



Enterprise Risk Management: Organization and Priorities

April 6, 2016

Alessandra Quane
Chief Risk Officer

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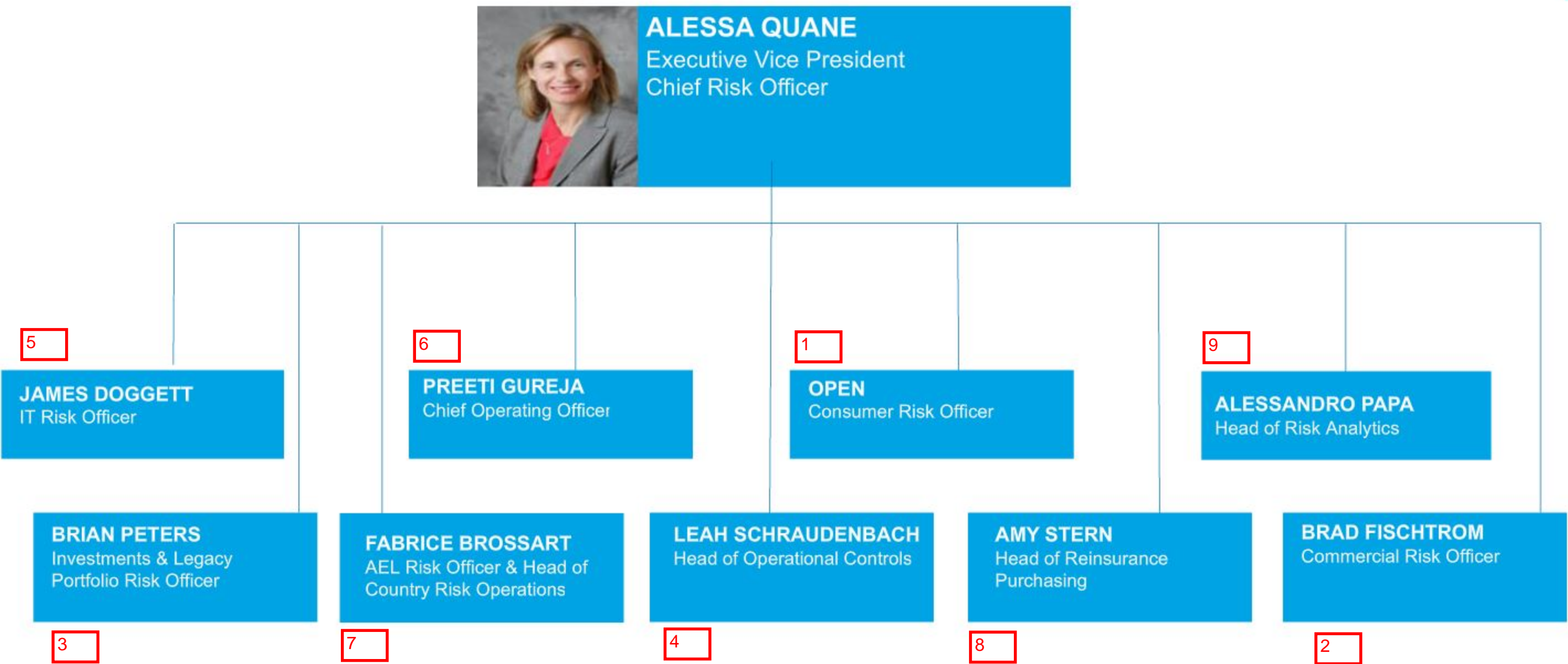
▶ Answered Questions

ERM priorities

Our Goal: Maintain core risk management processes to meet the on-going needs of our stakeholders, in a manner consistent with professional risk management standards and AIG corporate requirements

AIG Category	ERM Priorities
Strategic Actions	<ul style="list-style-type: none"> Support accountability for economic value creation <ul style="list-style-type: none"> Work with the business to ensure appropriate market-consistent embedded value, value of new business and internal capital metrics are incorporated into the business decision-making process for key products Partner with Investments and the business to develop and implement a robust framework to measure, monitor & mitigate ALM risk
Organizational Changes	<ul style="list-style-type: none"> Support Business Modularity <ul style="list-style-type: none"> Develop a robust method to allocate IC to the modules to support effective business decision making Maintain a strong internal control environment by ensuring ownership of key risks and controls resides with the module owners, is well understood, and risks and controls are appropriately managed Enhance the sharing of information throughout ERM by encouraging open and timely communication
Operating Improvements	<ul style="list-style-type: none"> Meet ERM's general operating expense (GOE) targets as defined in the 2016 budget, while ensuring appropriate coverage and not jeopardizing core risk management deliverables Internal Controls <ul style="list-style-type: none"> Develop a simplified process for the businesses and functions to identify key risks, controls and control-related issues, and remediate identified control issues in a timely and efficient manner Identify and prioritize key technology risk issues across the organization, and assist the businesses by driving remediation of identified issues

