

# Risk Management



1

### WHY RISK MANAGEMENT?

(Mandate -Risk controller/ Risk enabler, Link to Swiss Re Mission and Strategy)

2

### WHO?

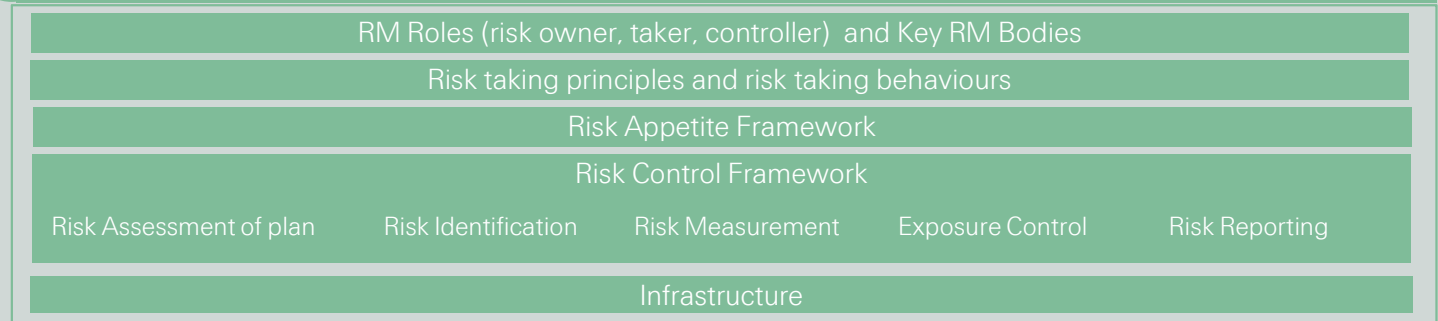
Our organisation (Structural and functional organisation)



3

### HOW?

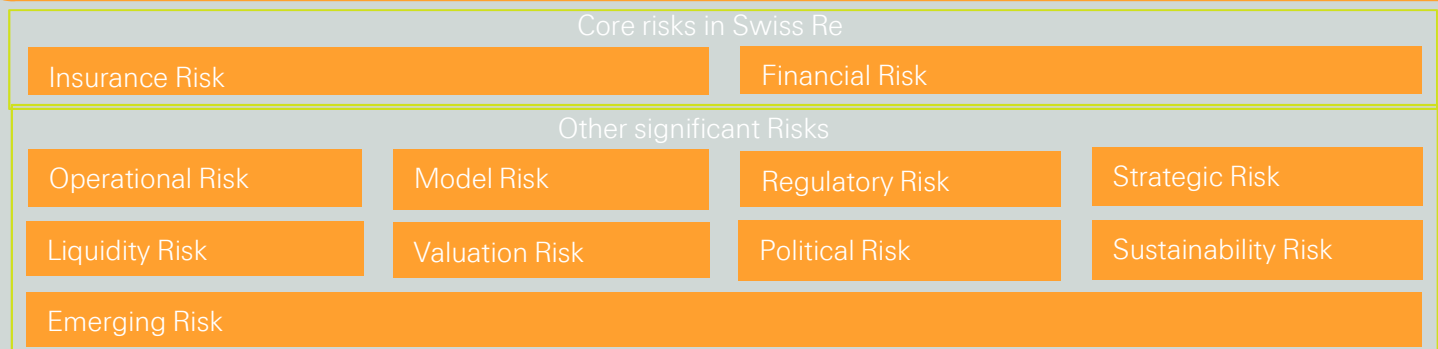
Our integrated RM framework



4

### WHAT? (application of the control framework)

Risk Landscape/ Risk Categories



# Agenda

---

- Mission, Vision and Positioning
- Goal and activities
- What does Risk do
- Strategic Participation
- Risk Culture
- Risk Profile/Matrix
- Risk Appetite/Tolerance
- Operational Risks
- Regulatory Affairs
- Risk Management at a glance

# Mission, Vision and Positioning

---

## Risk Management's mission

- Risk Management enables conscious and transparent risk-taking by proactively partnering and constructively challenging stakeholders in order to facilitate business success across Swiss Re

## Risk Management Definition

- Risk Management is an independent control function, that partners with the Business to provide assurance that:
  - risks are fully understood
  - appropriately governed
  - correctly modelled and valued
  - transparently monitored and controlled

"Any intelligent fool can make things bigger and more complex... It takes a touch of genius and a lot of courage to move in the opposite direction."

- *E. F. Schumacher*

"

# Risk Management

---

## Goal

Partner with the business to manage and monitor any risk that could impact the organization

