Shaping ERM Maturity

Insurance ERM maturity assessment thought leadership report

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KPMG East Africa | Insurance

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Foreword

The IRA regulations, released in 2013, emphasized the need for a risk function in each insurance company in Kenya. This catalyzed the conversations on risk management across the insurance spectrum which led to the establishment of first generation risk functions. Minimum guidance was offered on the establishment of these risk functions leading to non-standardized approaches to risk management.

Companies in Kenya continue to grapple with Enterprise Risk Management (ERM) maturity. Considering the average risk maturity level of 44% of the Kenyan insurance industry, firms are still finding it difficult to project their future risk profiles over the life of their business plans. This is an area that the IRA, ratings agencies and the market are increasingly looking at to gain confidence in institutions. Particularly, the challenge for insurers is their ability to anticipate how current risks will evolve over the life of the business plan as well as identifying any emerging (new) risks.

With this in mind, this thought leadership focuses on the Kenyan insurance industry, providing insights on ERM maturity progress in organizations as well as the next level paradigm shifts on risk management in Kenya.

KPMG approached a number of insurance companies with the aim of assessing the maturity levels of their Enterprise Risk Management programs. This entailed assessing how these insurers are balancing risks and opportunities against the KPMG Maturity Continuum Index that focuses on 5 key components of a risk management program.

The assessment was done by conducting interviews with key executives in risk management to gain information, analyse and deduce actionable insights. Our findings depict an industry poised for take off while actively seeking to mitigate significant challenges.

We hope you find this report insightful as you develop future strategies and pursue robust risk management programs in your organisations.

David Leahy
Partner,
Head of Financial Risk Management
KPMG East Africa

Alex Mbai
Partner
Head of Insurance
KPMG East Africa

Executive Summary

KPMG Maturity Index Key

81% – 100%	Advanced
61% – 80%	Mature Plus
41% – 60%	Mature
21% – 40%	Basic Plus
0% – 20%	Basic

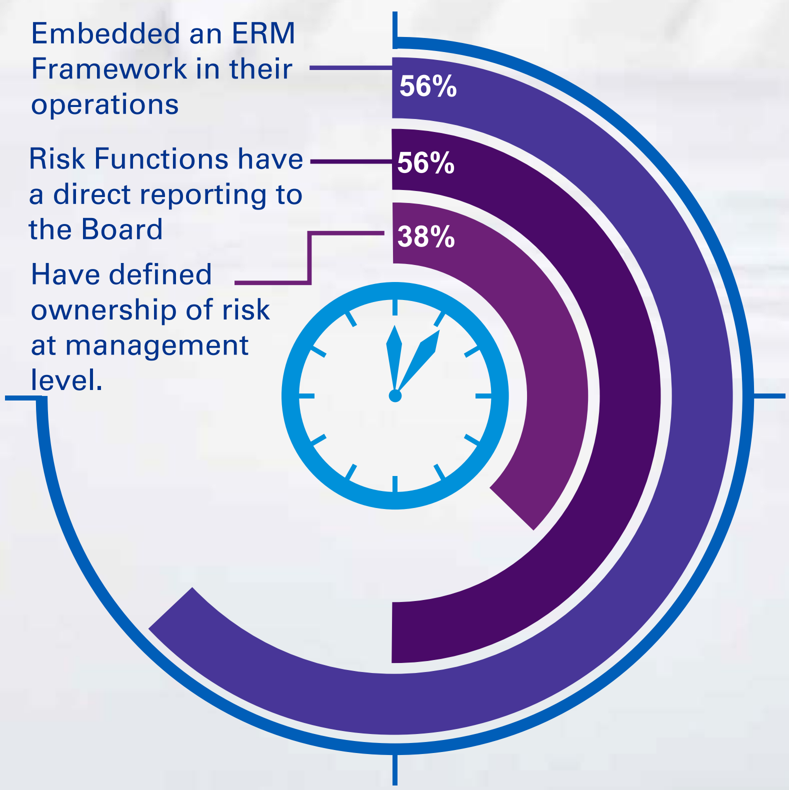
Risk executives from 20 insurance companies interviewed

ERM maturity in an organisation is key in determining whether it will remain resilient in the face of changing business environment as a result of emerging risks and market trends.

KPMG approached a number of insurance companies with the aim of assessing the maturity levels of their Enterprise Risk Management programs. This entailed assessing how these insurers are balancing risks and opportunities against the KPMG Maturity Continuum Index that focuses on 5 key components of a risk management program, i.e. Risk Governance, Risk Assessment, Risk Monitoring and Reporting, Risk Quantification and Aggregation, Risk and Control Optimisation.

Risk governance taking the lead

Insurers have made great strides in embedding sound governance practices within their organisations. The tone at the top by the board and senior management sets the ball rolling for ERM.



The insurers surveyed highlighted that most have either implemented or embedded the ERM frameworks into their business operations, defined ownership of risk at management level and annually revise their strategies in line with risk management practices. However only 13% indicated that insurers have done little in embedding comprehensive compliance and agile corporate culture within the organisation.

As a highlight, it was noted that risk governance sets the pace for risk assessment and risk reporting. It is expected that well governed institutions have established frameworks and policies that stipulate regular timelines for risk assessments.

The results of these assessments are then expected to be reported to the Board on a quarterly basis.

Weak compliance and corporate culture affecting risk assessment.