ERM Leadership Team



Consumer



Key priorities

- Facilitate AIG's Strategic Plan
 - Develop/implement a robust framework to measure, monitor & mitigate ALM risk
 - Japan capital structure
- Further embed risk-adjusted performance metrics: Incorporate MCEV and VoNB into decision-making
- Enhance internal controls and risk management culture
 - Risk mitigation around Department of Labor ruling
 - Manage risk around geographic rationalization
 - Manage and mitigate Saisentan risk
 - Operational risk (including technology risk) – quantification and mitigation
 - Model Risk – framework enhancement, further progress on model validations and remediations
 - Risk Management Culture – further work on performance incentives, ERM communication, roles and responsibilities

Commercial: Brad Fischtrom

Key priorities

- Facilitate AIG's Strategic Plan
 - Delivery of risk analytics – catastrophe modeling, risk aggregation
 - Actuarial challenge – reserving, pricing
 - Stress testing
- Further embed risk-adjusted performance metrics
 - Enhance usage in budgeting / planning
 - More granular propagation and education / training
- Enhance internal controls and risk management culture
 - Operational risk (including technology risk) – quantification and mitigation
 - Model Risk – framework enhancement, further progress on model validations and remediations
 - Risk Management Culture – further work on performance incentives, ERM communication, roles and responsibilities

Brad Fischtrom

David Chen: Property & Special Risks

Anthony Shapella: Liability & Financial Lines

Sid Medappa: Operational/ Model Risk & Governance

Spencer Gluck: Reserve & Stress Test Challenge

Investments & Legacy: Brian Peters



Key priorities

- Evaluate and maintain what is working; ensure the basics of risk management are executed robustly
- Support Legacy execution with focus on risk controls
- Support the strategy for the IPO of UGC
- Support other Investments key priorities
 - Create economies of scale – Hedge Funds
 - Improve Liability Management
 - Increase the Impact of Science
- Strengthen the control environment

Operational Controls: Leah Schraudenbach



Key priorities

- Maintain a strong internal control environment by driving ownership of key risks and controls to the module owners
- Improve partnership across control functions and with the module owners
- Develop a simplified process to identify key risks, controls and control-related issues, and remediate in a timely and efficient manner
- Enhance framework to support a strong risk culture by:
 - Risk acceptance
 - Demonstrable risk mitigation
 - Remediation commitments both internal / external

