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## **Risk Culture and its impact on Risk Management of an Insurance Enterprise**

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## Risk Culture and its impact on Risk Management of an Insurance Enterprise

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### Abstract

Financial regulators, rating agencies and many commentators have blamed weak Risk Culture for many of the large losses and financial company failures of the past decade. But their exposition regarding a strong Risk Culture only goes as far as describing a few of the practices of an organization and falls far short of describing the beliefs and motivations that are at the heart of any culture. This discussion will present thinking about how the fundamental beliefs and objectives of real risk cultures can be seen and how those beliefs may or may not align with the practices that are wanted by the regulators and rating agencies. Insights from cultural anthropology, business organizational theory and real life experiences talking to over 200 insurance organizations about their risk management programs over the past 10 years will be incorporated into the discussion.

Keywords: Insurance, ERM, risk culture, plural rationality theory, risk appetite, risk tolerance, Chief Risk Officer, Tone at the Top