

Did Enterprise Risk Management Really Work? The Case of Lincoln Financial Corporation

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Abstract

There is nothing like a serious financial crisis to see if your risk management process works or not. The depth and breadth of the financial crisis in 2008 identified the strengths and more importantly exposed the weaknesses of the risk management process at Lincoln Financial. Enterprise Risk Management is tasked with understanding all the key risks inside a company and preparing the company to respond to those weaknesses. Lincoln Financial was exposed to multiple stress points as a result of the financial crisis and found themselves with insufficient resources to weather the storm. Ultimately the risk management process at Lincoln Financial was not fully capable of dealing with the depth and scope of the financial stress. Without access to government support it can be argued that Lincoln would not have survived the most profound financial crisis of the modern era. What was Lincoln, why were they exposed, and how did they respond. Key topics addressed in this paper.