

Copenhagen Compliance, August 28, 2018

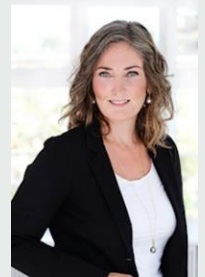
Integrated Assurance

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My background:

- **Current role:**
Head of Group Compliance Strategic Development, Assurance and Methodology
Zurich Insurance Group in Zurich
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- DFSA (Finanstilsynet) different departments
- Head of Group Legal, Sparinvest
- Head of Regulatory Risk & Compliance, Codan/Trygg-Hansa (RSA Nordic)
- Head of Group Audit Centre of Excellence, Assicurazioni Generali, Milan
- International experience from all positions
- Member of various Tradebody / DFSA workgroups
- 18 years in the Financial sector

Zurich Insurance Group at a glance



Serving customers for almost 150 years



Zurich was founded in Switzerland in 1872. Headquartered in Zurich, Switzerland, we are one of the world's most experienced insurers.

With about 53,000 employees, Zurich provides a wide range of property and casualty, and life insurance products and services in more than 210 countries and territories.

Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multi-national corporations.

We are proud of our heritage and long tradition. Our customers value our knowledge, expertise, stability, and our modern spirit.

**We are rated
AA-/stable**
by Standard & Poor's (S&P)

Our historic headquarters at Zurich Mythenquai are undergoing renovation. We plan to move back into our newly-refurbished building in 2020.

What is “assurance” ?

What are the key elements of providing integrated assurance?

What can the business/Board achieve from IA?

What are potential pitfalls?



What is “Assurance”

Dictionary:

“a positive **declaration** intended to give **confidence**”

Business Dictionary:

“Part of **corporate governance** in which a **management** provides **accurate** and **current information** to the stakeholders about the **efficiency** and **effectiveness** of its policies and **operations**, and the **status** of its **compliance** with the statutory obligations”

Ex. from the Financial sector:

“An **assessment** based on **sufficient evidence** which aims to provide management and Board with **confidence** about the effectiveness and adequacy of the control environment.

An assessment – or an activity ? By whom?

Is assurance always evidence based?



Key elements of providing *integrated* assurance

3 LoD model



We *usually* refer to the control environment, especially 2nd, 3rd line, integrating their activities

Finanstilsynet, Ledelsesbekg forsikring: Direktionen skal udarbejde funktionsbeskrivelser af nøgelfunktionerne, der fordeler, adskiller og **koordinerer** nøgelfunktionernes arbejdsopgaver og ansvar i overensstemmelse med bestyrelsens politikker med henblik på at **forhindre unødigt sammenfald** imellem funktionerne og sikre **effektivt samarbejde** i virksomheden

