



Risk management:
Friend or Foe

4th Seminar on Enterprise Risk Management, Mumbai 2015

Game

- Which aspects or characteristics of risk management instil a judgement in you?

Operational Risk Components

Areas of Implementation

Risk Governance Assessment

Review Risk Mgmt Structure

Review Risk Mgmt Related Policies

Review Risk Infrastructure

Policy & Procedure Framework

Design Operational Risk Mgmt Policy

Design BCP Framework

Design Insurance Framework

Risk Identification

Define Process Risk Library

Define Loss Capture Template

Risk Assessment & Measurement

Conduct Risk Profile Assessment

Conduct Loss Data Analysis

Design Risk Measurement Models

Risk Control & Mitigation

Conduct Control Assessment

Define Corrective Action Plan

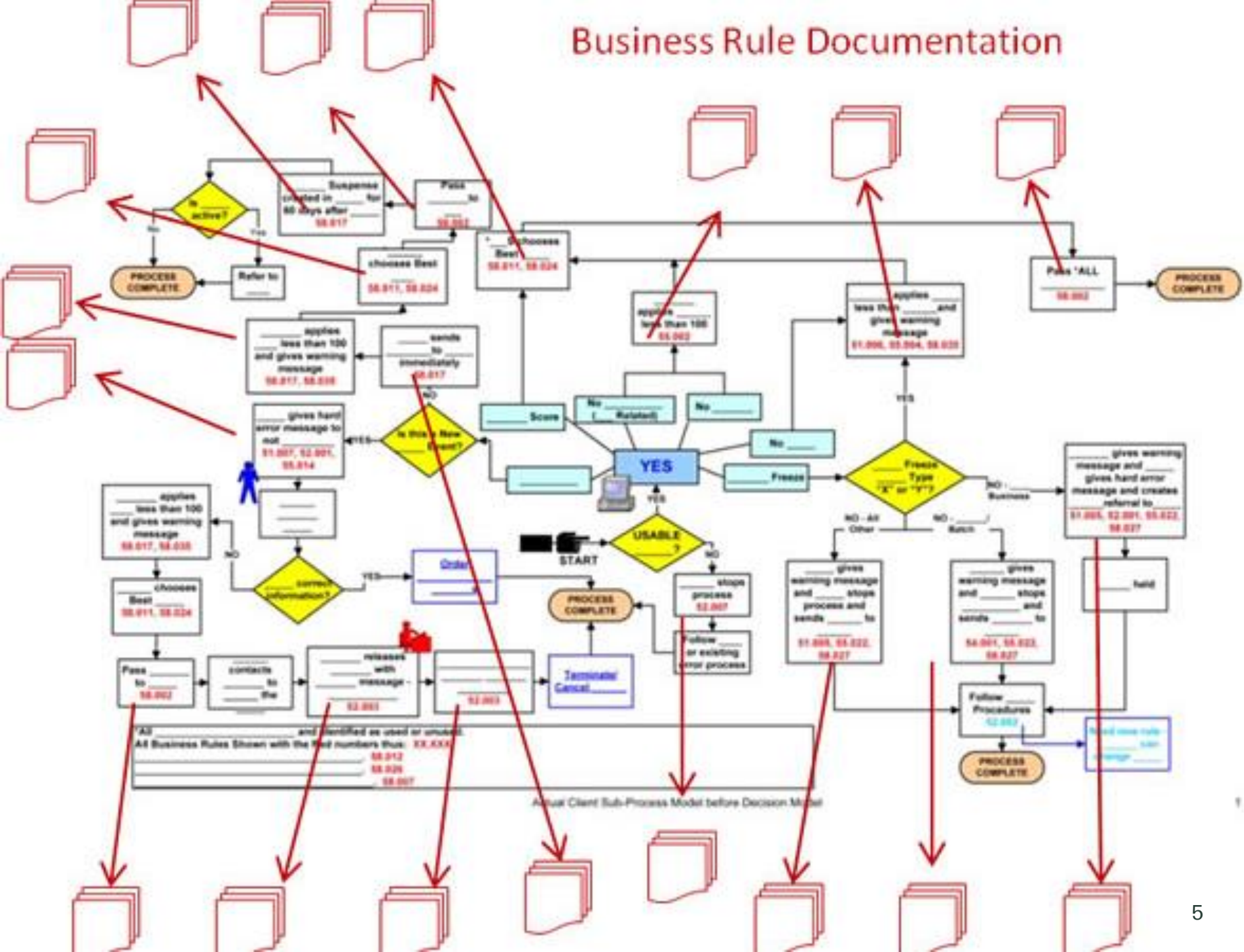
Risk Monitoring & Reporting

Design Reporting Templates

Design Reporting Workflow



Business Rule Documentation







But risk management is so much more...









