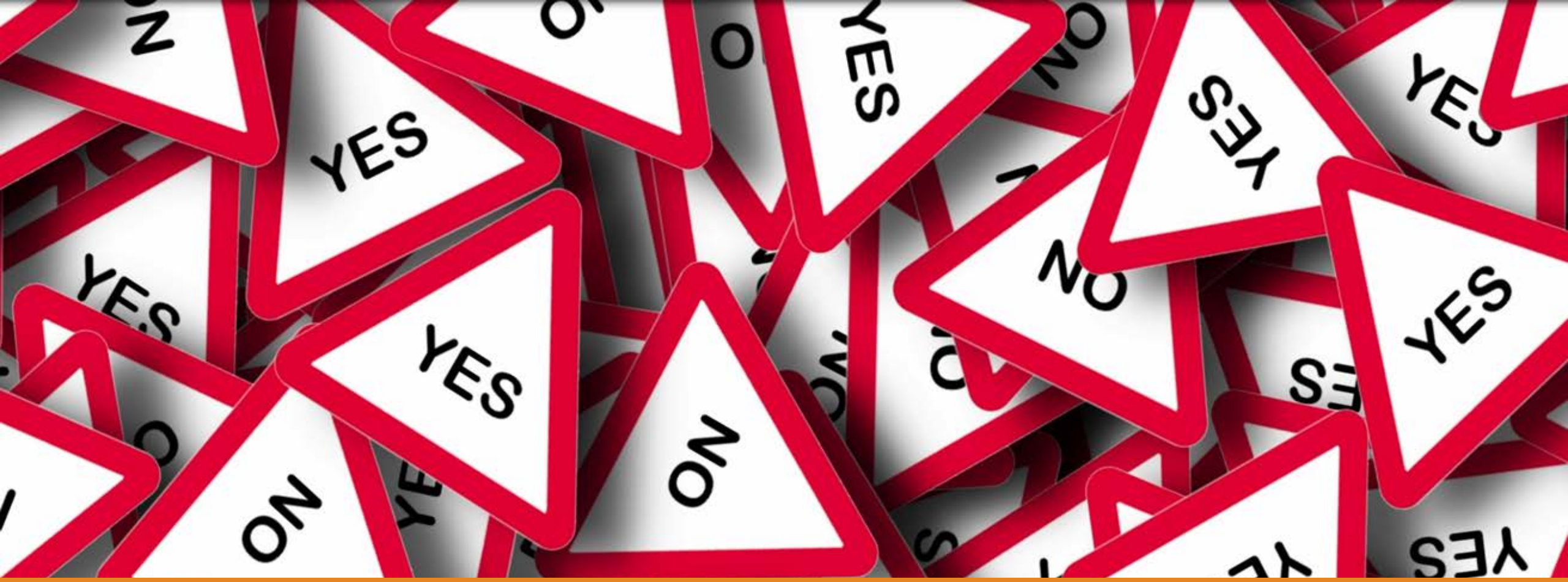


Enterprise Risk Management & Pools

Scott Moss, MPA, CPCU, ARM-E, ALCM
CIS P/C Trust Director

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Scott Moss, CIS Property/Casualty Trust Director