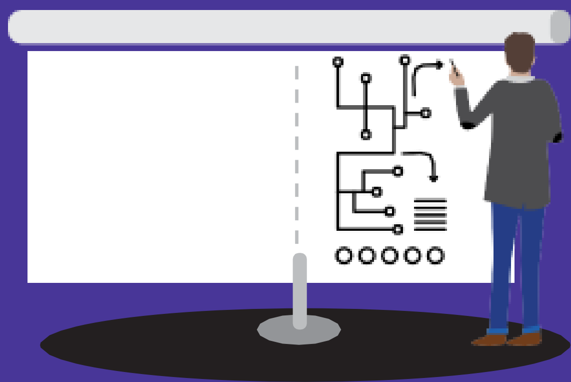
When corporations establish a culture that drives compliance to both internal policies and procedures and external regulations, risk assessment becomes embedded in the daily operations. This will ensure efficiency in the assessment of daily exposures to ensure operations are done within the stipulated risk appetite limits and the set policies and regulatory requirements.

However while automation drives efficiency, it comes with its own failures. This has been evidenced by the fact that of all the insurers that have implemented or fully embedded automated underwriting and claims processes, penetration testing and vulnerability assessments are still lagging behind. This is pivotal in ensuring that the organisations are well protected with strong cyber security mechanisms.

Key Highlights

The survey results were based on a series of questions that were asked to our respondents with regards to ERM. The highlights of the results are as below:

Risk Governance the backbone of ERM



Only

13%

- have an embedded comprehensive compliance culture.
- have embedded individual risk KPIs for management.
- have implemented the quality assurance review of their risk and Internal audit functions.

Risk Assessment: Staying on the ERM Path

Companies whose board and senior management have **set the tone at the top,** risk assessment is a priority and has been implemented into their processes in comparison to their counterparts.

Risk Monitoring and reporting: the race towards winning in ERM

2/3 of the insurers with above basic plus ERM maturity have risk monitoring as the third best performing element of the risk management framework after risk governance and risk assessment.

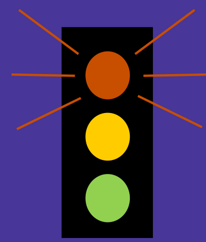
Key Highlights

Risk Quantification and Aggregation

5 out of 16

of the insurers have embedded a risk appetite framework in their decision making processes.

and



13%

utilize IFRS 9 information in the strategic and business decision making process.

Risk and Control Optimization

Companies have lagged behind in risk and control optimization

0% have embedded:

- sustainability assessments
- information privacy frameworks and GDPR

6%

have embedded

- operational excellence initiatives
- remediation practices of limit breaches

63%

have implemented and embedded a comprehensive BCM framework, and this together with the DRP is regularly tested.

Major improvement areas

0%

utilize automated real time risk dashboards for continuous monitoring.

94%

are yet to adopt risk based capital allocation.

75% do not take into consideration scenario and stress testing analyses.

“If you aren’t constantly assessing strategy and risk, and adjusting as you go, there’s no way you’re keeping pace as a business”.

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Risk governance: the backbone of ERM

Risk governance sets an organisation's tone and reinforces the importance of establishing oversight responsibilities for ERM. The key driver of a company's risk management maturity is the attitude and the tone that is set by the board and its senior management, towards managing its risks and adopting the risk management responsibilities. This is then cascaded down across the entire organisation.

An effective risk governance framework is rooted in a robust risk governance structure which defines the roles and responsibilities of various stakeholders in risk management as well as the processes by which risk information is collated, aggregated, analysed, and communicated to provide a sound basis for management decisions. The risk governance structure should be aligned with the company's business operations as well as applicable regulatory requirements.

Effective risk governance incorporates three lines of defense, namely:

- The operating functions, management and internal controls;
- The risk management and compliance function; and
- The internal audit and external assurance functions

Clear ownership of risks for each line of defense is pivotal for a vibrant risk governance framework. Nonetheless, the ultimate risk oversight responsibility lies with the board of directors.

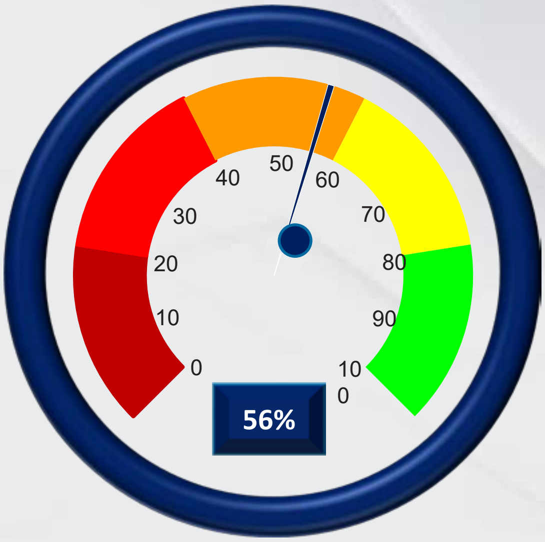
The composition of leading practice board of directors have a suitable mix of skills and experience in risk management, insurance organisation and legal and financial operations. It may be of great value if a member of the Board Risk Committee is knowledgeable in matters risk and has had prior experience as a CRO or CCO at a similar organisation.

As risks in the economic, regulatory and technological environments are dynamic, risk governance must also evolve in response. Therefore, it is paramount that organisation's leaders undergo continuous risk management trainings. These may be centered around conferences, selected thought leaderships, customized briefings, and courses designed for board members and senior management.

