

Solvency II Survey Findings

Use of IT risk systems to support risk management embedding

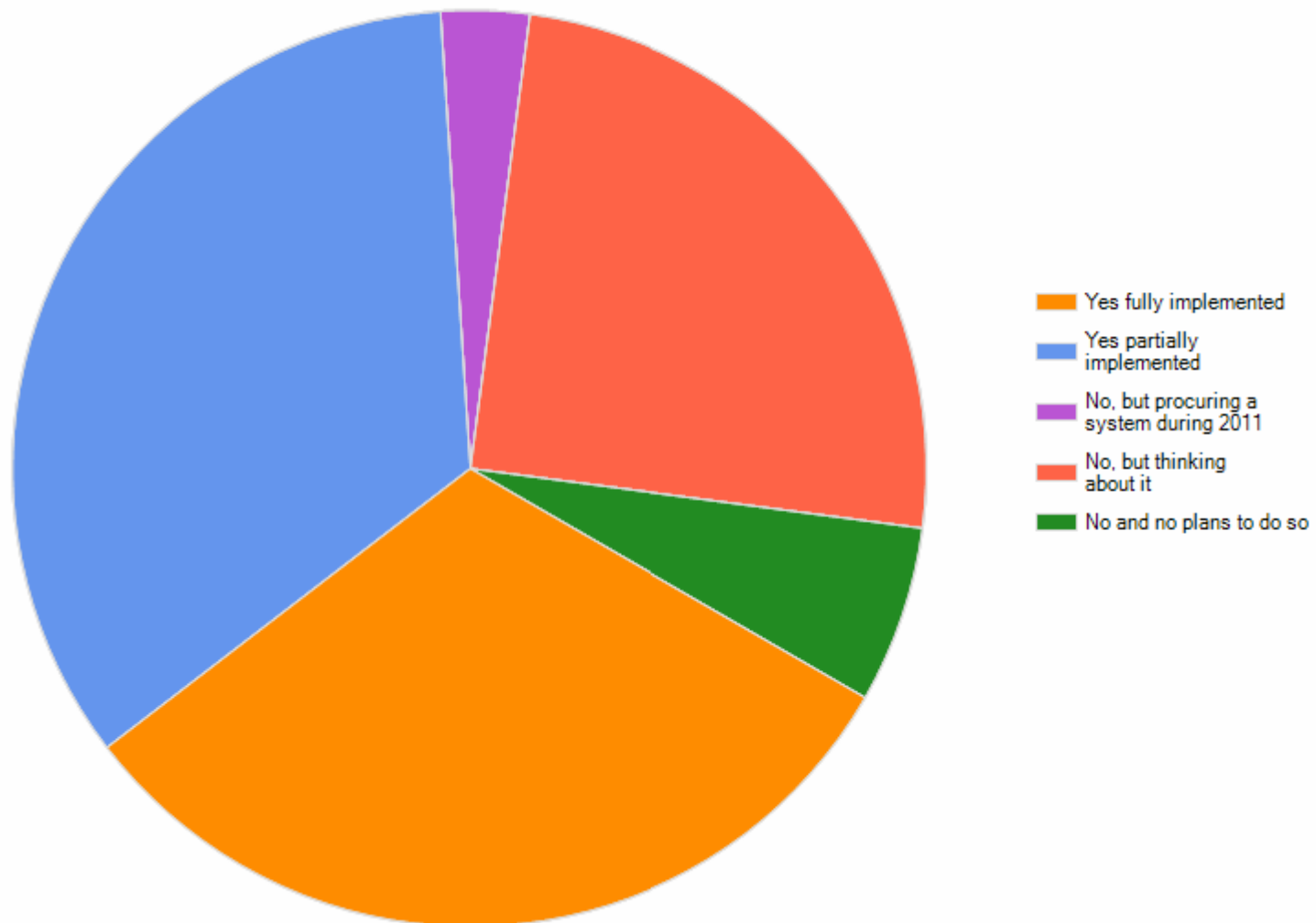
February 2011 SIG

(32 Participants)