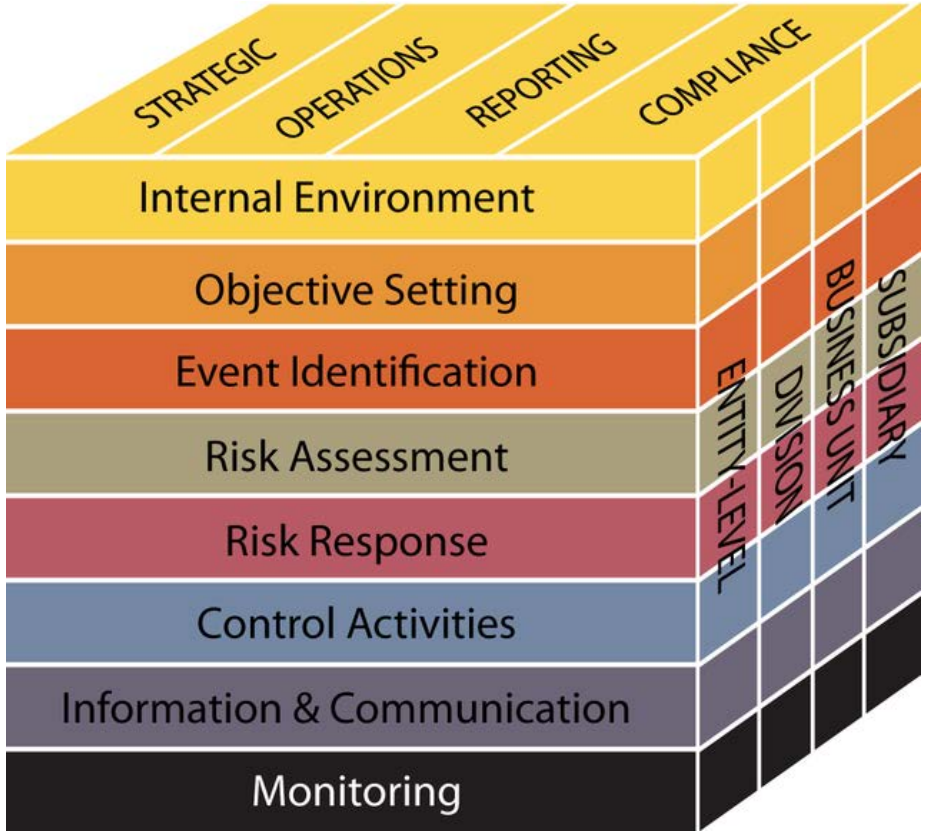
CIS (Citycounty Insurance Services)

Parents:	• League of Oregon Cities and Oregon Association of Counties
Members:	• 350 Oregon cities and counties and related entities
Staff:	• 67
Annual Revenue:	• $200 million
Coverages:	• Liability, Auto, Property, Workers' Compensation, Employee Benefits

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Outline

- ERM Frameworks
- Why CIS is Involved in ERM
  - CIS ERM Efforts
- Risk Register and Ranking
  - Risk Map
  - CIS ERM Next Steps
- ERM for Members
  - DART
  - Challenges
  - Outcome Improvements