In a snapshot, with this in play, the effectiveness of a governance structure is evidenced by the following key highlights:

- Embedded ERM frameworks
- Active board risk management committees
- Comprehensive compliance culture
- Embedded individual risk KPIs for management
- Embedded quality assurance review of its risk and Internal audit functions

Survey findings – Risk governance



The average risk governance maturity score for the companies that were surveyed was approximately **56%.** This means that these entities have well invested in developing ERM policy frameworks, defining risk ownership at the senior management level, updated their strategic plans annually regarding risk management as the core of this process, had active board risk committees and the risk function acted independently.

56% have embedded ERM Framework

44% have an active board risk management committee

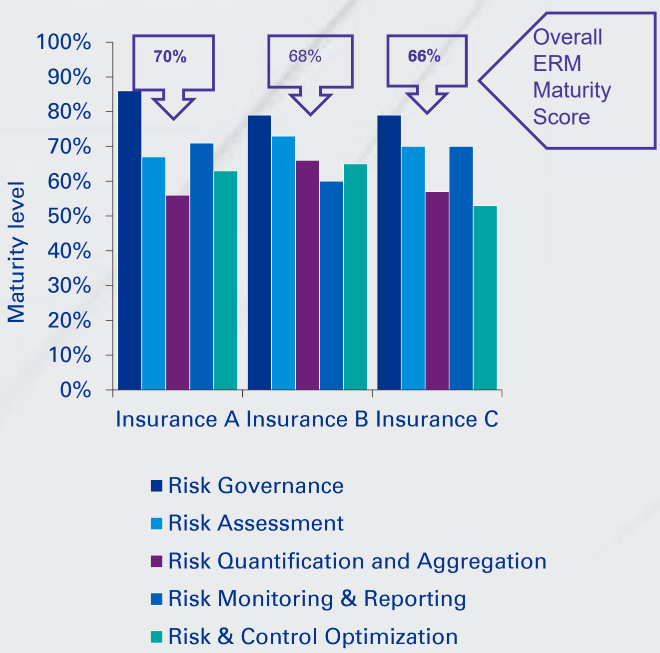
56% have Risk Function directly reporting to the Board

38% have defined ownership of risk at management level.

From the analysis of data, a strong correlation between risk governance and the ERM maturity was identified. An analysis was done for the three insurance companies that had the highest ERM maturity score and from the results below, it is observable that their risk governance structures are well implemented, as per the KPMG maturity continuum index.

This evidences the need to have risk management buy in from the board and senior management, who set the tone of risk management within an organisation.

Top 3 Insurance companies in ERM Maturity



What next in risk governance?

The traditional perspectives of risk management being a compliance tick box are yet to be eliminated at the top management level for most of our respondents. It was clear from the analysis that the board and senior management are yet to fully cultivate improved risk culture across organisations. Only 13% of the organizations had moved beyond viewing risk management as a compliance issue to ensuring that everyone recognizes the value that risk management breeds within an organisation.

Only **13%**

- have a comprehensive compliance culture.
- have embedded individual risk KPIs for management.
- have implemented the quality assurance review of their risk and Internal audit functions.

Therefore, organisations need to develop agile corporate cultures that ensure a common belief in the importance and value that risk management yields. **Risk management should be viewed as a business enabler as opposed to a hindrance.**

Risk Assessment: Staying on the ERM Race to Maturity

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation.

The iterative process involves six major steps;

- establishing the objectives / establishing assessment area
- determining risk appetite
- identification of risk and their causes
- evaluating risk response
- developing action plans and identifying efficiency opportunities.

Risks can be identified through surveys, interviews, workshops and assessment against industry reports.

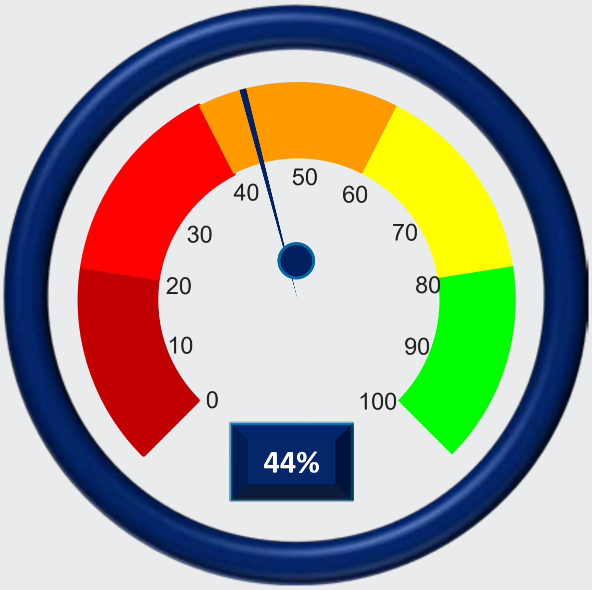
Risk assessment plays a pivotal role in the risk management process as it helps organisations set the foundation for building the other components of the ERM framework. To achieve this it is important for organisations to adopt sustainable and practical approach to risk assessment that is aligned to the leading practices such as ;

- Linkage of key risks to the strategic objectives
- Consolidated enterprise-wide reporting
- Defined risk rating criteria
- Risk reports/heat maps

Above this, for risk assessment to be effective the organisation must specify its objectives with clarity. Objectives setting lays the groundwork for risk assessment. The objectives must then be linked to specified risk appetites and risk limits that then form the basis for risk assessment.