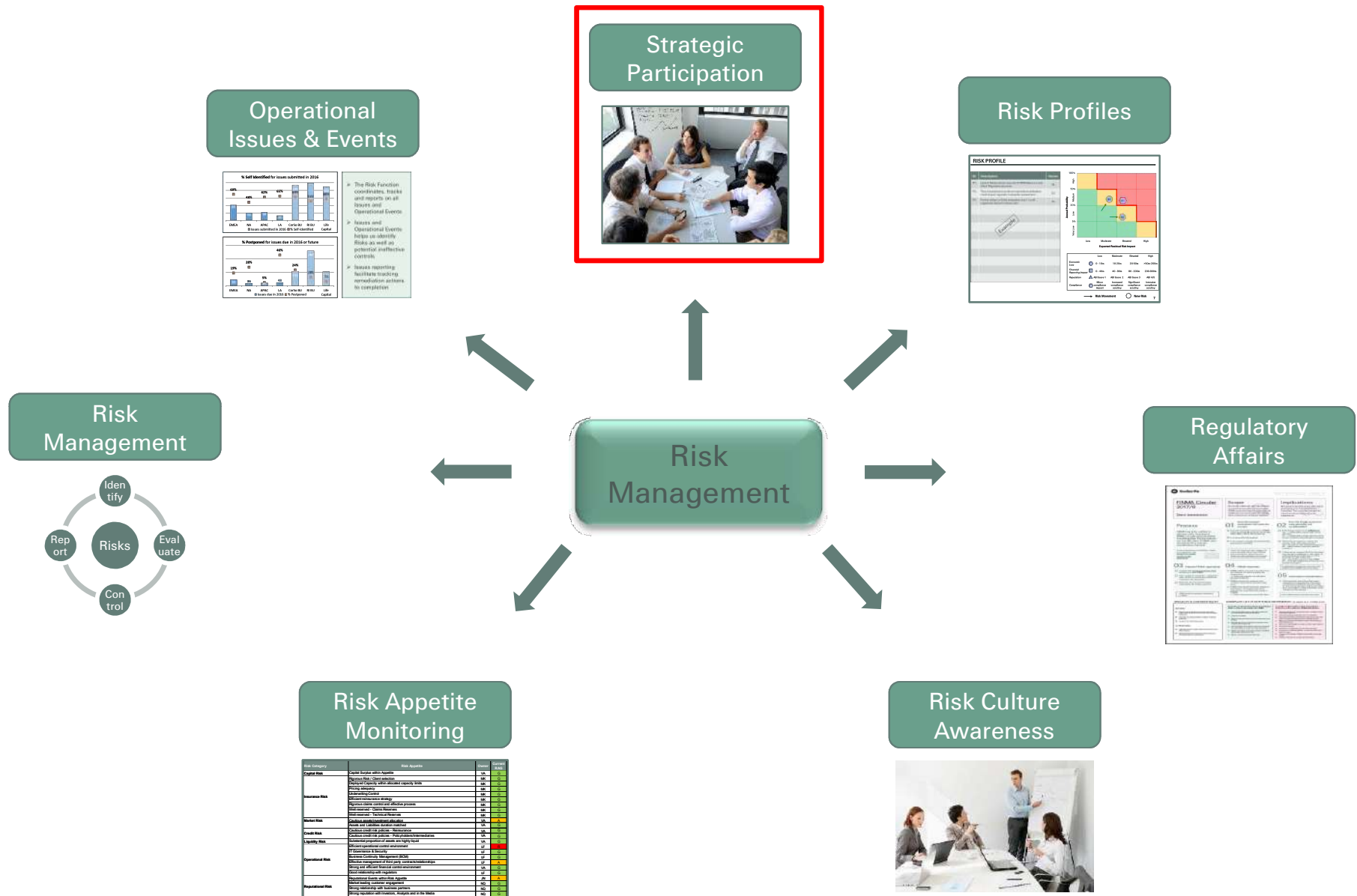
## Activities

- Maintain a local Risk Management Framework in compliance with Group and Local Regulations
- Review Business Strategy to ensure targets are in line with appetite and regulatory requirements
- Support Line 1 in the identification, management, monitoring and reporting of Risks
- Conduct Risk Assessments
- Monitor Capital, Funding, Liquidity and Intra-Group Retrocessions
- Provide Regular Risk Reports to the Executive Team and/or Board of Directors

## Other Activities

- Provide training and communications to foster a Risk Culture in our organization