Source: COSO 2004

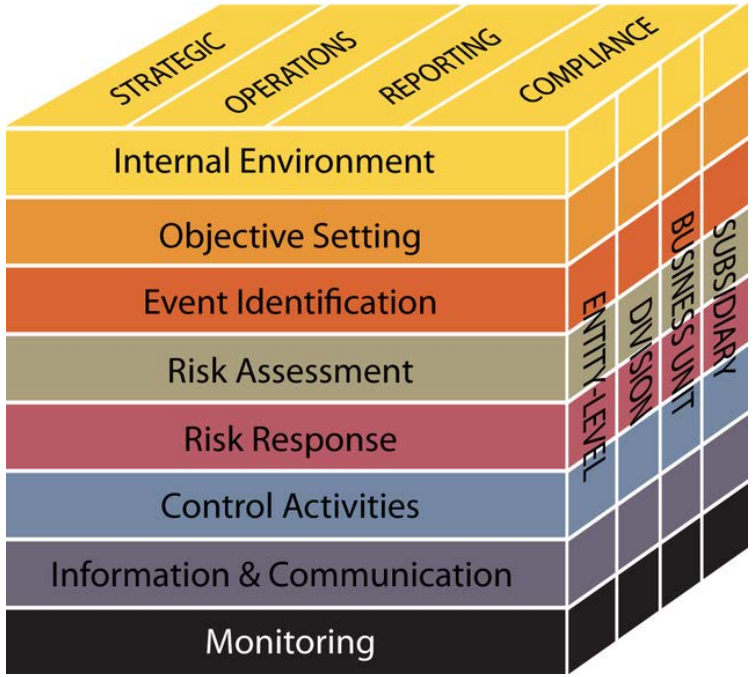


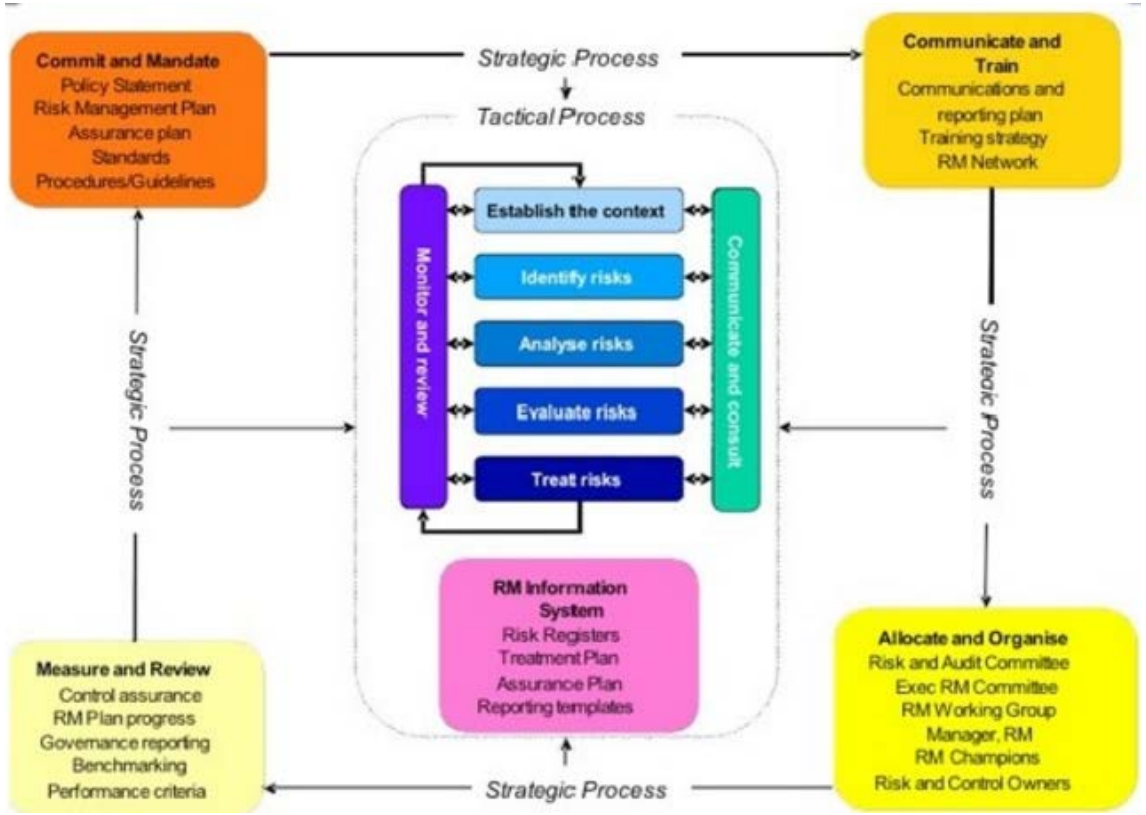
ERM Frameworks

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ERM Frameworks

- UK, Australia standards of ERM
- COSO
- ISO 31000





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ERM Process



1. Establish the internal and external context
2. Risk assessment
3. Risk treatment
4. Monitor results
5. Communicate and consult with internal and external stakeholders

Why is CIS Involved?



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Why Is CIS Involved in ERM?

- Be an example for members
- Good management
- Framework for decisions
- Explicitly address uncertainty
- Desire to continually improve
- Destined to be the future of risk management

CIS ERM Journey

1. Requested $10,000 from Board in May 2012 to develop a member-focused ERM program

2. Bickmore prepared feasibility study on implementing ERM for members in a pool environment

3. August 2012 Board meeting: Presented Bickmore's work and discussed ERM for members

CIS Journey (cont'd)

4. Management retreat focused on internal and external cultures and SWOT analysis

5. December 2012: Changed focus of ERM from members to pool. Board passed ERM risk management policy

6. Board authorized an ERM/Capital Modeling Project

CIS Journey (cont'd)

7. February 2013: Introduced members to ERM principles at CIS Annual Conference
8. March – August 2013: Issued RFP for Capital Modeling and selected PricewaterhouseCoopers (PwC)
9: Prepared Risk Register & Ranking

