# ICP Questionnaire – ICP 16 Enterprise Risk Management

This ICP questionnaire is based on ICP 16 version 2011.

## Introduction

For each question, choose the response that most closely corresponds to the situation in YOUR JURISDICTION and YOUR AUTHORITY. Some questions ask about the actual experience in YOUR JURISDICTION during the last three years. If records or reports exist that would help you to respond to such questions, please refer to them. If not, please respond based on your best estimate of what the actual experience has been.

If your response to one or more questions would differ significantly for different types of insurers, for example, life insurers versus non-life insurers, then please respond to each such question with respect the same type of insurer.

In this survey (as in the ICPs), the term “legislation” is used to include both primary legislation (which generally requires full legislative consent) and secondary and other forms of legislation, including rules and regulations which have the legal force of law but are usually the responsibility of the supervisor. The term “supervisory guidelines” means documents issued by the supervisor to communicate expectations to the industry, which do not have the legal force of law. In this survey, the term “requirements” means requirements that apply broadly to insurers or to a type of insurer, for example, non-life insurers.

It is recommended that you prepare all answers to this questionnaire in advance and obtain approval in your supervisory authority before entering the results in the ICP Self-Assessment Tool (SAT) via [www.icp-selfassessment.org](http://www.icp-selfassessment.org)

Please note that in contrast to other ICP assessment processes the ICP SAT only takes into account your answers to multiple choice questions without any qualitative review. Therefore the results are only high level and non-binding.

## Questionnaire

**16 The supervisor establishes enterprise risk management requirements for solvency purposes that require insurers to address all relevant and material risks.**

**16.0 Overarching questions**

1. How have the requirements for enterprise risk management for solvency purposes been established in YOUR JURISDICTION? (More than one response may be entered, where applicable.)
	1. The requirements have been explicitly established by legislation.
	2. The requirements have been broadly established by legislation and further elaborated through supervisory guidelines.
	3. The requirements have been established through supervisory guidelines.
	4. There are no specific requirements, but YOUR AUTHORITY advises insurers when in its opinion their enterprise risk management is inadequate.
	5. There are no such requirements and no supervisory expectations have been communicated in YOUR JURISDICTION.

**16.1 The supervisor requires the insurer’s enterprise risk management framework to provide for the identification and quantification of risk under a sufficiently wide range of outcomes using techniques which are appropriate to the nature, scale and complexity of the risks the insurer bears and adequate for risk and capital management and for solvency purposes.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer’s enterprise risk management framework to provide for the identification and quantification of risk under a sufficiently wide range of outcomes using techniques which are appropriate to the nature, scale and complexity of the risks the insurer bears and adequate for risk and capital management and for solvency purposes?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed |
| A. Identification of risk |  |  |  |  |
| B. Quantification of risk |  |  |  |  |
| C. Consideration of a sufficientlywide range of outcomes |  |  |  |  |
| D. Use of techniques which are appropriate to the nature, scale and complexity of the risks the insurer bears |  |  |  |  |
| E. Adequacy of the techniques for risk management purposes |  |  |  |  |
| F. Adequacy of the techniques for capital management purposes |  |  |  |  |
| G. Adequacy of the techniques for solvency purposes |  |  |  |  |

**16.2 The supervisor requires the insurer’s measurement of risk to be supported by accurate documentation providing appropriately detailed descriptions and explanations of the risks covered, the measurement approaches used and the key assumptions made.**

1. To what extent do the enterprise risk management requirements in YOUR JURISDICTION address the need for an insurer’s measurement of risk to be supported by accurate documentation providing appropriately detailed descriptions and explanations of the risks covered, the measurement approaches used and the key assumptions made?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed |
| A. Need for accurate documentation of the measurement of risk |  |  |  |  |
| B. Need for the documentation to include appropriately detailed descriptions and explanations of the risks covered |  |  |  |  |
| C. Need for the documentation to include appropriately detailed descriptions and explanations of the measurement approaches used |  |  |  |  |
| D. Need for the documentation to include appropriately detailed descriptions and explanations of the key assumptions made |  |  |  |  |