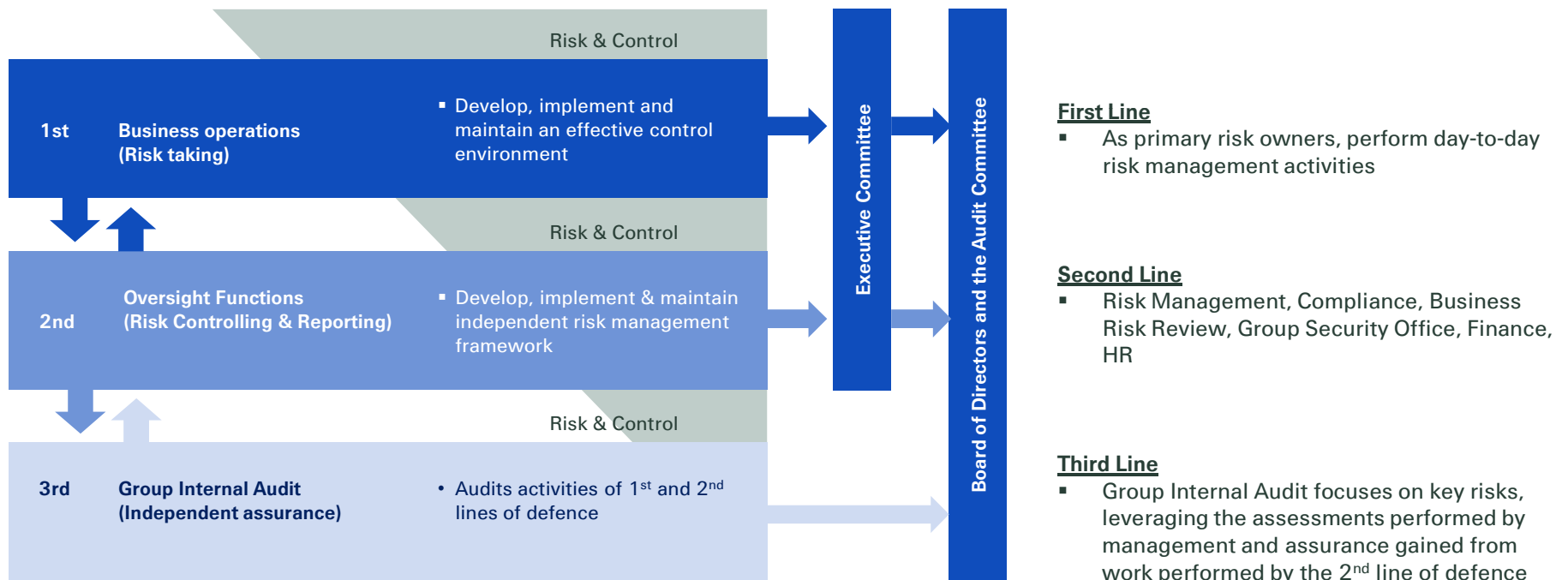
# Risk Management



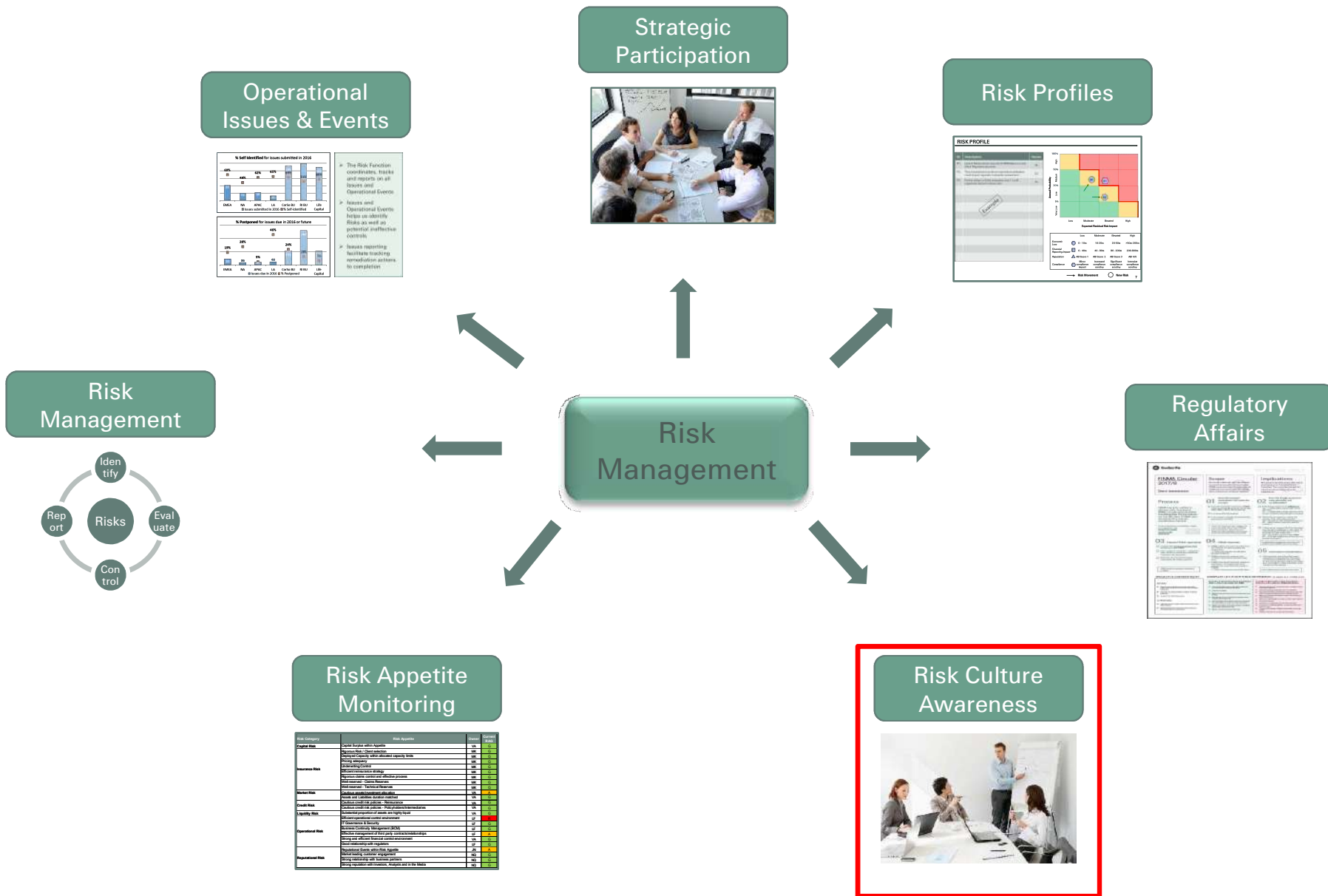
# Risk Management

## Strategic Participation

- ✓ Business Plan Reviews
- ✓ Strategic Programs Participation
- ✓ Operational Assessments
- ✓ Collaboration with the Business to identify and mitigate Risks



# Risk Management





## Risk Culture – How can I implement it??

- Workshops
- Trainings
- We are not the police, but we challenge decisions
- Day by Day involvement
- Showing the why, not the how