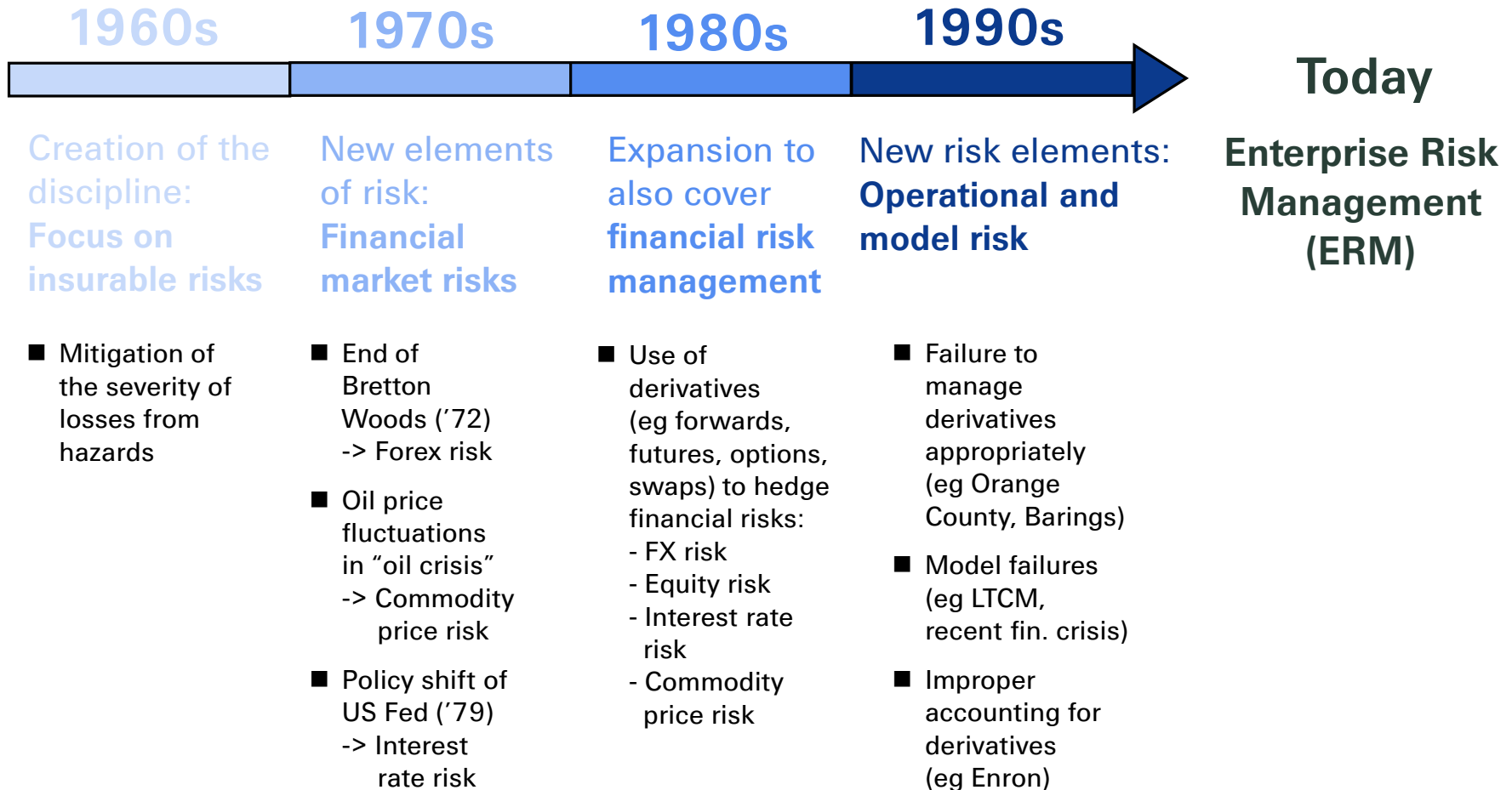




A bit about me...




