

Communicating the Value of Enterprise Risk Management

The Benefits of Developing an Own Risk and Solvency Assessment Report

A Joint Project of the PCI ERM & Emerging Risks Committee and the RIMS ERM Committee



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About The Contributing Organizations

The **Property Casualty Insurers Association of America** (PCI) is composed of nearly 1,000 member companies, representing the broadest cross section of insurers of any national trade association. PCI members write \$202 billion in annual premium, 35 percent of the nation's property casualty insurance. Member companies write 42 percent of the U.S. automobile insurance market, 27 percent of the homeowners market, 33 percent of the commercial property and liability market and 34 percent of the private workers compensation market.

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Stemming from a new regulatory reporting requirement in the insurance space, risk management practitioners are experiencing a boost in the interest and value of their enterprise risk management (ERM) programs. However, many ERM programs rely on periodic dashboards and heat maps to communicate the company's most significant risks. Typically these risks do not change materially from period to period. As a result, management and the board may begin to view ERM reporting over time as routine, causing the ERM program to reach a plateau in the value assigned to information reported. For the insurance sector, a new regulatory requirement includes a different reporting format that builds upon foundational ERM program elements to elevate the discussion of enterprise risks. This white paper provides the views of risk practitioners working within this sector on how companies have benefitted from completing this Own Risk and Solvency Assessment (ORSA) and how the corresponding ORSA Summary Report can be used by companies in any industry as an effective method for communicating the value of ERM.

While the definitions of ERM may differ, the essence of the term is the concept of holistically addressing risks across a business entity. The widespread adoption of ERM has been embraced by both companies and external stakeholders as a means of averting business missteps and increasing confidence in attaining desired business outcomes. Standard-setting bodies, such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the International Organization for Standardization (ISO), and industry regulators have incorporated ERM in establishing precedents and setting expectations for effective risk management. In 2009, the U.S. Securities and Exchange Commission began requiring public companies to disclose their boards' role in enterprise risk oversight¹. Regulation encapsulating risk management practices and demonstration of sufficient capital and liquidity is prevalent in the banking sector as a result of the Basel Committee on Banking Supervision's set of measures known as the Basel Accord. Evolving since their inception in 1988 to what is today known as Basel III², these measures aim to:

¹ Excerpt from "The Important Work of Boards of Directors," a speech given by Commissioner Luis A. Aguilar at the U.S. Securities and Exchange Commission's 12th Annual Boardroom Summit and Peer Exchange, New York, New York, October 14, 2015. Further referenced by the *Proxy Disclosure Enhancements*, SEC Release No. 33-9089 (Dec. 16, 2009), available at <http://www.sec.gov/rules/final/2009/33-9089.pdf>. Moreover, the Commission suggested that companies describe "how the board administers its risk oversight function, such as through the whole board, or through a separate risk committee or the audit committee."

² Basel III: international regulatory framework for banks,
<http://www.bis.org/bcbs/basel3.htm?m=3%7C14%7C572>



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- Improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source;
- Improve risk management and governance; and,
- Strengthen banks' transparency and disclosures.

Now spilling over into the insurance sector, similar measures have been set forth by the National Association of Insurance Commissioners (NAIC) through their adoption of the NAIC Risk Management and Own Risk and Solvency Assessment Model Act. Under the model act, referred to as "ORSA," U.S. insurers required to perform an ORSA must file a confidential ORSA Summary Report with their lead state's department of insurance.^{3,4} Similar to Basel III, the ORSA aims for the insurer to demonstrate and document its ability to:

- Withstand financial and economic stress by performing quantitative and qualitative assessments of exposure from material risks in both normal and stressed environments;
- Effectively apply enterprise risk management to support risk and capital decisions; and,
- Provide insights and assurance to external stakeholders regarding financial condition.

Companies typically view new regulatory reporting requirements as burdensome and of limited use. Despite its origin in regulation, the ORSA is not a compliance exercise of limited utility. Since insurers first began preparing their ORSA in 2012, many have found the activities leading up to the preparation and the actual writing of the ORSA Summary Report to be worthwhile. The following are 10 ways organizations can benefit from going through the ORSA process.

The process behind creating an ORSA is the heart of an effective enterprise risk management program.

The ORSA report is a forward-looking, ongoing summary document describing the ERM process and results. The format is extremely flexible and far from a one-size-fits-all approach, with only three topics required to be discussed:

- ❶ Description of the company's ERM Framework;
- ❷ Evaluation of the risks faced by the company; and,
- ❸ The company's own assessment of the adequacy of its capitalization.

