

WORKSHOP 2

Banks and Insurers: Separate Paths but a Common Destination – Practical Tools Shared Between Financial Service Industries

Gain insights you can utilize as experts from banking as well as life and casualty insurance share tools you can use as each industry moves towards ERM. The Basel Accord has encouraged bankers toward using company-driven ERM models for financial and non-financial risks to determine the minimum required regulatory capital. Insurers are using principles-based valuation models for the same reason. You just might discover that these same models can be used for calculating economic capital, pricing, performance measurement and portfolio management at your company.

Workshop Faculty:

Max Rudolph, Mutual of Omaha
Robert Mark, Black Diamond
Steve D’Arcy, University of Illinois
Michel Crouhy, IXIS Corporate and Investment Bank
Dan Galai, Hebrew University
Isreal and Larry Moews, Allstate Insurance Company

8-9:30 a.m. Registration & Continental Breakfast

9:30-11 a.m. ERM Basics for Banks and Insurers

Presenters will define the problem of translation of risk management concepts that exist between the two industries. What are the goals? The discussion will include potential solutions and where more work is needed, as well as:

- Definition and scope of ERM

- Benchmarking ERM from a policy, methodology and infrastructure framework
- Why ERM is important – setting the context for ERM while discussing the drivers of change and development for the ERM discipline
- The impact of ERM on management practices: a discussion of recent ERM trends, including organizational objectives for pursuing ERM
- The role of ERM in value creation
- The role of the Chief Risk Officer

11–11:30 a.m. Networking & Refreshment Break

11:30 a.m.-1 p.m. Banking/Insurance Tools and Techniques — Building Blocks of Success

Get an overview of the techniques and tools used by banks. You’ll be introduced to the breadth and depth of technical issues surrounding measuring and managing risks at the enterprise level. In particular, our experts will explore:

- Essentials of financial and operational risk management and the pitfalls of using a “silo” approach to risk management as well as superior risk management approaches in the policy, methodology and infrastructure dimensions
- Key risk-based decisions that need to be made under uncertainty in an environment of sparse and fragmented data sources
- Risk-based business intelligence trends: top-down vs. bottom-up, and risk aggregation and issues in allocating risks back to the business units
- Economic capital as a measure of the combined risk position of an enterprise
- Case studies of failed ERM initiatives
- Best practices and ERM frameworks

1–2 p.m. Luncheon

2:30 p.m. Banking/Insurance Tools and Techniques — Building Blocks of Success

Here’s your chance to be introduced to the breadth and depth of technical issues surrounding measurement and management of risks at the enterprise level. Our experts will provide an overview of the techniques and tools used by insurers. In particular, they’ll discuss:

- Essentials of financial and operational risk management and the pitfalls of using a “silo” approach to risk management as well as superior risk management approaches in the policy, methodology and infrastructure dimensions
- Key risk-based decisions that need to be made under uncertainty in an environment of sparse and fragmented data sources
- Risk-based business intelligence trends: top-down vs. bottom-up, and risk aggregation and issues in allocating risks back to the business units
- Economic capital as a measure of the combined risk position of an enterprise
- Case studies of failed ERM initiatives
- Best practices and ERM frameworks

3:30–4 p.m. Networking & Refreshment Break

4–5:30 p.m. Roundtable — What Have We Learned and Where Do We Go Now?

Get your burning questions about ERM processes between banks and insurers answered as a panel of experts from both businesses discuss commonalities of the ERM process between their groups. Questions will be taken from the floor so be prepared!

6–8 p.m. Reception & Exhibits