Risk assessment must be owned by the first line of defense. They should be proactive in this process. The adoption of the use of risk champions at the business line level will enhance this process further. The risk champions are the knowledge and risk management advocates in their business lines. With the help of the second line then, risks are identified and monitored and help in the various decision making processes in the organisation.

The results



Companies whose board and senior management have **set the tone at the top,** risk assessment seems to be a priority and it has been implemented into their processes in comparison to their counterparts

Why does it then seem like there is a case of putting the cart before the horse?

There seems to be a case of putting the cart before the horse when it comes to risk assessment, risk monitoring and reporting. Risk monitoring has the second highest maturity level in the industry, at 50%, followed by risk assessment at 44%

Organisations seem to be keen on reporting the risks without carrying adequate risk assessment.

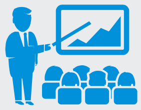
9/13 of the insurers scored higher in risk monitoring and reporting compared to risk assessment.

An illustrative juxtaposition is a case where one insurer indicated a risk assessment maturity of 39% against a 75% maturity on reporting.

This begs the questions:

What is being monitored and reported?

Which risks are being reported if the assessment has not even been done?



Where is the ownership of risk by the first line of defense?

Ensuring organisation's finish the race strong:

Organization's need to reinvent their approach to ERM. There is need to change the risk culture within the organisation.

The first line of defence, that is the business owners, need to take up the role of driving the risk assessment process in organisations. Additionally, insurers need to ensure that the risk assessment maturity level is in tandem with the risk monitoring and reporting maturity level. It is expected that organisations should monitor and report on the risks that have been identified and assessed.

Risk quantification & aggregation

It is the process of measuring, analysing and the consolidation of enterprise risks, which is applied to more than just financial risks. Some of the potential sources of quantification and aggregation are strategic and business planning, scenario analysis and loss data, incident reports, capital allocation, risk adjusted performance results and VaR models.

Some of risk quantification and aggregation leading practices highlights include:

- Defined and documented risk rating criteria, risk aggregation methods and tools.
- Integrated risk quantification and aggregation with automated dashboard.
- Existence of a risk classification system.
- Utilisation of risk quantification and aggregation in the decision making process.

Aggregation still remains a challenge for many due to lack of automated facilities. Only 13% of the surveyed insurers utilize IFRS 9 & 17 information in the strategic and business decision making process. The survey also highlights only 5 insurers have embedded a risk appetite framework in their decision making process.

The use of risk metrics and modelling techniques are great ways to capture risk data in automated dashboards. Embracing these processes assists the organisation to achieve its strategic objectives.

The figure below shows that Kenya currently stands at an average of 44% ERM maturity level on risk quantification and aggregation as per the survey.

What next?

Insurance companies need to asses themselves on risk appetite and capital management considering the following factors:

- Being able to formally consider the Values at Risk for each portfolio of investments or products sold to the market
- Adoption, assessment and implementation of IFRS 9 and IFRS 17. And use of the results of these accounting standards after implementation in strategic and business decision making processes in relation to all assets
- The process allocation of capital to a service or division based upon formal calculations of a risk return ratio needs to be understood, prior to be made
- Basing dividend decisions on the long term capital plan, capital demand and supply.

Risk control & optimisation

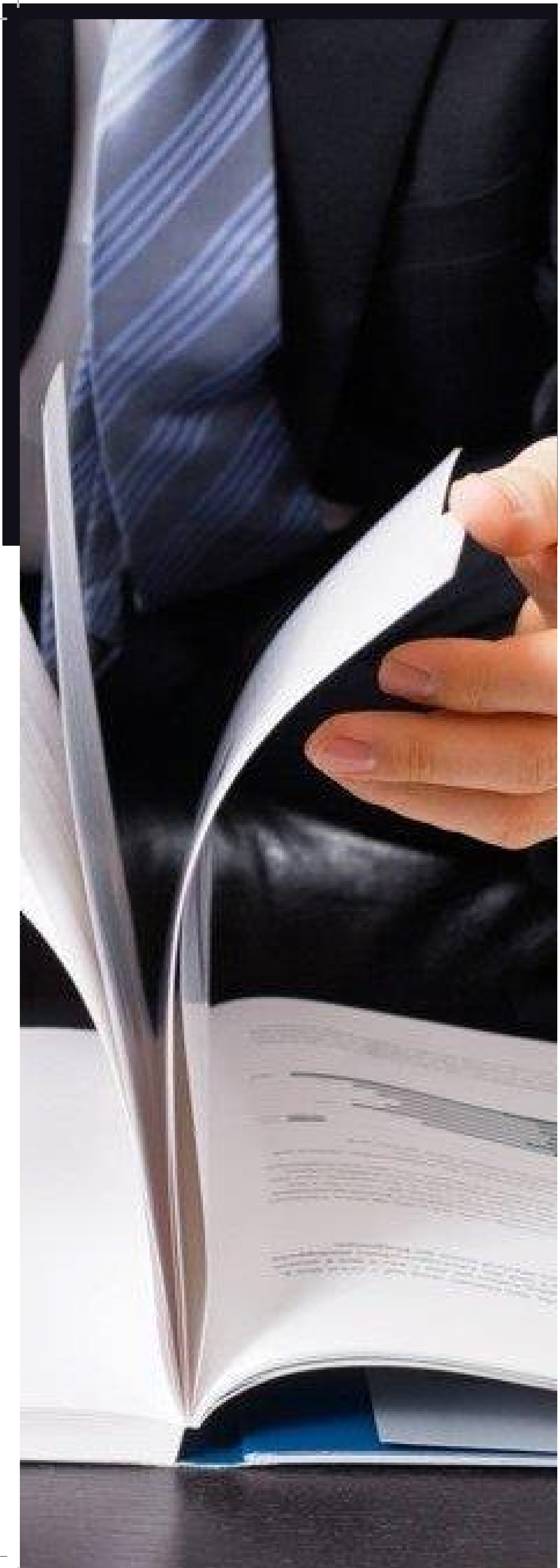
Risk control and optimisation involves a set of integrated activities to ensure that the steps taken to identify, measure and mitigate against risks are cost efficient.