³ NAIC Own Risk and Solvency Assessment, last updated 7/05/16;
http://www.naic.org/cipr_topics/topic_own_risk_solvency_assessment.htm

⁴ The ORSA concept itself evolved from the Individual Capital Adequacy Standard (ICAS) in the U.K., as part of the development of the Solvency II insurance regulatory framework in Europe. Its subsequent adoption by the International Association of Insurance Supervisors' (IAIS) list of Insurance Core Principles, or ICPs, has led to worldwide implementation as ERM best practice.



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The guidance provided by the NAIC regarding the content of each of these topics allow each company to tailor the content to the nature and complexity of the organization. This flexibility further permits each company to adapt the ORSA to its own unique ERM process and to serve a variety of purposes beyond the regulatory requirement.

Whether or not required by regulation or standard-setting bodies, documenting the following internal practices is a worthwhile endeavor for any company in any sector to utilize in their goal to preserve and create value:

- Enterprise risk management capabilities;
- A solid understanding of the risks that can occur at catastrophic levels related to the chosen strategy; and,
- Validation that the entity has adequately considered such risks and has plans in place to address those risks and remain viable.

The preparation of a written report describing the preceding aspects of ERM serves as an insightful means for communicating the company's risk profile. Gaining deeper insights about the company's risk profile and the potential effects of risk on financial performance and strategy leverages the value of ERM.

An ORSA provides an opportunity to further mature a company's ERM efforts.

The company's senior management team and the board of directors should "own" the report's contents. The method of creating that awareness varies with the company's ERM process and corporate structure. However, in most cases, the company's chief risk officer (CRO) or functional equivalent will be the author of record for the ORSA Summary Report and attest to the accuracy of the ORSA document on behalf of the management team. The CRO will work with staff, appropriate risk committees or other risk-focused teams in the organization to build out the content of the ORSA.

In this way, the compilation of an ORSA Summary Report can be a vehicle to assist in initiating or refining the company's risk governance structure by clarifying and solidifying the ERM-related roles, responsibilities and expectations of the board, risk committees and the senior leadership. It can also serve to strengthen the interface between ERM and corporate strategy. In addition, the ORSA process can provide insights about how organizational risk information can be shared to raise general employee awareness of risk and their role in managing it.



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Section 1 of the ORSA Summary Report, “Description of the Insurer’s Enterprise Risk Management Framework,” focuses on the description of the company’s ERM framework, and covers topics such as:

- Risk Culture and Governance
- Risk Identification and Prioritization
- Risk Appetite, Tolerances and Limits
- Risk Management and Controls
- Risk Reporting and Communication

Describing the ERM framework gives both internal and external stakeholders an overview of the organization’s ERM process. It provides the risk management practitioner an opportunity to explain the nature, size and scale of the ERM program relative to the company’s business operations. As the ERM framework’s description evolves, it may become evident that there is a natural linkage between an objective-based ERM process and strategic planning or other areas of a business with risk management responsibilities. In addition, the activities inherent to this section can present opportunities to evaluate the overall maturity of the ERM process.

Section 2 of the ORSA Summary Report, “Insurer’s Assessment of Risk Exposure,” quantifies the findings produced by the above described processes and forms the heart of the company’s risk analysis, documentation of risk management activities and accountability, and risk measurement. Risk quantification serves various purposes, including prioritizing enterprise risks for aligning operational and capital planning goals in support of strategy. The assessment of identified and emerging risks in both anticipated and stressed environments is essential to the overall ORSA process and a strong business practice in general. Qualitative measurement is also helpful, and serves a purpose in evaluating operational risks and other identified risks that may be difficult to quantify. Following the guidance for writing the report leads to documentation and in-depth assessment of the company’s most significant risks, consideration for emerging risks, and designation of ownership and accountability for managing, mitigating and monitoring risks.

Finally, Section 3 of the ORSA Summary Report, “Group Assessment of Risk Capital and Prospective Solvency Assessment,” contains the company’s own assessment of the adequacy of its capitalization in light of the risks articulated and assessed in Section 2. This is often an



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Creating the ORSA requires the company to document and explain its own internal ERM processes.

opinion anchored in the results of an economic capital model (ECM), but not always. Again, the methodology used for risk assessment is not specified—it is up to the company to decide how to appropriately execute and then correspondingly document each process.