Technology Risk: Jim Doggett

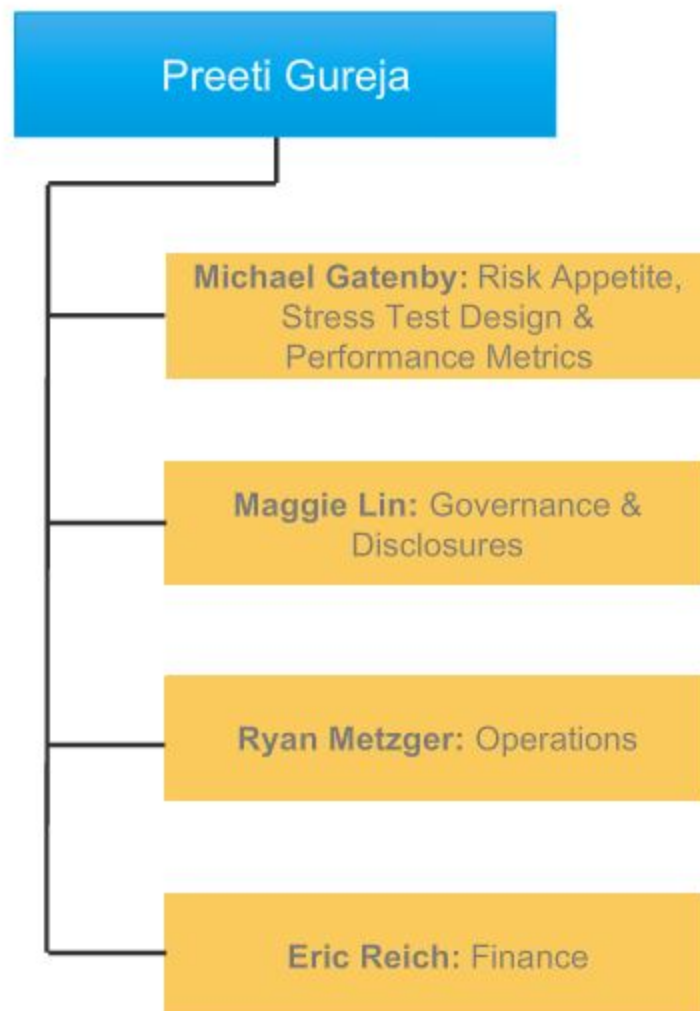


Key priorities

- Complete the agreed IT security risk plan for the five key 2016 focus areas on schedule and on budget, including:
 - Data repositories – enhanced security controls
 - Elevated access accounts – control improvements
 - Systems and applications – security fixes
 - Monitoring coverage and response capabilities
 - Active directory environment
- Improve technology risk management:
 - Build risk management processes in IT using automated tools/reporting to allow us to identify, prioritize, and manage key risks
 - Establish team to address risks that matter most to the company