**16.3 The supervisor requires the insurer to have a risk management policy which outlines how all relevant and material categories of risk are managed, both in the insurer’s business strategy and its day-to-day operations.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer to have a risk management policy which outlines how all relevant and material categories of risk are managed, both in the insurer’s business strategy and its day-to-day operations?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed |
| A. Need to have a risk management policy |  |  |  |  |
| B. Need to outline how all relevant and material categories of risk are managed in the insurer’s business strategy |  |  |  |  |
| C. Need to outline how all relevant and material categories of risk are managed in the insurer’s day-to-day operations |  |  |  |  |

**16.4 The supervisor requires the insurer to have a risk management policy which describes the relationship between the insurer’s tolerance limits, regulatory capital requirements, economic capital and the processes and methods for monitoring risk.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer to have a risk management policy which describes the relationship between the insurer’s tolerance limits, regulatory capital requirements, economic capital and the processes and methods for monitoring risk?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed |
| A. Need to have a risk management policy which describes the relationship between the insurer’s tolerance limits, regulatory capital requirements, and economic capital |  |  |  |  |
| B. Need to describe the insurer’s processes for monitoring risk |  |  |  |  |
| C. Need to describe the insurer’s methods for monitoring risk |  |  |  |  |

**16.5 The supervisor requires the insurer to have a risk management policy which includes an explicit asset-liability management (ALM) policy which clearly specifies the nature, role and extent of ALM activities and their relationship with product development, pricing functions and investment management.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer to have a risk management policy which includes an explicit asset-liability management (ALM) policy?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed |
| A. Need to have an explicit asset-liability management (ALM) policy |  |  |  |  |
| B. Need to clearly specify the nature, role and extent of ALM activities |  |  |  |  |
| C. Need to clearly specify the relationship of ALM activities with product development |  |  |  |  |
| D. Need to clearly specify the relationship of ALM activities with pricing functions |  |  |  |  |
| E. Need to clearly specify the relationship of ALM activities with investment management |  |  |  |  |

**16.6 The supervisor requires the insurer to have a risk management policy which is reflected in an explicit investment policy which:**

• **specifies the nature, role and extent of the insurer’s investment activities and how the insurer complies with the regulatory investment requirements established by the supervisor; and**

• **establishes explicit risk management procedures within its investment policy with regard to more complex and less transparent classes of asset and investment in markets or instruments that are subject to less governance or regulation.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer to have a risk management policy which is reflected in an explicit investment policy?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed | 5. Not applicable, because insurers in YOUR JURISDICTION are prohibited from using such investments |
| A. Need to have a risk management policy which is reflected in an explicit investment policy |  |  |  |  |  |
| B. Need to specify the nature, role and extent of the insurer’s investment activities |  |  |  |  |  |
| C. Need to specify how the insurer complies with the regulatory investment requirements |  |  |  |  |  |
| D. Need to establish explicit risk management procedures with regard to more complex and less transparent classes of asset |  |  |  |  |  |
| E. Need to establish explicit risk management with regard to investment in markets or instruments that are subject to less governance or regulation |  |  |  |  |  |

**16.7 The supervisor requires the insurer to have a risk management policy which includes explicit policies in relation to underwriting risk.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer to have a risk management policy which includes explicit policies in relation to underwriting risk?
	1. Fully and explicitly addressed.
	2. Addressed in general terms.
	3. Partly addressed.
	4. Not addressed.

**16.8 The supervisor requires the insurer to:**

• **establish and maintain a risk tolerance statement which sets out its overall quantitative and qualitative risk tolerance levels and defines risk tolerance limits which take into account all relevant and material categories of risk and the relationships between them;**

• **make use of its risk tolerance levels in its business strategy; and**

• **embed its defined risk tolerance limits in its day-to-day operations via its risk management policies and procedures.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer to establish and maintain a risk tolerance statement and to apply it?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed |
| A. Need to establish and maintain a risk tolerance statement |  |  |  |  |
| B. Need to set out the insurer’s overall quantitative and qualitative risk tolerance levels |  |  |  |  |
| C. Need to define risk tolerance limits which take into account all relevant and material categories of risk and the relationships between them |  |  |  |  |
| D. Need for the insurer to make use of its risk tolerance levels in its business strategy |  |  |  |  |
| E. Need for the insurer to embed its defined risk tolerance limits in its day-to-day operations via its risk management policies and procedures |  |  |  |  |

**16.9 The supervisor requires the insurer's ERM framework to be responsive to changes in its risk profile.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer’s ERM framework to be responsive to changes in its risk profile?
	1. Fully and explicitly addressed.
	2. Addressed in general terms.
	3. Partly addressed.
	4. Not addressed.

