

# Aon Benfield Analytics

## Enterprise Risk Management

Enterprise Risk Management (ERM) is at a crossroads where financial market events, economic conditions, catastrophes, globalization, and regulatory convergence elevate the need for insurance company management to capitalize on new technology to make informed business decisions. In recent years, rating agencies identified these important issues and raised expectations about the role of traditional risk management and ERM.

Insurers are facing multiple challenges and complex issues including increased pricing competition, vacillating financial markets, and looming catastrophe exposures. Now more than ever, there is an appreciation and public validation about the value of ERM. This topic is an ongoing central focus of conferences, research efforts, and news articles. Moreover, evidence shows that company executives highlight ERM as a key priority.

Aon Benfield remains at the forefront of this evolution to help its clients develop the framework necessary to ensure maximum use of new technology to support business development and articulate objectives. The team assists clients in many stages of their ERM efforts, including:

- Understanding a rating agency's ERM criteria and approach
- Conducting an ERM Needs Assessment to evaluate an insurer's current risk management processes relative to rating agency expectations and industry best practices
- Preparing for ERM discussions with rating agencies
- Developing an Economic Capital Model (ECM) using ReMetrica<sup>®</sup>, the award-winning dynamic financial analysis tool
- Evaluating a company's ECM
- Integrating financial modeling with an insurer's business planning processes
- Assisting with the implementation of ERM frameworks, including:
  - Board-level risk management policy statements
  - Risk identification
  - Prioritization of top risks
  - Establishing risk tolerance limits
- Integrating financial modeling metrics into company scorecards and executive dashboards
- Providing innovative risk solutions that capitalize on the evolutions in ERM

Aon Benfield's ERM team is committed to helping insurers maximize the benefit of new risk management tools and best practices given their unique circumstances. There are no "one-size-fits-all" approaches to ERM. As a result, every assignment is customized to the client's objectives and culture. In fact, many clients begin by addressing a narrow concern and subsequently build upon that success to develop ERM processes suited to their specific needs.



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