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WORK at LIGHTSPEED™

Integrated Risk and Control System

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Allianz Life Insurance Company of North America

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Agenda

- Introduction
- Project Overview
- ServiceNow GRC
- Key Takeaways
- Q&A

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Introduction

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Speaker Introduction



NAME: Marsha Hopwood, CPA, CIA, CRMA, FLMI

TITLE: Director of Operational Risk Management and Risk Governance

FUNCTION: Corporate Risk Management

COMPANY: Allianz Life

EXPERIENCE: 12 years in external/internal audit, over 5 years in risk, 3 years in finance

KEY RESPONSIBILITIES: Oversight and governance of all key operational risk activities, including risk assessments and operational control testing, as well as facilitate the top risk assessments with senior leaders for the company

CURRENT PROJECT: Automating the integrated risk and control system within the GRC Module.

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My Company



NAME: Allianz Life

INDUSTRY: Insurance, Financial Services

MARKET FOCUS: Retirement income and protection solutions through annuities and life insurance

COMPANY'S PRIMARY PRODUCTS/SOLUTIONS: Fixed / Variable Annuities, Life Insurance

COMPANY-WIDE INITIATIVES: Digitalization, Regulatory Compliance

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Session Overview



Objectives

- Review the integrated risk and control system project
- Discuss the GRC automation initiative at Allianz Life



What You Will Learn

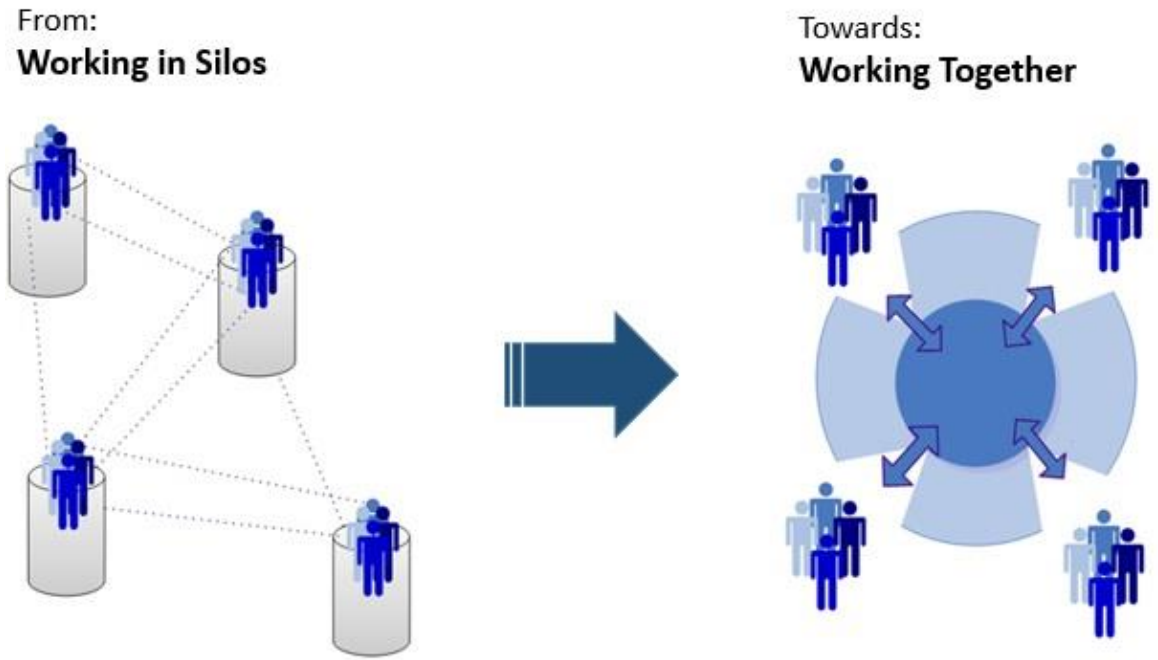
- Understand the challenges and potential solutions to address obstacles in a similar project at your company
- Learn about the key functionalities of the ServiceNow GRC Module
- Gather key lessons related to building an integrated risk and control system

