. Pandemic/COVID-19	5.0%
6. Class action/Litigation	5.0%

#### 2023

1. Climate change	17.5%
2. Cyber security	15.7%
3. Technology/AI	12.3%
4. Economic uncertainty	11.1%
5. Government regulation	9.5%
6. Human resources	7.4%
7. PFAS/Latent chemicals	4.9%

#### 2025

1. Climate change	21.8%
<b>2. Geopolitical concerns</b>	<b>18.9%</b>
3. Technology/AI	15.4%
4. Government regulation	8.9%
5. Economic uncertainty (Tariffs)	8.2%
6. Cyber security	6.8%
7. Human resources	4.9%
<b>8. Inflation/Social inflation</b>	<b>4.9%</b>
<b>9. Industry consolidation</b>	<b>4.9%</b>
10. PFAS/latent chemicals	4.9%

*Three new short-term risks were cited in the 2025 survey (marked in bold)*

*Other short-term risks cited in the 2025 survey: Fair treatment of customers; Energy storage systems; Supply chain disruption; Reinsurance capacity/costs; Service delivery/execution; Model risk; Underwriting discipline; Aging infrastructure; Auto insurance reform; and Third-party risk*

## 12. Technology/AI has displaced climate change as the leading long-term risk issue for the industry (next 3-10 years)

### Survey Question 41...

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

#### 2021

1. Climate change	26.0%
2. Cyber security	15.6%
3. Technology/AI	11.7%
4. Autonomous vehicles	9.6%
5. Strategic innovation	5.1%
6. Industry consolidation	4.8%
6. Human resources	4.8%

#### 2023

1. Climate change	24.6%
2. Technology/AI	21.5%
3. Cyber security	11.8%
4. Geopolitical concerns	6.1%
5. Human Resources	5.4%
6. Consumer expectations	4.4%
7. Government regulation	3.0%

#### 2025

1. Technology/AI	22.8%
2. Climate change	22.5%
3. Geopolitical concerns	7.9%
<b>3. Economic uncertainty (Tariffs)</b>	<b>7.9%</b>
4. Government regulation	6.7%
4. Cyber security	6.7%
<b>5. Quantum computing</b>	<b>5.2%</b>
<b>6. Third-party risk</b>	<b>4.9%</b>
<b>7. Changing customer preferences</b>	<b>4.1%</b>
8. Human resources	3.0%

**Four new long-term risks were cited in the 2025 survey (marked in bold)**

Other long-term risks cited in the 2025 survey: Industry consolidation; PFAS/latent chemicals; Aging infrastructure; Inflation/Social inflation; Supply chain disruption; Reinsurance capacity/costs; Underwriting discipline; and Litigation

## d) Other Survey Responses

### Survey Question 2...

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

- Domestic (Canadian-owned company) – **58.6% Total** (Large 20.7%; Small 37.8%); 66.0% Total in 2016
- Subsidiary of a foreign parent – **23.4% Total** (Large 6.3%; Small 17.1%); 19.0% Total in 2016
- Branch of a foreign parent – **16.2% Total** (Large 5.4%; Small 10.8%); 17.0% Total in 2016

### Survey Question 3...

*At what level is your company regulated? (Select one)*

- Federal – **30.6% Total** (Large 8.1%; Small 22.5%); 41.0% Total in 2018
- Provincial – **19.8% Total** (Large 3.6%; Small 16.2%); 34.0% Total in 2018
- Both – **47.7% Total** (Large 20.7%; Small 27.0%); 25.0% Total in 2018

### Survey Question 4...

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

- Chief Risk Officer – **74.7% Total** (Large 30.6%; Small 44.1%); 46% Total in 2013
- CEO or Chief Agent – **11.7% Total** (Large 0.9%; Small 10.8%); 28% Total in 2013
- Chief Financial Officer – **4.5% Total** (Large 0%; Small 4.5%); Not an option in 2013
- Other (Please specify) – **7.2% Total** (Large 0.9%; Small 6.3%); 28% Total in 2013  
"Other" responses included: SVP, CFO & CRO (combined); Risk Manager; Branch Management Team; President; CRO is also Chief Actuary; Risk Officer, Canada; and Not applicable (foreign branch)