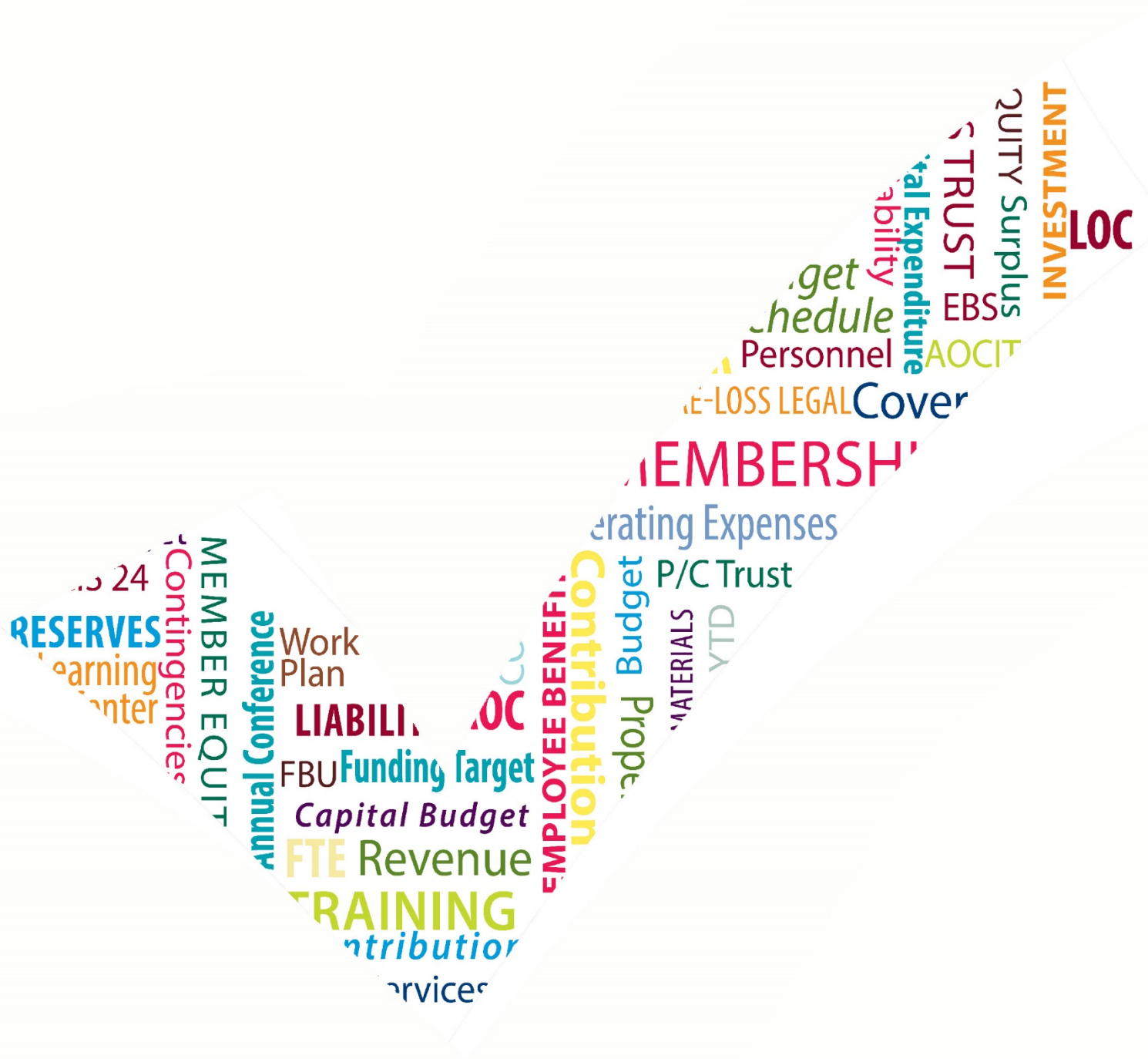
RISK REGISTER

Risk ID #	Risk Statement (Description)	Probability of Occurrence	Impact	Score (Probability x Impact)	Risk Trigger	Risk Owner	Planned Response(s) (Description)

ERM Capital Model

PwC Calculated Capital Surplus Dollar Ranges:

Operational risk:	• Governance, operations, public image, compliance, technology, human resource
Business risks:	• Business modeling, political, competitive environment
Insurance risks:	• Underwriting, reserving, and reinsurance market
Financial & economic risks	



