



Enterprise Risk Management health check

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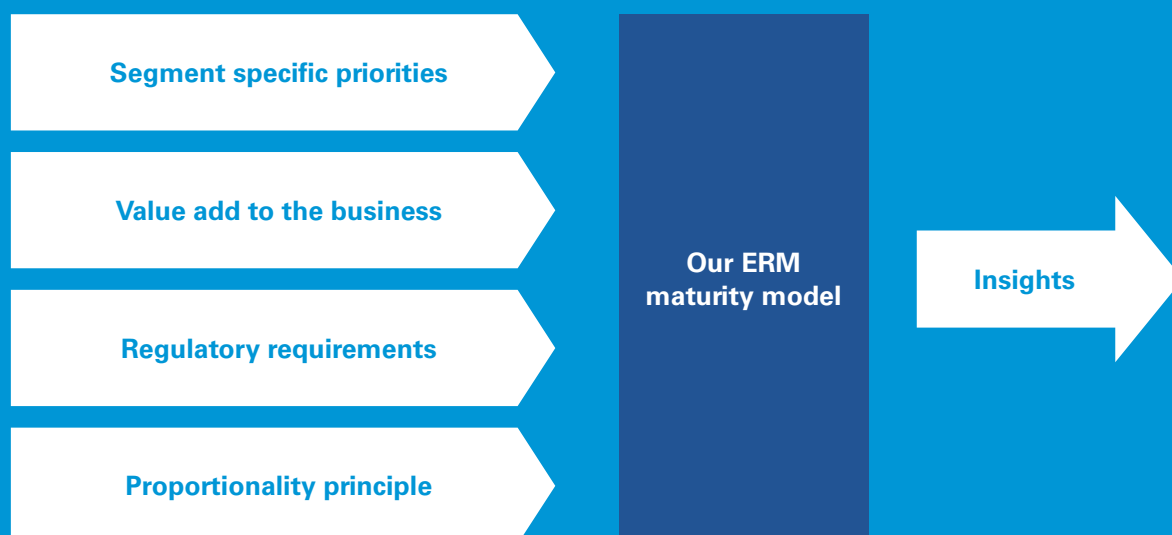
Our service

We help you to:

- **Identify gaps** in respect of FINMA requirements relating to ERM
- **Assess the maturity** of your Enterprise Risk Management framework and **review its appropriateness** as required by **the Circular 2017/2 on Corporate Governance**

Our approach

We have combined our deep industry knowledge of business challenges, regulatory requirements and ERM leading practices into an ERM maturity model.



We gather relevant insights through interviews of key executives within Risk Management, Compliance and Audit functions, our approach is designed to maximize the efficiency of the data collection and analysis process.

ERM maturity dimensions

1

Risk Governance

- Clear organizational structure and arrangements in place to ensure an effective and transparent delegation of authority from the Board to Senior Executives
- Risk management philosophy and risk principles (approved by the Board) are consistent with the vision, objectives and values of the Company
- Risk based performance appraisal methods and remuneration emphasizing the importance of sustainable value creation for all the stakeholders
- The risk appetite is defined considering the impact of decisions and adverse events on financial stability, profitability and reputation. It is consistent with the business strategy and embedded in the planning and capital allocation processes
- The strategic asset allocation, the underwriting guidelines and the business transformation agenda are all defined in alignment with risk appetite, tolerance and preferences
- All risk policies are organized in a consistent hierarchy and approved by the Board. They are comprehensive and commensurate with the complexity and risk profile of the firm

2

Risk oversight

- The mandate of the function(s) in charge of providing risk oversight is clear and approved by the Board: it includes establishing and maintaining the ERM framework, monitoring the adherence to relevant risk policies and fair market facing practices, validating key modelling assumptions, providing independent challenge across all risk types and escalating material issues
- The Own Risk and Solvency assessment illustrates material risk and relevant mitigating strategies