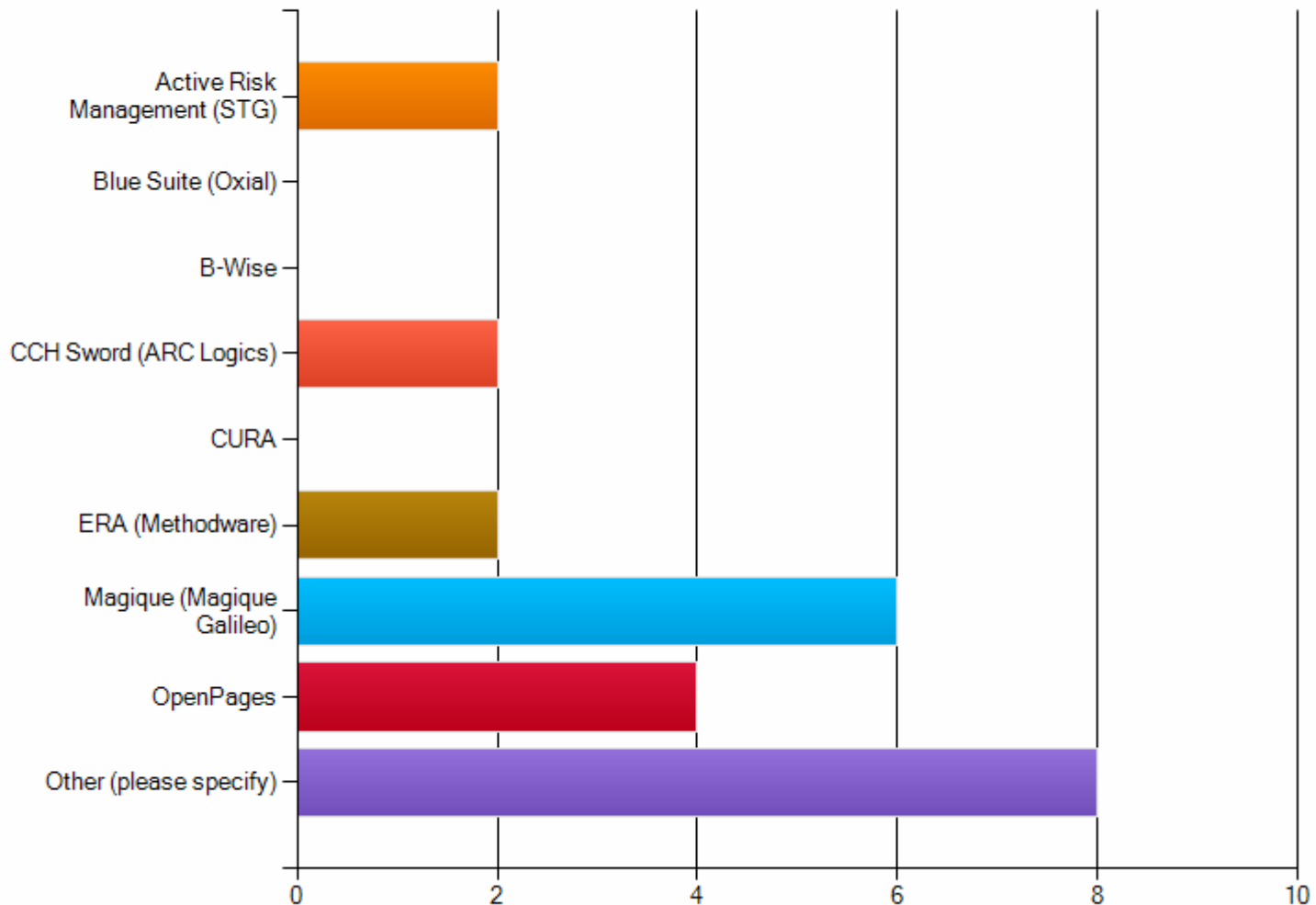
Summary

- IRM Solvency II SIG completed an online survey on how organisations perceive the use of risk management IT systems in supporting the embedding of enterprise risk management processes
- Key aspects considered included
 - The extent of use of such systems and spread of vendors selected
 - Choices where no proprietary system used
 - What functionality is currently used
 - What processes or functions do the tool support
 - What challenges or limitations to systems have
 - How long and how deeply the system has been deployed
 - The impact on risk function resourcing

Does your organisation have an IT application deployed to support the risk assessment and reporting process?



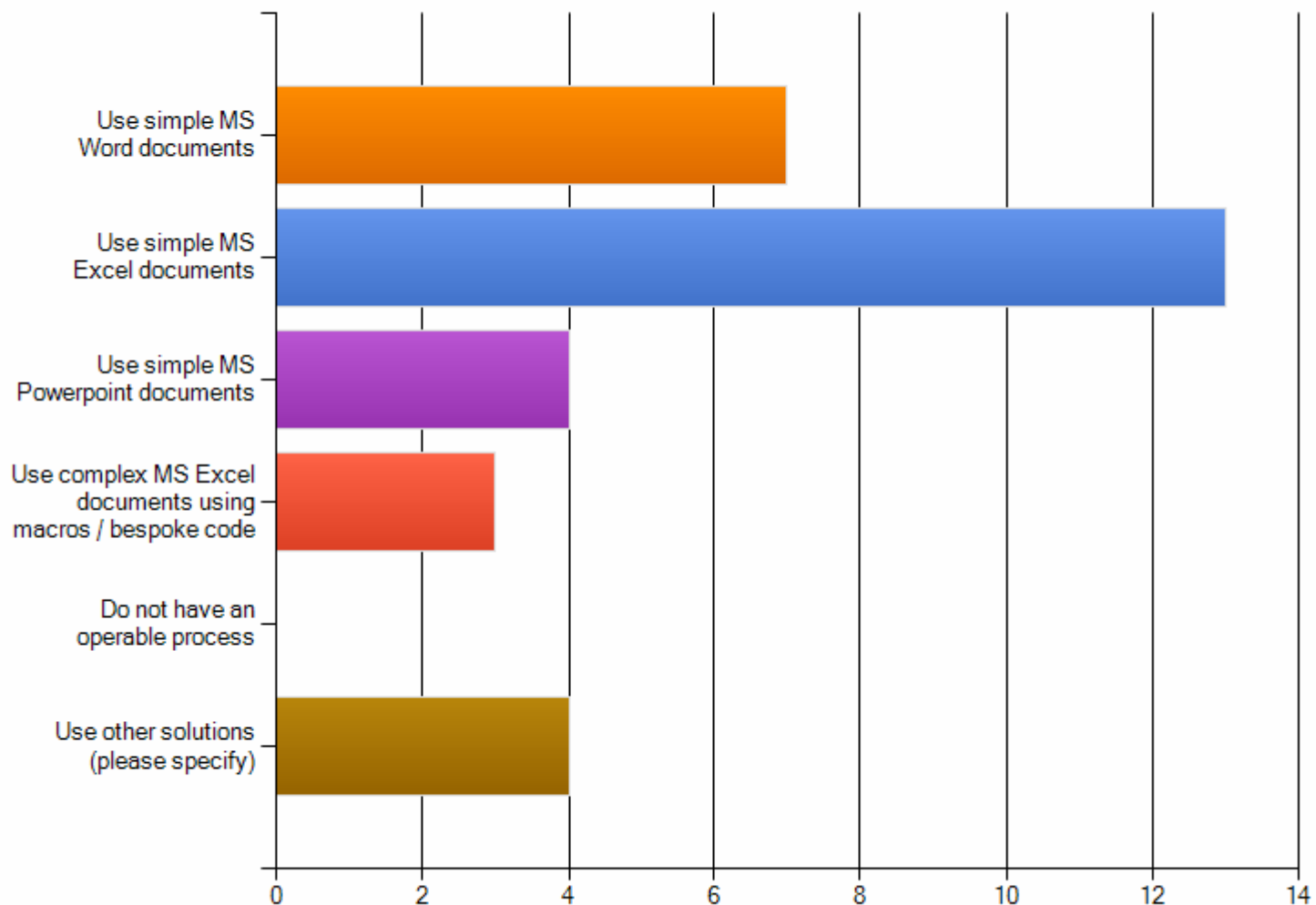
If you have an IT application, or are currently procuring one, which proprietary system do you use?