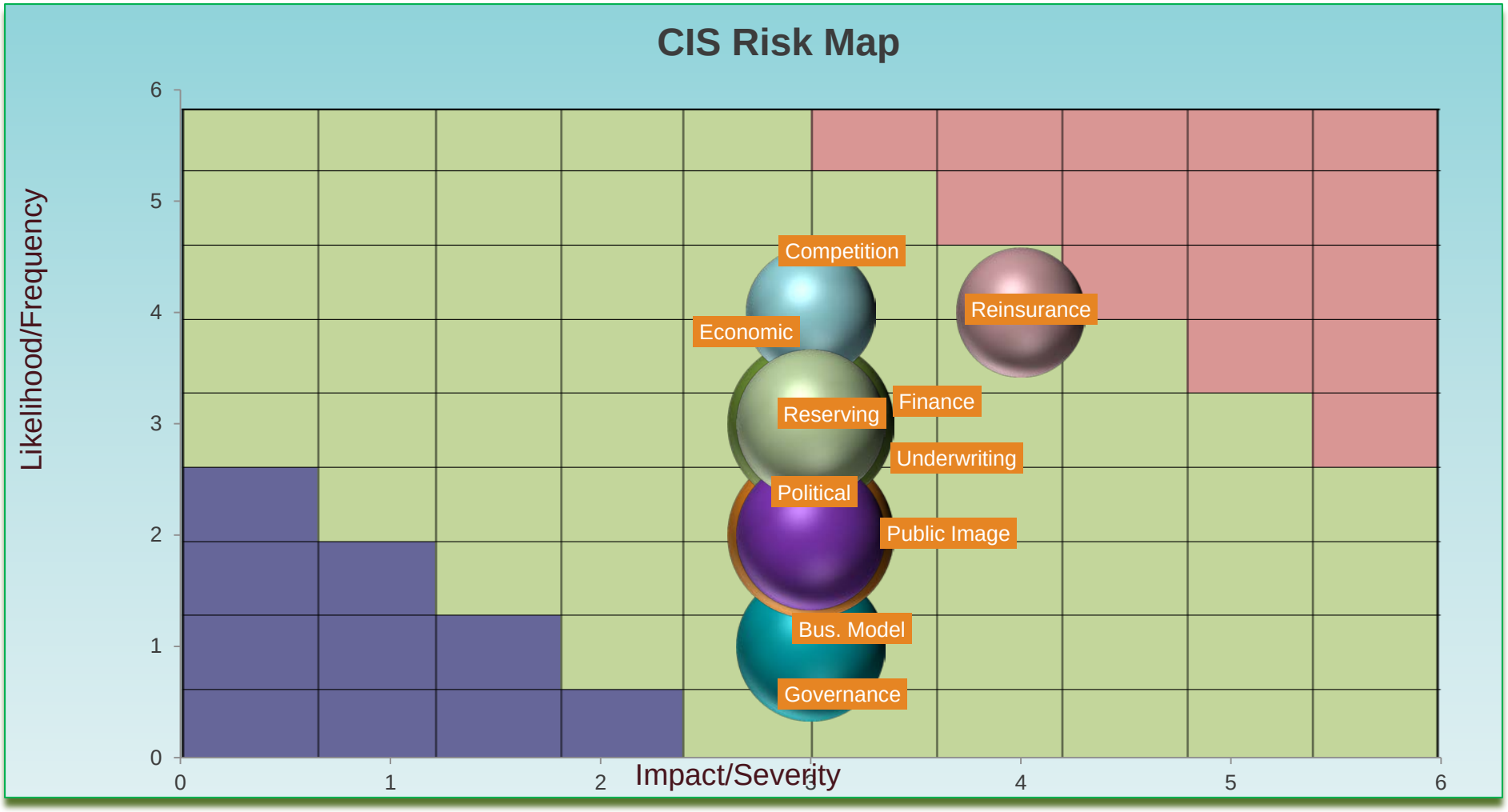
Risk Register & Ranking

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Risk Register & Ranking

- ❑ Governance
- ❑ Operational
- ❑ Public Image
- ❑ Compliance
- ❑ Technology
- ❑ Hazard
- ❑ Human Resource
- ❑ Financial
- ❑ Business Model
- ❑ Political
- ❑ Competition
- ❑ Underwriting
- ❑ Reserving/Claims
- ❑ Reinsurance

