

Made possible



RISK SOLUTIONS

SERVICE SUMMARY

RISK CULTURE REVIEW

For businesses with mature operational risk management controls in place, a run-of the mill risk management review may be of limited value and may only serve to validate what your risk and audit teams are telling you already. With that in mind, QBE has developed an innovative assessment to examine the core elements of risk culture, reaching into the greyer areas of risk management controls that are difficult to define and monitor. The return? A higher value input to your risk strategy development goals.

About Risk Culture

As a leading insurer, we see claims come in all shapes and sizes, despite organisations having extensive assurance systems in place, and layer upon layer of inspection, audit, and review. Looking at the underlying causes, often it is the choices made outside and between the gaps in the assurance system and influenced by individual and group attitudes towards risk, that lead to errors.

In 2015, QBE surveyed 377 risk decision-makers from small, medium sized and larger businesses to discover the extent to which they had a positive risk culture embedded. Whilst many had taken positive steps by getting buy-in from senior management, encouraging employees to speak out about risk related issues, and providing regular training on risk, only 3 in 10 felt that they had a positive risk culture embedded.

Our claims insights and research have led us to develop QBE's Risk Culture Profiling Tool which challenges businesses to look beyond the tangible building blocks of risk controls and delve into the areas that are harder to define and measure, and where risk management is left to the greyer areas of attitudes and behaviours. A strong risk culture can influence these, making it more likely that your people will make the right choices when faced with risk-related decisions.

Benefits

- Innovative approach looking at the greyer areas of risk management, where the gaps between defined risk controls can cause misunderstandings and inconsistencies, leading to errors and omissions
- Demonstrates to all stakeholders, both internal and external that you are not prepared to coast, but are striving to find new ways to improve
- Uses time efficiently and non-intrusively by assessing individually or in small groups
- Participants are often prepared to 'open-up' more knowing that findings are compiled as overall results and anonymised
- Reports provide qualitative, quantitative and benchmarking data and can be used as management tools for further development
- The process can be classed as a learning activity and used for professional development purposes.

Approach

The Risk Culture Profiling Tool can be used very flexibly with the ability to evaluate your risk culture in many ways, for instance:

- **Individually:** one person such as a Managing Partner, Risk Director, or Chief Risk Officer may wish to gauge where they think the business is as a starting point for discussion or individuals may be interviewed as part of a larger project
- **Jointly:** the profiling statements can be discussed as a group, whereby a Management Board, Risk or Audit Committee, or a special working group, might consider the risk culture statements together. We recommend this approach as it stimulates debate and so adds value
- **To compare locations:** to compare the findings within different locations
- **To compare perceptions:** for instance between senior management, middle management and/or staff; again small groups could be used to debate ideas for current state, ratings, and improvement actions.

Process

Stakeholders are asked to consider a series of statements which reflect some thirty aspects of risk culture within seven core areas: **Leadership, People, Reward & Recognition, Communications, Operations, Product & Service Evaluation and Continuous Improvement.** Each statement is supported with a range of indicators and behaviours which can be used to consider your organisation's current status.

Risk Solutions Resources

The QBE Risk Culture research paper can be downloaded from www.qbeurope.com/news-and-events/reports
News, insights and risk resources can be accessed via the QBE Blog: www.qbeurope.com/news/blog/
Or follow us on twitter: www.twitter.com/qbeeo

For further information contact our QBE Risk Solutions team at rs@uk.qbe.com

Return on investment

Structured process of discussion on risk culture to raise awareness and develop improvement plans.

Capture current status, improvement ideas and ratings for use as a management tool and future comparisons.

Benchmarking Report provided by QBE where ratings are applied and submitted.

Ultimately leading to reduced risk where improvement plans are actioned effectively.