Lee A. Hindley

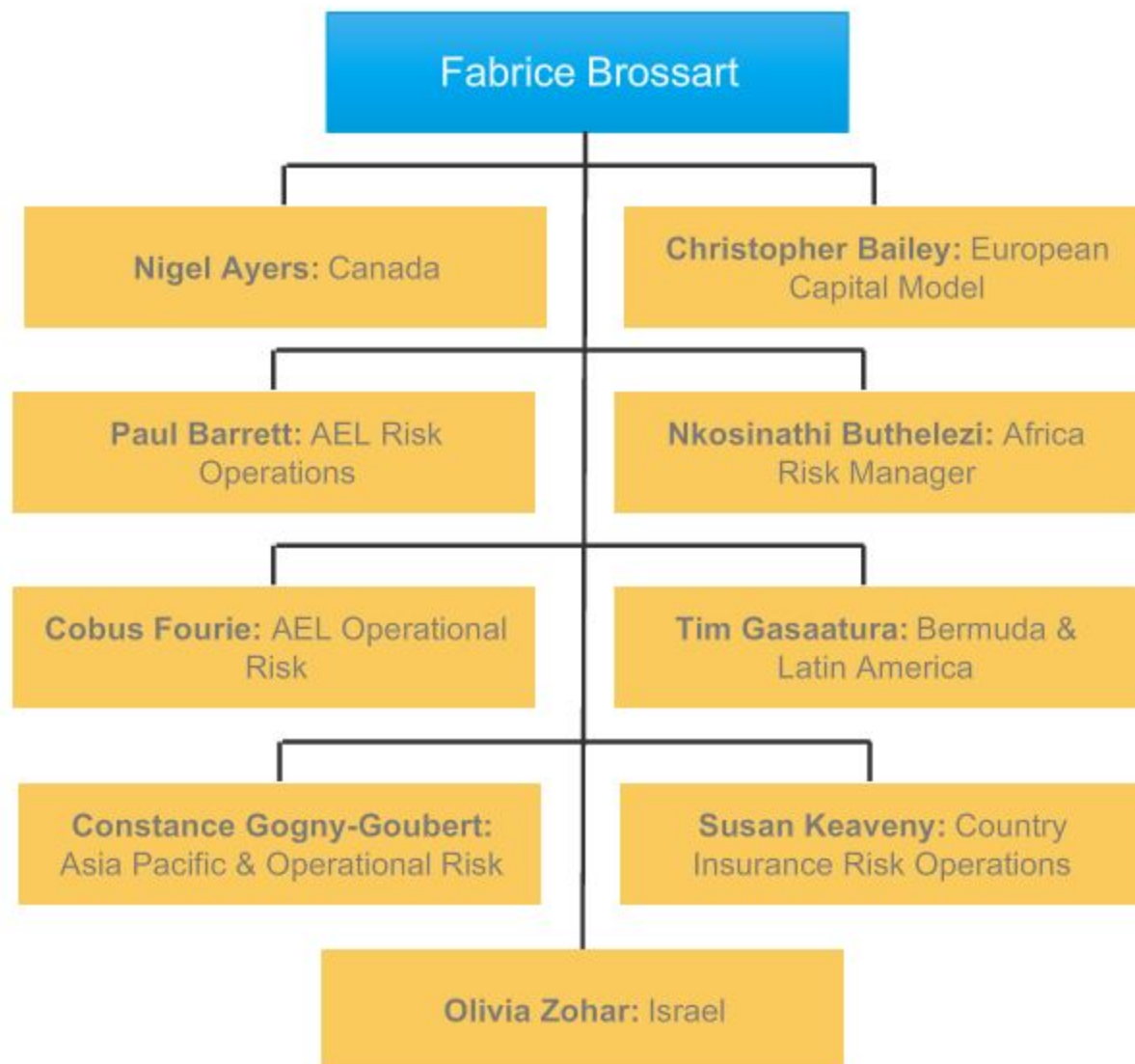
Chief Operating Officer: Preeti Gureja



Key priorities

- Improve ROE
 - Ensure incentives and performance metrics are aligned with goals of the firm
 - Support incorporation of appropriate metrics into business decision-making
 - Ensure Risk Appetite and Limit framework and align limits accordingly
- Capital Return
 - Design of CCAR scenarios and review and challenge of results
 - Strongly position ERM with ratings agencies to support rating improvement
- Strong internal control environment
 - Enable effective governance
 - Update the actuarial reserving playbook
- Reduce GOE
 - Management of budget and drive further savings as needed in support of overall AIG needs

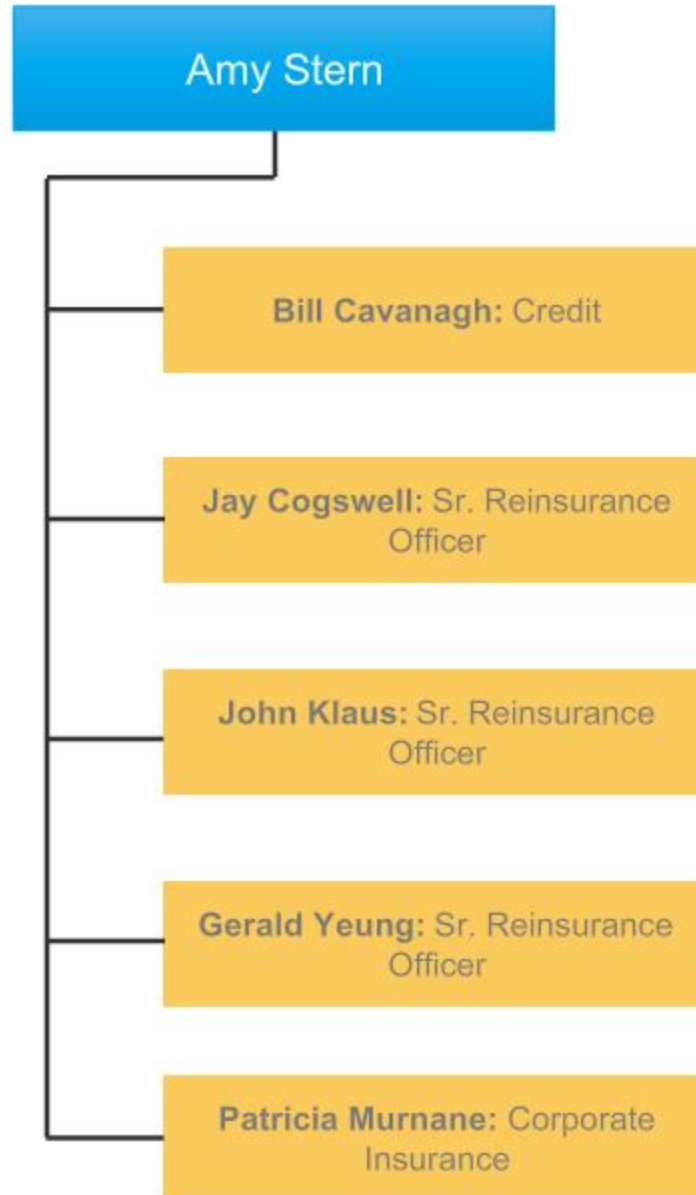
AEL CRO and Country Risk Operations: Fabrice Brossart



Key priorities

- Continue to improve our return on equity
 - Identify the largest risks to delivery of strategic plan in legal entity and partner with the business and other teams in ERM to manage these
 - Help improve understanding of RoE, and other economic metrics such as RAP and VONB across international operations.
- Reduce Gross Operating Expenses
 - Ensure country risk resources are deployed in an efficient manner and appropriately leverage central teams in NYC and London
 - Identify control weaknesses through the ORM program and prioritize remediation to avoid un-necessary expenses and regulatory fines
- Capital Return
 - Lead the IMAP for AEL to ensure Solvency II benefits are realized
 - Partner with local business and capital management team to ensure local entities are adequately capitalized and any surplus is returned to Group
- Enhance transparency and accountability for modular business units
 - Ensure the risk management framework and governance arrangements are appropriate
 - Execute the ORM and IT risk programs in country