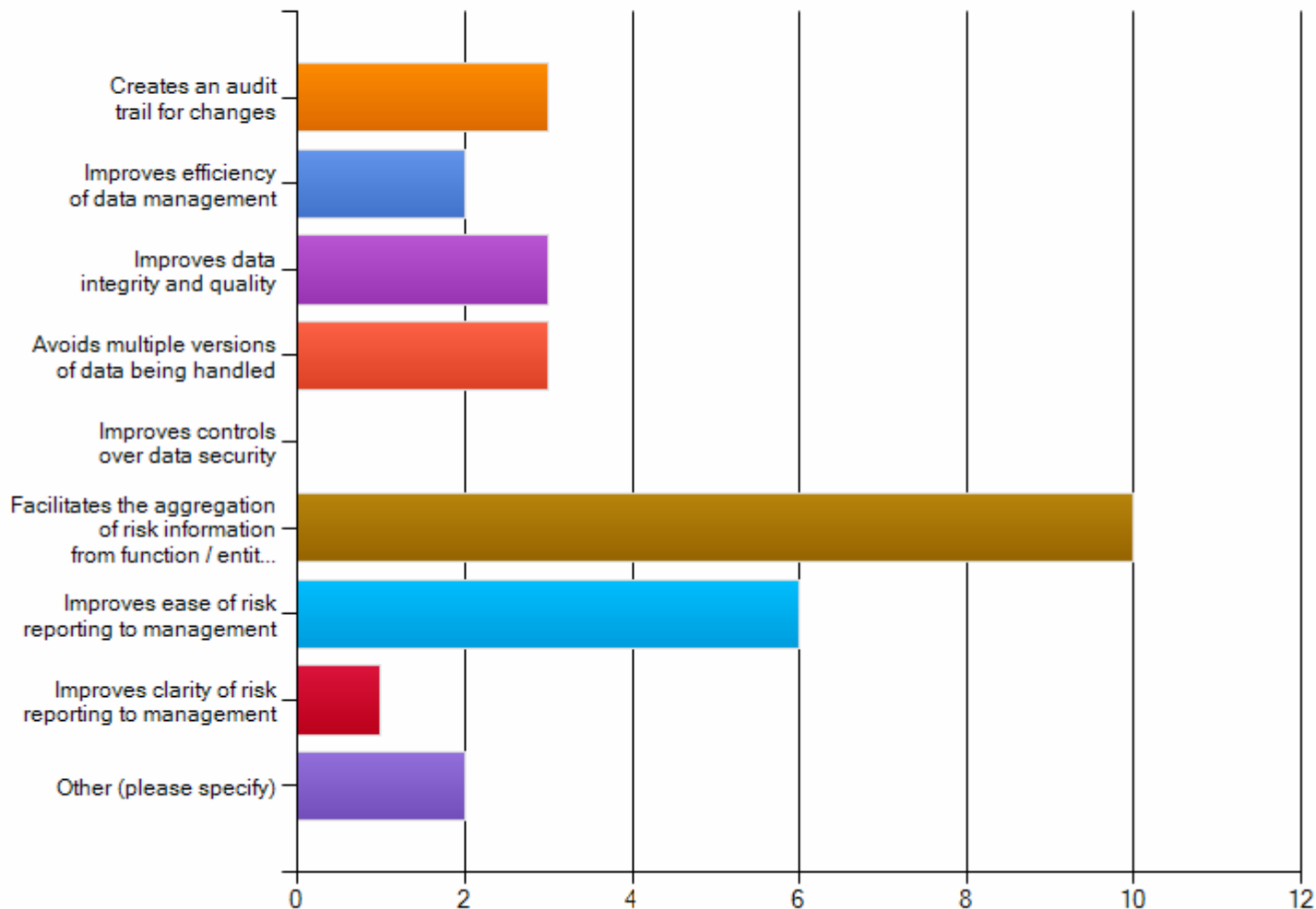
Other – systems included

- In-house constructed (4)
- SAS e-GRC
- Cognitix 360 / C4 Risk
- Risk Reasoning
- FRS Risk Resolve

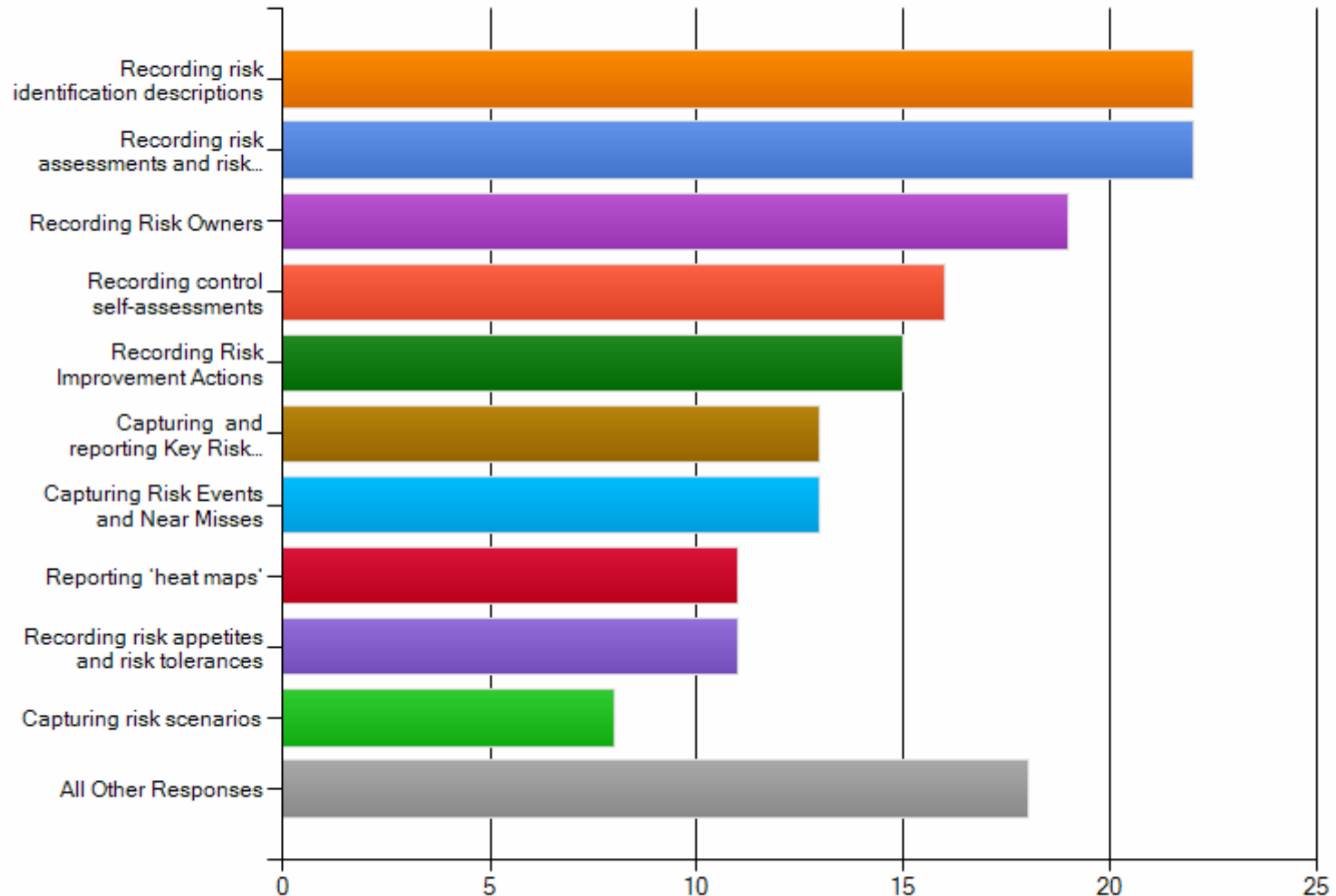
If you do not use a proprietary system, what best describes the way you manage and report your risk information? (Pick as many as relevant)



If you currently a risk system (proprietary or otherwise), what do you perceive to be the key benefits?

