



*A Higher
Standard for
Risk
Professionals*

*The Professional Risk
Managers' International
Association*

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PRMIA – The Global Organisation

- The Professional Risk Managers' International Association (PRMIA) is the world's leading risk professional's association.
- 40,000+ risk professionals from all segments of the financial services industry
- 4,000+ organisations
- 200+ free open meetings annually
- 170+ countries
- 60+ chapters
- Member-led, grass-roots organisation
- Code of Risk Ethics
- Governance – owned by members
- A “not for profit” organisation



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What we are about

- “A higher standard for risk professionals”
 - Bringing people and ideas together
 - Across cultures and industries
 - Serving developing and developed markets
 - Setting standards for the risk profession
 - Global focus, local service
 - Certification, training, meetings and resources
 - Member-led, member-driven
 - For the good of the industry and its practitioners
 - Developing the Risk Professional and the Risk Profession



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A global association

- 40,000+ members
 - All segments of FS industry – Commercial & investment Banking, Insurance, Fund Management, Energy Trading, etc
 - Practitioners, consultants, academics and regulators
- Run by industry professionals on pro bono basis
 - Heads of credit, market and operational risk from leading firms
- Regular seminar programme – 200 events in 2006
 - Speakers included CROs, top regulators and academics
 - Top conference with lower costs
- Training programme launched to complement existing seminar series



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PRMIA – Member Benefits

- **Representation**
 - An industry policy body
 - A forum for members
- **Credentials**
 - The PRM (Professional Risk Manager) exam
- **Events**
 - Pre-work, lunchtime and after-work events
 - One day risk forums
 - Participation at conferences
- **Website**
 - Library, news, search facilities, discussion groups, jobs site, research, networking
- **Institute**
 - Specialised training, university faculties, web-based training



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PRMIA C-Suite



- Senior Executive Network
- 1,800 CROs and Heads of Risk
- Roundtables
- Best Practices
- Networking

“The program was truly one of the best sessions I've attended in quite a long time...delivery and substance were top notch. Programs and participant groups like this will surely put PRMIA in the spotlight as a top tier professional organization.”

- Harold Kahn, Chief Operating Officer,
Pequot Capital Management



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The Professional Risk Manager Program



- Endorsed by leading university programs worldwide
- Candidates in over 95 countries
- Testing centers in over 140 countries

“PRMIA is the international leader in risk management certification and CSI wholeheartedly endorses its PRM designation.”

Roberta Wilton, Ph.D, President & CEO, Canadian Securities Institute, Toronto, Canada

“PRMIA sets the standard for education in professional risk management. All practitioners should be encouraged to advance their knowledge and enhance their credentials by gaining PRM certification.”

Dr. Linda Kreitzmann, Director of the Masters in Financial Engineering Program, Haas School of Business, University of California at Berkeley



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The PRM Qualification

Objective

- To provide a common educational baseline for all Professional Risk Managers in the Financial Services Industry.

Comprises

- Statement of best practice
- “Everything you wanted to know about Risk but were afraid to ask”
- Foundations in Finance theory
- Practical elements of CR, MR and OR
- Talk across the Bank to other practitioners

Delivers

- Objective proof of capabilities



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Who is the PRM for?

- People who want to learn
- People who need to demonstrate their skills
- People who want to progress their careers
 - Essential for making progression from Risk Analyst to Risk Manager
 - Transferable across risk disciplines
- Cross-Over Credits
 - Exam I: CSI Financial Risk Management Graduates, CAIA Financial Risk Management Graduates
 - Exam II: Actuarial Associates
 - Exams I & II: CFA Charter Holders, CIIA, CEFA Charter Holders, CQF Holders, Actuarial Fellows



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How Much Work is Involved?