### Survey Question 5...

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

- Yes – **60.3% Total** (Large 17.1%; Small 43.2%); 62% Total in 2016
- No – **39.6% Total** (Large 11.7%; Small 27.9%); 38% Total in 2016

### Survey Question 31...

*Does your company use an Economic Capital Model on a regular basis?*

- Yes – **68.4% Total** (Large 25.2%; Small 43.2%); 31% Total in 2015
- No – **29.7% Total** (Large 6.3%; Small 23.4%); 69% Total in 2015

### Survey Question 32...

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

- Inform strategic planning – **57.7% Total** (Large 20.7%; Small 36.9%); Not an option in 2015
- ERM – **54.9% Total** (Large 19.8%; Small 35.1%); 79.0% Total in 2015
- Capital management – **54.1% Total** (Large 18.0%; Small 36.0%); 89.0% Total in 2015
- Insurance pricing – **31.5% Total** (Large 11.7%; Small 19.8%); 42.0% Total in 2015
- Executive compensation – **4.5% Total** (Large 1.8%; Small 2.7%); 16.0% Total in 2015
- Other – **1.8% Total** (Large 0%; Small 1.8%); Not an option in 2015  
*“Other” responses included: Investing; For OSFI E-18 Guideline purposes; and Scenario building and stress testing*

### Survey Question 33...

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

- Excel / MS Office suite – **79.3% Total** (Large 28.8%; Small 50.4%); 85% Total in 2015
- Third-party applications – **63.1% Total** (Large 22.5%; Small 40.5%); 38% Total in 2015
- In-house developed applications – **51.3% Total** (Large 22.5%; Small 28.8%); 36% Total in 2015
- Other – **2.7% Total** (Large 0%; Small 2.7%); Not an option in 2015  
*“Other” responses included: Nothing formal is currently in place; Group tools; and SAS*

## **Appendix I - 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 II - 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.

### 2025 Advisory Committee Members

**Sonia Kundi** (Advisory Committee Chair)

Chief Risk Officer, Zurich Cover-More

**Sanjeev Agarwal**

Chief Risk Officer, AIG Insurance Company of Canada

**Ejaz Malik**

Chief Risk Officer, Aviva Canada Inc.

**Tracy Mann,**

Vice President, ERM and Chief Compliance Officer, Definity Financial Corporation

**Jean-Philippe Daigle**

Chief Risk Officer, P&C Insurance, Desjardins General Insurance Group

**Amir Rahmani**

Chief Risk Officer, Gore Mutual Insurance Company

**Michele Falkins**

Vice President, Chief Risk Officer and Chief Financial Officer, Heartland Farm Mutual Inc.

**Sharon Sproxton**

Director, Operational and Insurance Risk Management – North America

Intact Financial Corporation

**Max Cooper**

Risk and Governance Officer, Lloyd's Americas, Lloyd's Canada

**Loreley Chekay**

Executive Vice President, General Counsel & Chief Risk Officer, SGI Canada

**Phil Traicus**

Vice President, ERM, The Wawanesa Mutual Insurance Company

## 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 typically include a series of half-day Risk Officer's Forum meetings, as well as a series of 90-minute Emerging Risks Webinars. Given the in-person meeting restrictions necessitated by the COVID-19 pandemic, Forum meetings moved online in March 2020. All webinars and Forum meetings are now offered online (using MS Teams) to ensure Member participation across Canada and abroad.

- **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. Forum meetings 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. Questions are solicited in advance to help to guide the online discussion in real time, in a talk show format. Links to past webinars are available on the PACICC website.



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