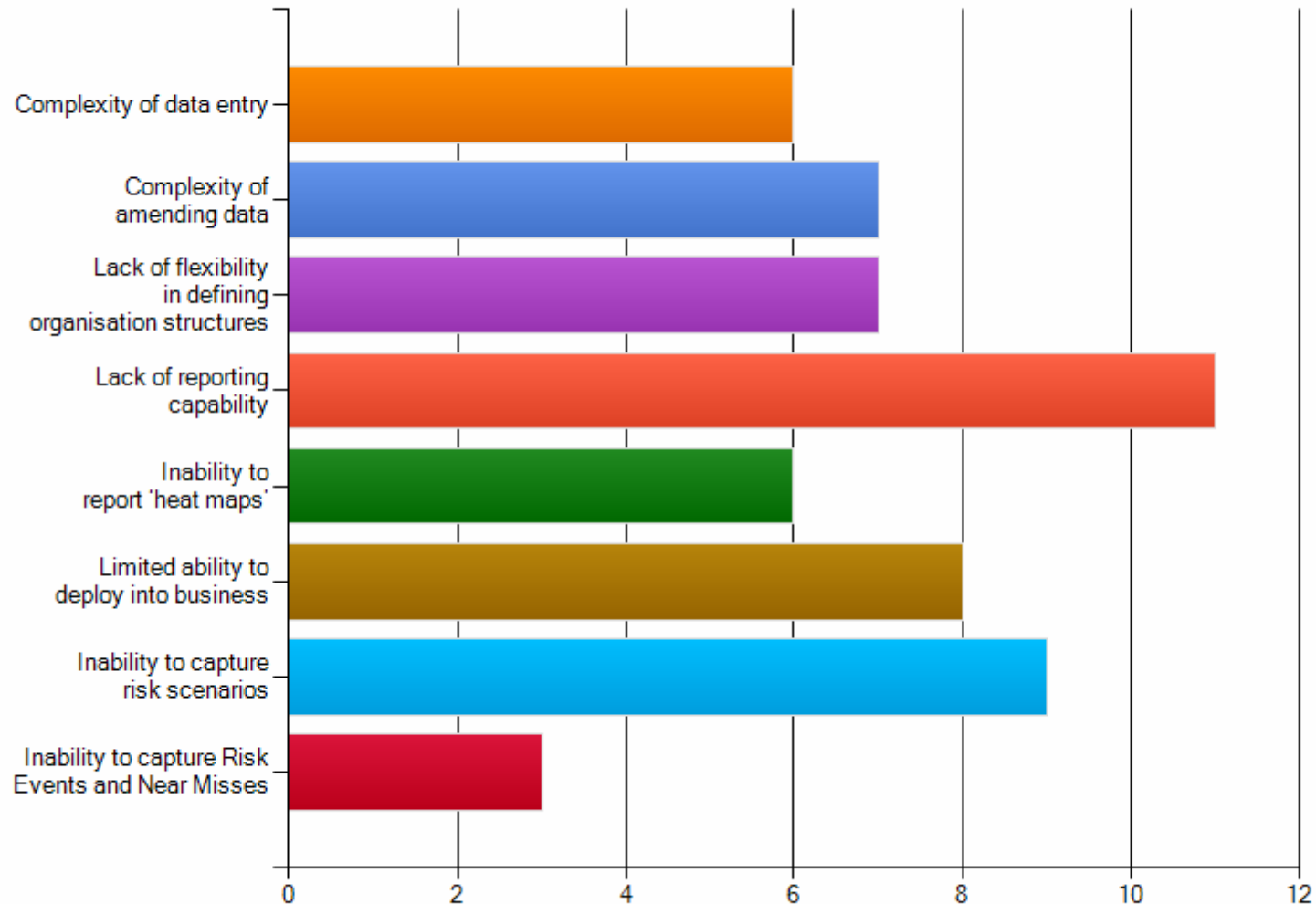


If you currently use a risk system (proprietary or otherwise), what do you consider to be its key features? (Pick as many as relevant)



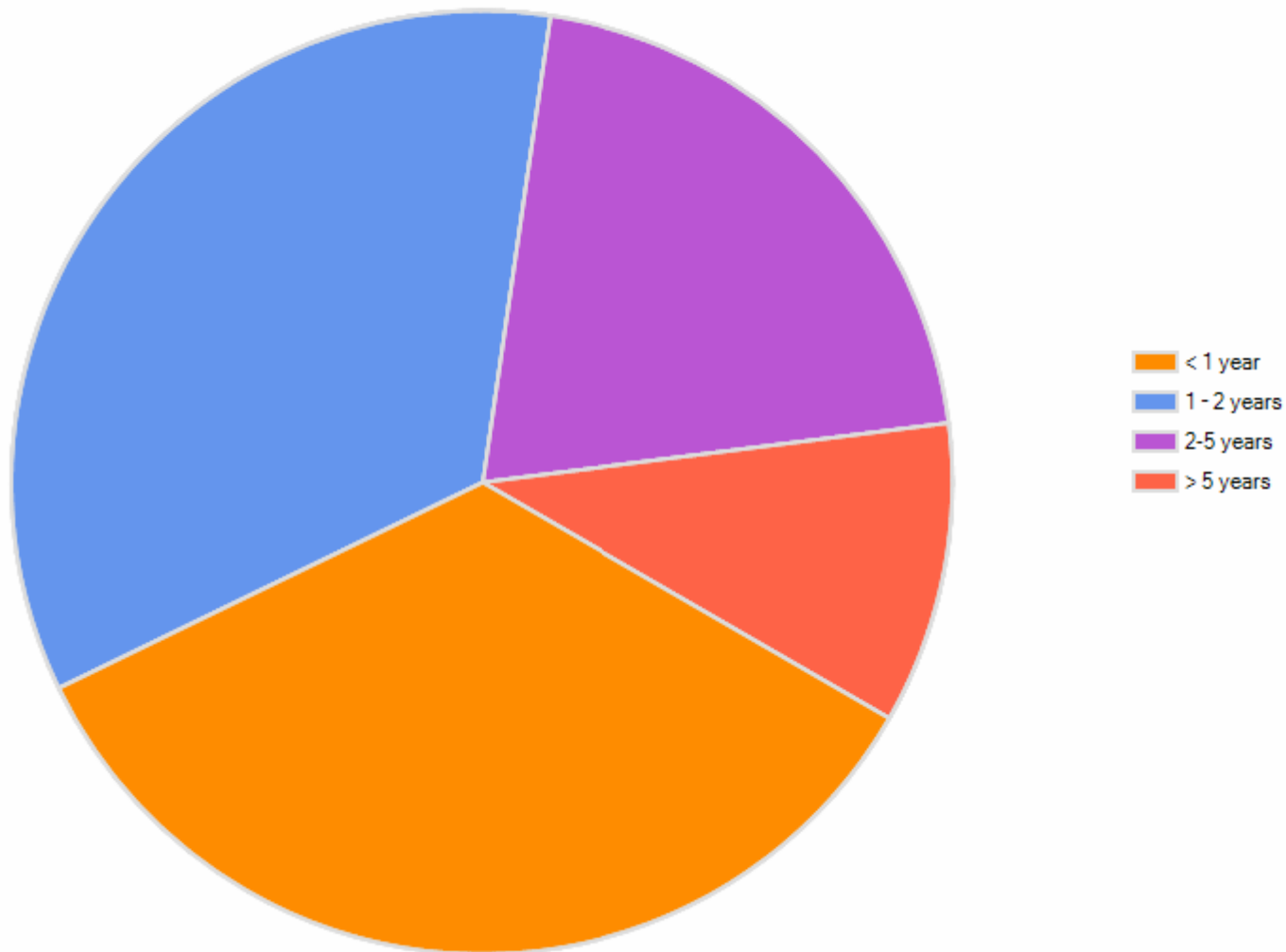
Other primarily SOX and other compliance activities

If you currently use a risk system (proprietary or otherwise), what do you consider to be its main limitations or key features missing? (Pick as many as relevant)