The ORSA Summary Report is a great benefit that flows from the ORSA, particularly for companies that are in the developmental stages of building out their ERM framework. Putting the ORSA together for the first time will often reveal:

- Gaps where ERM processes have not been developed and installed;
- Risk sources not yet identified and measured;
- Established ERM processes where best practices are not being followed; and,
- Opportunities to integrate ERM with other processes, such as: business and financial planning, capital management, product design and launch, project management, corporate strategy, and risk-based decision making.

In addition to diagnosing where ERM may need improvement, once constructed and written, subsequent editions of the ORSA can be compared with prior editions to assess what kind of progress has been made over time. The ORSA can serve as an annual record of the work product of the risk management discipline as well as evaluating the company's current risk profile and capital adequacy. While the ORSA does not ensure that a company can avoid losses to the business, it will assist the company in anticipating and responding to potential loss events.

ORSA brings the ERM framework to life as leverage to gain confidence in strategic outcomes.

When the ERM framework is institutionalized, both meaningful and cost-effective benefits arise. The first is the holistic recognition of the risks an organization faces. Without knowing the risks the organization faces, any type of strategic or business planning is incomplete.

As noted in the NAIC ORSA Guidance Manual, “Section 2 may include detailed descriptions and explanations of the material and relevant risks identified by the insurer, the assessment methods used, key assumptions made, risk mitigation activities and outcomes of any plausible adverse scenarios assessed.”

Risks addressed in an ORSA Summary Report typically include broad categories such as market risk, operational risk and credit risk. The related discussion can include a focus on where company resources are, or should be, spent to optimize results.



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Another benefit stems from the more in-depth reviews within each broad category that defines and outlines the risks the organization faces. These in-depth reviews lead to the development of a risk register of the known and significant risks.

Knowing the risk's complexion is the first step in managing that risk. A risk can be managed by any of the following strategies:

- ① Reducing;
- ② Removing;
- ③ Transferring;
- ④ Leveraging; or,
- ⑤ Accepting.

To determine which strategy is most appropriate, the risk manager must first understand the potential impact and likelihood of the risk presented. Not all risks are quantifiable but, some form of estimate, even if it is qualitative in nature, is necessary. The how's and why's of the quantification process, including the validation method used should be documented. The process of documenting and assessing each risk yields substantial benefits in the areas of risk quantification the materiality of the risk and establishing uniform assumptions for quantifying risk. Using a consistent method for assessing and documenting the likelihood and impact of risks helps build the credibility of the ERM and strategic planning process.

The ORSA Summary Report documents the risk appetite statement and associated approvals by senior leadership and the board of directors.

With the material risks known and impacts quantified, a risk appetite statement can be written. According to Chapman⁵; "Risk appetite is the degree of risk, on a broad-based level, that a business is willing to accept in pursuit of its objectives. Management considers the business's risk appetite first in evaluating strategic alternatives, then in setting boundaries for downside risk." The risk appetite statement therefore sets the broad objectives for management to use in establishing risk tolerances to quantify and manage those objectives on an enterprise-wide level. The risk tolerances in turn are used to establish risk limits at the business unit and product levels.

Developing the risk appetite statement helps an organization optimize its objectives within established parameters. A substantial benefit of ERM stems from understanding more about the risks to the business, and the level of acceptable versus unacceptable risks.

⁵ Chapman, Robert J (2006). Simple Tools and Techniques for Enterprise Risk Management, John Wiley & Sons, Inc. New Jersey USA.



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As part of the documentation, quantification and validation processes mentioned in the ORSA guidance, scenario planning, stress testing and sensitivity testing each play a role. Each is a valuable tool in identifying assumptions that are vital to model inputs, the inter-relationships of the various risks, and how financials can be impacted. For example, if asset-liability matching is used on the portfolio and the interest rate increases, insights can be gained as to the approximate impact to the financials and whether any form of realignment is necessary.

An organization with an effective ERM framework is able to communicate through its ORSA how risk analysis informs decision-making for strategically improving results not only to regulators, but also to rating agencies or investors. The information and knowledge derived from the ERM process combined with the effective communication about the business risks, including how risks are recognized and managed, can improve the credibility and confidence in the organization.

The ORSA Summary Report outlines the ERM framework and is indicative of the level of maturity the organization has attained in the holistic management of risks, enterprise-wide.

While smaller organizations may have less mature ERM programs, size is not a good indicator of maturity. ERM maturity is dependent upon a company's level of awareness and understanding of risks incorporated into its culture and work processes at all levels. The ORSA Summary Report gives regulators, and any other reader, insight into whether management treats ERM as a "check the box" exercise or actively manages the risks they face.