**16.10 The supervisor requires the insurer’s ERM framework to incorporate a feedback loop, based on appropriate and good quality information, management processes and objective assessment, which enables it to take the necessary action in a timely manner in response to changes in its risk profile.**

1. In the context of an insurer’s ERM framework, a feedback loop is the process of assessing the effect of changes in risk leading to changes in risk management policy, tolerance limits and risk mitigating actions. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer’s ERM framework to incorporate a feedback loop?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed |
| A. Need to incorporate a feedback loop |  |  |  |  |
| B. Need for the feedback loop to be based on appropriate and good quality information |  |  |  |  |
| C. Need for the feedback loop to incorporate appropriate management processes |  |  |  |  |
| D. Need for the feedback loop to provide for objective assessment |  |  |  |  |
| E. Need for the feedback loop to include mechanisms to enable the insurer to take necessary action in a timely manner in response to changes in the risk profile |  |  |  |  |

**16.11 The supervisor requires the insurer to perform its own risk and solvency assessment (ORSA) regularly to assess the adequacy of its risk management and current, and likely future, solvency position.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer to perform its own risk and solvency assessment (ORSA)?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed |
| A. Need to perform an ORSA |  |  |  |  |
| B. Need for the ORSA to be performed regularly |  |  |  |  |
| C. Need for the ORSA to include an assessment of the adequacy of risk management |  |  |  |  |
| D. Need for the ORSA to include an assessment of the current solvency position |  |  |  |  |
| E. Need for the ORSA to include an assessment of the likely future solvency position |  |  |  |  |

**16.12 The supervisor requires the insurer’s Board and Senior Management to be responsible for the ORSA.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer’s Board and Senior Management to be responsible for its own risk and solvency assessment (ORSA)?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed | 5. Not applicable, because insurers in YOUR JURISDICTION are not required to perform ORSAs |
| A. Responsibilities of the Board with respect to the ORSA |  |  |  |  |  |
| B. Responsibilities of Senior Management with respect to the ORSA |  |  |  |  |  |

**16.13 The supervisor requires the insurer’s ORSA to encompass all reasonably foreseeable and relevant material risks including, as a minimum, underwriting, credit, market, operational and liquidity risks and additional risks arising due to membership of a group. The assessment is required to identify the relationship between risk management and the level and quality of financial resources needed and available**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer’s ORSA to encompass all reasonably foreseeable and relevant material risks?

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed | 5. Not applicable, because insurers in YOUR JURISDICTION are not required to perform ORSAs | 6. Not applicable, because there are no groups in YOUR JURISDICTION |
| A. Need for an insurer’s ORSA to encompass all reasonably foreseeable and relevant material risks |  |  |  |  |  |  |
| B. Need for an insurer’s ORSA to encompass underwriting risk |  |  |  |  |  |  |
| C. Need for an insurer’s ORSA to encompass credit risk |  |  |  |  |  |  |
| D. Need for an insurer’s ORSA to encompass market risk |  |  |  |  |  |  |
| E. Need for an insurer’s ORSA to encompass operational risk |  |  |  |  |  |  |
| F. Need for an insurer’s ORSA to encompass liquidity risk |  |  |  |  |  |  |
| G. Need for an insurer’s ORSA to encompass additional risks arising due to membership of a group |  |  |  |  |  |  |

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer’s ORSA to identify the relationship between risk management and the level and quality of financial resources needed and available?
	1. Fully and explicitly addressed.
	2. Addressed in general terms.
	3. Partly addressed.
	4. Not addressed.
	5. This question is not applicable, because insurers in YOUR JURISDICTION are not required to perform ORSAs.