Some of the leading practices highlights include:

- Implementation of a robust risk and control self-assessment (RCSA).
- Continuous review of the cost of risk mitigation measures.
- Quality assurance from independent assurance providers.
- Use of technology to optimise some of the risk management processes.

The insurance industry still encounters difficulties in controlling and optimising their risks. With only 37% of the surveyed insurers have implemented and embedded this component of the ERM framework. The survey also highlights that only 1 insurer have developed a sustainability assessment report but none has embedded sustainability assessments and information privacy frameworks. It has also noted that 6% of Kenyan insurers have embedded operational excellence initiatives and remediation practices of limit breaches.

However on a positive note, 63% have implemented and embedded a comprehensive BCM framework, that has been regularly tested.



What next?

Upholding operational excellence requires the organisation to have a formal process to continuously assess all processes of the organisation to ensure that they are customer centric, efficient and fit for purpose. Profitability is one of the key metrics to success but is not the only determinant. Financial institutions should conduct a sustainability assessment of its business to evaluate the financial, social and environmental impact of the organisation. This then gives a holistic view of the company's health rather than from a pure numbers perspective.

Lastly, as we move towards a technology driven environment, insurers need to have a formal process for continuously improving the quality of information and data used in decision making. This entails processes and technology that are involved in the collection and dissemination of data and information.

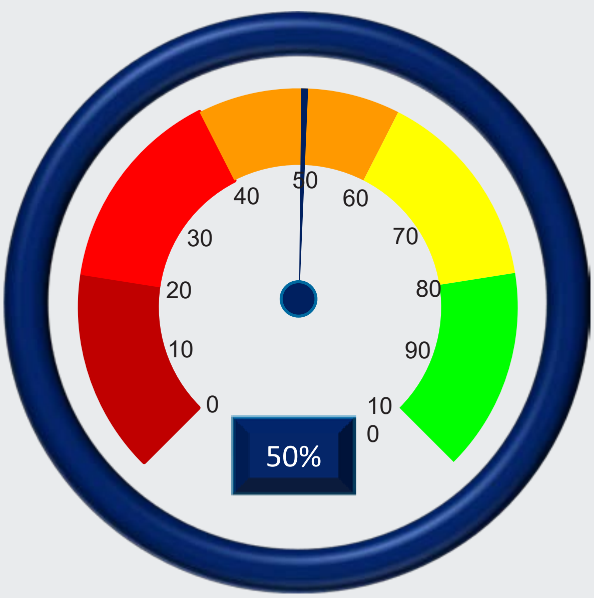
Risk monitoring & reporting: the chase towards winning in ERM

Risk reporting and monitoring involves a well-choreographed system through which the development of identified and emerging risks can closely be monitored by the relevant process owners, senior management and the board of directors. Sometimes it may involve the use of external assurance providers to guarantee that the gaps and lapses noted in processes and root causes have duly been addressed.

Companies that adapt leading practices benefit from:

- Heightened stakeholder confidence and improved risk mitigation strategies.
- Robust and scalable risk mitigation processes and automated action plan trackers.
- Coordination and integrated processes and tools in the risk and management assurance activities.
- Seamless integration, coordination and reporting to the board and management committees.
- Linkage between risk and business decisions.
- Real time risk monitoring dashboards.

Survey findings



The maturity level of the risk monitoring and reporting component stands at an average of 50%.

It was noted that most of the institutions had set Key Risk Indicators (KRIs) for the various risks that were monitored and reported. The tracked risks were then reported on a regular basis.

The table in the next page shows the general performance of the risk governance and the risk monitoring and reporting elements of top 10 insurance companies.

Survey findings

The analysis indicates the existence of a positive correlation between the maturity of the risk governance and the risk monitoring and reporting process.
In some cases outliers may exist, such as Insurance E where the risk monitoring and reporting is more advanced compared to the risk governance structure.

Framework Element	Risk Governance	Risk Monitoring & Reporting
Insurance A	86%	71%
Insurance B	79%	60%
Insurance C	79%	70%
Insurance D	65%	56%
Insurance E	51%	75%
Insurance F	61%	57%
Insurance G	62%	35%
Insurance H	39%	35%
Insurance I	41%	34%
Insurance J	34%	29%

Next steps in risk monitoring and reporting

Even though risk monitoring and reporting has been well implemented in organisations, the extent of disclosure of risk management programs, management of key individual risks, processes, data and systems utilised is still not adequate to fully inform all stakeholders on the robustness of the process for the Companies reviewed.

Companies should develop polices that define the minimum risk disclosures expected to be included in their annual reports. Additionally, it is crucial that the organizations automate the risk management process by embedding Governance , Risk and Compliance systems that will support the risk monitoring and reporting process. This automation will form a basis for real time risk monitoring through the risk dashboards.

