

A strategic approach
to enterprise risk
management at
zurich insurance
group



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INTRODUCTION

Zurich Insurance Group, a large global insurance company, relies on their ERM program in order

to remain profitable. They have been in business since 1872 (Zurich Insurance website) utilizing the

services of an ERM plan for over 10 years and have remained quite profitable (Fraser, pg 253).

Zurich's risk exposure includes 60, 000 employees, numerous customers in over 170 countries around

the world, and its own operations (Fraser, pg 253). By using the ERM program that Zurich has adopted,

it has been able to find opportunities to broaden its financial worth (Fraser, pg 53).

How do Zurich ERM tools help them better understand their existing and emerging risks?

ERM tools have been put into place in order to assure Zurich that they could grow their business

even in the most difficult financial times. Zurich began using tools such as a risk-based approach when

quantifying operations risk and a Total Risk Profiling (Fraser, pg. 254).

Zurich made sure that they are

receiving risk information in a timely fashion so making important decisions is based on dependable

information. Zurich has developed a tolerance for their risks that would keep them from going below

their agreed upon established level of funding.

“ Zurich’s comprehensive ERM program and risk tolerance framework links risk taking, strategic

planning, and operational planning with a comprehensive risk limit system” (Fraser, p 254). Zurich looks

at risk taking on a “ case-by-case” basis and uses its review of their level of funding, their established risk

levels, the ability to protect their reputation “ by promoting a sound culture of risk awareness and

disciplined and informed risk taking” (Fraser, p. 254).

How are Zurich’s risk roles and responsibilities impacting their risk culture?

The roles and responsibilities within the Zurich Insurance Group affect not only the individuals

but the way the organization behaves. Those who are charged with making risk decisions know that the company is looking to have a risk culture that is positive and will show and “effective management of the business” (Fraser, p 255).

Zurich is looking for its leadership to be committed to making positive risk decisions and deal with the objectives that have been put in place by the ERM policy. In doing this, Zurich is always looking to improve on the ERM policies and procedures. “ Risk culture should not be seen as something separate from the overall culture of the organization” as it is only one piece of the overall part of the company’s culture which needs consistent and strategic evaluation (Fraser, p 255).

Why is it important to include Business Resilience program in your organization’s ERM Program?

A Business Resilience Program could be defined as “ the ability an organization has to quickly adapt to disruptions while maintaining continuous business operations and safeguarding people, assets

and overall brand equity” (Rouse, 2014). In the world of business, anything can go wrong when you

least expect it. An organization which invests in other companies cannot foresee all potential

unexpected occurrences. Having a plan in place for such events is a Business Resilience Program. Risk is

not always profitable, and businesses need to have a plan in place should a risk become negative or

even disastrous.

No business wants to have to face recovering from a risk that they over invested in and

something serious happened. But should an investment go bad, a company needs to have a plan in

place to be resilient and to be able to recover.

How is Zurich’s Capital Management program helping their ERM program?

Zurich’s Capital Management program is part of risk management. It is there to work toward

taking care of the shareholders while still being able to meet the organization’s needs. The Capital

Management Program has an executive group, the Group Balance Sheet Committee, whose job is to set

“ principles, standards, and policies for the execution of the strategy”

(Fraser, 269). This group would

work under the policies and strategies established by ERM and provide an extra layer of review,

information, and research for risk decision making. The Capital Management program seeks to enhance

shareholder’s returns and to make sure the financial needs of the business are being met and having the

ability for Zurich to enter investments or other growth opportunities when the opportunities

present themselves (Fraser, 270).

Conclusion

Zurich Insurance Group has been utilizing the ERM policies and strategies that have been

developed over the past ten years and they have been very successful in utilizing them. They

continuously review and update these policies as necessary, and the company is very diligent in its

research. Zurich has communication methods in place that are effective for all levels of the company.

Zurich takes their risk culture very seriously and keeps its risk management plan as the strategy for

continued success.

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