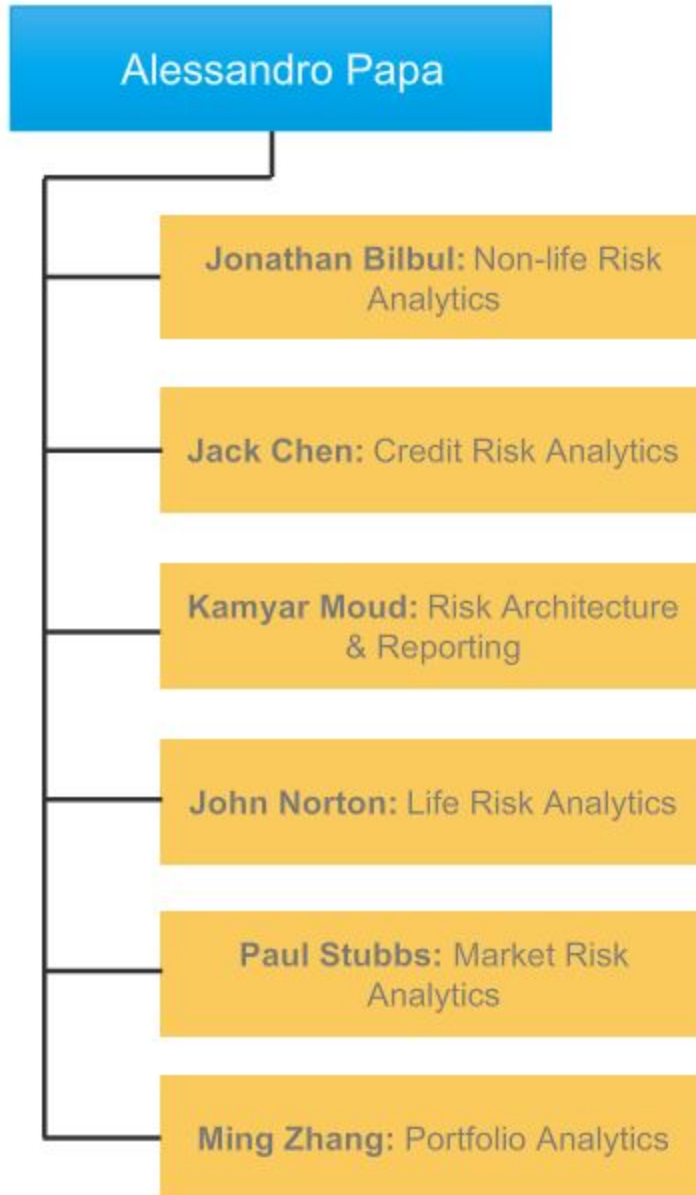
Reinsurance Purchasing: Amy Stern



Key priorities

- Support profitability targets through optimized reinsurance purchasing
 - Implement revised treaty reinsurance purchasing framework and associated analytical tools
 - Provide retroactive reinsurance expertise as part of legacy risk transfer
 - Revise standard contract terms
- Enhance external relationships in support of reinsurance
- Improvements in global stakeholder communication platform for external reinsurance
- Simplify current processes for reinsurance credit analytics and reinsurance-related reporting
- Enhance facultative reinsurance purchasing mechanics
- Identify and implement efficiencies in corporate insurance purchasing
- Organizational
 - Provide opportunities for broadened expertise through the combination of insurance and reinsurance purchasing teams
 - Expand existing educational training program to the broader ERM group and to BUs

Risk Analytics: Alessandro Papa



Key priorities

- Facilitate AIG's Strategic Plan
 - Implement Earnings at Risk metrics
 - Streamline and rationalize risk reporting
 - Assist in the potential transition of some asset models and CCAR processes to Blackrock
- Drive value creation
 - Enhance timeliness, granularity and quality of Internal Capital metrics
 - Support deployment of Internal Capital metrics in business applications
 - Enhance ALM analytics and ALM reporting
 - Support execution of reinsurance strategy and implementation of other transactions
- Maintain a strong control environment
 - Measure and report Level 1 risk limit exposures across financial and non-financial risk towers
 - Validate models per internal and FRBNY MRA-related commitments
 - Coordinate review and challenge for investments and support scenario calibration and generation for CCAR