Case Study: ICEA Lion Group

The company has been at the forefront in driving integration and implementation of resilient enterprise - wide risk management practices. The insurer has a process of maintaining change, in which the use of resources, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet its strategic objectives.

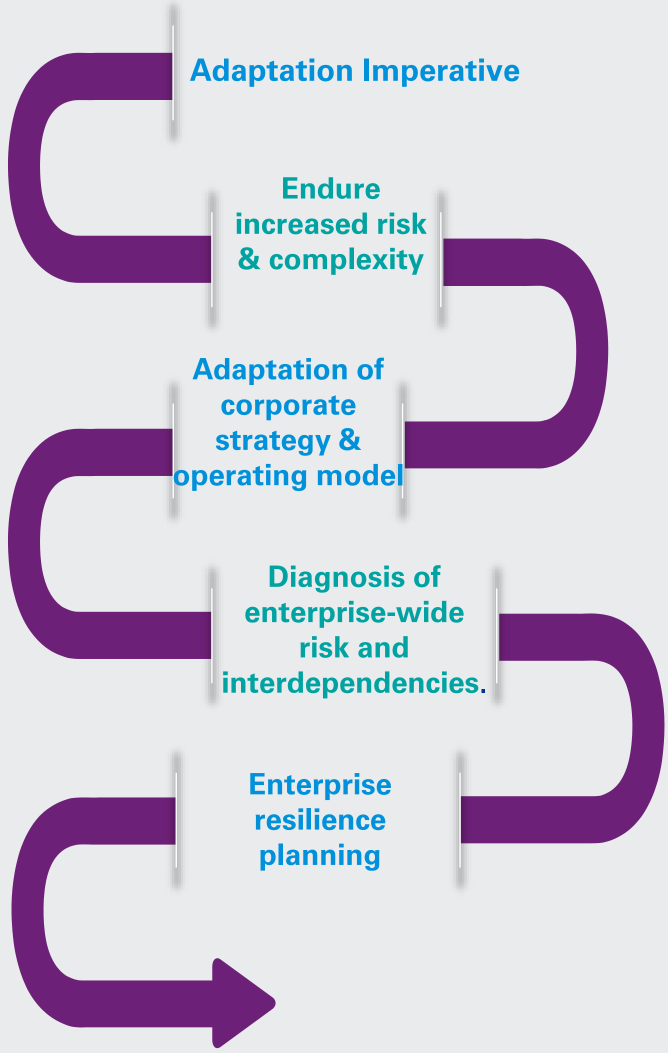
The insurer has embedded strong risk management procedures into its daily business activities as well as robust corporate governance structures that promote effective identification, monitoring and management of risk. It has a fully-fledged risk management and compliance function headed by a Group Risk Officer. The independence is maintained by a direct reporting line to the Board Audit and Risk Committee.

The risk management function has harmonized risk management processes throughout the organisation as well as coordinated the setup of the risk appetite by the Board of Directors which is cascaded to the senior management team. Additionally, regular risk assessment exercises are conducted in a bid to further integrate risk management into the business.

A key component from ICEA is the utilization of **integrated dashboards** for risk monitoring and reporting. This enables live visualisation of current risk information for accurate decision making.

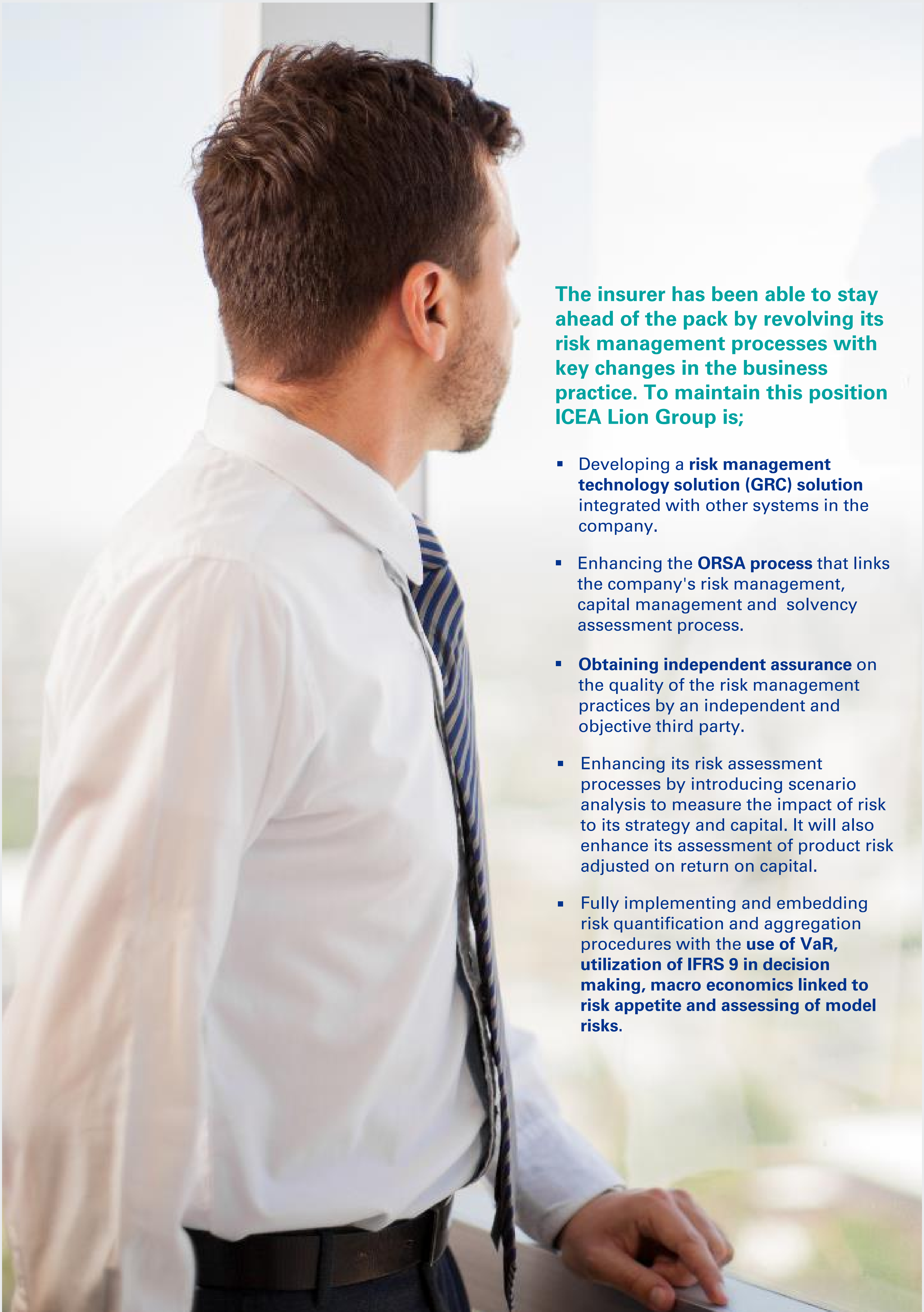
Additionally, the company has for the first time developed **a sustainability report** with action points to conduct a sustainability assessment. This shall inform part of the disclosure requirements in ICEA's annual report.