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Project Overview

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Establishing a Common Vision and Purpose



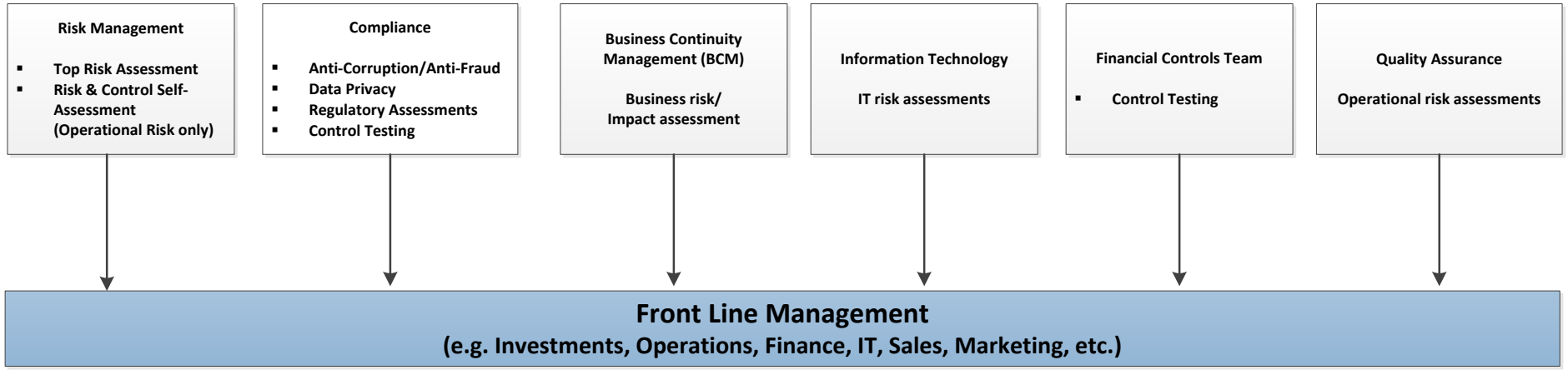
"Silo walls between business units that impede cooperation and communication need to come down."
- Howard Stringer, Sony exCEO

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Integrated Risk and Control System: Project Overview

BUSINESS PROBLEM:

- Several business areas perform various types of risk assessments and control testing activities periodically in silos



- Inconsistent guidance to management from the various risk oversight groups
- Duplication of efforts that led to inefficiencies

BUSINESS SOLUTION:

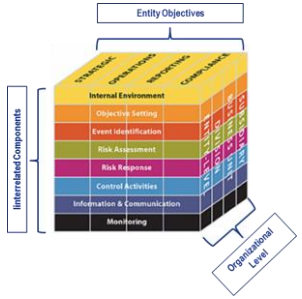
- Kicked off a cross-functional, multi-year ERM integration project in 2013
- Developed a conceptual framework to determine future state
- Established one primary operational risk assessment methodology/process

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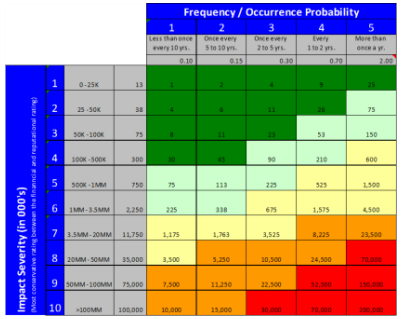
Integrated Risk and Control System: Key Accomplishments

2013 – Present

- Conceptual framework is aligned to an industry Enterprise Risk Management Framework, including:
  - Business objectives
  - Risk and control activities
  - Organizational view



- Established a new local operational risk assessment methodology that is similar to the parent company methodology; however, the financial impact is more granular to accommodate lower materiality programs (e.g. Anti-Fraud, Broker Dealer, etc.)



