



# Transforming Risk Management into a competitive advantage

Actuarial and Insurance Risk  
Switzerland

[kpmg.ch](http://kpmg.ch)

# Managing risk. Creating value.

Today's business environment is compelling insurers to rethink the way they manage risk. Long gone are the days of simply managing risk tactically through underwriting and actuarial activities. Now insurance executives face a myriad of complex and unprecedented issues that require integration of more sophisticated-risk management capabilities. Among these issues are volatile markets, a web of new regulations and compliance demands, rapidly changing client needs and increased scrutiny from auditors and investors, to name a few. Moreover, these issues are often interconnected, which increases their complexity and potential impact on a company's ability to achieve its objectives.

Insurance boards are under increasing pressure to be better informed about the impact of risk on the organization and how risk can be managed to help achieve financial and strategic objectives. Additionally, new regulatory directives are requiring boards to play a more active oversight role to ensure their company has an adequate understanding of the impact of risk on capital and performance.

Faced with these issues, insurers are re-examining how risk management can be transformed into a strategic and value adding capability. Companies are seeking both top-down and bottom-up ways to make this happen, such as re-designing risk and capital management approaches, further embedding risk management capabilities in the business and making better use of risk information in the strategy-setting, business planning and operational decision-making processes.

Transforming risk to drive value is a challenging undertaking, which requires a trusted advisor that is focused on addressing the specifics of the insurance industry's issues and challenges. KPMG's Actuarial and Insurance Risk team can be that trusted advisor. We assist organizations with navigating their complex business issues and transforming their risk management capabilities to enhance performance and help achieve a competitive advantage.

The insurance risk management advisory professionals from KPMG have deep industry experience. This means we are familiar with the unique challenges faced by the insurance industry and can offer practical risk management advice on those particularly affecting your company.

# Risk management services



KPMG offers a portfolio of tailored insurance risk management advisory services designed specifically for (re) insurance organizations, which can be leveraged to transform risk functions into valuable business partners to the business that provide insight supporting strategic decision making, deliver effective / efficient risk management processes and enhance compliance with external requirements.

We integrate industry-leading project experience, strong understanding of regulatory / market expectations, best practice insight obtained through competitive benchmarking and ability to tailor risk solutions to unique client needs.

## How can we help

### Risk strategy & vision

- Definition of the underlying objectives and values driving the risk strategy, and the related risk bearing capacity by considering legal and regulatory requirements, stakeholder expectations, the enterprise business model, the market environment and company-specific particularities.
- Development of a vision for your company's future risk profile given its business and risk strategies, and development of a consensus among senior management and the board regarding risk and return objectives including what risk types and levels are acceptable.
- Definition or enhancement of the organization's risk universe / overall risk exposure per risk category underlying from your risk and business strategies.

### Capital Management

- Development of a capital management approach to support the achievement of your business strategy and financial objectives.
- Establishment of management and board priorities while considering multiple constraints such as local GAAP, IFRS, statutory, rating agencies and economic capital.
- Creation of a risk-adjusted capital performance approach and associated plans / related activities to facilitate their adoption throughout the organization.
- Development of methodologies for establishing capital adequacy as well as allocation capabilities across products, divisions, entities, etc.
- Establishment of key business and technical requirements for capital modeling capabilities.

## Risk appetite, tolerance & limits

- Working with your senior management and the board to define risk appetite that supports the achievement of financial and strategic objectives.
- Development of a consensus among senior management and the board regarding risk / return objectives, tolerances and limits.
- Translating "top-of-the-house" risk appetite to make it meaningful at an operational business level, thus influencing desired risk behaviors among employees.
- Establishment of a risk appetite policy articulating your overarching principles and risk appetite statements with their cascading into operational limits, and effective processes for risk monitoring and breach protocols to facilitate timely actions that remedy inappropriate risk levels.
- Enhancement of your risk reporting, monitoring and remediation processes in accordance with your risk appetite policy.

