



## *Nominee Showcase Presentation*

# ISE<sup>®</sup> Central Executive Forum

June 6, 2013

*Company Name:* CNA Insurance Company  
*Project Name:* Governance, Risk Management, Compliance  
*Presenter:* Larry Lidz  
*Presenter Title:* Director – Information Security, Risk Management and Compliance





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# Company Overview



CNA professionals are committed to developing long-term relationships with our customers and distributors.

We take our connections with local charities and organizations seriously, volunteering time and financial support to the communities where we live and work.

This dedication to our customers, business partners and local communities differentiates us from other carriers and enables us to attract and retain a team of outstanding insurance professionals who keep the customer at the heart of everything we do.

- Since 1897, CNA has been providing outstanding service and an ongoing commitment to building long-term relationships, earning us a reputation for being a carrier that inspires trust. At CNA, we take pride in our ability to offer innovative products and services that meet the evolving needs of our customers and business partners alike.
- As the 7th largest U.S. commercial insurer and the 13th largest U.S. property & casualty insurer, we provide insurance protection to more than one million businesses and professionals in the U.S. and internationally. We understand the importance of being where our customers are. Headquartered in Chicago, CNA has offices throughout the U.S., Canada and Europe. In these locations, we work with highly professional independent agents and brokers to ensure our customers receive the personal service and attention they look for in a carrier.





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# Company Overview



- CNA employees are trusted advisors who strive to create a superior customer experience. We offer unique expertise for the businesses and industries we serve, allowing us to anticipate customers' needs and provide quality products wrapped in dependable services that help prevent and minimize loss.
- Businesses can rely on CNA's financial strength and stability. CNA is highly rated for financial strength by all the major independent rating agencies. We maintain a strong balance sheet - the financial foundation of any insurance company - through a conservative investment philosophy and an ongoing, disciplined evaluation of assets and liabilities. CNA is well positioned to withstand the challenging conditions in the financial and insurance markets.

The purpose of this presentation is to provide general information about CNA and its current Information Technology strategies. Given the unique nature of CNA strategies, they may or may not be appropriate for use by other organizations and may be subject to change without notice. "CNA" is a service mark registered by CNA Financial Corporation with the United States Patent and Trademark Office. Certain CNA Financial Corporation subsidiaries use the "CNA" service mark in connection with insurance underwriting and claims activities. Copyright © 2013 CNA. All rights reserved.







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# Governance, Risk Management, Compliance

- Challenge: *Enterprise* Risk Management
- Solution: GRC Framework and Platform
  - Structured risk management
  - Common terminology
  - Meaningful representation of aggregated risks
  - Appropriate level of decision-making
  - Consistent disposition of risk
  - Real-time view of risk status





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# Enterprise Risk Management Challenge

- Disparate processes handle risks relative to each departments' needs, taking into account the overall corporate risk appetite, but they are not typically combined into a view that can be related to the corporate stance on risk
- Each business unit is responsible for its own risk administration and reporting, using terms relative to the business area





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# Enterprise Risk Management Solution