# Risk Culture – How can I implement it??

Smiling

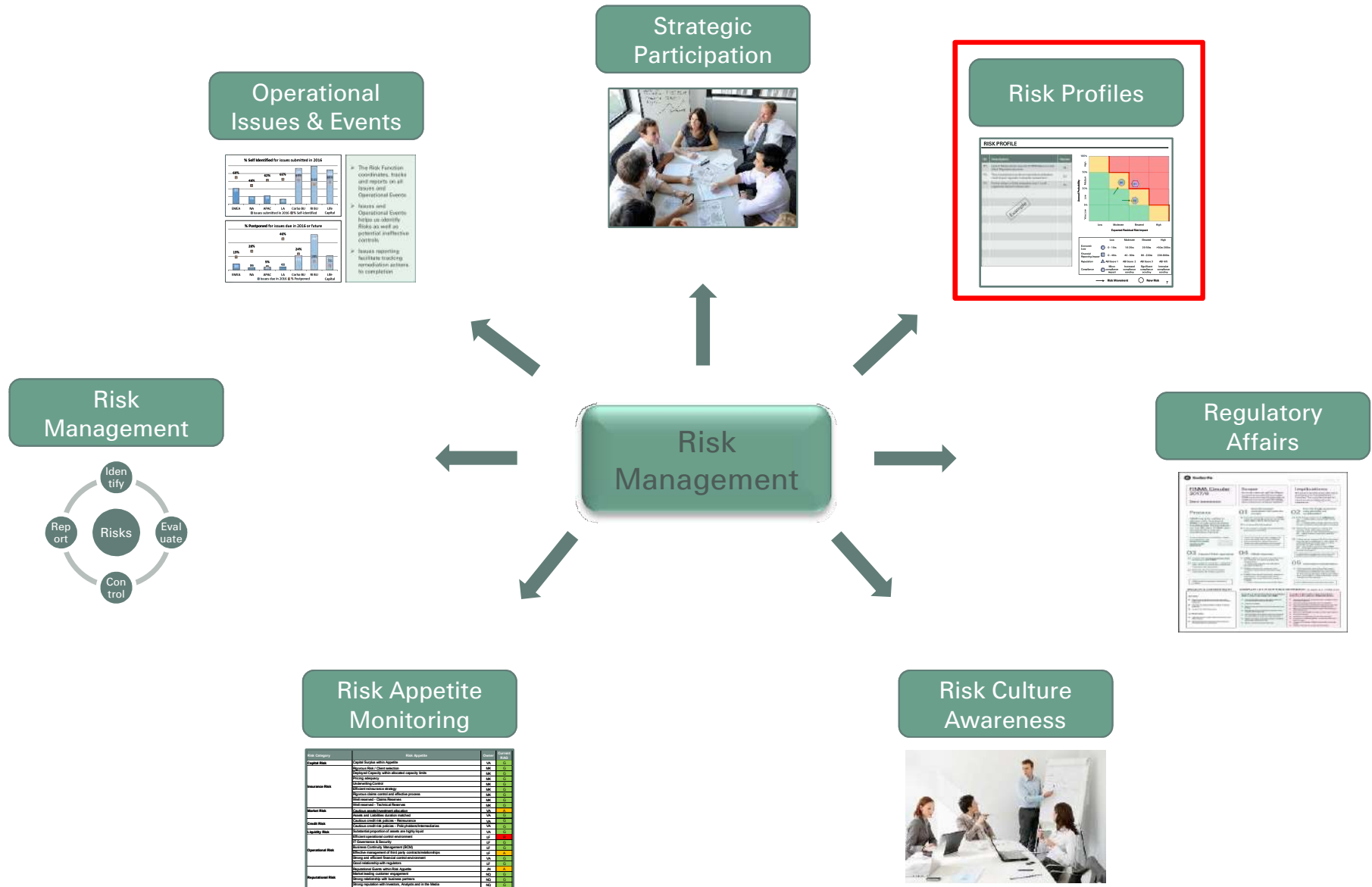
Risk

Management

Team



# Risk Management

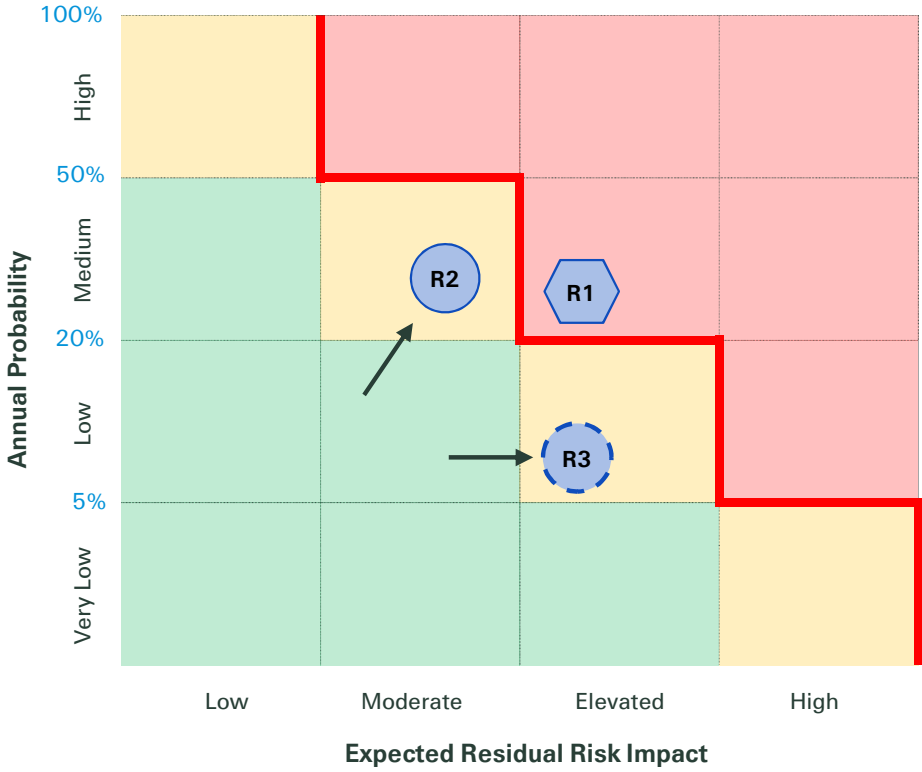


# Regional Risk

Risk Profiles

ID	Description	Owner
R1	Lack of review of regulatory requirements	IB
R2	Non-adherence to the internal guidelines	CU
R3	Delay in reporting to the regulator of financial statements	JN

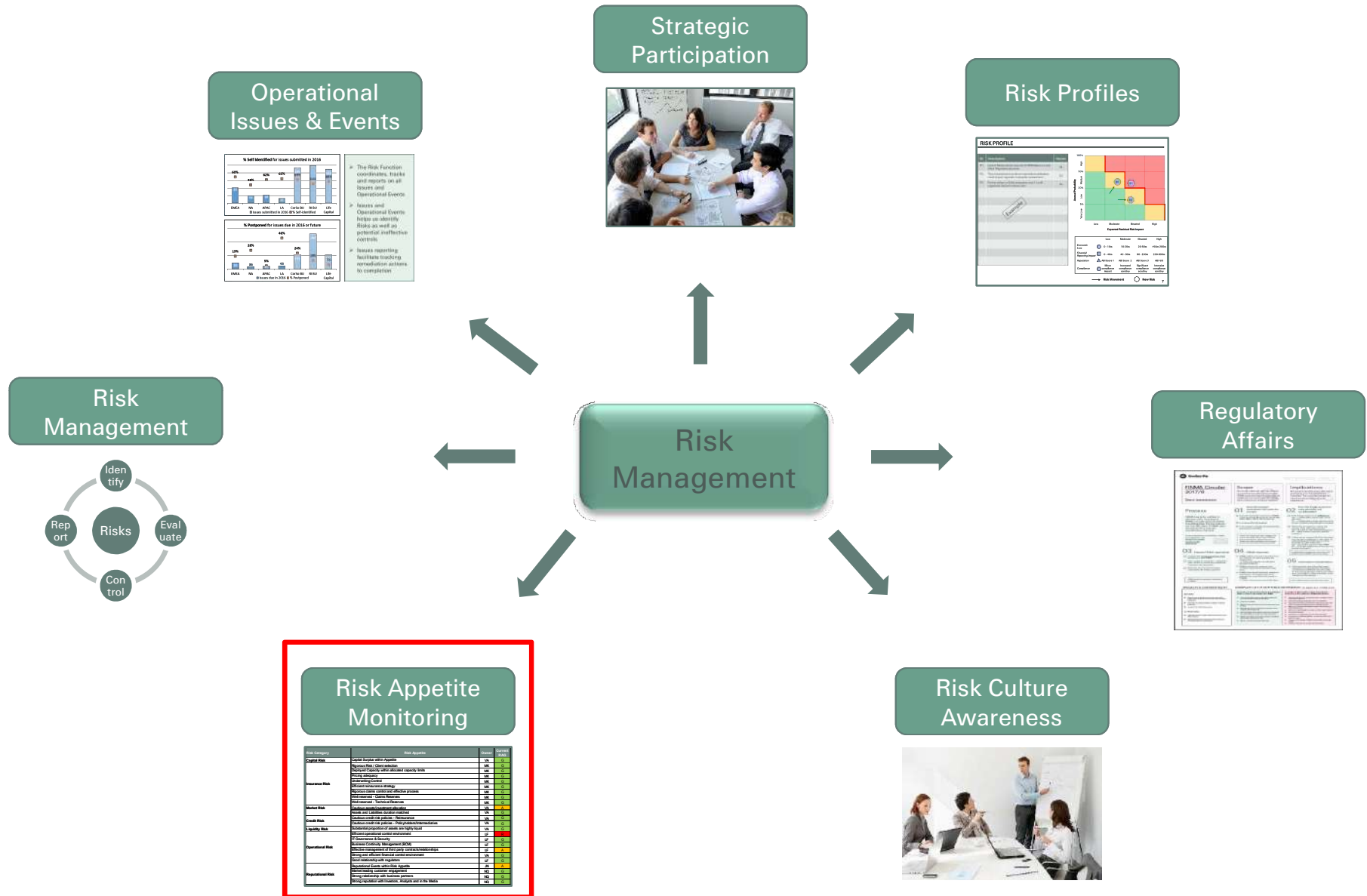
Examples



	Low	Moderate	Elevated	High
<i>Economic Loss</i>	● ?? - ??m	● ?? - ??m	● ?? - ??m	● >?? - ??m
<i>Financial Reporting Impact</i>	■ ?? - ??m	■ ?? - ??m	■ ?? - ??m	■ ?? - ??m
<i>Reputation</i>	▲ ABI Score 1	▲ ABI Score 2	▲ ABI Score 3	▲ ABI 4/5
<i>Compliance</i>	⬡ Minor compliance impact	⬡ Increased compliance scrutiny	⬡ Significant compliance scrutiny	⬡ Intensive compliance scrutiny