It has merited its success to five action points which have been instrumental in transforming risk into sustainable value:



It has been said that business people need to understand the psychology of risk more than the mathematics of risk. The structure of the insurer has embodied well developed and documented internal procedures, clearly defined reporting lines and well-structured regular training programs for staff. This has gone a long way in enabling its staff to attain a clear appreciation of the nature of business risk; the likely consequences of not giving adequate attention to, or failure to properly manage risk; and of the universally accepted and internally prescribed techniques of effectively managing risk.

> *"Business people need to understand the psychology of risk more than the mathematics of risk."*



The insurer has been able to stay ahead of the pack by revolving its risk management processes with key changes in the business practice. To maintain this position ICEA Lion Group is;

- Developing a **risk management technology solution (GRC) solution** integrated with other systems in the company.
- Enhancing the **ORSA process** that links the company's risk management, capital management and solvency assessment process.
- **Obtaining independent assurance** on the quality of the risk management practices by an independent and objective third party.
- Enhancing its risk assessment processes by introducing scenario analysis to measure the impact of risk to its strategy and capital. It will also enhance its assessment of product risk adjusted on return on capital.
- Fully implementing and embedding risk quantification and aggregation procedures with the **use of VaR, utilization of IFRS 9 in decision making, macro economics linked to risk appetite and assessing of model risks.**

Case Study: Britam

Leveraging on a risk management system solution

It has been said that risk governance is the back bone of ERM implementation. This is true for Britam that has one of the highest scores from the assessment. Most of the elements related to risk governance have either been implemented or embedded within the organisation.

Due to a strong tone at the top set up by those held with governance responsibility, all the other ERM components such as: Risk Assessment and Risk Monitoring and reporting are seamlessly maturing within the organisation.

Britam is one out of the three players in the industry with an end to end risk management system and software solution that has been adopted in the risk assessment and risk monitoring and reporting processes.

Risk identification is driven by the first line of defense which is headed by the functional heads. This process utilizes the Risk management system and links risk management and compliance data.

The coordination of these activities is made easy by the fact that Britam has a fully fledged Risk Management Function that is headed by a CRO. The risk management function is further subdivided into units that handle specialized risk areas such as Financial risks, operational risk, compliance risk and Business Continuity Management.

This is **a reflection**

of an institution that has well adopted the three lines of defense in its operations. The risk management system also makes it easy to coordinate the efforts of the second line of defense i.e. risk and compliance function and the third line of defense i.e. Internal audit.

When it comes to the monitoring and reporting aspects of the risk management , the system becomes more handy since it can generate reports that are crucial in the risk reporting process to the board.

Britam still at the top of its game

That said, Britam assesses its risk management processes and strives to improve this through early adoption of emerging changes in the insurance environment. Britam understands that for its risk management practices to mature and be of value add to its business there is need to enhance its operations with leading practice requirements.

Some of the most important aspects that Britam has made tremendous strides in include:

- Utilisation of the results of I**FRS 9** in the strategic and business decision making processes. Have done a gap analysis and impact assessment of **IFRS 17**
- Formalisation of the process that focusses on improving the **quality of information and data** used in decision making. This includes continuous adoption of processes and technology that increase efficiency in the data collection and dissemination processes.
- Development of a formal information privacy framework which is currently in the implementation stages.

Britam also has an **in-house economic capital model that links risk to capital.** It incorporates the results of its risk assessment in the capital modelling and capital allocation process and makes decisions such as product pricing based on the results of this assessment. The economic capital model utilizes scenario and stress testing inputs to ensure that the insurer remains resilient in the business environment.