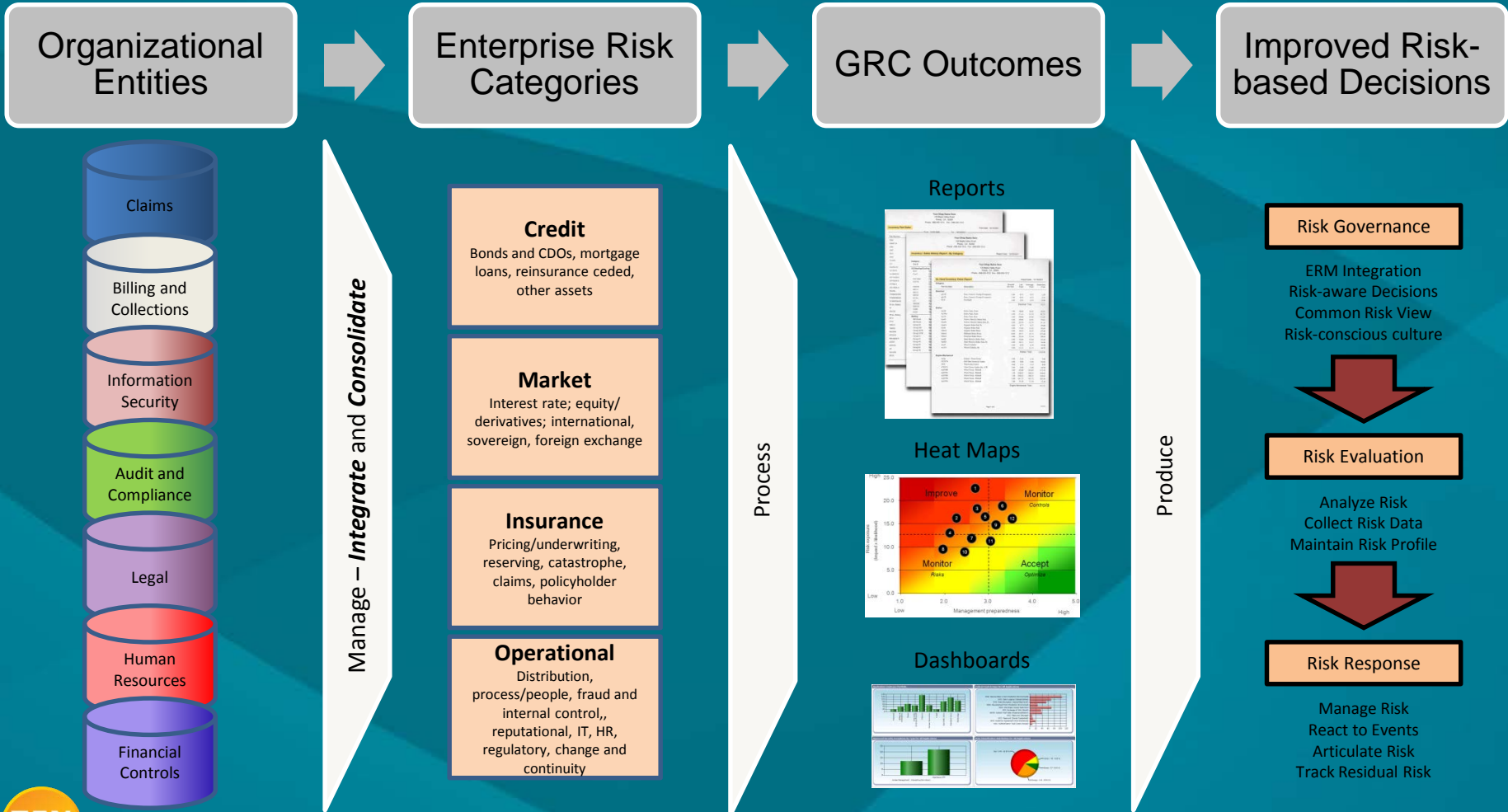
- Platform encompassing enterprise risks at the highest level, facilitating detailed Operational Risk management with flexibility to allow all risk types to be modeled in the platform
  - GRC Framework
  - Risk Taxonomy
  - Risk Escalation and Risk Governance
  - Dashboards, Reporting, Results







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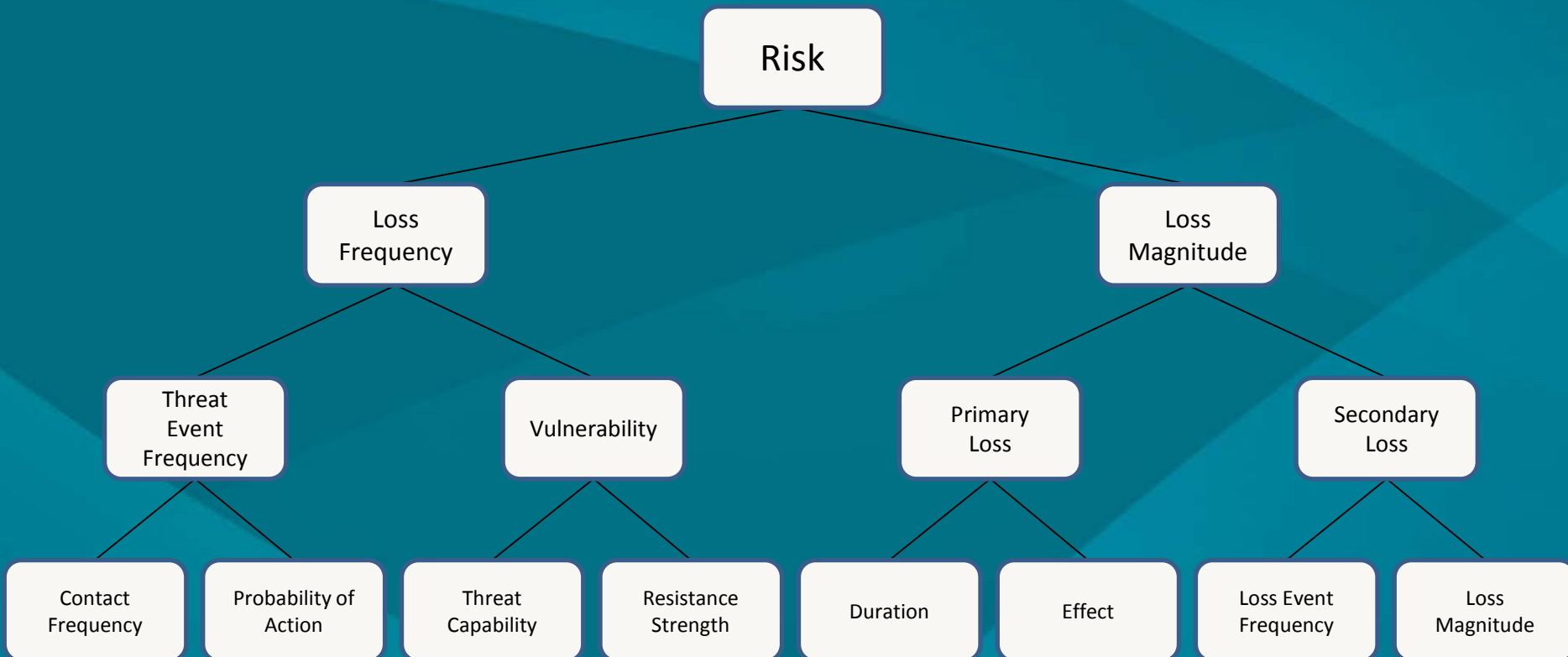




