

Operational Risk Management for Insurance Companies

Implementing an Effective ORM Program Compliant with Insurance Regulations

March 28-29, 2017 • Toronto

Course Objectives

Participants will gain a detailed understanding of the following topics:

- How to develop a comprehensive operational risk management program designed specifically for insurance companies and compliant with major standards and regulations.
- How to develop an effective risk and control self-assessment process to identify, assess and mitigate key operational risks, a loss event database to collect, analyze and report operational risk incidents and a key risk indicator program to track objective information on risk exposure and control effectiveness.
- How to analyze scenarios involving extreme events and to estimate the probability of occurrence and potential impact of these events.
- How to review and assess emerging risks, new products and new initiatives such as major systems development projects, and the risks associated with third party providers and outsourcing partners.
- How to track the resolution of control deficiencies until they are fully remediated.
- How to calculate the capital required for operational risk.

Course Leader



Mario Mosse has 40 years of experience in enterprise risk management, internal audit and regulatory compliance at financial services companies. He is the president of MMosse Consulting, LLC, where he provides risk management advice and training to the financial services industry. Previously, he was the head of Operational Risk Management at Prudential Financial, Inc. Prior to joining Prudential, Mr. Mosse was with The Chase Manhattan Bank, where he held several senior positions in Internal Audit and Risk Management, including South America Regional Audit Executive and Head of Risk Management for the Corporate Finance Sector.

Course Agenda

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Operational Risk

- Background
- History
- Governance Principles
- Current Environment

Regulatory Framework

- Basel Committee on Bank Supervision
- International Association of Insurance Supervisors (IAIS)
- Principles for the Sound Management of Operational Risk
- OSFI Guideline E-21 on Operational Risk Management

Operational Risk Management (ORM) Framework

- ORM within the Enterprise Risk Management Framework
- The COSO Frameworks
- ORM Program Components
- ORM Policies
- Risk Governance
- Risk Management Organization

Risk Capacity, Tolerance and Appetite

- Risk Appetite Framework
- Risk Policy Statement
- Risk Resources and Capacity
- Risk Preferences, Tolerance and Appetite
- Risk Appetite Statement
- Risk Reporting

Risk and Control Taxonomy

- Event Categories
- Risk Types and Classifications
- Control Types and Classifications
- Issue Types and Classifications

Risk and Control Self-Assessment

- Objective Setting

- Assessment Types
- Inherent Risk Identification and Assessment
- Control Assessment
- Residual Risk Assessment
- Issue Identification and Assessment
- Action Plan Development, Tracking and Implementation

Key Risk Indicators (KRIs)

- Identifying Drivers of Operational Risk
- Selecting Key Risk Indicators
- Accuracy, Timeliness and Relevance
- KRI Reporting
- KRI Analysis and Action Planning

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Loss Event Data Collection and Analysis

- Expected and Unexpected Losses
- Loss Event Identification
- Loss Event Classification
- Reputational Losses
- Loss Event Reporting

Scenario Analysis

- Why Scenario Analysis?
- Objectives and expected benefits
- Methodology for selecting, analyzing, quantifying and reporting operational risk scenarios
- Understanding secondary and tertiary impacts
- Understanding impact to reputation
- Scenario Analysis as a component of the operational risk capital requirement calculations
- Risk Response (avoidance, reduction, sharing and acceptance)
- Reporting results to the Board of Directors and external stakeholders

Emerging Risks/New Products/New Initiatives

- The New Product Development Lifecycle
- New Product Development Process
- Risk Assessment Protocol

- New Product Review and Approval Implementation
- Post Implementation Review

Third Party Providers/Outsourcing

- Vendor Risk
- Risk Management Lifecycle
- Planning
- Due Diligence and Selection
- Contract Negotiations
- Ongoing Monitoring
- Termination
- Oversight and Accountability
- Independent Reviews

Model Risk

- Model Risk Management
- Model Development, Implementation and Maintenance
- Model Validation and Effective Challenge
- Governance, Policies and Controls
- Model Inventory

Issue Tracking and Resolution

- Creating a Central Repository of Issues and Action Plans
- Action Plan Tracking and Reporting

Operational Risk Capital and Regulatory Frameworks

- Canadian Capital Frameworks for Life Insurance and P&C
- Current and Proposed Guidelines
- Solvency II Operational Risk Capital
- Own Risk and Solvency Assessment (ORSA)
- Other Regulatory Requirements

This two-day course runs from 9:00 a.m. – 4:30 p.m. each day including lunch as well as morning and afternoon breaks.