Enterprise Risk Management

Aksarben IIA Presentation – January 2019
Founded in 1887, Ameritas Life Insurance Corp. and its affiliated companies offer a wide range of insurance and financial products and services to individuals, families and businesses. These products and services include life insurance; annuities; individual disability income insurance; group dental, vision and hearing care insurance; retirement plans; investments; asset management and public finance.

**Financial Summary (as of 12/31/18)**

- Total GAAP assets: $23.1 billion
- Total Revenues: $2.4 billion
- Total equity: $3 billion
- Life insurance in force: $93 billion
- Total assets under management: $33 billion
- Approximately 2,400 associates
Enterprise risk management (ERM) is the process of:

- identifying,
- assessing, and
- managing business risks.
Enterprise risk management
ERM Program

- Governance structure
- Risk appetite statement & tolerances
- Risk identification & reporting
- Emerging & strategic risks
- Continuous improvement
Enterprise Risk Governance

Board of Directors/Audit & Risk Committee
Oversight Responsibility

ERM Committee and Working Groups
Risk Policy, Appetite, Tolerances

Subsidiary Boards  Executive Committees  Operating Committees  Finance Committee  Compliance Committees  Other Committees

Decision Making Bodies

Business Units
Shared Services
- Risk identification and self assessment
- Policies, procedures and controls
- Risk councils, coordinators and reporting

Risk Management Department
- Risk identification and assessment methodology
- Measurement, analysis, aggregation
- Database management
- Risk reporting

Assurance Functions
- Legal and compliance
- Internal audit
- External audit
- Regulatory bodies
Risk Appetite Statement & Tolerances

- Overarching risk philosophy
- Underlying committee and business level tolerances within key risk categories linked to risk appetite statement
- Reassess annually, and more frequently as business evolves
Emerging & Strategic Risk

The key is to understand and manage risk within the risk appetite of the organization over a longer time horizon.

Consider known risks as well as the impact of emerging risks on the strategic objectives of the organization.
Emerging & Strategic Risks

Emerging risk characteristics

• High level of uncertainty
• Lack of consensus
• Unknown relevance
• Inability to quantify

Strategic risk characteristics

• Can undermine the ability of the organization to implement strategy
• Impact our ability to achieve our goals
• Ability to significantly alter strategy or direction
Risk Identification
Emerging Risk Identification

Publications
- Top Risk surveys
- Top Risk reports

Industry
- Conferences
- Peer meetings

News
- What’s happening
- Real time activities

Internal
- Assessments
- Roundtable discussions
Top Risk Surveys & Reports

Deloitte
- Brand & reputation
- Culture
- Cyber
- Extended Enterprise

Baker Tilly
- Tax reform
- Cybersecurity
- Privacy
- International trade & tariffs

Protiviti
- “Born Digital” disruptors
- Talent
- Regulatory changes
- Cyber threats
- Resistance to change

“Deloitte” - Deloitte 2018 CEO and board risk management survey
“Protiviti” – 2019 Executive Perspectives on Top Risks
Strategic Risk

- What is your strategy – do you have strategic plans, paths, focus areas, etc?
- What can prevent you from executing on it?
- What changes could occur that could impact it?
- What are the risks from not doing that strategy?
- What are the impact to other parts of the company?
Assess Emerging & Strategic

• Balanced approach
• Impact & Likelihood
• Operational or financial impacts
Keys to Emerging & Strategic Risk Management

• Actionable
• Agile – quick to adjust and adapt
• Preparedness to respond
• Accountability within line of business
ERM Evolution
Risk opportunities

• New market consideration

• New product concepts, analysis and approval
Emerging & Strategic Risk Management at Ameritas

Identification
• Quarterly front line risk reporting, working group & committee conversations
• Dedicated Emerging & Strategic Risks meetings

Tracking
• Risk type, trend, risk owner, potential business implications, status & action steps

Education & Decision-Support
Risk Management in Action

- Cyber Risk Management
- Third Party Risk Management
- Project Planning
How does Internal Audit fit in?
The future of internal audit...

Strategic leadership
Adapting to emerging risks
Keeping pace with technology
Taking on a leadership role...

- Executives recognize the need for an effective internal audit department
- The audit committee utilizes audit information to gauge strategic risk, risk management, governance and internal control
- Be a strategic partner to help the company execute its strategy
Constantly having to adapt...

- New regulations
- Emerging Risks
- War on Talent
- Competition
Keeping pace with technology

- Data Analytics
- Artificial Intelligence
- Robotics Process Automation
- Disruptors in the market
- Outsourced providers
- Cybersecurity
Where to start

• Read, read, read
• Build relationships
• Regular connections with ERM
• Know the strategic objectives
• Ask questions
• Connect the dots

Start Here
Questions?
Enterprise Risk Management

thank you
Disclosures

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