- Four parts to the qualification (taken in any order)

Finance 2 hr exam

Mathematics 2 hr exam

Risk Management 1 ½ hr exam

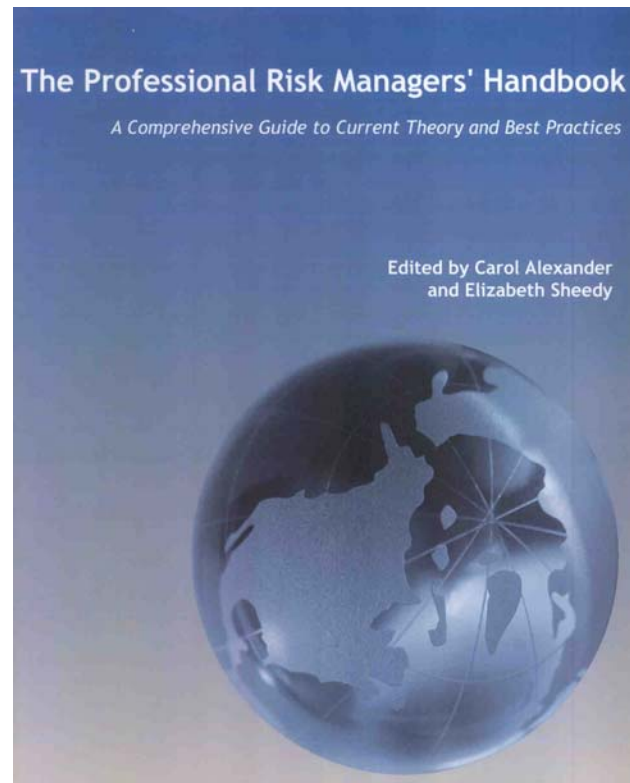
Case Studies 1 hr exam

- 120 total questions
- Handbook has 46 chapters
- 1 chapter per week
- Can be done in a year without excessive commitment
- Up to two years allowed to pass all four parts



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The Professional Risk Managers' Handbook



- Over 35 Leading Authors
- In Use in over 110 Countries
- In Use at 23 of 25 World's Largest Banks and all 10 of World's Largest Financial Service Companies
- The best reference source for financial risk managers
- Available online and in print



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How do I Take the Exams?

- Teaching methods
 - Classroom Training
 - Distance Learning
 - Online Courses and Diagnostic Exams
 - Self-Study Guide
 - Professional Risk Managers' Handbook
- All exams are sat via CBT (Computer-Based Testing)
- Nearly 4,000 Pearson test centres in over 140 countries – open every working day of the year
- Minimal delay
- User-friendly booking system – customer focused
- Total flexibility



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PRM Academic Partners

"A leading group of academics in renowned universities across the world have joined forces with PRMIA to organise and deliver essential training for those wishing to achieve professional qualifications. We have played an active role in the development of the PRM examination syllabus and we fully support this qualification."

Prof. Carol Alexander, Chair of the Risk Management Department and Head of Research, ICMA Centre, University of Reading



The University of Reading

THE BUSINESS SCHOOL
FOR FINANCIAL MARKETS

"When a professional industry organization gets the leading universities from 6 countries to join in an educational partnership, you are witnessing an event of galactic proportions. PRMIA has, in this fashion, defined the new paradigm for professional education and risk management practices for the 21st century."

Prof. Luis Seco, Director of the Risk Lab at the University of Toronto



"PRMIA sets the standard for education in professional risk management. All practitioners should be encouraged to advance their knowledge and enhance their credentials by gaining PRM certification."

Dr. Linda Kreitzmann, Director of the Masters in Financial Engineering Program, Haas School of Business, University of California at Berkeley



Also: Columbia University Business School, Hong Kong University of Science and Technology Masters of Science in Investment Management, Macquarie University Applied Finance Center, National University of Singapore Centre for Financial Engineering, Technical University of Munich – HVB Institute for Mathematical Finance, University of Michigan College of Engineering, and a consortium of faculty in Paris representing ESCP-EAP, HEC, Ecole Polytechnique, Sorbonne and Université Paris Dauphine



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PRM Professional Endorsements

“Professional development and certification within our industry is an imperative. Endorsing the PRMIA certification ensures we continue to set industry leading standards for our staff, which directly benefit our clients.”

Dr. Ron Dembo, Founder of Algorithmics

“The PRM qualification is one of the best things that PRMIA has done for the risk profession.”

David French, Bank of America, London

"PRMIA is the international leader in risk management certification and CSI wholeheartedly endorses its PRM designation."