ABI – Association of British Insurers

# Risk Management



# Comprehensive risk management framework helps to ensure that key questions can be answered



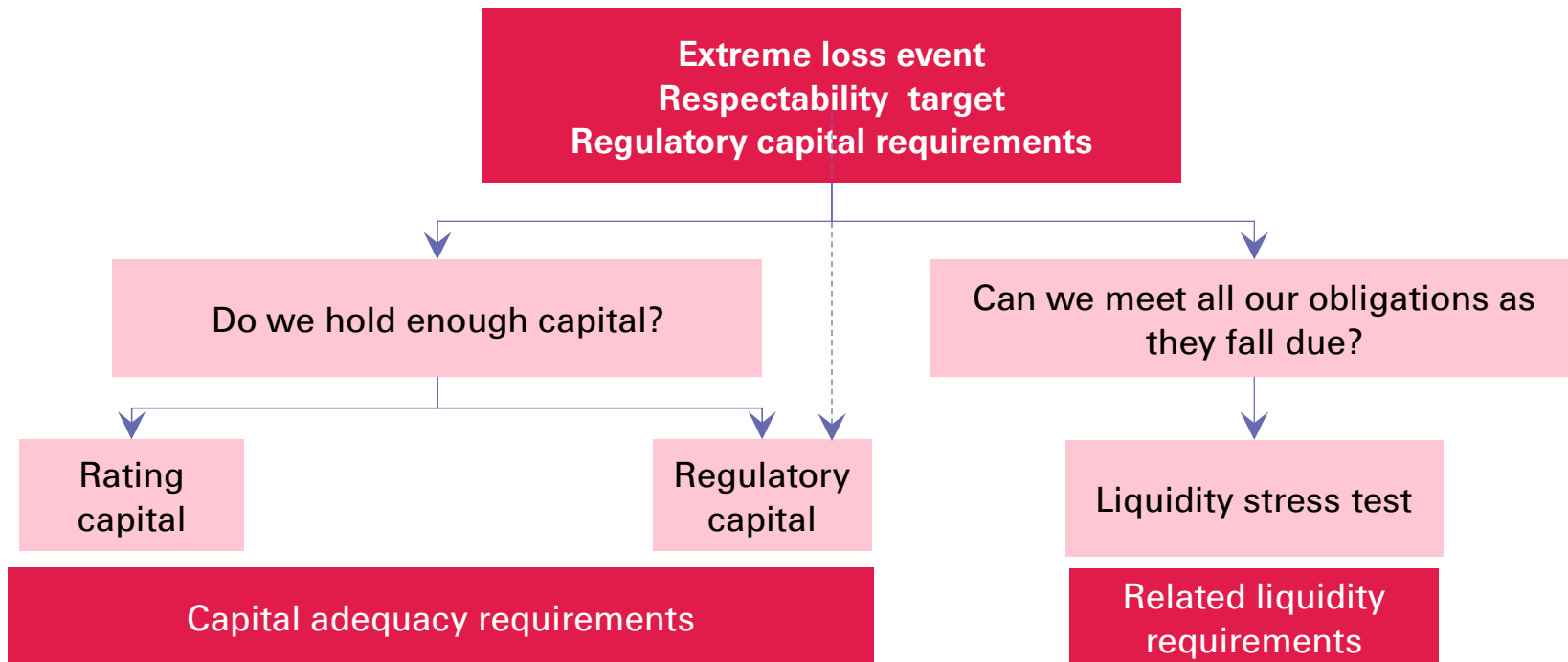
Source: ERM Framework Wheel – Risk Management Association (RMA)

# Swiss Re's Risk Tolerance

## Basis for risk steering and limit setting

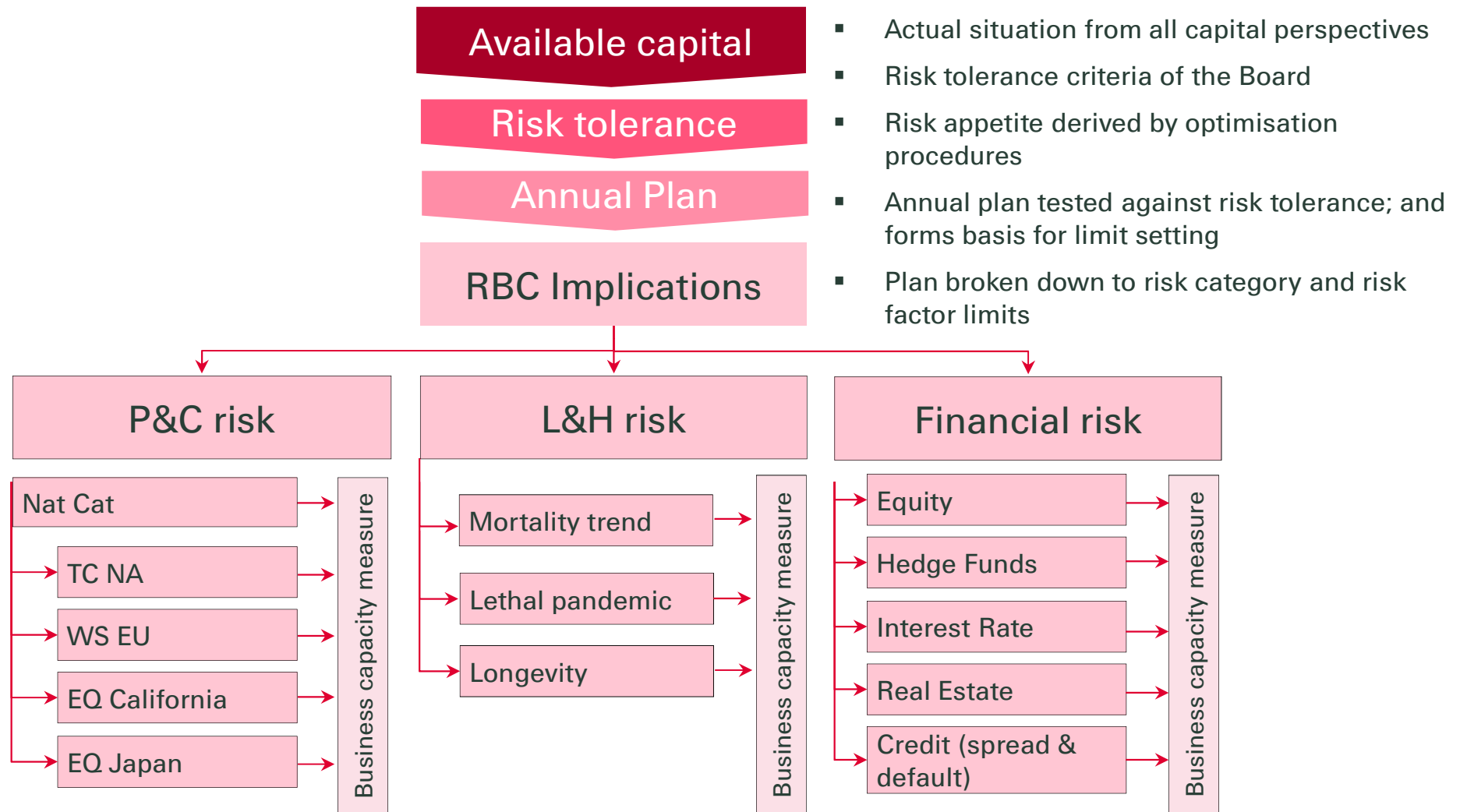
Swiss Re's risk tolerance is based on the following objectives:

- Maintain capital and liquidity that are sufficiently **attractive from a client perspective**, and that **meet regulatory requirements** and expectations ("respectability criteria")
- Be able to **continue to operate following an extreme loss event** ("extreme loss criteria"):



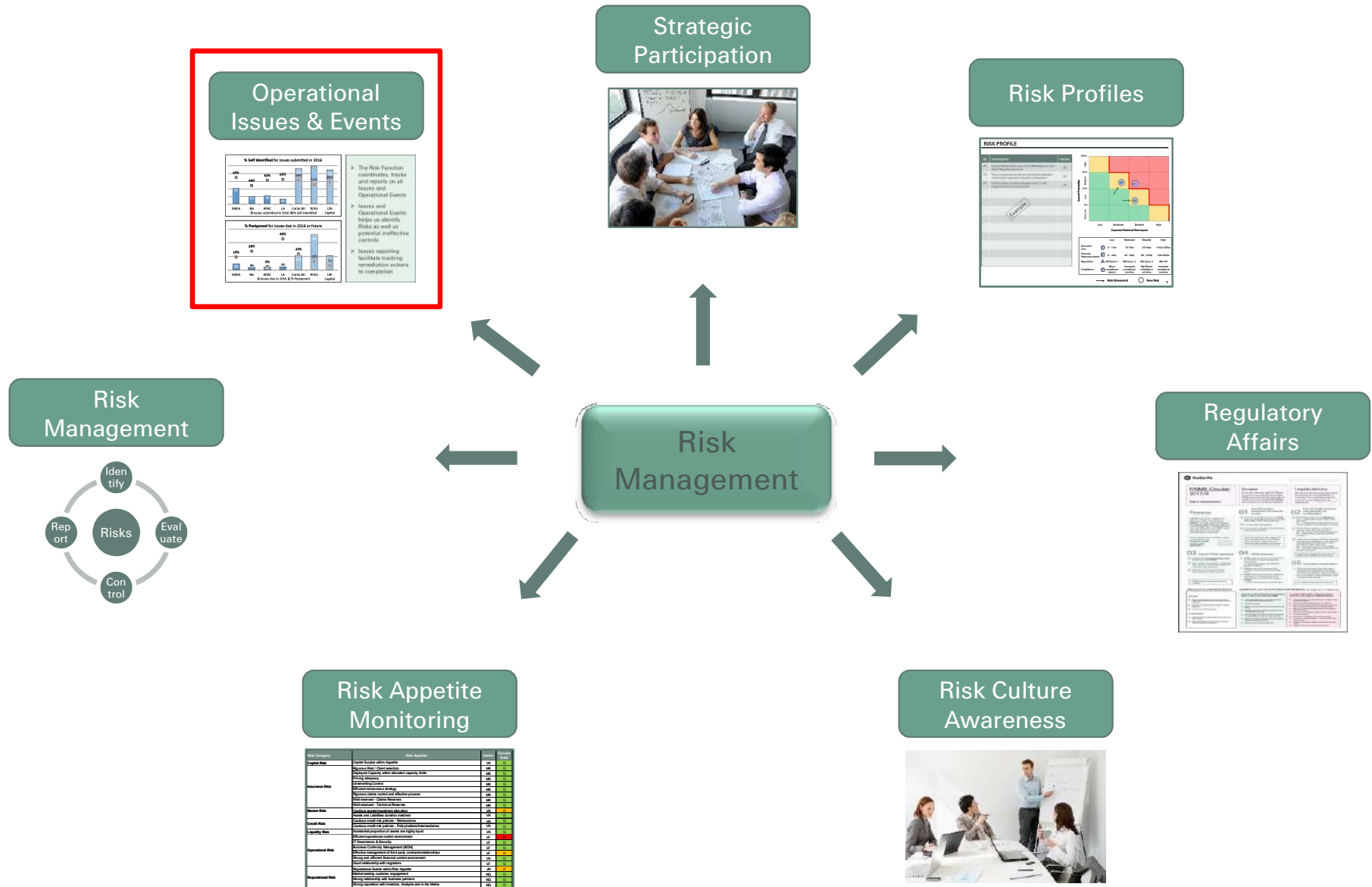
# Limit framework

## Translating risk tolerance into defined risk appetite





# Risk Management

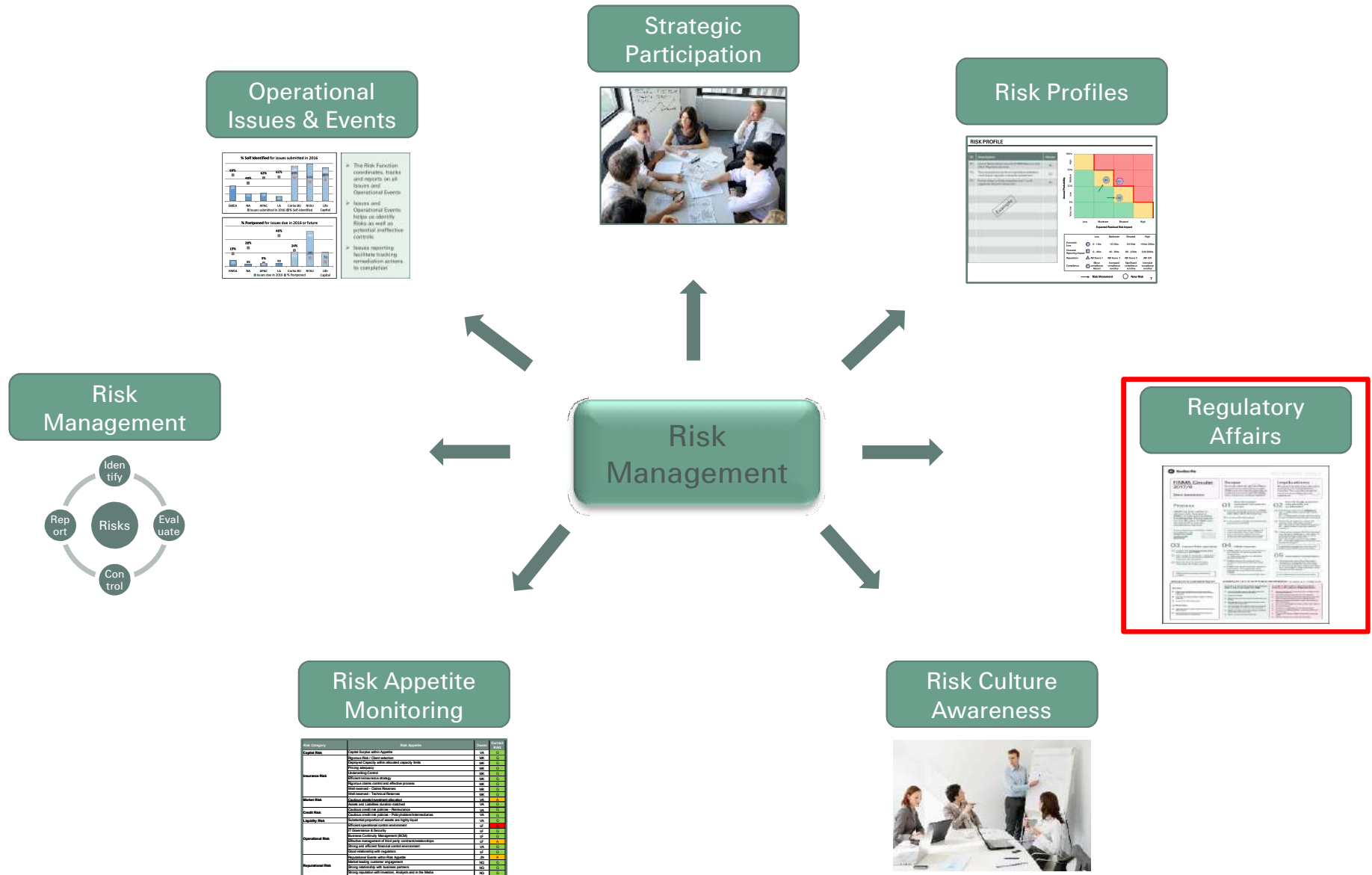


# Risk Management

---

- The Risk Function **coordinates**, tracks and reports on all Issues and Operational Events