## Risk methodology & monitoring

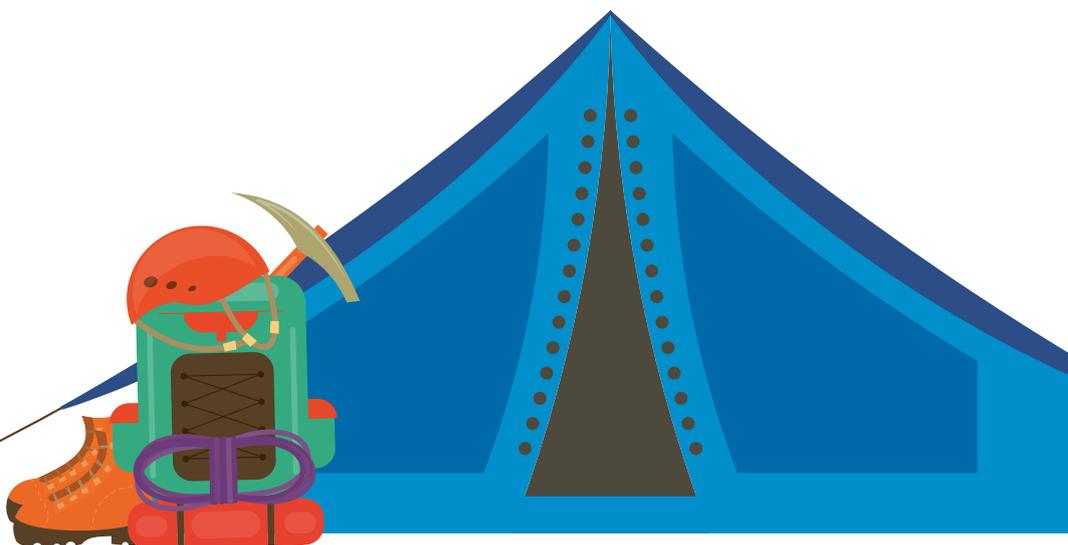
- Definition of and / or enhancement of the organization's risk taxonomy, including a structured approach for a hierarchical risk classification with appropriate risk coverage and alignment to risk appetite considerations (in terms of capital management).
- Development of a risk and control assessment approach that includes translation into risk metrics that can be aggregated and analyzed.
- Formulation of procedures for using risk and control results to manage risk at the owner level, including the ability to leverage assessment results to manage key project and strategy execution risks.
- Development of methodologies and processes for qualitative and quantitative risk measurement approaches including modeling, stress and scenario analysis, aggregation and concentration risk, linkage to capital management, returns, and risk tolerance.

## Risk Governance

- Development of a coordinated risk governance framework that can integrate risk, finance, compliance, actuarial and other corporate functions to facilitate effective and efficient risk management capabilities.
- Development of an enterprise-wide risk management policy and individual risk management policies and standards across key risk areas e.g. underwriting risk (e.g., P&C, life, health), market risk, credit risk, liquidity risk, operational risk, etc.
- Alignment of all policies, procedures and organizational arrangements with your risk appetite.
- Recommendations for enhanced ownership for risk identification, assessment and management.

## Risk operating model (rom)

- Development of a target operating model (TOM) for risk management across a three lines of defense model, including: business functions (1st line), risk management, compliance and control functions (2nd line) and internal audit (3rd line). ROM development encompasses consideration for processes, people & organization, technology & data and overarching governance.
- Development of specific operating models for insurance, financial, operational and model risk to be aligned with the broader risk management TOM.



## Risk data, mi & reporting

- Definition of internal and external stakeholder (regulators, rating agencies, etc.) requirements for risk information, reporting frequency and format to support risk and capital performance monitoring, limit management and decision support.
- Definition of key risk indicators, alignment of internal metrics to key risk types, on-going monitoring and reporting in a manner suitable to user requirements including visualization, access to granular information and analysis to support decision making.
- Developing of models for collection, analysis and reporting of risk data whilst ensuring its quality and timeliness in light of user requirements. Robust data governance will be embedded throughout to ensure adequate data quality.
- Translation of reporting requirements into technical specifications to support the selection of technical solutions including the identification of key data and system gaps, the development of practical yet effective remediation plans, conduct of vendor selection activities and support with the implementation of technology solutions.

## Risk Training

- Capability assessment and competitive benchmarking versus market practice to define your risk training needs and implement training programs.
- Risk training tailored to your senior leadership including NEDs, executive board members and department leadership.
- Specialist training covering regulatory requirements, cyber risk, financial crime, capital and liquidity, conduct, operational risk, risk appetite, ORSA, disclosure, internal audit, risk culture, etc. delivered by KPMG subject matter experts.

## Risk Culture

- Utilizing risk culture and integrity questionnaire-based assessments and performing cause and effect analyses.
- Identification of target risk culture, performing gap analyses, designing and implementing change initiatives to facilitate risk culture change.
- On-going risk culture monitoring and reporting to ensure senior management have sufficient oversight over the alignment.
- Support with integrating risk culture assessments and internal audit reviews.

## Own risk and solvency assessment

- Evaluation of current ability to comply with FINMA / Solvency II requirements, production of gap analyses and assistance with remediation.
- Assistance with developing ORSA policy, process and general governance arrangements to ensure that the business is able to comply with ORSA requirements on an on-going basis in an efficient and effective manner.
- Assistance with drafting an ORSA report and leveraging insight from industry peers and best market practice.
- Educating stakeholders on ORSA requirements, including governance and use to support the business planning and strategy setting process.
- Assistance with identifying additional uses for ORSA insight and ensure better embedding with enterprise-wide processes.
- Benchmarking ORSA reports against best market practice.

