

INTEGRATED RISK MANAGEMENT

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Advancing Risk Management for Organizational Success

Today's Question:
Why is it so difficult to integrate Governance, Risk and Compliance?



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Areas of Discussion

- **Why Integrate?**
- **Frameworks**
- **Benefits and Results**

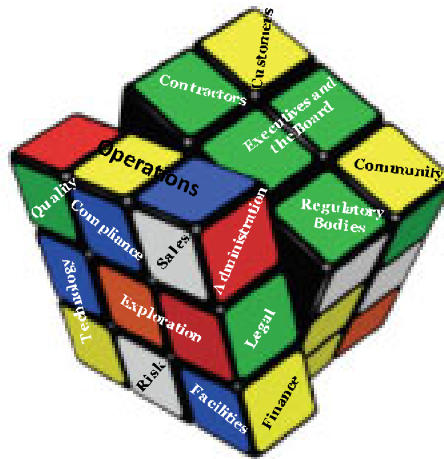
WHY INTEGRATE?

THE CHALLENGE AND THE POSSIBILITIES



The Integration Challenge: A Rubric's Cube?

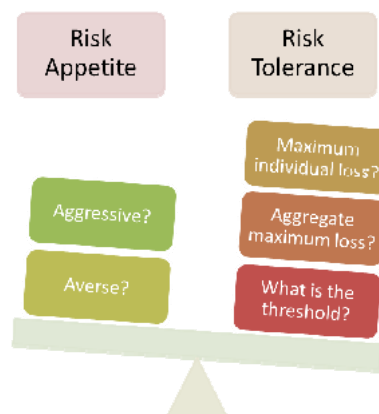
- Competing objectives?
- Misalignment or no alignment with strategic plan?



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The Integration Challenge: Differences in Risk Attitude

- Confusion about how much risk to take?



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The Integration Challenge: Protecting MY Position

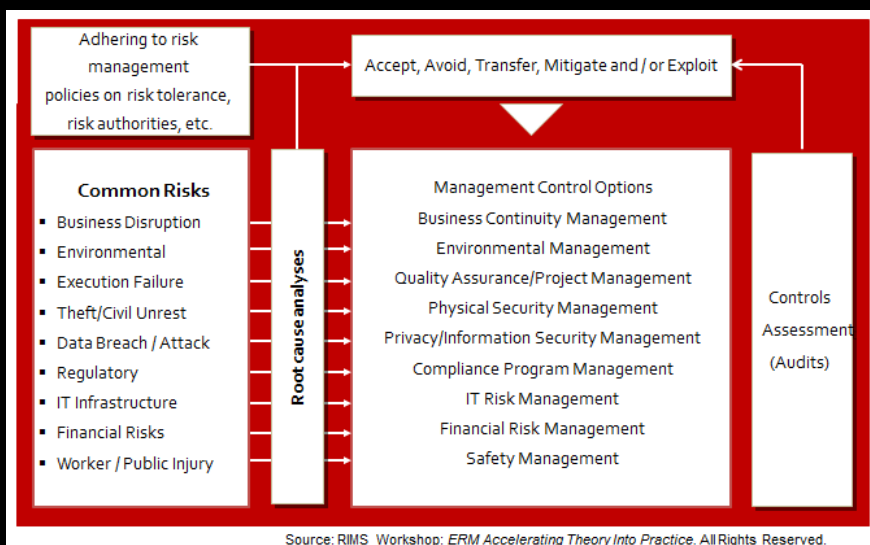


- Resistance in moving toward an integrated model?

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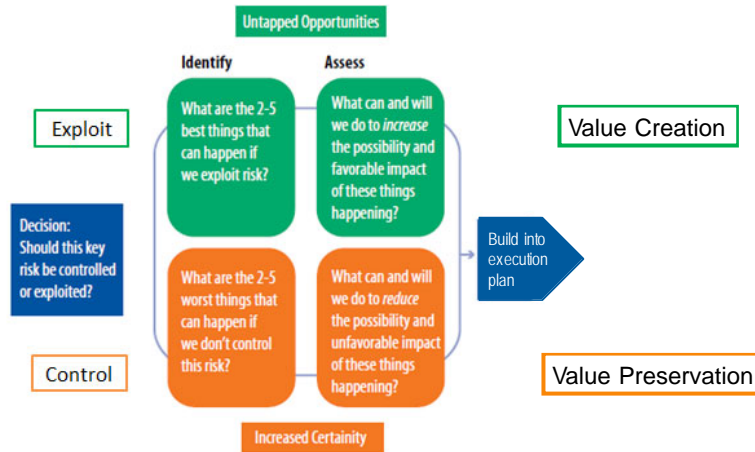
Integration Possibilities: A Common Focus



