A Day in the Life of an ERM Savvy Executive

Wayne Savage
Philip van den Berg
Lindy Schmaman
Agenda

1. Introduction
2. Scene 1
3. Scene 2
4. Scene 3
5. Conclusion
Role Play

Wayne - The not-so risk-savvy executive

Phil - The risk savvy executive
Scene 1 – Business performance over the last quarter

- Volume of new business ↑20%
- VNB margin 8%
- Market share
- Sales ↑
- Cross Sales ↑
Scene 1 – Business performance over the last quarter

- LSM Bands 1 – 4
- Increased lapse risk
- No Data => Proxy pricing
Scene 1 – Business performance over the last quarter

- Focus on increasing **value** rather than market share
- Primary driver of value is the expected cashflows
- Understand the **volatility** of the cashflows
- Hold **capital** for that volatility
- Consider capital costs in pricing
- Enhance **data and processes**
- Performance structures reflect value and risk
Scene 2 – Potential acquisition

- Healthy earnings growth
- Increase in assets under management
Scene 2 – Potential Acquisition

- Market, Credit, Property, Operational
- Regulatory and market conduct risks
- Systems and infrastructure
- Model governance
Scene 3 – Stress testing
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Scene 3 – Stress testing

Reverse Stress testing

Identify management actions & challenge strategy

What could cause this?

Break our business model
Concluding thoughts
1. Enhancement to data architecture and IT infrastructure
2. Align risk and business processes
3. Finance, risk and business need to team up.
Thank you

Questions?