

Reinventing risk decision making

Optimizing performance through informed risk taking



Client

A leading multiline insurer.

Business Case

The client needed to enhance its risk management information reporting standards to embed into Solvency II specific structures.

Scope

- Define reporting scope with CRO through existing risk framework.
- Restrict focus on major and intermediate risks within key risk types.
- Define, validate and agree on KRIs for in-scope risks.

Background

A leading multiline insurance company serving institutional and consumer customers in more than 130 countries struggled with a lack of risk-driven and integrated risk reporting.

The management information lacked accountability and tracking and was operations focused. Multiple reports and sources of data resulted in a non-integrated environment. There were major data accuracy, quality and timing issues with the management information.

Additionally, the current-state data infrastructure did not meet reporting and disclosure regulatory requirements and posed a risk of non-compliance that could have resulted in financial penalties and reputational damage.

4 hours

Cut monthly MI reporting cycle from 9 days to

Reduced FTE count by

80%

\$450K

In annual savings by automating the MI reporting

80%

 Improved productivity

Accurate

And timely management information reporting to support senior management decision making

Optimizing performance through informed risk management

The solution

EXL partnered with the client to restructure the Risk MI reporting process, creating an Integrated risk management Information framework to deliver enhanced monitoring of key risks and controls to enable smarter risk decision-making.

Through its tested methodologies, EXL used deep process engineering expertise to review existing MI processes and systems and identify key gaps to define reporting scope to support the existing risk management framework.

EXL used its resource stationed in the client headquarters to perform data diagnostics through analyzing multiple business reports and sources of data to understand key complexities between core areas i.e. strategy, governance, delivery, data architecture, storage and security.

The screenshot displays a web-based Risk Register application. The interface includes a navigation bar with 'Welcome', 'Risk Dashboard', and 'Risk Register' tabs. A 'Reset All' button is visible. The main content area shows a table of risks, with a summary 'Total Risks 100' and 'Risk Register as at 14 April 2011'. The table columns are: Risk ID No., KRI, R v A, Risk Outline, Inherent, Residual, Appetite, Plan, and On Track. The risks listed include business interruption, financial loss due to data protection, and financial loss due to failure to identify and mitigate accumulation of risk.

Risk ID No.	KRI	R v A	Risk Outline	Inherent	Residual	Appetite	Plan	On Track
8			business interruption due to failure of OSP (excluding IT and Facility Management providers)	12	12	4		
14			Financial (including fines and other penalties at law)/ reputational loss due to a loss, theft or misuse of electronic data (including "personal data" as defined by the Data Protection Act 1998) by [redacted] JK.	10	6	2		
15			Financial (including fines and other penalties at law)/ reputational loss due to a loss, theft and/or misuse of hard copy data (including "personal data" as defined by the Data Protection Act 1998), whether held within [redacted] UK premises or held in archive storage externally by a third party archive storage service provi...	15	15	4		
17			Material reduction in the demand for our products due to [redacted] International and [redacted] reputational damage/issues	28	8	8		
28			Financial loss due to our failure to identify and mitigate accumulation of risk both within a line and across all lines within a specified market sector and/or geographical region or sovereign territory	24	20	16		
31			financial loss or reduced profit arising from actual claims liabilities exceeding the liabilities forecast in a given portfolio	30	8	8		
34			the failure to hold sufficient capital to meet business and regulatory requirements	24	12	12		
35			loss (financial / reputational) arising from breaches of trading restrictions (including UK, EU, US [OFAC], ECO, etc) or non permitted non admitted territories	12	12	6		

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EXL then designed and implemented an integrated risk MI framework for the client that required:

- › Defining, validating and agreeing on KRIs and embedding the process of remediation for better accountability.
- › Defining clear roles and responsibilities of stakeholders.
- › Enabling better tracking of issues and easier monitoring of issues through risk committee.
- › Delivering systematic Risk MI to stakeholders through a BI solution, data visualization application tool.

This helped the client achieve its defined target state of desired information management capabilities and inform business case development for specific improvement opportunities.

The results

- › Avoided regulatory fines and reputational risk and loss as a result of compliance with Solvency II and FCA reporting requirements.
- › Enhanced MI to support independent risk control functions through key risk monitoring (in order to challenge the business in the overall management of these risks).
- › Enable risk management decision-making in the business to meet strategic objectives

About EXL

EXL (NASDAQ: EXLS) is a leading business process solutions company that looks deeper to drive business impact through integrated services and industry knowledge. EXL provides operations management, analytics and technology platforms to organizations in insurance, healthcare, banking and financial services, utilities, travel, and transportation and logistics, among others. We work as a strategic partner to help our clients streamline business operations, improve corporate finance, manage compliance, create new channels for growth and better adapt to change. Headquartered in New York and in business since 1999, EXL has 23,000 professionals in locations throughout the U.S., Europe and Asia.

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