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Integration Possibilities: A Common Purpose

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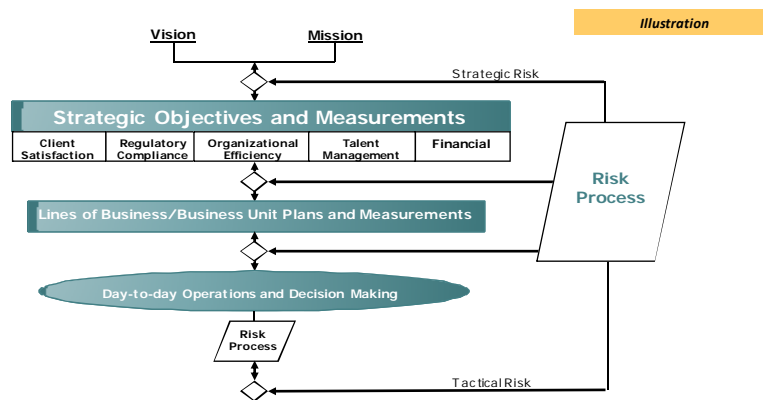
Source: RIMS Strategic Risk Management Implementation Guide. All rights reserved.

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Integration Possibilities: A Common Approach

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- PRINCIPLES**
- Risk philosophy aligned with vision, mission and values
 - Elements of management execution (basics, process and norms)
 - Alignment of (GRC) frameworks and existing practices

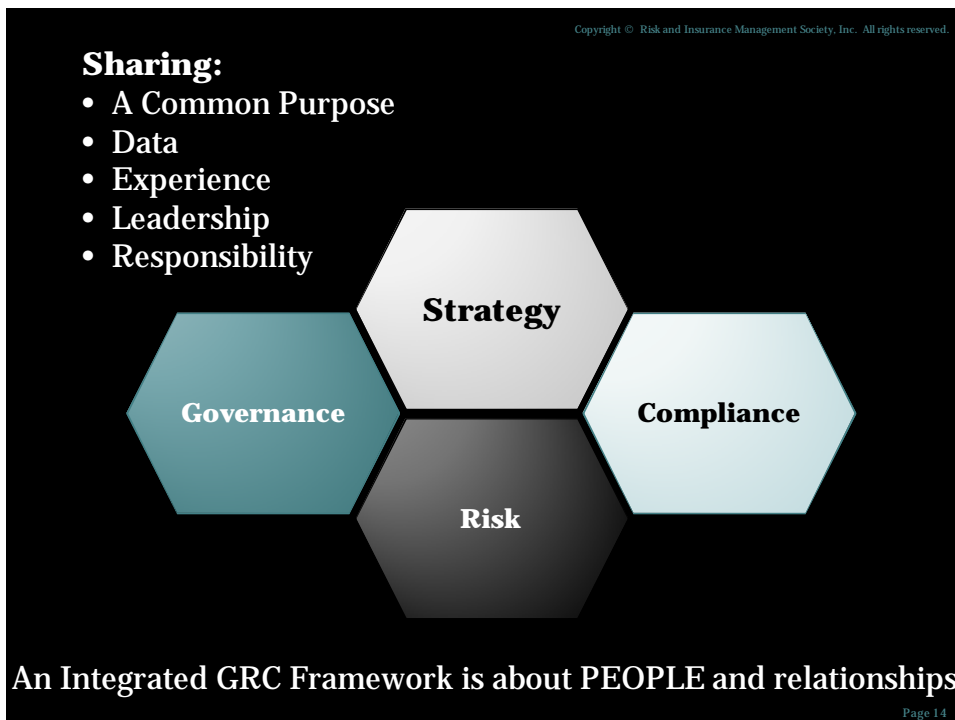
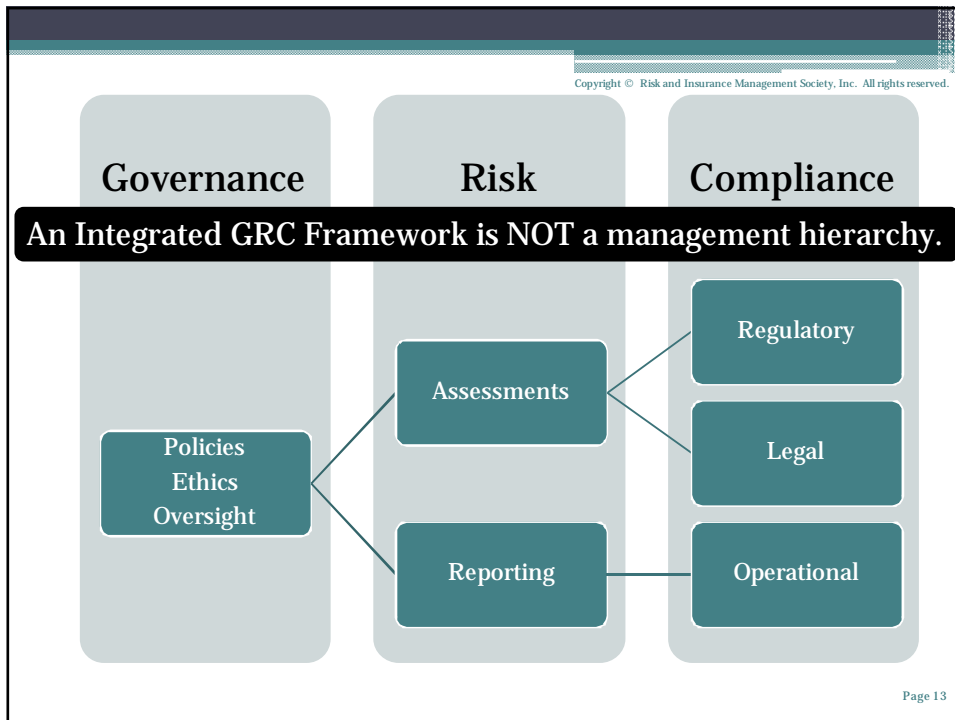