CIS Risk Map



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CIS ERM

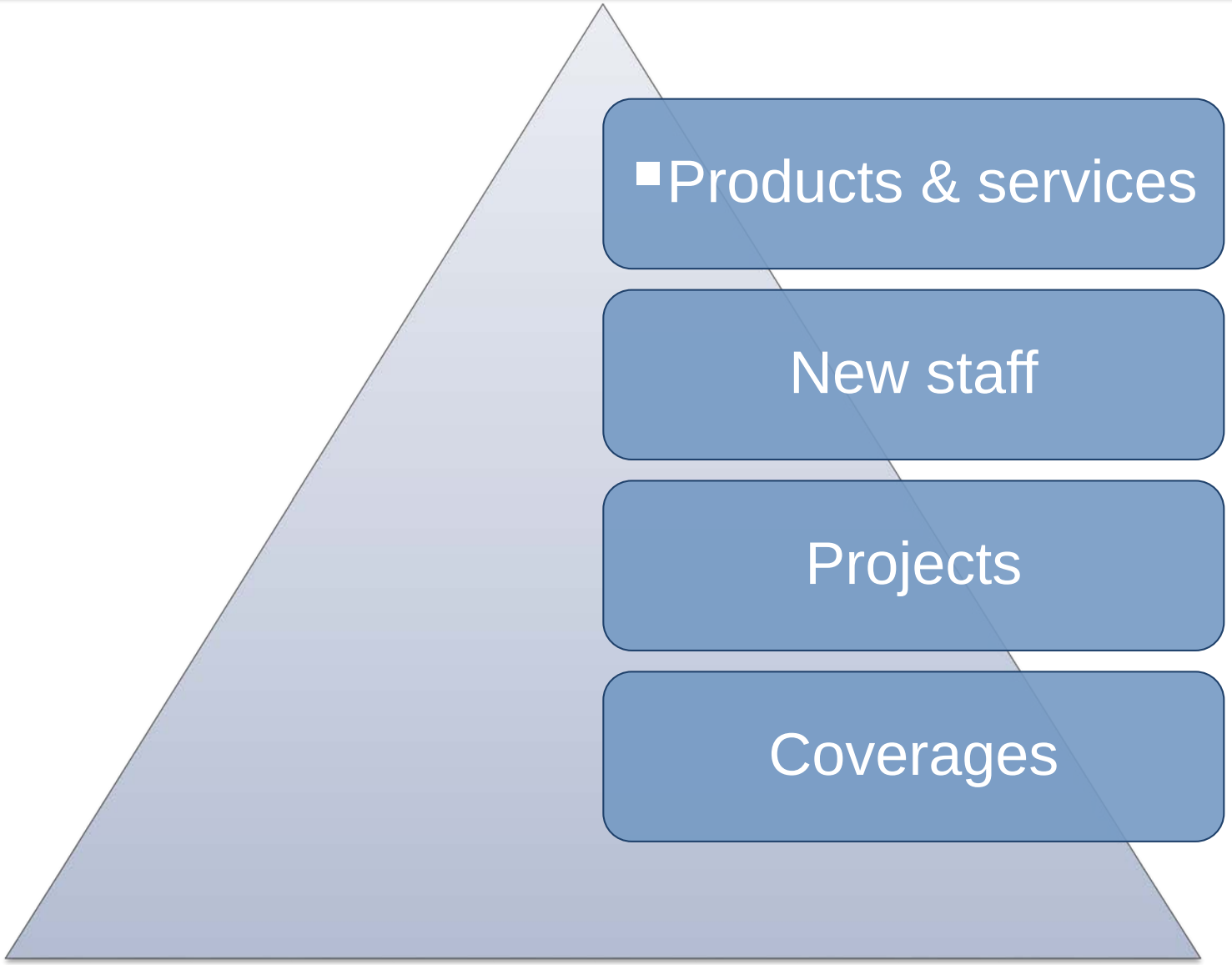
1. Assign “Risk Owners”

2. Develop Mitigation Plans for each risk

3. Establish “Early Warning Indicators,” Benchmarks, and Dashboards for each risk

4. Using ERM Decision Model in major decision

ERM Decision Making



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ERM for Members



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Decision Assist Risk Tools (DARTs)

Member-focused ERM services and tools:

- ERM Framework
- ERM Consulting
- Executive Risk Management Team
- Sample Risk Registers
- Sample Risk Mitigation Plans
- Sample Monitoring



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Member Training



- CIS Annual Conference
- Other local government conferences
- Partnering with Oregon PRIMA to bring National PRIMA ERM Training to Oregon in November

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Challenges



- Definition of ERM not consistent
- Does ERM “fit” in public sector?
- Board understanding value
- Members not having the resources or desire to practice ERM

Challenges (cont'd)

- Cutting edge for pools in US
- Not required by auditors or regulators
- Results are unclear