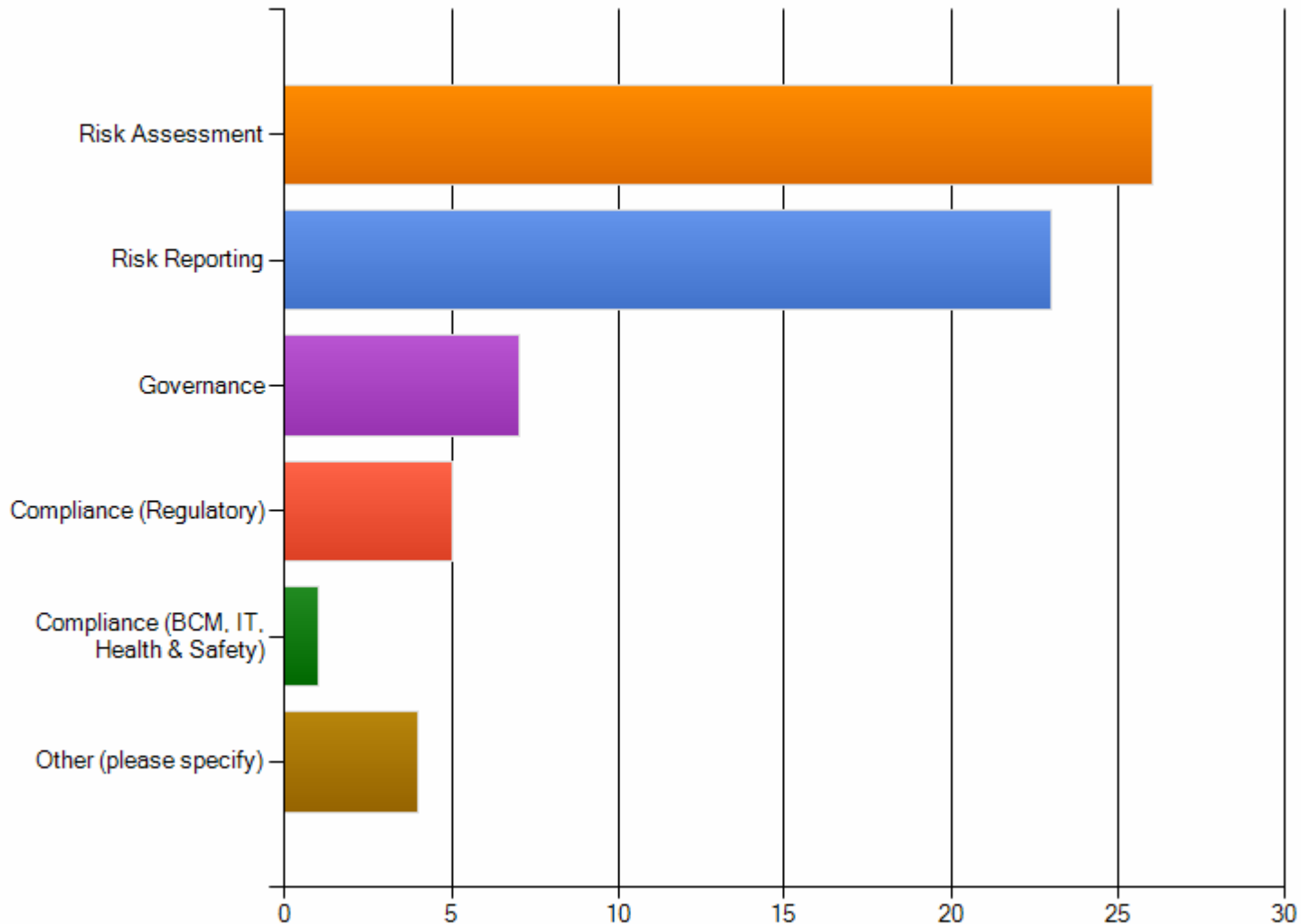


Other includes: limited event recording capability, cost of 'bespoke' work from vendor, difficult to embed use in business, ability to support risk quantification and modelling

**How long has your organisation been using your current system
(proprietary or otherwise)?**

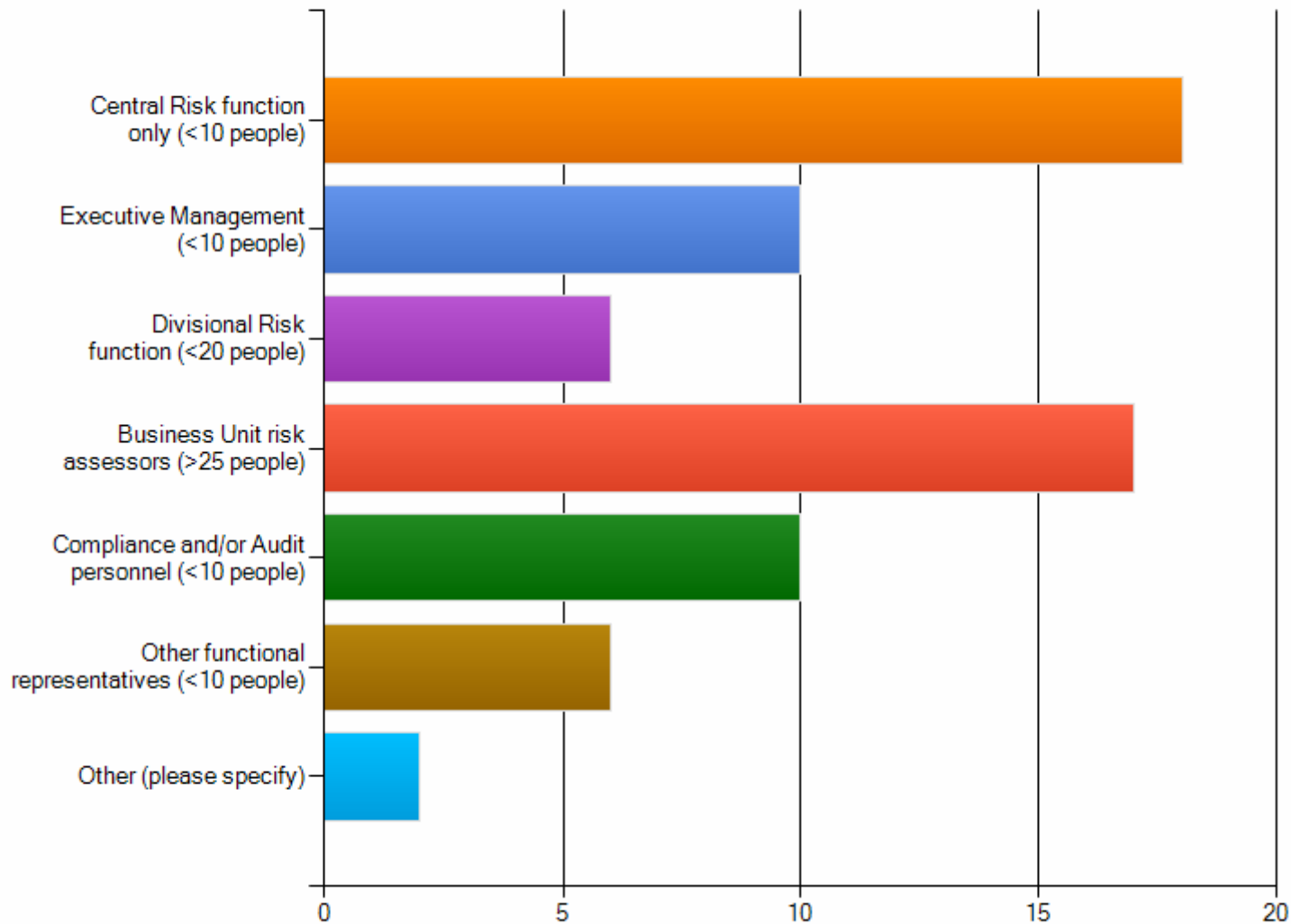


What is the scope of your current system? (Pick as many as relevant)