- Issues and Operational Events helps us identify Risks as well as potential ineffective controls
- Issues reporting facilitate tracking remediation actions to completion
- We should report all Issues and Operational Events, define clear action plans, and complete them on time
- Generate own system/database for the registration of the events

# Risk Management

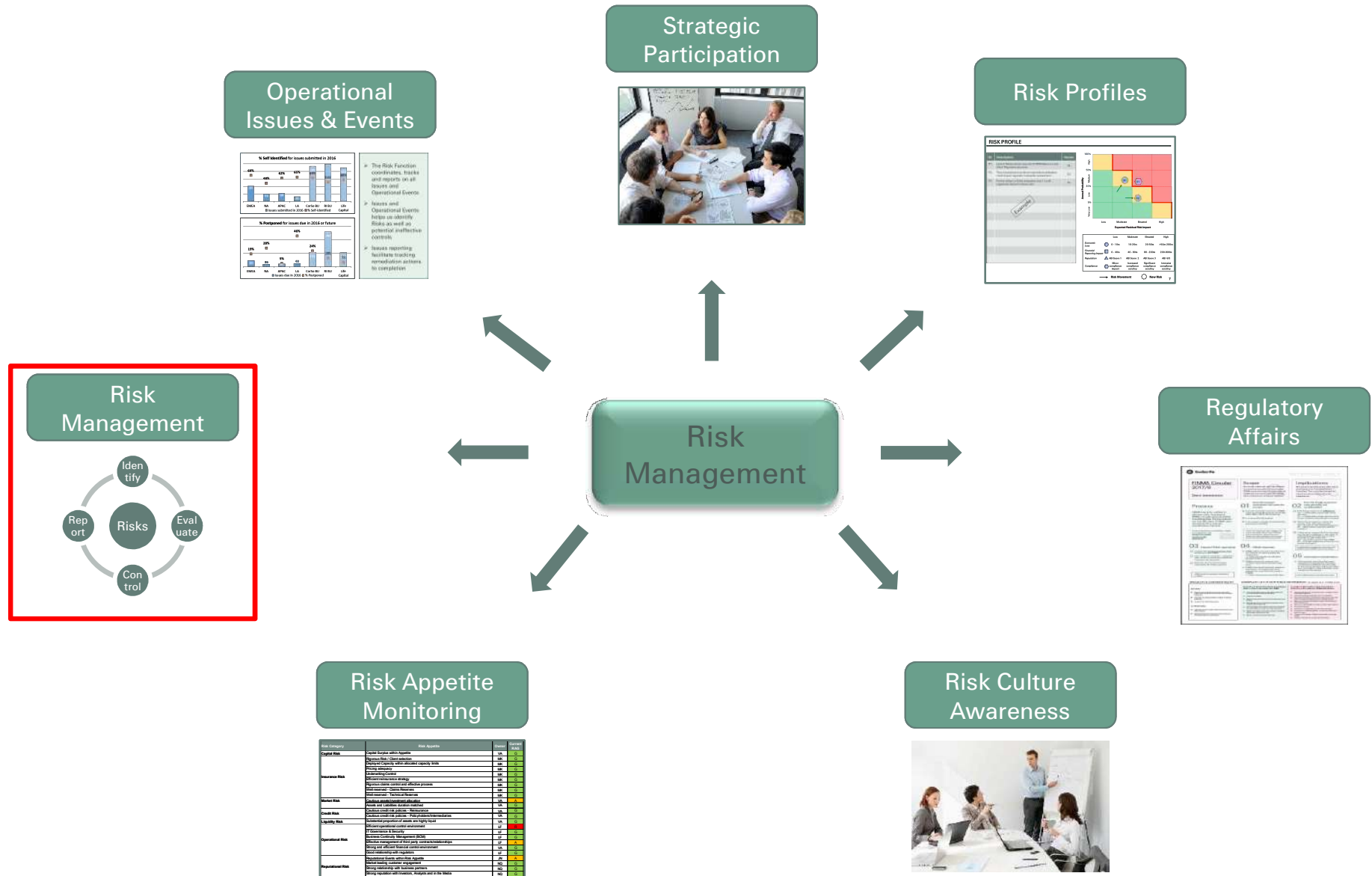


# Regulatory Compliance

- Local regulatory environment
- Day by day regulatory requirements
- Basic regulatory requirements
- Strict coordination and follow up
- Consequences....