Roberta Wilton, Ph.D, President & CEO, Canadian Securities Institute, Toronto, Canada

Ernst & Young
InteDelta
IRIS
Lombard Risk
MB Risk Management
Misys
Moody's KMV
SunGard Trading and Risk Systems
SYSTEMIC
Vivisimo



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10 Reasons to choose PRM

Global - Offered in over 140 countries

Flexible - exams can be taken any business day of the year and in any order

Predictive Power - Because the PRM is broken into four exams you cannot use strength in one area to cover weaknesses in other areas

Affordable - Not all economies are alike, so those who earn less than US\$25,000 per year are eligible for fee discounts

The PRM Handbook - The PRM Handbook is available anywhere in the world that has access to the Internet

Endorsements - Many companies have put their brand names on the line by publicly endorsing the PRM exam

Recognition of Other Achievements - partial credit to those that demonstrate skills through attaining designations such as the CFA, FSA, ASA, etc

No Maintenance Fees – PRMIA does not charge an annuity because you are successful. You won't need to pay to keep your designation active

Quality - Because the PRM is delivered via computer, in controlled testing facilities, we are able to monitor questions so that they truly reflect our syllabus and desired degree of difficulty

Respect - the most challenging certification program for risk managers



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- The Institute provides services and content in the following major areas:
 - Graduate Program Standards
 - Scholarships and Research Grants
 - Online Training Courses
 - Learning Shorts
 - Classroom Courses
 - PRMIA Publications
- Network of Top Universities and PRMIA
- Best Practice Standards for Curricula
- Classroom Training
- Books and Journals



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Some typical courses:

- A Complete Course in Professional Risk Management
- A Course in Financial Markets and Instruments for Risk Professionals: Wednesday Evenings for Four Weeks
- A Course in Market Risk Management Best Practices: Wednesday Evenings for Three Weeks
- Credit Risk Modeling Best Practices
- Operational Risk Management Best Practices
- Hedge Fund Risk Management: a Two-Day Training Course
- Hedge Fund Risk Management: a Two-Day Training Course
- Capital Allocation Best Practices
- Governance Best Practices and Case Studies
- Credit Derivatives - a Two-Day Intensive Training Course



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Some of our Current Partners

- University of Michigan College of Engineering
- University of Toronto Risk Labs
- University of Reading, ICMA Centre
- Groupe HEC – Paris
- Technical University of Munich, HVB Institute for Mathematical Finance
- Macquarie University Applied Finance Centre
- National University of Singapore, Centre for Financial Engineering
- Hong Kong University of Science and Technology, MSc in Investment Management Program
- Columbia University Business School
- Shanghai University of Finance and Economics
- Chinese Academy of Sciences



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To Join:

www.PRMIA.org

Member Support:

support@prmia.org

The PRM program:

certification@prmia.org

David Millar

david.millar@prmia.org





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Bio of Dr. Robert M. Mark

Dr. Robert M. Mark is the Chief Executive Officer of Black Diamond which provides corporate governance, risk management consulting, software tools, and transaction services. He serves on several Boards as well as on Checkpoint's Investment Committee. He was awarded the Financial Risk Manager of the Year by the Global Association of Risk Professionals (GARP). He is on the board and is the Vice Chairperson of The Professional Risk Managers' International Association (PRMIA)

Prior to his current position, he was the Senior Executive Vice-President and Chief Risk Officer (CRO) at the Canadian Imperial Bank of Commerce (CIBC). Dr. Mark was a member of the Management Committee. Dr. Mark's global responsibility covered all credit, market and operating risks for all of CIBC as well as for its subsidiaries.

Prior to his CRO position, he was the Corporate Treasurer at CIBC. Prior to CIBC, he was the partner in charge of the Financial Risk Management Consulting practice at Coopers & Lybrand (C&L). The Risk Management Practice and C&L advised clients on risk management issues and was directed toward financial institutions and multi-national corporations. This specialty area also coordinated the delivery of the firm's accounting, tax, control, and litigation services to provide clients with integrated and comprehensive risk management solutions and opportunities.

Prior to his position at C&L, he was a managing director in the Asia, Europe, and Capital Markets Group (AECM) at Chemical Bank. His responsibilities within AECM encompassed risk management, asset/liability management, research (quantitative analysis), strategic planning and analytical systems. He served on the Senior Credit Committee of the Bank. Before he joined Chemical Bank, he was a senior officer at Marine Midland Bank/Hong Kong Shanghai Bank (HKSB) where he headed the technical analysis trading group within the Capital Markets Sector.