- Integrated and streamlined a majority of the operational risk assessment and control testing processes across the organization



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Integrated Risk and Control System: Key Accomplishments (cont'd)

2013 – Present
• Completed the proof of value and gathered business requirements for a GRC Tool 

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Integrated Risk and Control System: Challenges and Solutions

KEY CHALLENGES	SUGGESTED SOLUTIONS
• Gain buy-in for the integrated risk and control system from key stakeholders throughout the organization	• Identify key executive sponsors that will champion the project to other senior leaders • Present the business case to key stakeholders, including the benefits for the company and their particular area • Form a cross-functional team to brainstorm and develop proposed processes • Conduct 1:1 meetings with key stakeholders and ensure their concerns are appropriately addressed in the proposed solution
• Avoid scope creep	• Clearly define and communicate what the project will and will not address • Place important topics on a parking lot to be addressed at a later time
• Obtain financial support for a GRC tool	• Build out the manual process • Conduct a pilot to test the process • Partner with key executive sponsors to champion a GRC tool • Present the business case for the GRC tool

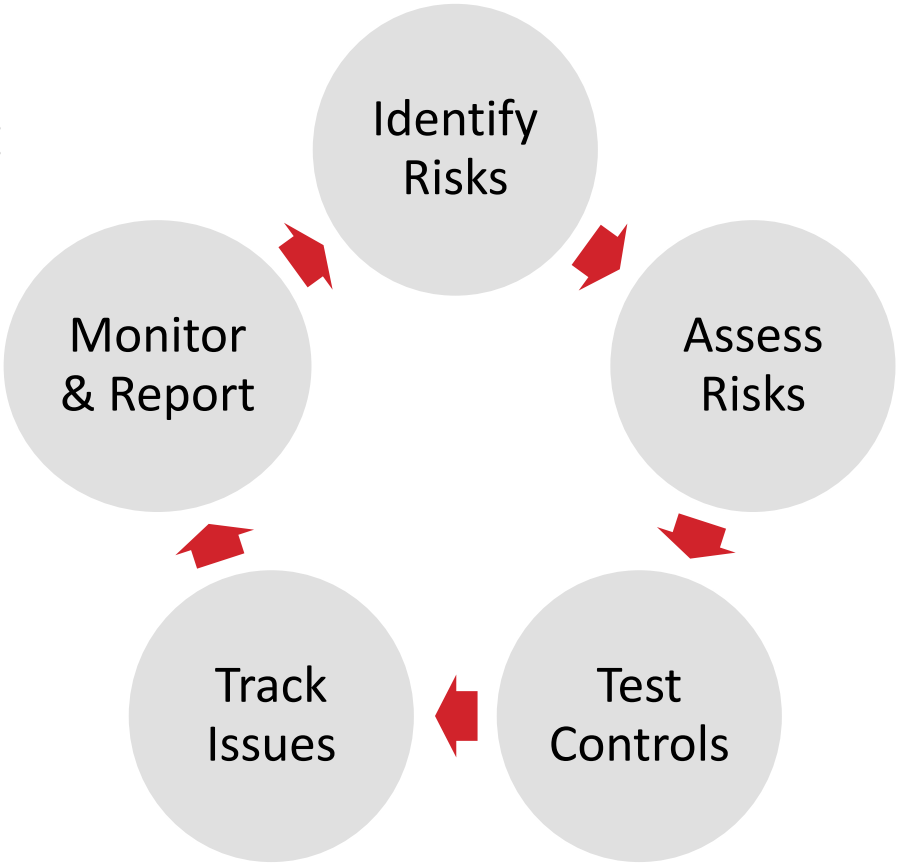
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ServiceNow GRC

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Integrated Risk and Control System