Risk Management Cycle

Identify touch points between the relevant key functions



Identify risks

Assess risks

Reaction to risks

Monitoring

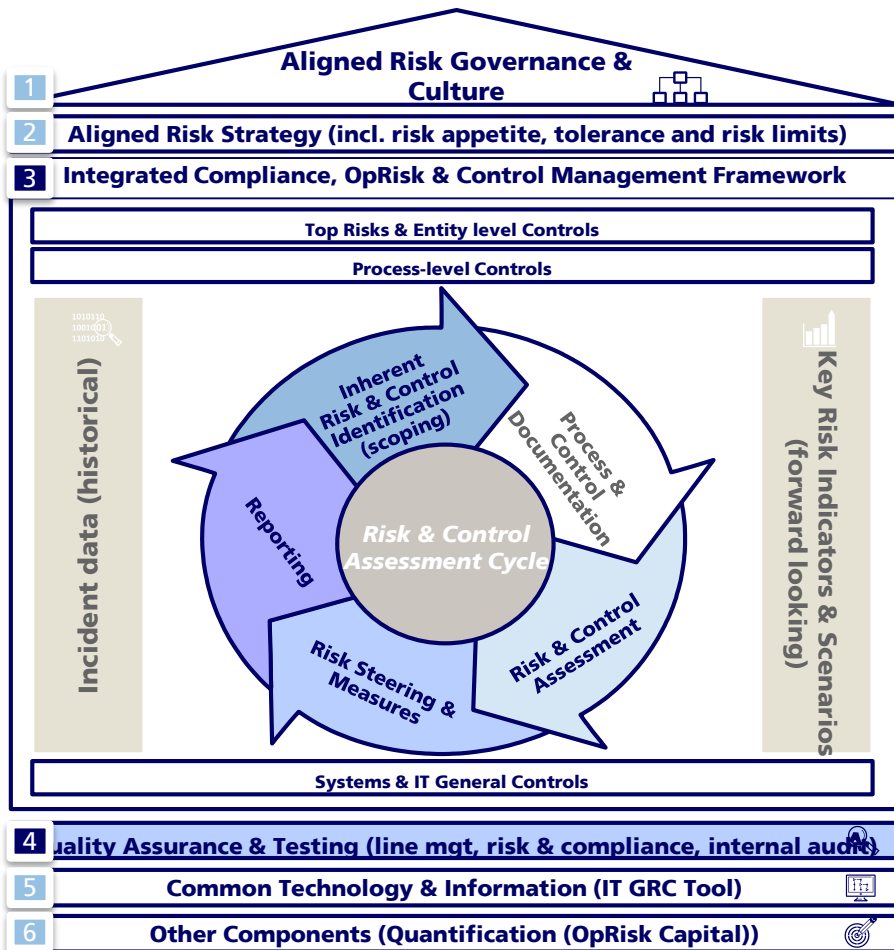
Reporting

**Key:
Planning activities**

How can "integrated" look like

Various forms dependent on complexity of a company/group

Complex and full integration on all levels



Meet, speak, share, plan



What can the business/Board achieve from IA?

- Combined and more insights full reporting
- Full overview of all key risks
- Helps control environment to focus its efforts on high risks
- Cost synergies (awareness prevents us from duplicating – and leave key risks unmanaged)
- Reduced efforts at decision level when stronger alignment between key functions
- “Connect the dots” for the Management and Board



Overall purpose and key achievement

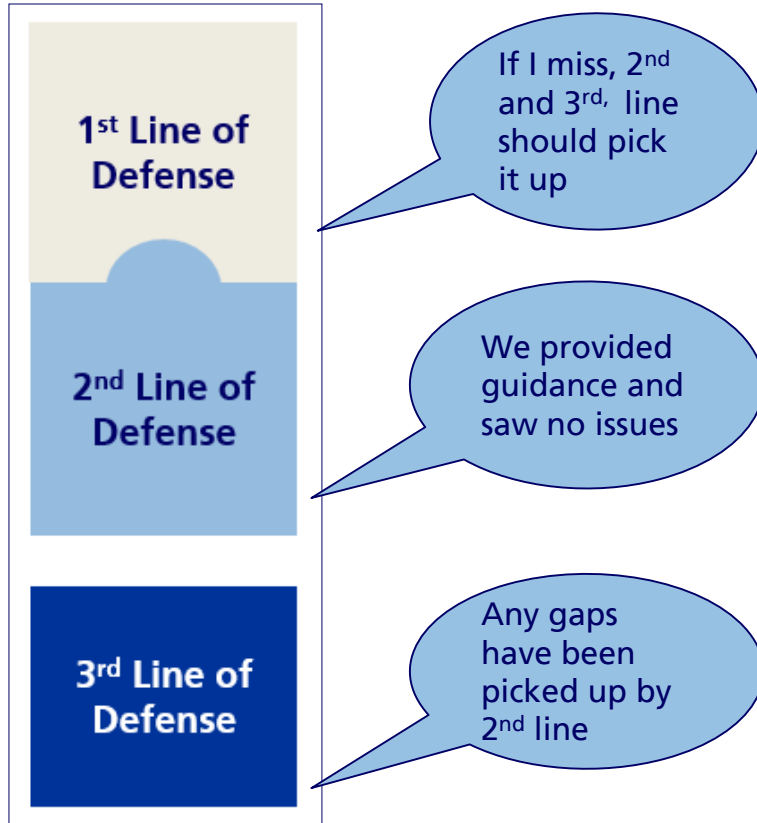
Output from Control Functions must reflect the full picture



Not leave Board to connect the dots

Pitfalls from achieving success

- **Relying blind folded on each other**



- **How it looks versus how it works**

Easy to jump into:

Same language

Same tool

Same color

Same gradings

Key to:

Appreciate differences, different approach and *purpose* of the control functions

- **Negotiate professional judgement**

Being “aligned control functions” potential risk of too much colour of amber, rather than “lay down the full puzzle”

The classic challenge

.....applies for controls functions as well...



Ask yourself:

- Do you coordinate annual plans
- Do you continuously take other control functions views into consideration
- Does your organisation and tools help you in delivering IA
- Are you good at amending and changing the way you work to fit with others
- What does your kind of company actually need



Thank you