3

Target Operating Model

- The organization and operating model of Risk Management and Compliance functions aim at maximizing the effectiveness and the efficiency of the interaction with the 1st line of defence
- The size of the functions and the mix of skills are calibrated based on the Company's risk profile
- The processes are designed with a clear focus on business outcomes instead of bureaucracy
- IT enablers are leveraged to reduce process overhead and boost analytic capabilities

4

Risk assessment and mitigation

- New products are reviewed from a risk perspective before approval
- An ongoing risk identification and measurement process is in place, whereby the effectiveness and adequacy of existing mitigating actions is assessed (e.g. residual risk vs. appetite/tolerance)
- Both existing and emerging (beyond planning cycle) risks are considered
- Risk responses are optimized, relevant gaps are addressed and tracked until completion

5

Risk / reward trade offs

- Risks management is embedded in all key strategic processes
- Business performance (underwriting, investments) is reviewed through a risk lens
- Impact on relevant risk indicators is assessed before any major transaction or transformation
- Options to optimize the capital requirements and the capital structure are regularly evaluated in order to maximize Return on Equity

6

Business resilience

- The Company's resilience to all major stress scenarios is assessed both from a financial and operational perspective, contingency plans are defined and regularly reviewed
- Risks of key third party and key people dependency are identified and managed proactively
- Exposure to emerging threats (e.g. cyber) is assessed to define appropriate response

7

Risk insights

- Standard set of defined risk terminology applied throughout the Company to enable consistent risk identification, comparison across all risk types, monitoring of risk levels and risk aggregation
- Clear data governance policy, including ownership of risk data and effective data quality management
- Risk MI to Board and leadership team, combining business KPI and Risk/Compliance leading indicators to enable informed decision making and create competitive advantage

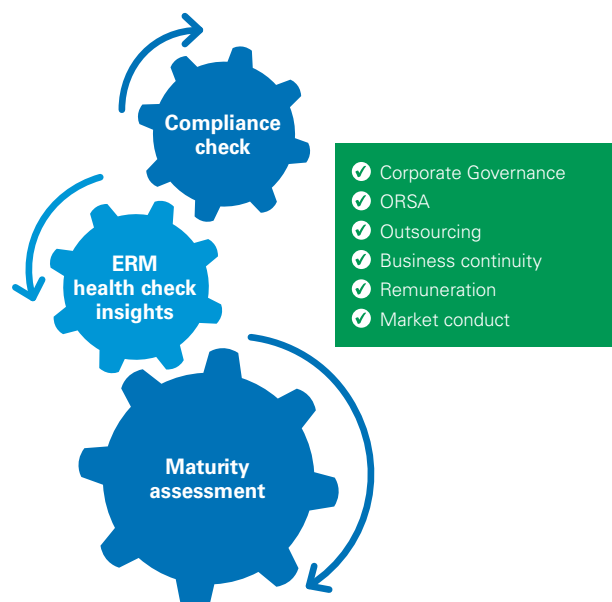
Benchmark analysis

ERM component	Maturity level	Findings
Risk governance	Leading	
Risk strategy	Good	
Regulatory Oversight Model	Developing	
Risk assessment and mitigation	Good	
Resilience capabilities	Developing	
Business resilience	Developing	
ERM insights	Developing	

ERM – Minimum requirements and beyond

The Enterprise Risk Management health check is designed to help your company understand its “as is” position in respect of relevant regulations and benchmark against the KPMG ERM maturity model.

We strive to providing you with all the elements you need to review your ERM agenda, engage key stakeholders and build a case for change if necessary.



What's in it for you?

The results of the ERM health check will allow you to answer the following questions:

- Is my Enterprise Risk Management framework effective?
- Am I compliant with relevant regulatory requirements?
- Is my 3 lines of defence model robust enough to deal with existing and emerging challenges?
- Am I focusing on the right issues? Should I allocate my resources or prioritize differently?

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