# ERM: Integration of Finance and Risk

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## Abstract

Financial service firms that launch enterprise risk management (ERM) initiatives often successfully complete the start-up activities including:

- Attaining management/board buy-in
- Appointing a C-level champion
- Defining a common risk language
- Choosing an ERM framework (e.g., COSO, AS NZ 4360, in-house, etc.)
- Beginning risk identification/quantification/priorities/responses.

As they move into the execution phase, however, many insurers and banks find themselves bogged down by the daunting task of integrating enterprise risk activities into their daily operational activities. One of the most crucial areas of integration is in the intersection of the risk activities and strategy/finance functions. The purpose of this paper is to address key aspects of the risk/strategy/finance ERM implementation from both the theoretical and applied perspectives. The topics to be covered are:

- ERM overview including historical perspective
- ERM implementation—focusing on strategy, finance and risk
- Case study.

This paper will focus exclusively on the insurance industry.