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ORSA Process Implementation

By Ger Bradley, Zohair Motiwalla, Padraic O'Malley and Eamonn Phelan

SUMMARY

The ORSA (Own Risk and Solvency Assessment) for ERM frameworks and processes is continuing to be implemented by organizations.

In order to determine the popularity and degree to which this process is being used in business, a survey was conducted by a team from Milliman. The cross-disciplinary survey document was sent to companies around the world. The goal of the survey was to determine what insurance companies understood and expect from an ORSA, the effort to complete one, and the benefits from doing so.

The survey was broken out into five categories:

- Stress and scenario development processes

- Incentives, governance, and other behavioral aspects

- Evaluating the impact of the ORSA on a company's overall results

- Evaluating the level of buy-in of the ORSA within an organization

- Board involvement

- Implementation

- Challenges faced by companies in the ORSA process

Based on survey results for those companies who've adopted the ORSA, it appears it may be having a positive impact. A few examples are:

- Over 80% of companies use an ORSA in key business decisions

- The ORSA seems to help level out the playing field from an ERM perspective

- Most companies view the costs associated with the ORSA as a very manageable element of their overall budgets.

This is just a snippet of findings, and other interesting observations can be found within the full project report at *http://www.soa.org/Research/Research-Projects/Risk-Management/research-2015-orsa-implementation.aspx*.

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