He earned his Ph.D., with a dissertation in options pricing, from New York University's Graduate School of Engineering and Science, graduating first in his class. Subsequently, he received an Advanced Professional Certificate (APC) in accounting from NYU's Stern Graduate School of Business, and is a graduate of the Harvard Business School Advanced Management Program. He is an Adjunct Professor and co-author of "Risk Management" (McGraw-Hill), published in October 2000 and the "Essentials of Risk Management" in December 2005 (McGraw-Hill). He also served on the board of ISDA as well as the Chairperson of the National Asset/Liability Management Association (NALMA).

Risk Management Perspectives: Insurance and the Actuarial Profession

Doug Brooks
March 30, 2007

What has Risk Management Been?

1. Management of Risks as part of Business
 - ◆ Actuaries (and others) have been managing specific risks as part of business as long as there have been businesses
 - ◆ Risks have often been managed risk-by-risk, in silos
2. Approach Varies by Profession or Occupation
 - ◆ Professions tend to have their own terminology and measures for managing risks
 - ◆ Different businesses, or even departments within an organization may have their own terminology and measures
3. Focus of risk management:
 - ◆ Controlling or mitigating vs. managing risks
 - ◆ Focus on “best estimate” of risk vs. full distribution

How Does ERM Differ?

1. Comprehensive Management of Risks
 - ◆ Reflect all risks of an organization, whether financial or operational
 - ◆ Reflects organization-wide approach, rather than management by silos
2. Consistent Management of Risks
 - ◆ Manage risks in a common framework
 - ◆ Common language and classification for risk
 - ◆ Consistent measurement of risks
3. Optimize Returns on a Risk-adjusted Basis
 - ◆ Requires consistent measurement framework
 - ◆ Focus on adding value rather than simply mitigating

CAS Definition of ERM

*“ERM is the **discipline** by which an organization in any industry **assesses, controls, exploits, finances and monitors risks** **from all sources** for the purpose of increasing the organization’s short- and long-term **value** to its stakeholders”*

Key Elements of Risk Management

1. Cohesive and Integrated Framework
2. Common Language (terminology)
3. Common Currency/measurement framework
4. Target Risk Profile supported by Policies and Limits
5. Risk sharing and risk transfer mechanisms
6. Comprehensive Risk Reporting
7. Culture and Aligned Incentives