**16.14 The supervisor requires the insurer to:**

• **determine, as part of its ORSA, the overall financial resources it needs to manage its business given its own risk tolerance and business plans, and to demonstrate that supervisory requirements are met;**

• **base its risk management actions on consideration of its economic capital, regulatory capital requirements and financial resources, including its ORSA; and**

• **assess the quality and adequacy of its capital resources to meet regulatory capital requirements and any additional capital needs.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer to make use of its ORSA in its management of capital?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed | 5. Not applicable, because insurers in YOUR JURISDICTION are not required to perform ORSAs |
| A. Need to determine, as part of its ORSA, the overall financial resources it needs to manage its business given its own risk tolerance and business plans |  |  |  |  |  |
| B. Need to demonstrate, as part of its ORSA, that supervisory requirements are met |  |  |  |  |  |
| C. Need to base its risk management actions on consideration of its economic capital, regulatory capital requirements and financial resources, including its ORSA |  |  |  |  |  |
| D. Need to assess the quality and adequacy of its capital resources to meet regulatory capital requirements and any additional capital needs |  |  |  |  |  |

**16.15 The supervisor requires:**

• **the insurer, as part of its ORSA, to analyse its ability to continue in business, and the risk management and financial resources required to do so over a longer time horizon than typically used to determine regulatory capital requirements;**

• **the insurer’s continuity analysis to address a combination of quantitative and qualitative elements in the medium and longer-term business strategy of the insurer and include projections of its future financial position and analysis of its ability to meet future regulatory capital requirements.**

1. To what extent do the requirements in YOUR JURISDICTION address the need for an insurer to make use of its ORSA in analysing its ability to continue in business?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Fully and explicitly addressed | 2. Addressed in general terms | 3. Partly addressed | 4. Not addressed | 5. Not applicable, because insurers in YOUR JURISDICTION are not required to perform ORSAs |
| A. Need to analyse, as part of its ORSA, its ability to continue in business |  |  |  |  |  |
| B. Need for the continuity analysis to assess the risk management and financial resources required |  |  |  |  |  |
| D. Need for the continuity analysis to extend over a longer time horizon than typically used to determine regulatory capital requirements |  |  |  |  |  |
| E. Need for the continuity analysis to address a combination of quantitative and qualitative elements in the medium and longer-term business strategy of the insurer |  |  |  |  |  |
| F. Need for the continuity analysis to include projections of its future financial position |  |  |  |  |  |
| G. Need for the continuity analysis to include analysis of its ability to meet future regulatory capital requirements |  |  |  |  |  |

**16.16 The supervisor undertakes reviews of an insurer's risk management processes and its financial condition, including the ORSA. Where necessary, the supervisor requires strengthening of the insurer’s risk management, solvency assessment and capital management processes.**

1. How does YOUR AUTHORITY review an insurer's risk management processes and its financial condition, including the ORSA?
	1. Reviews are regularly undertaken using off-site monitoring, which is sometimes supplemented by on-site inspection even when there are no supervisory concerns.
	2. Reviews are regularly undertaken using off-site monitoring, which is supplemented by on-site inspection in cases of actual or potential supervisory concerns.
	3. Reviews are undertaken only in cases of actual or potential supervisory concerns.
	4. Reviews are seldom undertaken, even in cases of actual supervisory concerns.
	5. Reviews are never undertaken.
2. During the last three years, to what extent has YOUR AUTHORITY taken appropriate corrective action when there were supervisory concerns regarding the strength of an insurer’s risk management, solvency assessment and capital management processes?
	1. Most concerns were resolved in a timely manner.
	2. Most concerns were resolved, but not always in a timely manner.
	3. Some concerns were resolved.
	4. Most concerns were not resolved.
	5. This question is not applicable, because no such concerns arose during the last three years.

**16.99 Additional questions**

1. To what extent do the enterprise risk management requirements in YOUR JURISDICTION address insurance groups?
	1. Enterprise risk management requirements exist at both the group level and the legal entity level, and the relationship between them has been clearly defined.
	2. Enterprise risk management requirements exist at both the group level and the legal entity level, but the relationship between them has not been clearly defined.
	3. Enterprise risk management requirements do not exist at the group level, but those at the legal entity level explicitly take account of an insurer’s membership of a group.
	4. Enterprise risk management requirements do not exist at the group level, but those at the legal entity level broadly take account of an insurer’s membership of a group.
	5. Enterprise risk management requirements do not exist at the group level, and those at the legal entity level do not take account of an insurer’s membership of a group.
	6. There are no enterprise risk management requirements in YOUR JURISDICTION.
	7. This question is not applicable, because there are no groups in YOUR JURISDICTION.

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