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GRC FRAMEWORKS

NATURALLY INTEGRATING







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BENEFITS AND RESULTS

RIMS STUDY RESULTS



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IN CONSIDERING THE RISK
MANAGEMENT NEEDS OF YOUR
ORGANIZATION OVER THE NEXT
THREE TO FIVE YEARS, WHICH
ABILITIES AND AREAS OF KNOWLEDGE
WILL BE MOST IMPORTANT?

67%

**Strategy and
Execution
Aptitude**

55%

**Business
Acumen**

35%

**Planning and
Organizing
Capabilities**

Source: RIMS|Marsh Excellence in Risk Management Survey, 2014. All rights reserved.

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USING INTEGRATED RISK
MANAGEMENT TO CREATE AS
WELL AS PRESERVE VALUE

**Organizations exhibiting
mature risk management
practices - as assessed with the
RIMS Risk Maturity Model -
realize a valuation premium of**

up to 25%.

Source: Farrell and Gallagher *Value Implications of Risk Management Maturity*, Journal of Risk and Insurance, 2014

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The most important aspects of enterprise risk management from a **valuation perspective** relate to the embedding of the discipline throughout the organization.

RIMS Risk Maturity Model Attribute	Individual Value Contribution
Performance Management	23%
ERM Process Management	20%
Adoption of ERM Based Approach	17%
Root Cause Discipline	16%
Uncovering Risks	15%
Risk Appetite Management	<1%
Business Resilience and Sustainability	<1%

Source: Farrell and Gallagher *Value Implications of Risk Management Maturity*, Journal of Risk and Insurance, 2014

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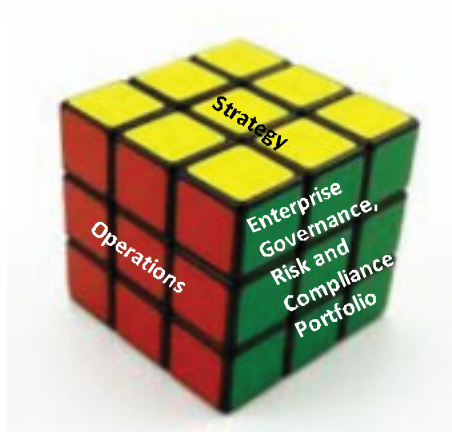
Based on their findings, the authors report that firms that have **successfully integrated** the enterprise risk management process into both their **strategic activities** and **everyday practices** display superior ability in uncovering risk dependencies and relationships across the entire enterprise and as a consequence **enhanced** [firm] **value...**

Source: Farrell and Gallagher *Value Implications of Risk Management Maturity*, Journal of Risk and Insurance, 2014

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Naturally Integrated

- Aligned strategic objectives
- Aligned leadership
- Aligned execution and risk accountabilities
- Stakeholder value
- Integrated risk portfolio
- Communication



Integrated Risk Management:
When **Thriving** Depends on Our Willingness to **Work** Together



THANKYOU!

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<https://www.rims.org/resources/ERM/Pages/RiskMaturityModel.aspx>