- **I**ntegrated – holistic / collaborative approach to operational risk assessments and control testing that brings together Risk, Compliance, BCM, etc.
- **R**isk-based – focused on the most significant and relevant risks to our organization
- **C**ontrol – ensures key controls are in place and effective in mitigating risk
- **S**ystem – a comprehensive approach to managing operational risk using a single risk assessment methodology



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ServiceNow GRC Module Overview

- Relational Database Management System (RDMS)
  - Key activities are connected, integrated, and automated
- Flexible and configurable (e.g. fields, dashboard views, risk assessment methodology, system access by user profiles, etc.)
- Adaptable Workflow Management System (e.g. company level, business unit level, division level, department level, etc.)
- Standard and agile reporting
- Scalable storage space
- Access to the Unified Compliance Framework (UCF) and uploading functionality for Allianz Life specific standards, policies/procedures, written supervisory procedures, etc.



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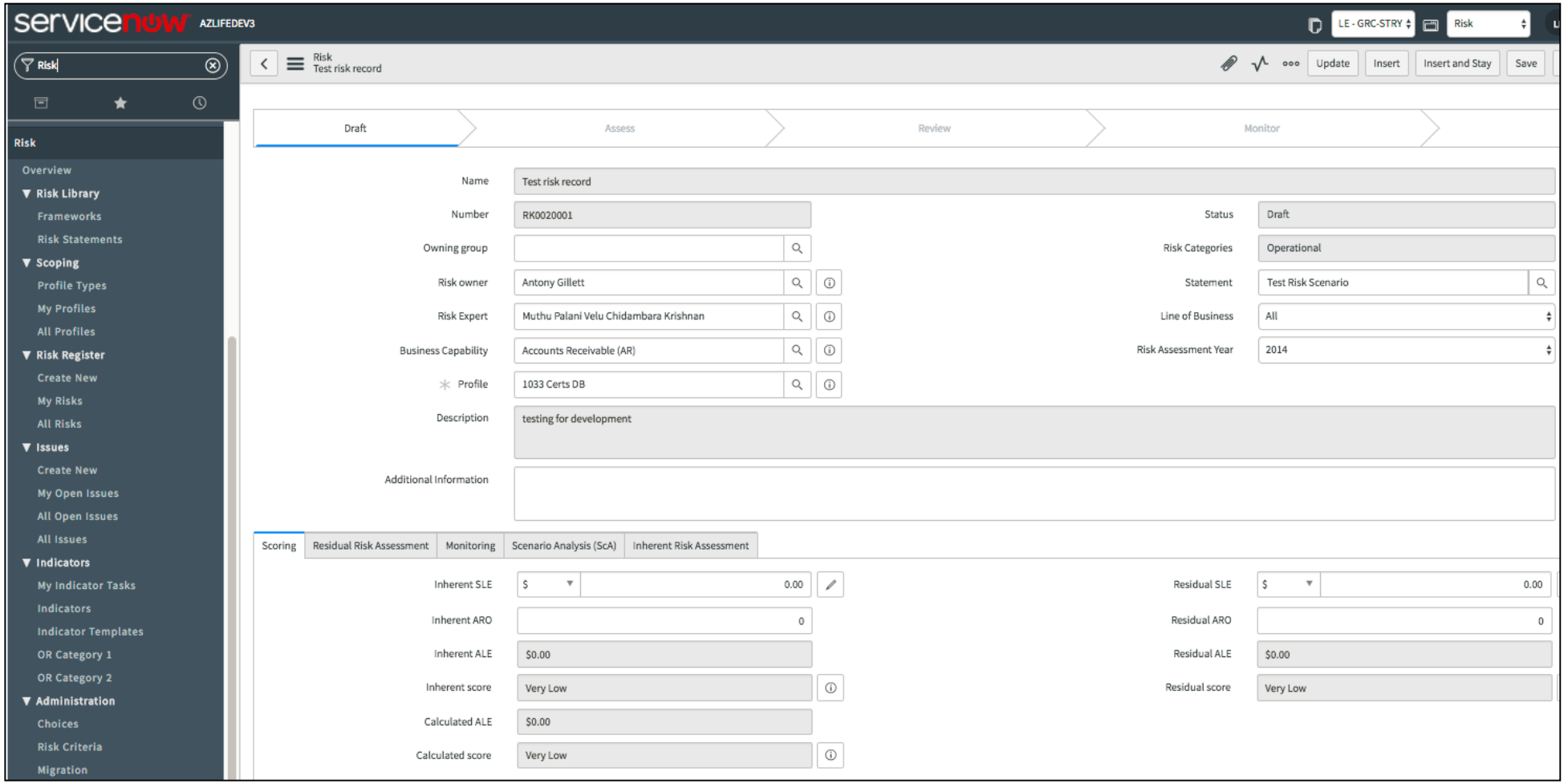
Allianz GRC High-Level Design