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# Taxonomy



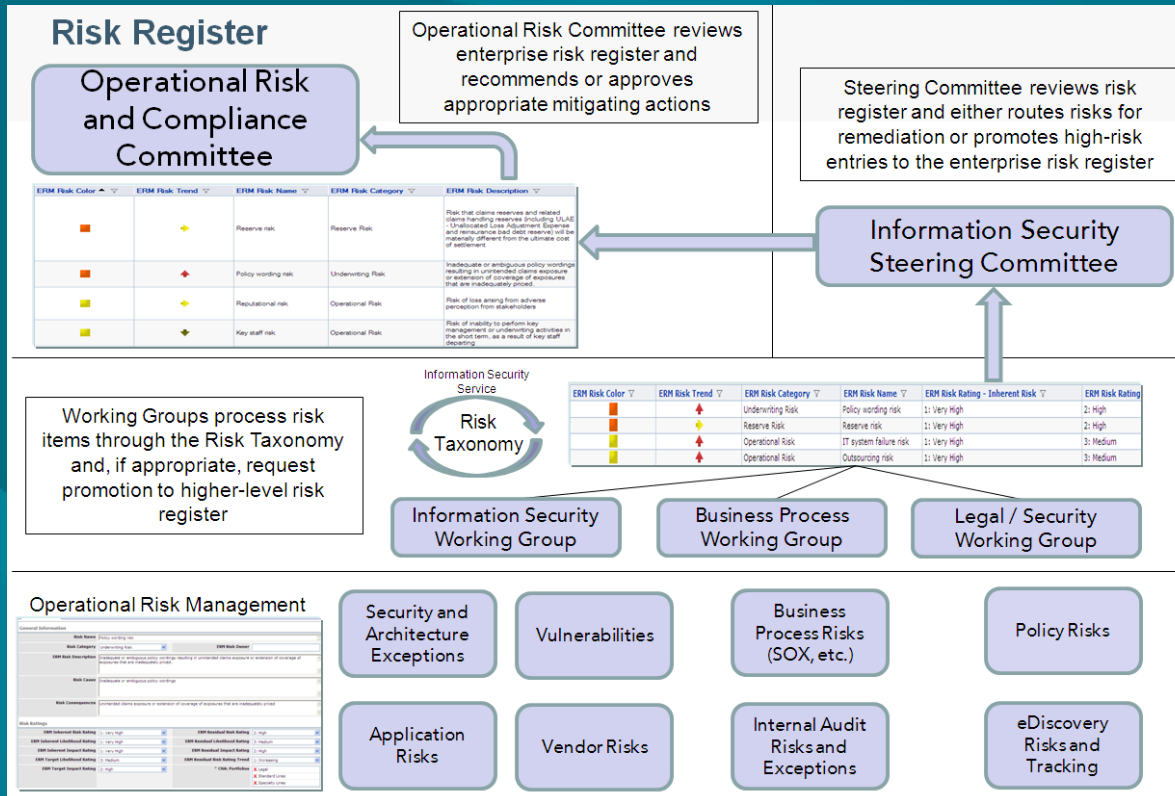




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# Information Security Risk Escalation



- Risk Committees utilize summarized risk information in pre-defined categories
- Mid-level risk-based issue management
- Taxonomy is used to balance risk ratings across the enterprise
- Operational Risk Management action plans dispose risk and aggregate residual risks
- Similar process followed in other business units