## Risk framework effectiveness assessment

- Providing an assessment of risk management capabilities to assist the board, senior management, and internal audit to determine whether those are fit for purpose given the company's strategy and risk profile.
- The assessment will include an appraisal of all or some risk management framework components incl. capital management, risk appetite, risk governance, risk operating model, risk methodology, risk reporting and training with specific focus on evaluating effectiveness and efficiency.
- Performance of current state risk function effectiveness and definition of target risk management capabilities to meet future needs of the business, enhance competitiveness against industry peers and address regulatory and rating agency expectations.
- Performance of gap analyses to identify specific areas requiring remediation and development of a roadmap outlining key change initiatives needed to achieve capability enhancement.

# WHY KPMG

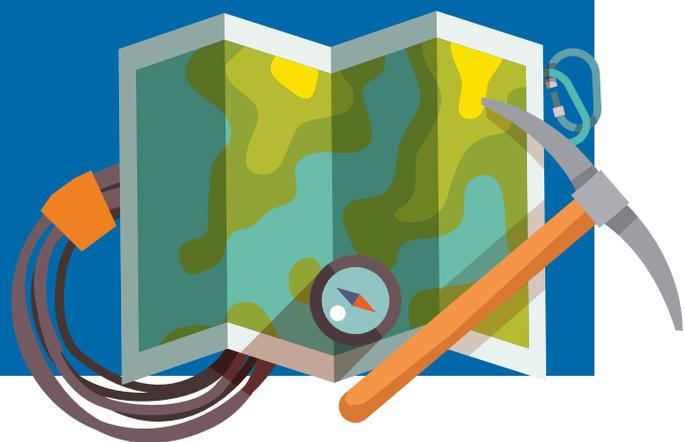
KPMG Switzerland's Actuarial and Insurance team help insurance companies develop and implement enterprise risk management initiatives that create strategic and operational benefits by increasing the engagement of the 1<sup>st</sup> line risk owners, from senior leadership to line management, so they can make more informed decisions. Such a shift can facilitate the development of a competitive advantage and operational efficiency. KPMG's Actuarial and Insurance team can also help companies achieve compliance with regulatory requirements including SST, ORSA, Public disclosures regulatory requirements (including solvency capital assessment, ORSA, Public disclosures...) or with local / EU market best practices.

## Our solutions

- **Experienced professionals with deep, relevant skills:** We have worked with top Swiss and global insurers to develop risk management capabilities in a variety of areas such as risk strategy and appetite, capital management, insurance risk management, financial risk management, catastrophe risk, ALM, risk reporting and others
- **Global team with multidisciplinary experience:**  
We can supply a talented multidisciplinary team from our international network to assist companies with developing risk management capabilities and reviewing and assessing your insurance risk management program on a global scale. Our team includes specialists from a variety of disciplines such as ERM, insurance risk, market risk, credit risk, actuarial, reinsurance, hedging, modeling, finance, and operational risk.
- **Pragmatic and tested approach:** Technical knowledge and both industry based and advisory focused experience are important but quality of delivery is equally key. We have a tried and tested approach and a demonstrated track record of efficient, quality delivery on our projects.

## Your benefits

- **Customized solutions for embedding risk management capabilities:** We can help develop practical yet effective risk management specifically tailored to your business needs capabilities
- **More effective strategy setting and business planning:** We can help companies enhance key stakeholders' understanding of risk so they can make more informed strategic and business planning decisions.
- **Enhancing returns, capital efficiency and operating effectiveness:** We can help companies improve alignment of risk-taking to strategic objectives, business plans and performance targets.



A skier in a red jacket and green pants is skiing down a snowy slope. The skier is positioned in the middle-right of the frame, moving towards the bottom. The background is a vast, snowy mountain slope with some small trees and tracks visible. The overall scene is bright and clear, suggesting a sunny day.

# Now is the time to put the KPMG Actuarial and Insurance Risk team to work for you

Insurance organizations are evolving rapidly driven by political, economic, environmental, technological, regulatory and social developments. In this dynamic environment, KPMG's Actuarial and Insurance Risk team provides a range of services that can help companies transform risk management capabilities to improve risk intelligence and be better positioned to realize their strategic and financial objectives. KPMG can also help companies improve regulatory compliance with SST, ORSA and Solvency II requirements and enhance operational standards. The services from KPMG increase transparency of risk to the board and key stakeholders across the three lines of defense and improve organisational abilities ability to manage those risks.

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