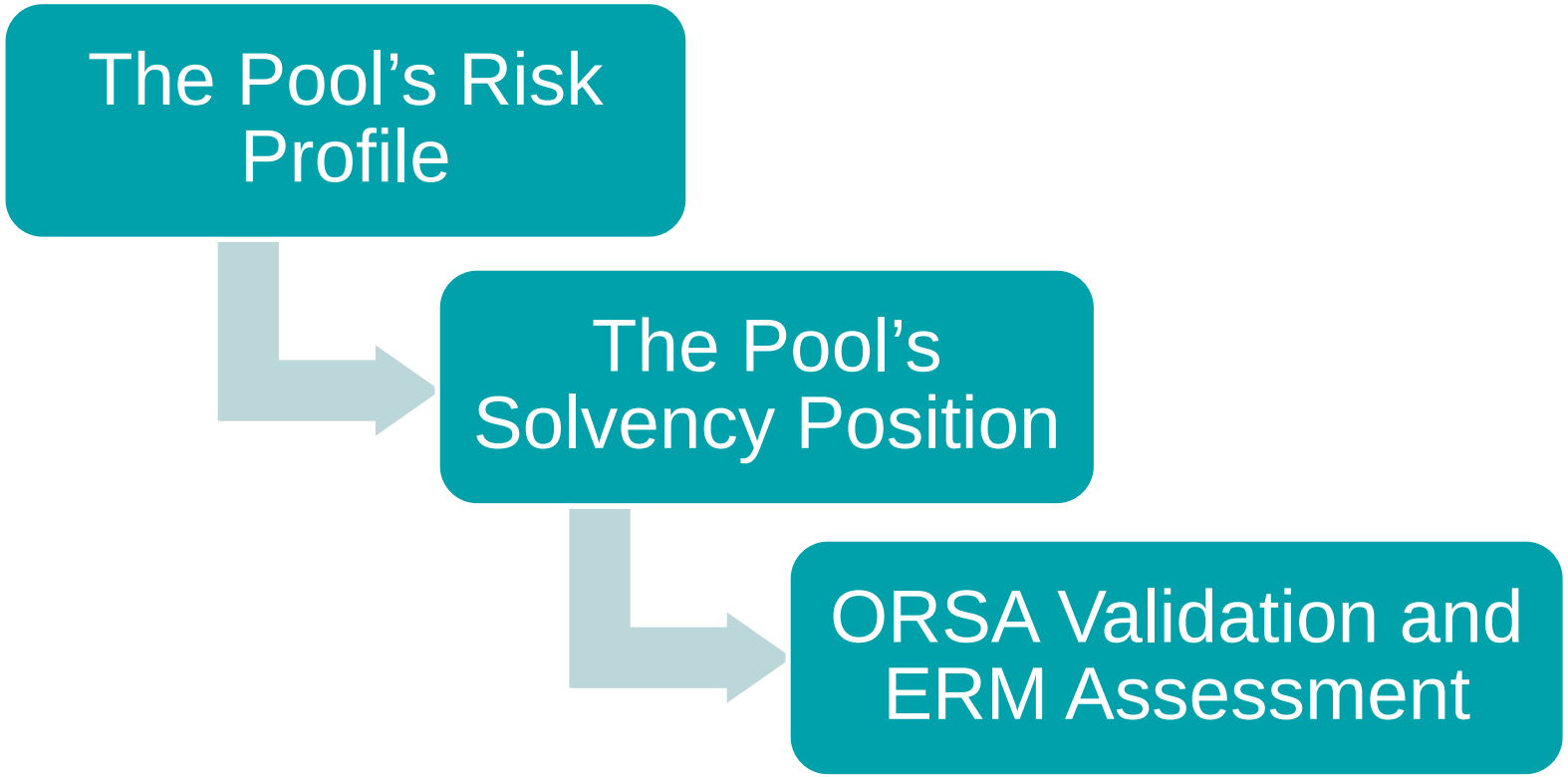
Outcome Improvements



1. Enhance skills to make decisions with opportunities and threats
2. Formal risk owners and risk mitigation plans
3. Better monitoring of risks with early warning flags, benchmarks, and dashboards

Question for Pool Managers

- Is anyone implementing “Own Risk and Solvency Assessment” (ORSA)?



Questions?

The first step to receiving an answer is being brave enough to ask a question.

— Unknown

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