- Organizational view allows the business to understand the coverage of the various risk and control activities within certain areas of the company
- Governing standards tracks compliance to UCF, corporate policies, standards, and guidelines
- Risk activities include risk scenarios, risk assessments, and risk response (i.e., “accept” or “mitigate” the risk)
- Control activities include control attributes and testing
- Issue tracking enables the business to monitor action/remediation plans to completion
- Monitor and reporting shows the compliance status of the risk and control activities, as well as enables management to produce customizable reports to make more informed business decisions

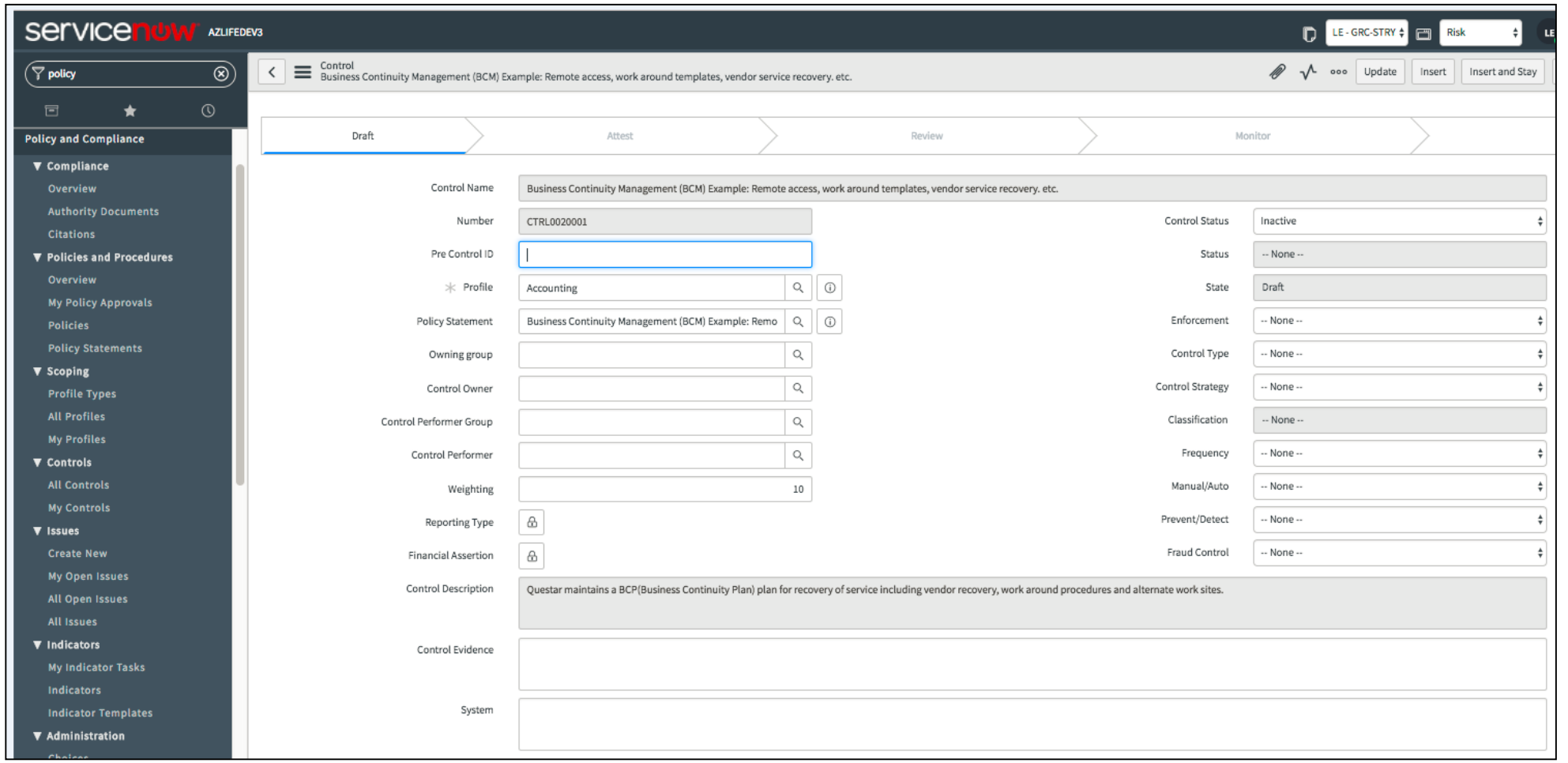
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Allianz GRC – Draft Risk Form