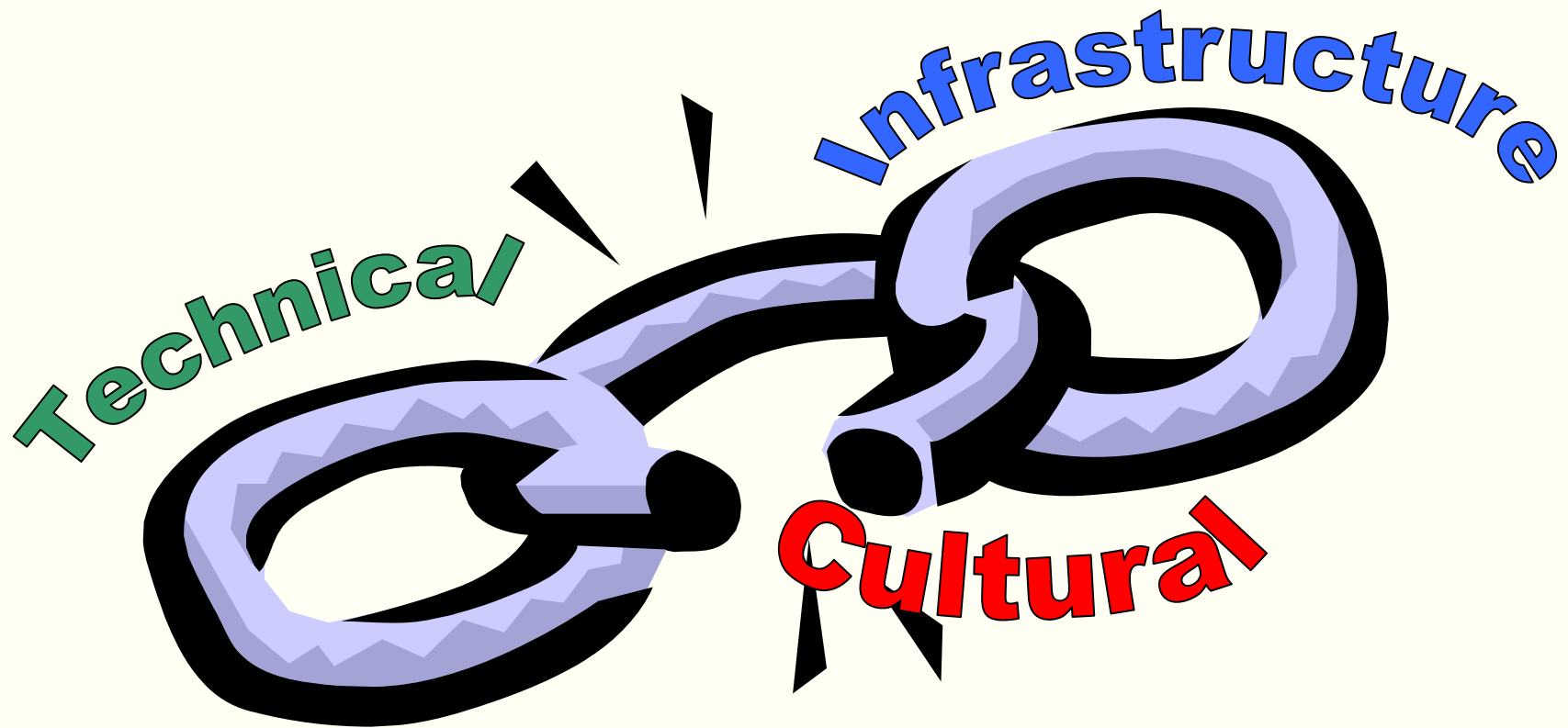
Risk Categorization and Expertise

1. Counterparty Risks (Credit Risk)
2. Market Risks
3. Insurance Risks
4. Operational Risks (broad definition)
5. Strategic Risks

No one group or profession has expertise in all of these areas. We must share insights, methods and techniques for identifying, evaluating, measuring, monitoring and dealing with different risks in order to have a comprehensive framework.

The Risk Management Chain

Only as Strong as its Weakest Link!



Operational Risk

Most failures have operational roots. No one group has a monopoly on understanding operational risk, and operational risk is not unique to any one industry. To understand operational risks we must look to other experiences and other areas of expertise for perspectives.

1. Failures of systems are not unique to any one industry – learn from other experiences
2. Important to learn from principles, not specifics of what went wrong
3. Avoid the “it can’t happen here” syndrome

Reputation

Reputation has always been viewed as an important asset of an organization, particularly where public trust is at stake. Today it is even more important – the bar has been raised, media attention and publicity is instantaneous and broad, and issues are often assessed with hindsight. A framework for managing reputation is essential:

1. Reputation is not a risk in and of itself
2. Reputation is analagous to capital – it is an asset that must be protected, and different risks may threaten it
3. Therefore, the potential reputational consequences of all risks, whether financial or operation, should be considered

Managing Risks to Reputation

Managing risks to reputations requires:

1. Strong risk culture
2. Appropriate governance
3. Risk management processes (identification, assessment)
4. Stakeholder relations

How to Avoid Problems:

1. Customer viewpoint and alignment of interests
2. Discipline:
 - Fully understand a risk before taking it - don't shortcut for market convenience
 - Understand the weaknesses of measures that are being relied on
 - Don't rely on "standard industry practice" – look at principles from different perspectives
3. Governance:
 - Encourage questions, deal with them and bring in variety of expertise/perspectives
 - Don't allow "black boxes"
 - Align incentives

Why is ERM Important to Actuaries

1. Rapidly evolving field of practice
 - ◆ Many groups are trying to take leadership in the areas of risk management
2. Actuaries are experts at risk management
 - ◆ Risk management is at the core of actuarial practice
3. Many of the new practitioners are overlapping with areas of traditional actuarial practice
 - ◆ Actuaries must be oriented toward risk and value
4. Risk management is a tremendous opportunity for the actuarial profession
 - ◆ Must be proactive

What do Actuaries Offer?