History of Risk Management as a professional discipline

Developed as a response to new risk classes and instruments



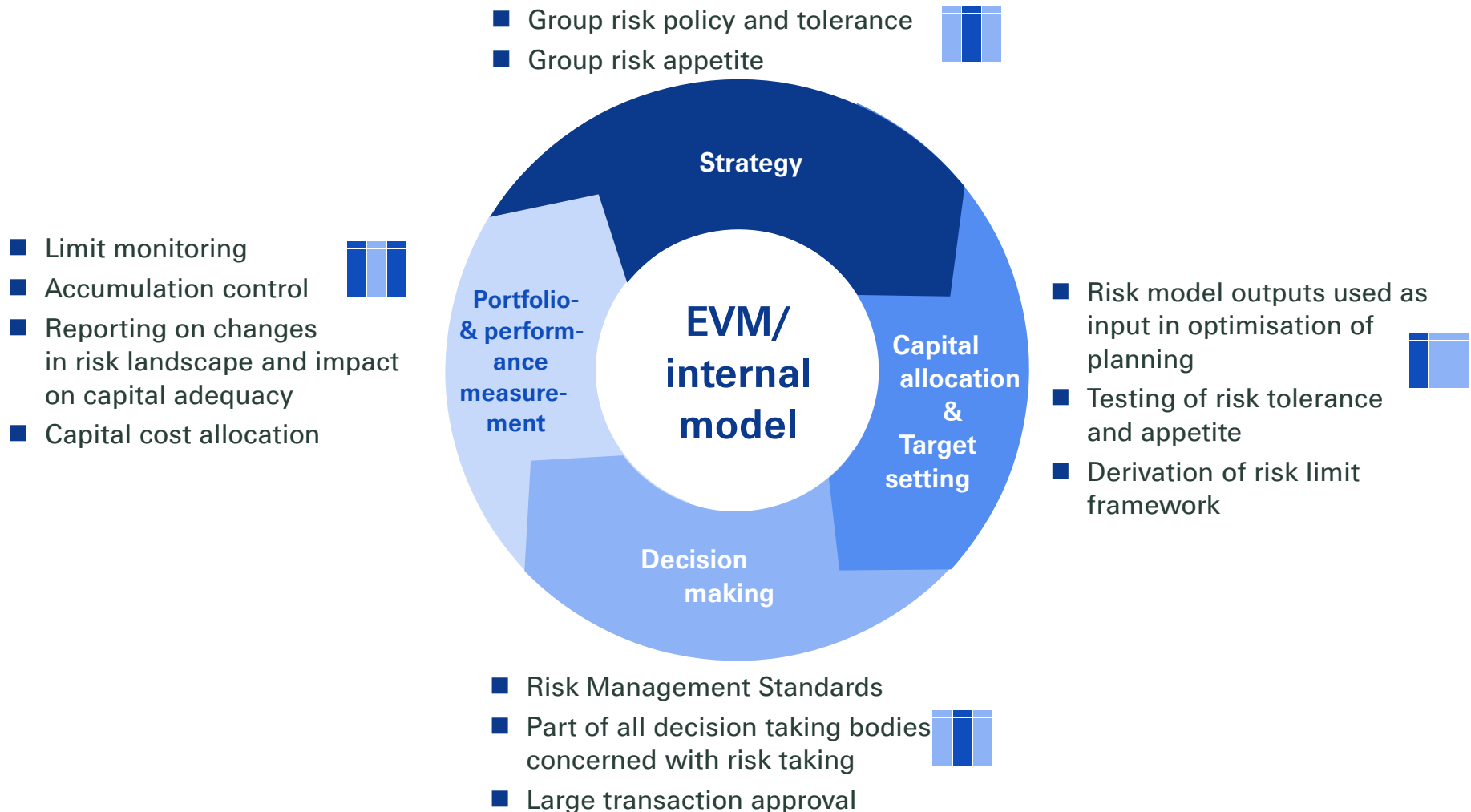
Three pillars of Risk Management

Strong framework for disciplined risk taking

| Quantitative risk management  | Risk governance  | Risk transparency  |
|--|--|--|
| <ul style="list-style-type: none">■ Sound valuation and risk measurement■ Quantitative risk limit monitoring system■ Reliable capital adequacy framework | <ul style="list-style-type: none">■ Clearly defined responsibilities for risk taking and risk mgmt■ Sound, documented:<ul style="list-style-type: none">- risk mgmt policies- operating, reporting, limit monitoring, and control procedures■ Regulatory compliance■ Independent internal and external audits of processes and figures | <ul style="list-style-type: none">■ Company risk culture■ Financial and risk disclosure, incl. risk information |

