



## Embedding Enterprise Risk Management

**The client** A European domiciled Insurance Company with a mixed portfolio of businesses. Capitalised at over €5bn it employs over 17,000 worldwide.

How we helped the central risk team to get out of the driving seat and allow management to learn by "doing"

**The challenge** The client had been running a risk management programme for about five years and was relatively mature and extremely sophisticated in its approach. There was an IT system for recording the risks, but only the central risk team worked on this and updated the risks and the action plans. Management generally felt that risk management "belonged" to the central risk team, thus there was no ownership of enterprise risk management in the organisation. Reports to management were lengthy and complete, but finding the central message was difficult. Readiness for Solvency 2 was fine in respect of the Pillar 1 requirements, but there was more work to do in preparation for Pillars 2 and 3.

**The response** Liz Taylor Risk Consulting carried out an initial audit for the client and was able to show how well they had moved risk management on in five years. The challenges outlined above were readily agreed to by the client who then engaged LTRC to conduct an "Embedding" process in the organisation.

The first piece of work had to be conducted with the central risk team who were given an Advanced Driving Course for one day. After the course they were asked to talk about their experiences. One question was asked; "Did the driving instructor ever take the wheel?" the answer was "no". On discussing why the driving instructor did not take the wheel, the members of the risk team worked out that this was an exact parable for their own techniques in teaching risk management in the organisation; they always taught it when at the wheel and never, or rarely did they give management a chance to sit behind the wheel during instruction. This meant that when the risk team left management to run the risk programme themselves, management were unable to do what was required, or if they were able, they did not have the confidence. There were further developmental areas that were addressed with the central risk team in terms of their communication and transaction skills, but all the way through they were made to feel as if they were consummate and valued ERM professionals.

The training workshops with management then commenced, but driven by the central risk team, first under supervision and then with support and mentoring.

**The outcome** Enterprise risk management is a different beast in that organisation now. The Risk registers and materials are not quite as ordered as they were, but the richness of the control information and the regular activity on the risk system bear testimony to the greater ownership of ERM by management. The key risk indicators (developed by management – not the central risk team) are now being tracked and reported on.

## Key points

- Central Risk Management team no longer the drivers for Enterprise Risk Management
- General management have taken ownership
- Key risk indicators owned and tracked by management.

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