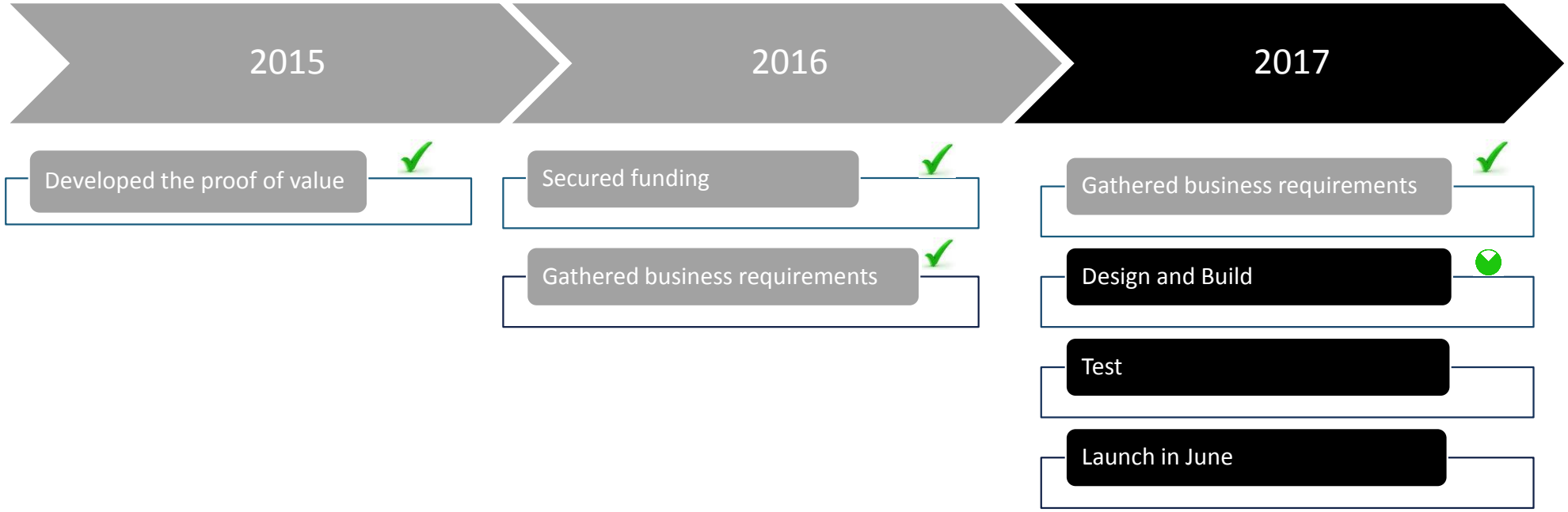
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Allianz GRC – Draft Control Form