1. Actuarial training includes many elements of risk management
 - ◆ Mathematical and statistical models of risk
 - ◆ Probability and statistics
2. Actuaries are professionals
 - ◆ Education and qualification standards
 - ◆ Standards of practice
 - ◆ Continuing education requirements
 - ◆ Discipline processes
3. Need to enhance general business skills to gain credibility

Joint Section Purpose

The Society of Actuaries (SOA), Casualty Actuarial Society (CAS) and Canadian Institute of Actuaries (CIA) jointly sponsor the Risk Management Section. The purpose of the Risk Management Section is to further the education and research in the area of risk management and establish leading risk management techniques. These efforts should help to increase the profile of the actuarial profession as being leaders in this field and should be rigorous and based on sound principles such that the resulting techniques are broadly transportable across disciplines and industries.

Current Core Objectives

The section's core objectives are:

1. Integration and expansion of membership
2. Member services
3. Continuing education
4. Basic education
5. Research
6. Support of CAS, SOA and CIA initiatives

Priorities for 2006-7

Some key objectives for the Section for the current year are:

1. International cooperation and collaboration
2. Research
3. Continuing education
4. Communication

Other SOA objectives include:

1. Accreditation and Credentialing
2. Publicity

Importance of Internationalization

- ◆ Size of actuarial profession – must combine efforts
- ◆ More efficient approach
- ◆ Learn from different experiences
- ◆ Learn from different perspectives

Research Projects

- ◆ Linking Risk Management, Capital Management and Financial Management
- ◆ Risk Management Terminology and Models
- ◆ An Application of Structural Equation Modeling to Linking Risk, Capital and Financial Management
- ◆ ERM: Analysis and Tools to Quantify Financial and Operational Risks Including their Interaction – Call for Papers
- ◆ Risk Based Capital Covariance
- ◆ Use of Correlation Matrices in the Financial Industry
- ◆ Enterprise Risk Management for Property-Casualty Insurers

Continuing Education

- ◆ Sessions at Spring and Annual Meetings of SOA, CAS and CIA
- ◆ ERM Symposium
- ◆ GARP Convention
- ◆ Seminars and Webcasts (in conjunction with other sections)
- ◆ ERM Online Guide
- ◆ Local/Regional Meetings

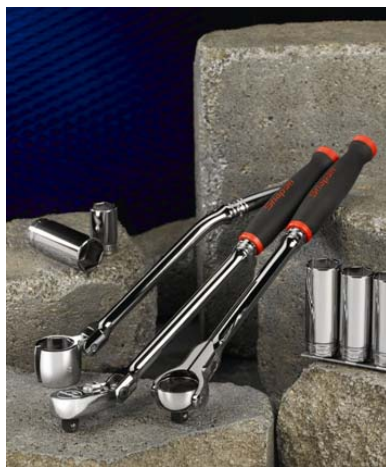
Snap-on ***Incorporated***

Dan Kugler

Snap-on Incorporated

Assistant Treasurer Risk Management

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Founded in 1950 as a not-for-profit organization dedicated to advancing the practice of risk management.

10,000 members and 4,000 organizations worldwide

www.rims.org



- **ERM Vision**
- The Risk and Insurance Management Society will become the premiere resource and support organization for ERM.
- The Society will be cognizant of other disciplines, standards and associations' approach and views towards Enterprise Risk Management.
- To become an organization, actually and virtually, that attracts other disciplines in search of information and resources. It will be considered the "Center of Excellence" for ERM resources, information and support.