# Risk Management



# Americas Reinsurance Risk Management – Regional Structure

## Group Risk Management



### Risk Management Reinsurance Americas CRO Americas

Stefanie Stratos

#### Regulatory Risk Management Americas (incl. Reins, CorSo, Life Cap)

Donald Preston Jr  
Dalton DeFendis  
Matt Horvath-Wulf  
Carolyn Coda  
Matthew McKenney

#### P&C Legal Entity Risk Management Americas and CRO SRAC

Crystal Ottaviano  
Liping Jiang  
Maria Thomas

#### L&H Legal Entity Risk Management Americas and CRO SRLHA

Richard Daillak  
Edward Malek  
Linda Connolly

#### LatAm Legal Entity Risk Management LatAm Regulatory Risk and CRO SRBM & SRB

Luciano Carmona  
Giovanna Franzolin  
Virginie Genes

#### Structured Transactions Americas P&C Risk

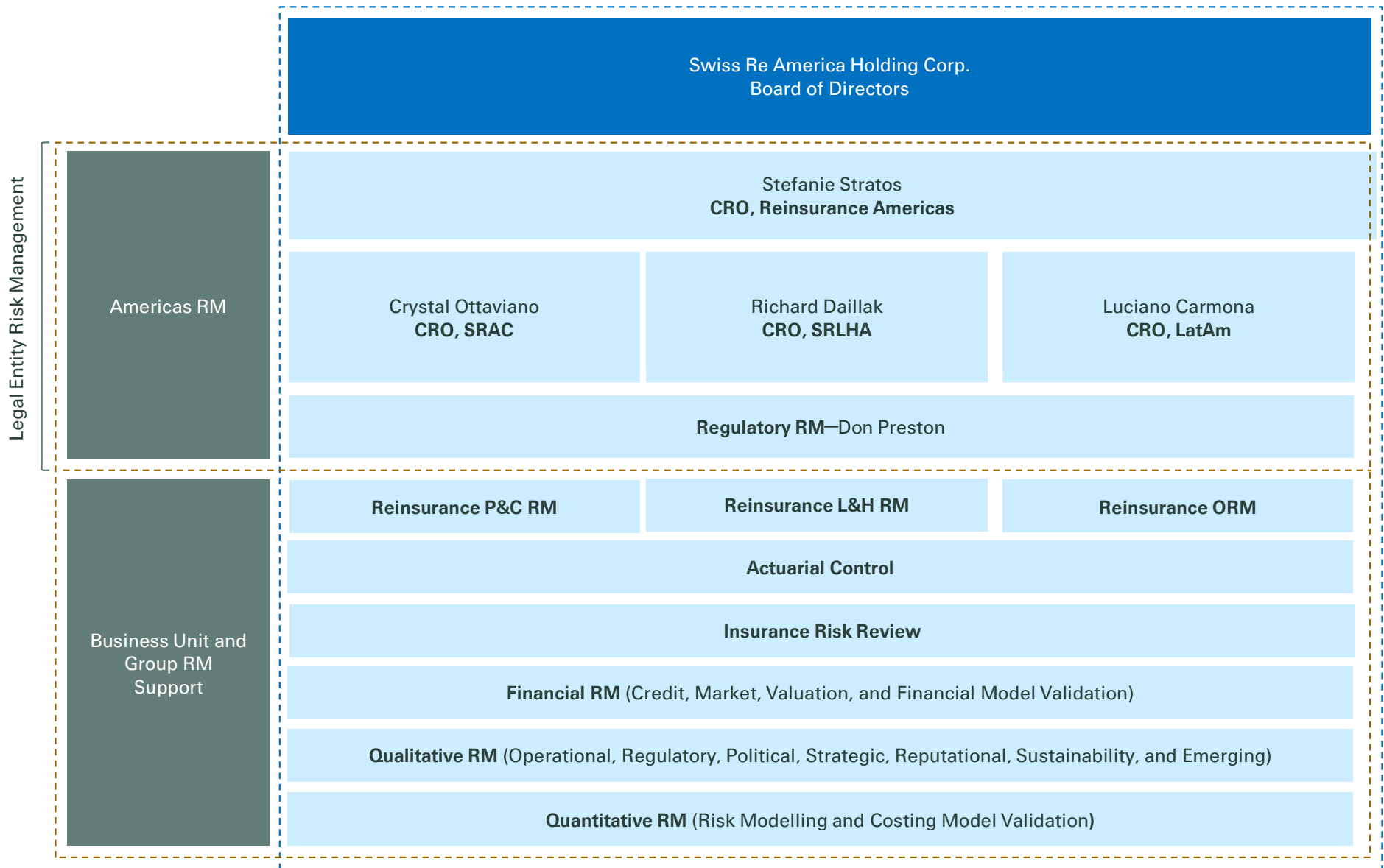
Todd Hess\*\*  
Matthew Fay

#### L&H Insurance Risk Management Americas

Kathryn Hyland\*\*  
Laural Warren

\*\* dotted line reporting to CRO Americas

# Americas Reinsurance Risk Management – Global Structure



# Risk Management

## Risk Management



We do not eliminate risk, we mitigate and enable





# Q&A





# Legal notice

©2017 Swiss Re. All rights reserved. You are not permitted to create any modifications or derivative works of this presentation or to use it for commercial or other public purposes without the prior written permission of Swiss Re.

The information and opinions contained in the presentation are provided as at the date of the presentation and are subject to change without notice. Although the information used was taken from reliable sources, Swiss Re does not accept any responsibility for the accuracy or comprehensiveness of the details given. All liability for the accuracy and completeness thereof or for any damage or loss resulting from the use of the information contained in this presentation is expressly excluded. Under no circumstances shall Swiss Re or its Group companies be liable for any financial or consequential loss relating to this presentation.