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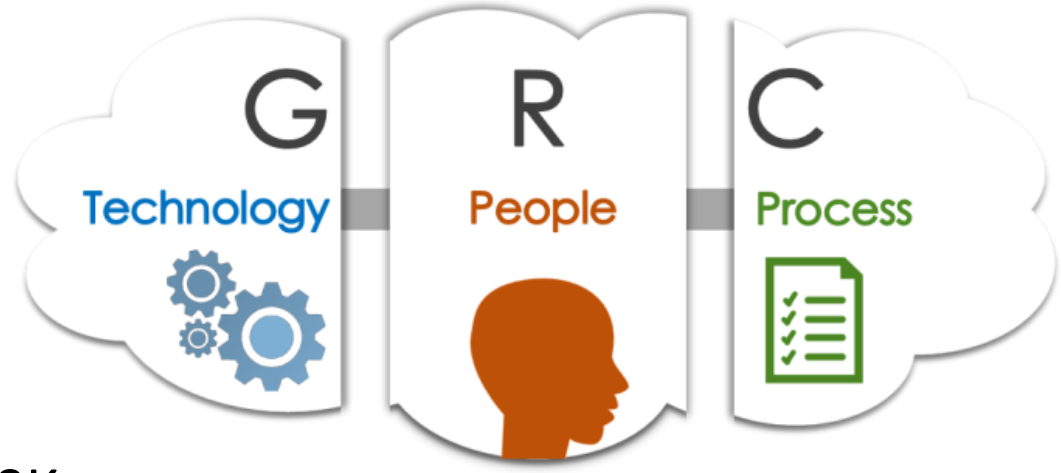
GRC Project Timeline



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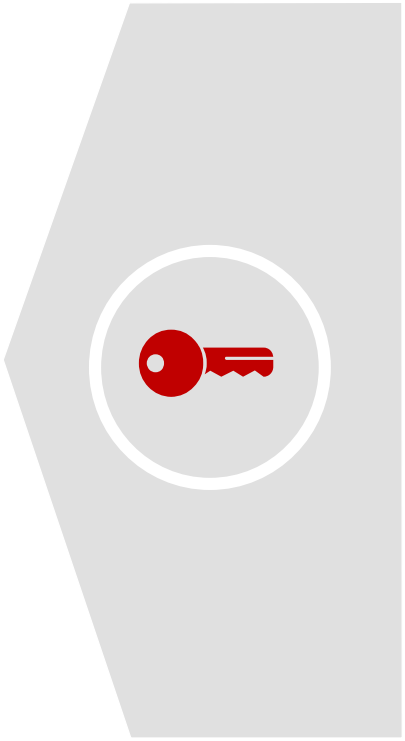
GRC Anticipated Value Outcomes…

- Automate and integrate the risk and control system
- Provide transparency across the organization
- Reallocate resources to conduct more value-added activities
- Increase productivity
- Annual cost avoidance is estimated at over $200K
- Standardize key processes, such as risk assessments and control testing
- Enhance monitoring and reporting



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Key Takeaways



1. Identify an executive sponsor(s) that will champion the project to key stakeholders
2. Expect that the project may take several years, including gaining buy-in from key stakeholders, brainstorming, training, identifying the current state, and creating the future state
3. Align future state to an industry best practice framework as well as establishing one common organizational view to determine annual coverage of risk universe
4. Identify and secure funding for an appropriate GRC tool to automate and integrate the process

In summary, GRC implementation is a significant organizational change initiative, so the “tone at the top”, governance, and an effective communication plan are imperative to the success of the overall project

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Q & A

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Thank You

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Take the Survey

Please take a moment to complete a session survey in the Knowledge17 app.

Thank You

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