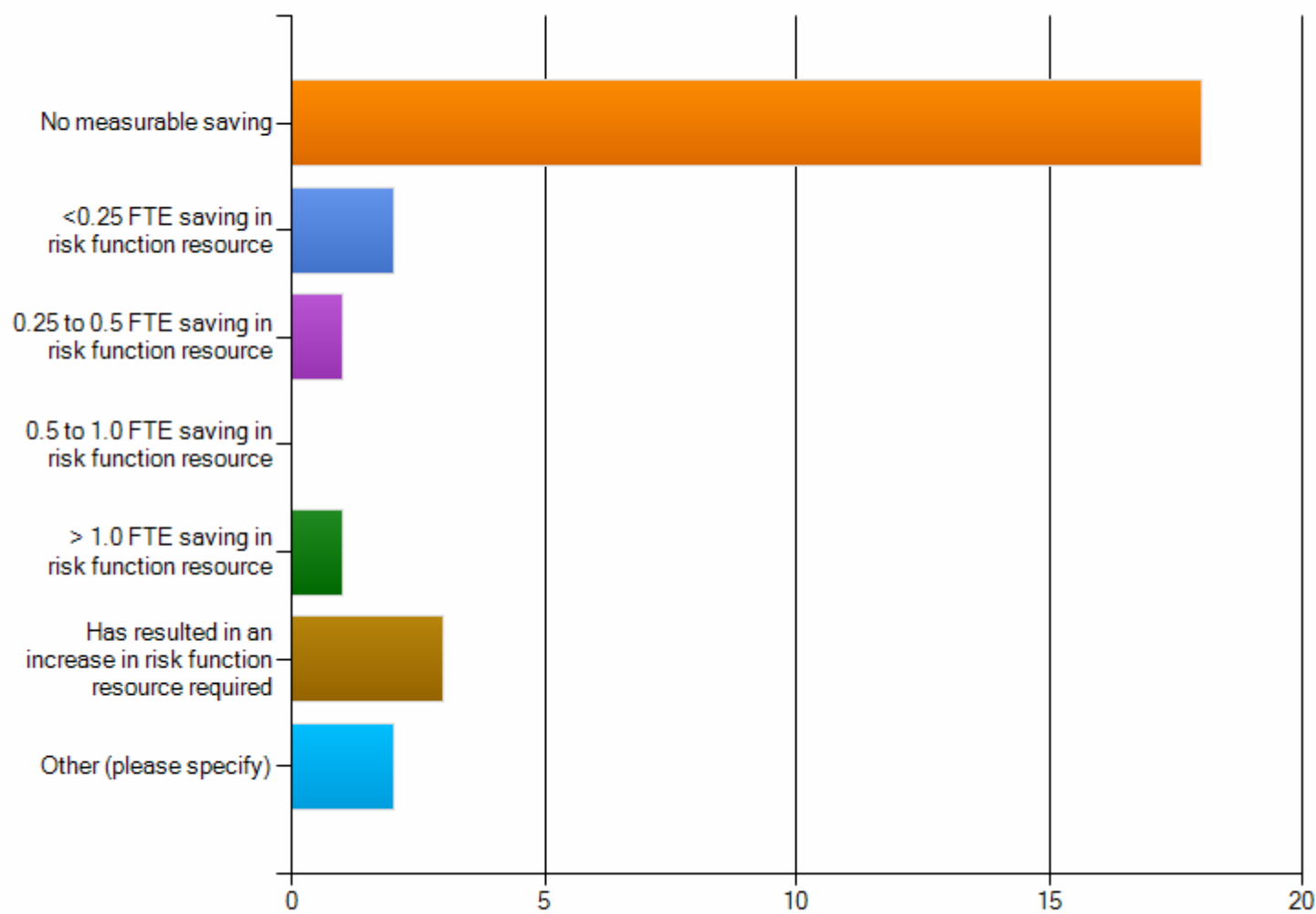


Other includes Internal Audit and SOX compliance

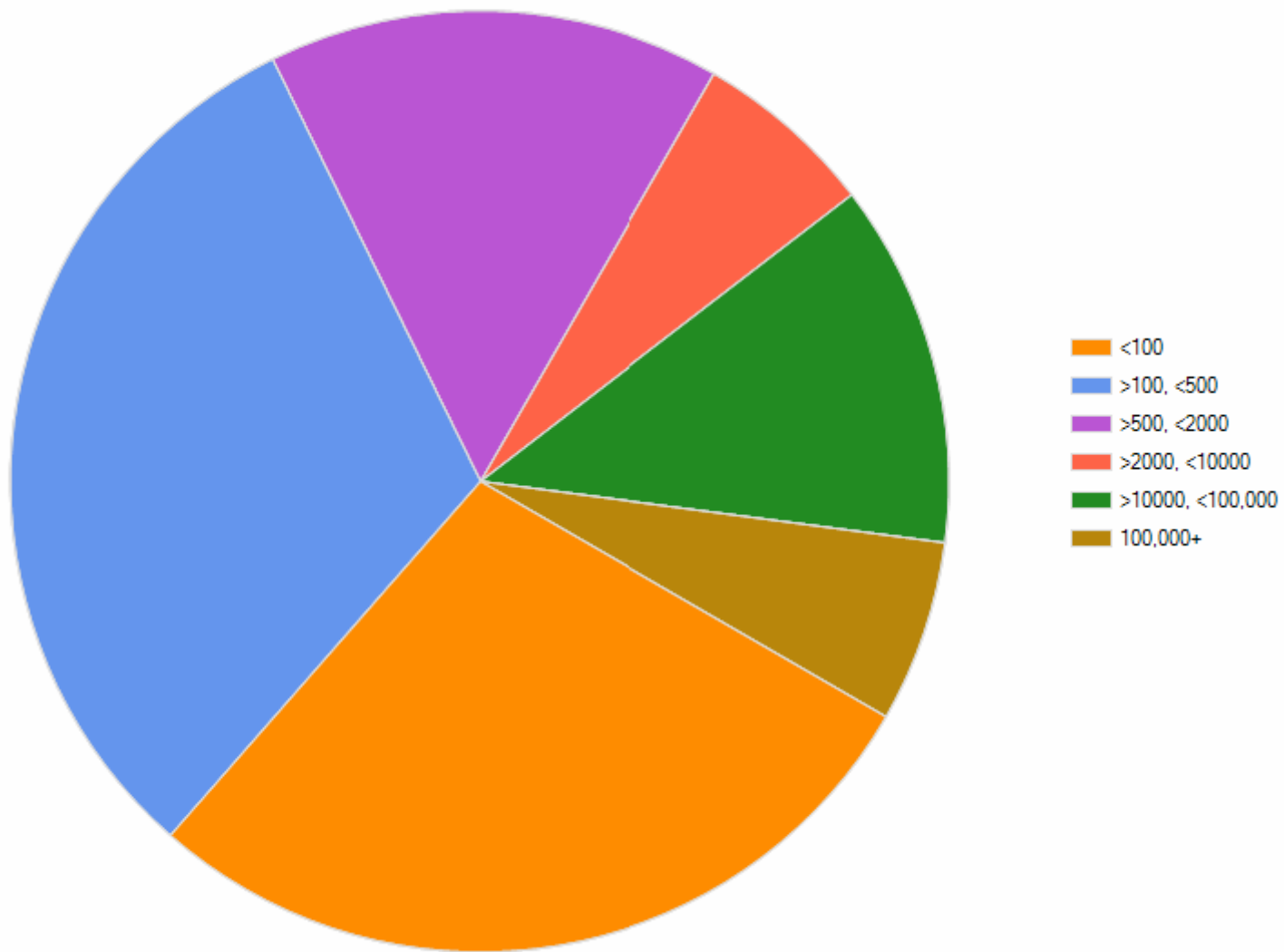
How far has the risk system been deployed? (Pick as many as relevant)