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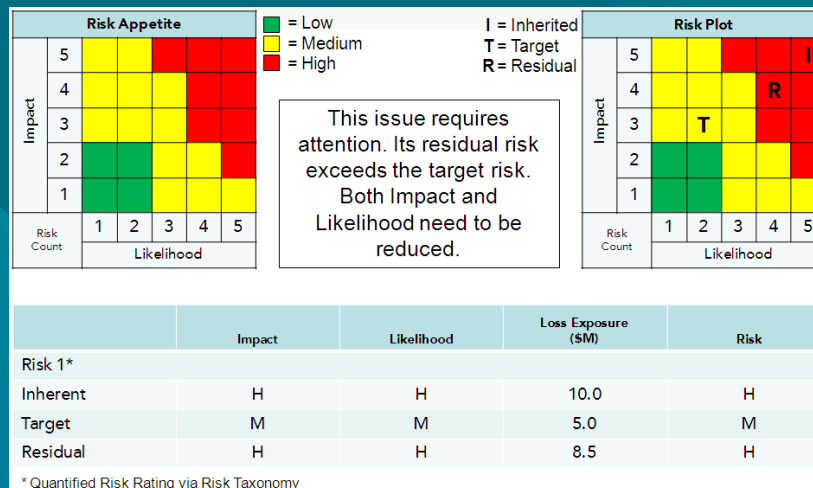


# Risk Register and Heat Maps

Issue	Inherent Risk	Target Risk	Mitigated Impact	Mitigated Likelihood	Loss Exposure (\$M)	Rating Confidence	Residual Risk
Risk 1*	H	M	H	H	8.5	H	H
Risk 2	H	M	H	M		L	H
Risk 3*	M	L	M	M	4.4	M	M
Risk 4	M	L	L	M		L	M
Risk 5	M	L	M	L		H	L

\* Quantified Risk Rating via Risk Taxonomy

- Risk register provides for qualitative and quantitative risk ratings
- Loss Exposure is compared to stated tolerance
- Confidence is related to the risk rating itself
- Heat map highlights the risk rating compared to the target





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# IT Risk Profile

- Assembled from the enterprise risk register from IT risks
- Top risks are presented for leadership awareness
- Impact factors can be addressed to reduce risk
- Trending allows for rolling risk management

IT Risk Profile					
<b>Top Risk – Number One</b> Risk of this event causing a significant impact to the company					
Risk Rating	Likelihood	Impact	Top Key Risk Indicators		Risk Trend
Moderate	Moderate	Moderate	<ul style="list-style-type: none"> <li>• Key Indicator A</li> <li>• Key Indicator B</li> <li>• Key Indicator C</li> </ul>		Moderate Decrease ↓
Impact Factor		Inherent Risk	Control Effectiveness	Residual Risk	Confidence
Impact Factor 1		High	Low	High	High
Impact Factor 2		High	Moderate	Moderate	Moderate
<b>Top Risk – Number Two</b> Risk of this event causing a significant impact to the company					
Risk Rating	Likelihood	Impact	Top Key Risk Indicators		Risk Trend
High	High	High	<ul style="list-style-type: none"> <li>• Key Indicator A</li> <li>• Key Indicator B</li> <li>• Key Indicator C</li> </ul>		Slight Decrease ↓
Impact Factor		Inherent Risk	Control Effectiveness	Residual Risk	Confidence
Impact Factor 1		High	Moderate	Moderate	Moderate
Impact Factor 2		High	Moderate	Moderate	High
Impact Factor 3		High	Moderate	High	High
<b>Top Risk – Number Three</b> Risk of this event causing a significant impact to the company					
Risk Rating	Likelihood	Impact	Top Key Risk Indicators		Risk Trend
Moderate	Low	Moderate	<ul style="list-style-type: none"> <li>• Key Indicator A</li> <li>• Key Indicator B</li> <li>• Key Indicator C</li> </ul>		Steady ○
Impact Factor		Inherent Risk	Control Effectiveness	Residual Risk	Confidence
Impact Factor 1		High	High	Low	High
Impact Factor 2		High	High	Moderate	High
Impact Factor 3		High	High	Moderate	High







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# Project Results

- Risk Awareness
- Stakeholder Involvement
- Risk Committee Support
- Regulatory Compliance
- Metrics, Measures, Indicators
- Qualitative and Quantitative
- Continuous Improvement





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# Lessons Learned

- Enterprise Risk sponsorship paramount to success
- Taxonomy to maintain consistency is important in risk discussions
- Engaging key risk owners can influence program from the top-down
- Implementing operational risk management processes can support program from the bottom-up





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# Thank you!

# Questions?