International case study

In 2017, Zurich Insurance Group enhanced its reporting on risk management processes with in-depth risk insights of ongoing topics, to ensure the client's value was well protected. These topics include information security and cyber risk; insurance market trends; the potential adverse impact that accelerating inflation and expectations about inflation could have on reserves; and the potential effects on Zurich. The other topical issue was the Brexit negotiations and geopolitical developments in Asia and Latin America.

With the many risks the insurer is exposed to, an in depth analysis is conducted on each of the following risk categories:

A Insurance Risk Liquidity Risk

- Insurance risk is the inherent uncertainty regarding the occurrence, amount or timing of insurance cash flows.
- Liquidity risk is the risk that the Group may not have sufficient liquid financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so.

B Market Risk

- Market risk is the risk associated with the Group's balance sheet positions where the value or cash flow depends on financial markets. Risk factors include:
- Equity market prices
- Real estate market prices
- Interest-rate risk
- Credit and swap spread changes
- Defaults of issuers
- Currency exchange rates

C Investment Credit Risk

- The risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations, which is analyzed in the 'market risk, including investment credit risk' and 'other credit risk' sections.

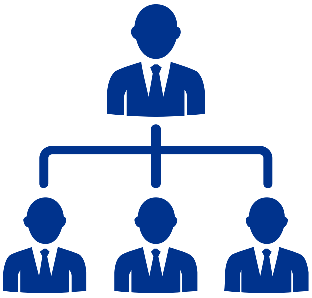
D Operational Risk

- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events such as external fraud, catastrophes, or failure in outsourcing arrangements.

GLOBAL BUSINESS

So what makes Zurich Insurance Group special? The company has a future-focused risk assessment to reassessing internal and external emerging risks. For example climate change is perhaps the most complex risk facing society today. This has resulted in a shift in the lenses from just analyzing the possible loss but to the fact that the risk is inter-generational, international and interdependent. This global perspective encourages innovation and inclusion and can be adopted by other insurance companies in Africa.

International case study



What is good practise without proper leadership? In order to keep risk management practices independent and effective, the tone at the top and governing structure need to support the strategy of the company. For Zurich Insurance Group The Group Risk Management function is a global function, led by the Group CRO.

The supporting pillars are the risk officers who are embedded in the business, positioning them to support and advise, and independently challenge, business decisions from a risk perspective

Another great practice displayed by the Group is the allocation and evaluation of capital based on risk based performance. The practice includes allocating capital to businesses earning the highest risk-adjusted returns, and to pool risks and capital as much as possible to operationalize its risk diversification. All in all the Group's executive management determines the capital management strategy and sets the principles, standards and policies to execute the strategy. Group Treasury and Capital Management executes this element of the strategy.

With perfection comes sustainability. A key attribute of successful and sustainable companies is the ability to predict and create risk-based strategies. It would be prudent to acknowledge the anchoring role ERM in a changing world to maintain a competitive advantage. In conclusion three elements thus need to be clear and consistent for this giant insurer:

1. The ERM program should display strategic decision making and brand protection, and must have a predictive value

2. A strong leadership structure sets clear vision and protects shareholders

3. With an embedded culture, comes proper emerging risk conversations and mitigation measures

Conclusion ....

ERM remains an important aspect for businesses that want to remain resilient when faced with emerging issues and risks. This is because the evolving needs of customers, changing reporting guidelines of the capital markets authorities, government and tax authorities, emergence of new technologies and digital transformation, globalization among other factors, are forcing businesses to constantly rethink their business strategies and general direction. Boards and senior management need to remain proactive in their thinking and optimize their resources in order to avoid deteriorating balance sheets, grow the value of the shareholders' wealth and balance the needs of various stakeholders.

Insurance businesses are even more exposed to these market factors because of the nature of their business and as a result, need to adopt a higher level of maturity when it comes to ERM practices. All the five elements of ERM are equally important and Board Risk Committees need to place balanced levels of focus on all of them. Insurance businesses need to optimize their boards to ensure that they attain the desired maturity levels of risk governance. The role of the CRO or head of risk needs to be fully supported and given the independence it needs in order to achieve the results required in identifying and adequately mitigating existing and emerging risks.

Budgets have to be set aside to set up and maintain the right infrastructure to support risk assessment, quantification and aggregating, control and optimization. Part of these budgets should be used to implement tools and systems that will enable the CRO and their team to adequately monitor and report on the risks the organisation is facing and their respective levels. In the event that the levels are approaching the organization's appetite and tolerance levels, action plans should be formulated and implemented on a timely basis to contain them.

If these efforts and more are supported by a strong tone at the top and properly cascaded down to the most junior team members of the organisation, insurance and other businesses not only stand to control costs through proactive risk management, but also take advantage and grow revenues from opportunities arising from the evolving business environment.

Notes

Notes

David Leahy
Partner
Financial Risk Management
KPMG East Africa
E:davidleahy@kpmg.co.ke

Alex Mbai
Partner
Head of Insurance
KPMG East Africa
E:ambai@kpmg.co.ke

Benson Kamunya
Senior Manager
Financial Risk Management
KPMG East Africa
E: bkamunya@kpmg.co.ke

Sharon Oluoch
Manager
Financial Risk Management
KPMG East Africa
E:soluoch@kpmg.co.ke

Sarah Karuri
Senior Advisor
Financial Risk Management
KPMG East Africa
E: sarahkaruri@kpmg.co.ke

Harpreet Matharu
Advisor
Financial Risk Management
KPMG East Africa
E: harpreetmatharu@kpmg.co.ke

kpmg.com/socialmedia

kpmg.com/app

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