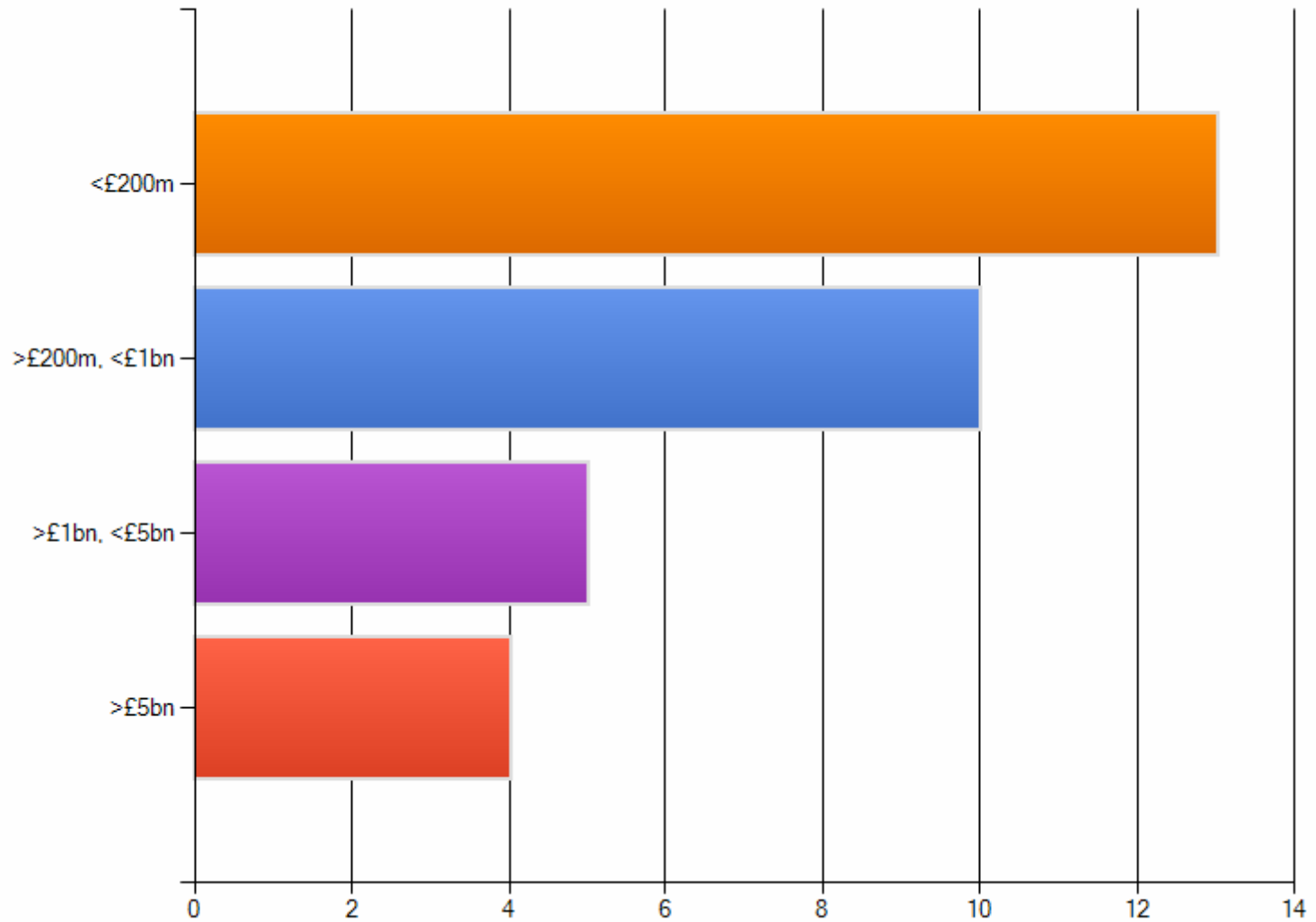
Has the deployment of your risk system resulted in any efficiency savings through releasing resources from risk function? (FTE = full time equivalent)