- ERM Center of Excellence “COE”
- RIMS Maturity Model Released
- ERM Annual Summit
- Educational Courses in support of ERM
- Annual Conference Sessions on ERM
- ERM E-Group
- Coordination with ERM stakeholders

Getting the Job Done

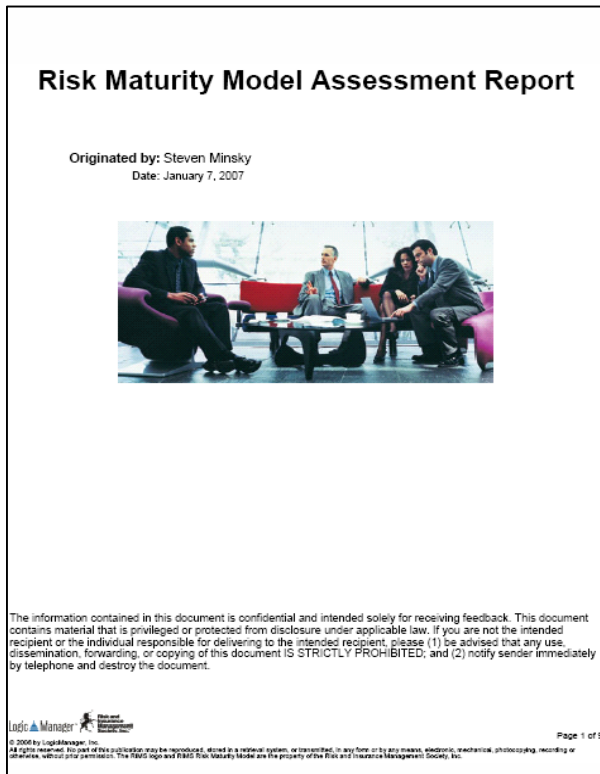
Use the RIMS Risk Maturity Model for Enterprise Risk Management ...

RIMS Benchmarking Exercise

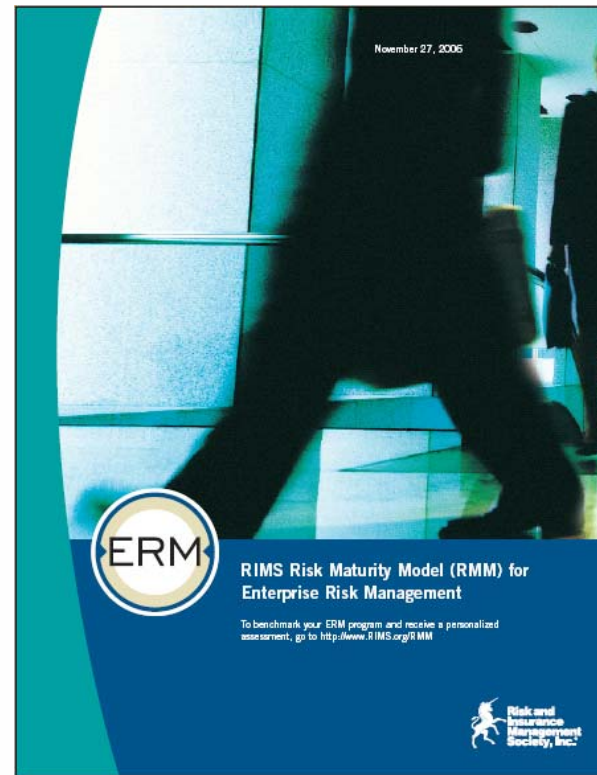
www.rims.org/ERM

RIMS Professional

Development Workshop



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1. Assess
2. ERM Charter
3. Action Plan



- **The RIMS ERM Center of Excellence is your source for news, tools and peer-to-peer networking on all topics connected to enterprise risk management.**
- Whether you are initiating an ERM program within your organization, in the implementation phase or streamlining processes, here, you will gain access to information and touch base with risk management colleagues that will help you gain perspective on your ERM program. Stay updated on ERM content at www.RIMS.org/ERM.

Snap-on Incorporated

- A leading global innovator, manufacturer and marketer of tool, diagnostics and equipment solutions
- Dedicated to providing the most valued productivity solutions in the world
- Quality, innovation, market knowledge and customer relationships are the competencies that support Snap-on's leading global position . . .



ERM the Snappy Way

- Team approach with an established ERM committee.
- Key block in the foundation of ERM is the “upside of risk”
- Built creditability with Entrepreneurial Risk Management
- Examples of an ERM approach through Snap-on’s process

Snap-on ERM Defined

- Risk begins with strategy
- Risk does not represent a single point estimate it represents a range of possible outcomes
- Risk encompasses both opportunities and threats “failure to exploit an opportunity or competitive advantage can be considered a significant risk”