Steering cycle and involvement of Risk Management

Risk Management is embedded across the cycle



NO, just NO

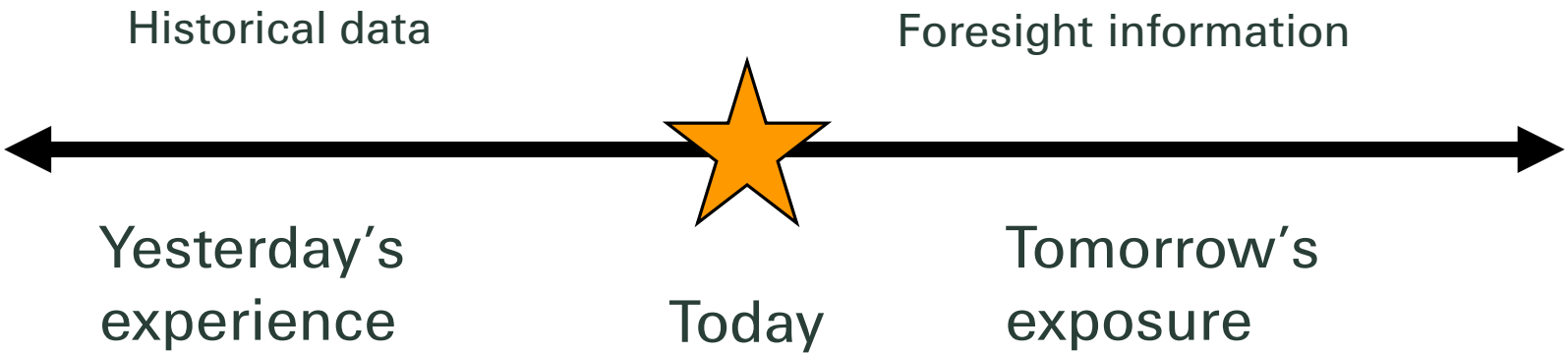


Scenarios that make risk management a foe

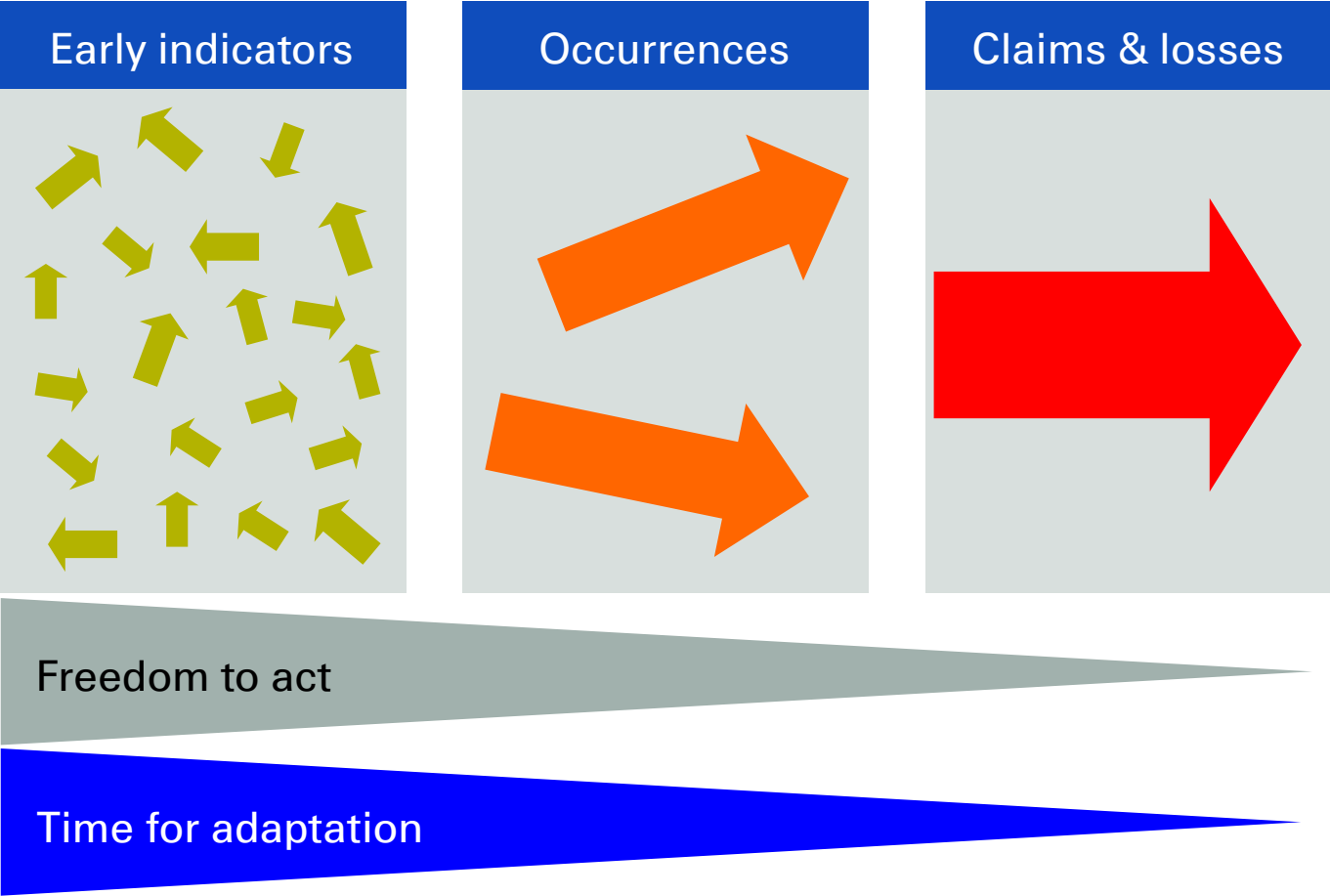
- Excessive
- Ivory tower
- Skillsets of risk management professionals
- Tone from the top
- “No” / Smarty pants
- Regulator?
- Objects in the rear view mirror are behind you

Looking forwards

Looking back is not sufficient to prepare for tomorrow's risks.



Picking up early indicators ensures freedom to act and time for adaptation



Goals of Swiss Re's emerging risk management process

Risk dialogue

Balance sheet protection

Product & services development

Raising awareness

Limiting downside risk

Enabling new business



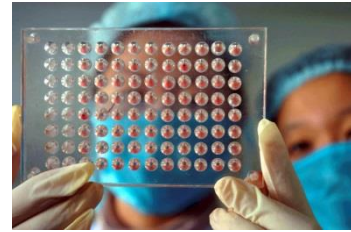
Examples of emerging risk topics featured in the latest SONAR publications



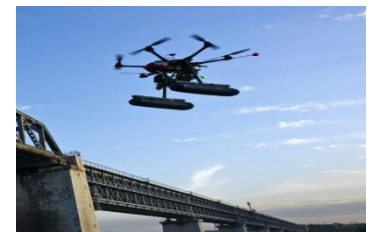
The great monetary experiment



Super nat cats



Genetic engineering



Traffic jams in the skies



Dangers of LED light



Challenges of the Internet of Things



The antibiotic boomerang



Rising pandemic risk

The great monetary experiment



- Many structural deficiencies of the global economy remain unaddressed.
- Traditional policy measures are no longer feasible or have reached their limits leading to competitive currency devaluation.
- Unconventional strategies, such as "helicopter money" are entering the policy debate.

Traffic jam in the skies



- Appropriate regulations for safe air traffic is lagging behind technological developments.
- Increasing use of drones may add an aircraft fleet exposure to companies that had no airborne operations before.
- An increasing number of microsattellites may increase collision risk.

The dangers of LED light



- LEDs emit blue wavelengths, which seem to be most disruptive at night and make sleep more difficult.
- Recent studies indicated that the emitted blue wavelengths may also injure the retina.
- There is a potential for large serial losses since LEDs are likely to become the major domestic light source.



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