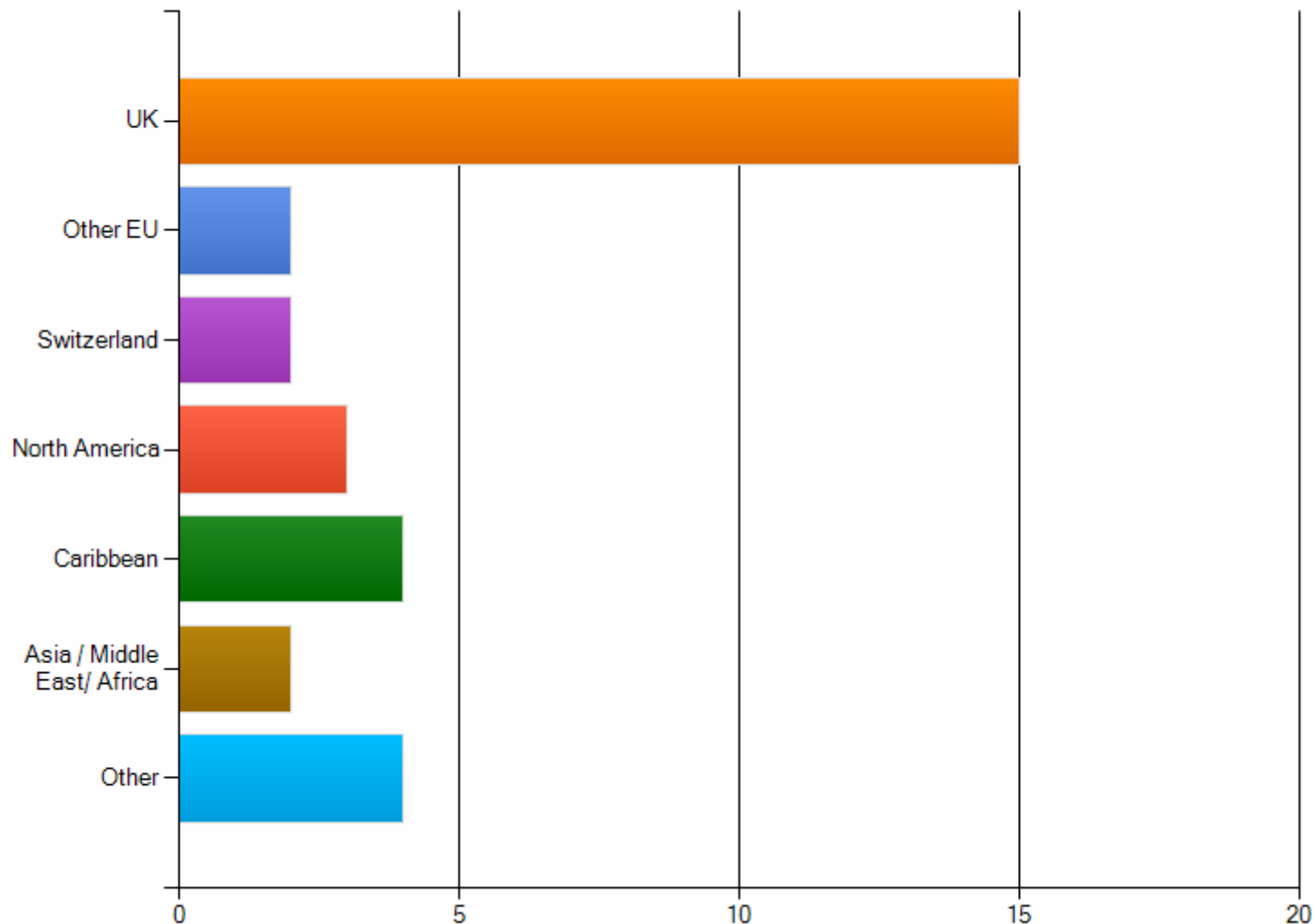
Organisation headcount



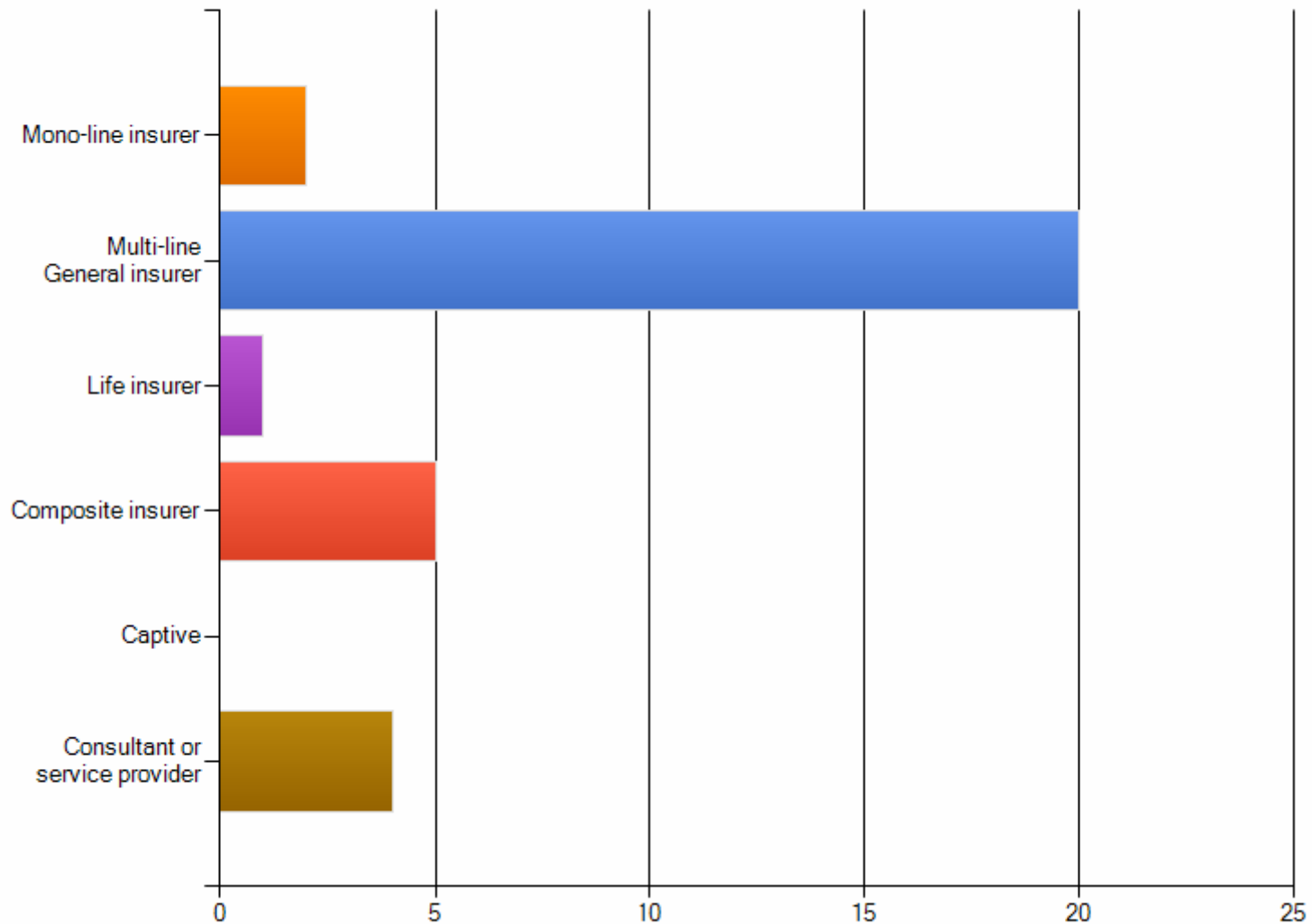
Organisation turnover



Domicile of organisation's overall Headquarters



Primary type of business



Conclusions

- 2/3rd of respondents either have a system or plan to have a system
- But 2/3rd of respondents who have a system currently have had a system for less than 2 years
- There is no consensus on a 'preferred' system in the insurance sector (9 systems plus in-house tools amongst 32 companies)
- Those without a system use simple MS Excel spreadsheets with no development or macros
- The most common use is for the core 'risk assessment' process and reporting. Use for risk event reporting not widely developed.
- The biggest challenges with systems can be summarised as 'lack of flexibility' particularly with reporting and deployment to business users
- Deployment into the business tends to be limited to circa 25 users, with mainly use by risk / compliance functions – this questions its benefits and level of embedding/ use
- The applications are mainly 'pure risk' with limited 'GRC' approaches (although Sarbanes Oxley is an exception)
- There is little evidence that systems release resource in risk functions and they may in fact increase workloads.