The board of directors (or governing body) should drive the ERM initiative with a clear vision as to where they want the organization to be in terms of ERM. As the company documents its exposures, processes, priorities and attitudes towards risk, and enterprise management of risk, the gap between where the organization is and the board of director's vision will become apparent.

Insights are gained that allow the organization to plan how, where, and when to implement the full framework of ERM. This will include estimation of costs and related benefits to the company.



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The ORSA process includes assessments of material risks in both normal and stressed environments.

Stress tests and scenario analysis have been used in the financial sector for many years. Stress tests are generally understood to be simulations that assess the ability of an organization to respond to adverse economic events. These tests provide insight for an individual risk or event and demonstrate the potential impacts to expected performance. For example: "What would happen if interest rates increased to 4%?"

At a more holistic level, scenarios can be developed for related risks that are analyzed together. Scenario analysis considers outcomes for a combination of events, which are defined by the organization.

Stress tests and scenario analysis are tools for proactively evaluating the amount of capital and other resources needed to prepare for unexpected events and support exploitation of opportunities.

Utilizing the ORSA Summary Report in conjunction with integrating ERM into the strategic-planning process is an opportunity to further align strategy with adopted risk appetite and risk limits. The analysis conducted during the ORSA process serves as the guardrail for how management should respond to various risks the business may face and provides insights to guide management in making decisions that may impact the organization's ability to stay within stated appetite levels and reduce the potential of adverse impacts.

Projections of the balance sheet and capital requirements over the business planning horizon are a fundamental part of the ORSA process. These projections include both baseline and stressed conditions for strategic options that may be taken in the future, providing a basis for determining the amount of capital needed to support current and future strategic plans.

The ORSA process requires organizations to consider the wide-ranging facets of business strategy. The interaction of variables like pricing, design, compliance, controls, investments and technology can present a complex set of business issues. The ORSA requires companies to systematically consider operational, market, financial and strategic risks and identify interdependencies, providing management with a deeper awareness of risks and an opportunity to leverage their knowledge and risk management capabilities to achieve a competitive advantage.

Since the ORSA process is performed on a group-wide basis, it is a forum for collaborative dialogue enterprise wide. Alignment of risk identification, analysis, monitoring, controls and communication improves decision making and reduces the likelihood of surprises. The outcome is more confidence in achieving expected results and a greater likelihood of stable performance.



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To that end, a company's ORSA Summary Report contains information about the management of residual risk, including proactive preparation for managing an outlier risk should it occur. Ideally, ORSA documents existing practices for responding to and managing risks that are owned by business units.

The response to risk can be tactical such as business work-around procedures or an evaluation of third party risk and alternative vendor availability. It can also be more strategic and take the form of financial contingency plans to ensure the availability of resources in the event a particular risk occurs.

Tactical risk preparedness is included within the ORSA Summary Report as a by-product of documenting the ERM risk assessment process. As part of the risk assessment, the company evaluates activities performed by the business to monitor, measure and manage its risks and documents the results in the report.

Strategic risk preparedness is also included in the ORSA Summary Report, although not as explicitly as tactical activities. Risk governance and solvency assessment sections of the report establish whether the organization considers risk in developing business strategies and whether financial assets exist in proportion to risks anticipated. The risk governance section of the report also discusses the board's role in evaluating the organization's strategy development, capital levels, and risk appetite, all of which factor into the risk preparedness and response practices.

The ORSA Summary Report ties together all of the risk management practices of the organization in one document and aligns the various activities associated with completing an ORSA.

Insurance regulators recognize the fact that ORSA contains information provided to the Board that may provide value for regulation. Insurance companies have found that having this risk information in the ORSA has several advantages, two of which include illustrating the connections between risk identification and risk management, and between strategy development and risk appetite and tolerance.

In terms of risk management practices, the report contains information on the ERM's framework, related governance, business unit risk management activities, results of risk assessments, and stress and scenario testing. It's important to ensure the content in these various sections are aligned. For example,



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- Stress tests conducted and included in the ORSA align to the risks identified in other sections of the report.
- Emerging risks discussed align to risks that are included in stress tests, especially the prospective solvency assessment, and strategy development.
- The levels stress tested provide an evaluation of individual risk tolerances that the business has selected to manage each risk and/or the overarching enterprise risk appetite.
- The prospective solvency assessment aligns to the company information and strategy sections of the ORSA.

The ORSA Summary Report is an inventory of the risk topics presented to the board spurring more frequent discussions of risk topics between senior management and the board itself. These topics, when documented in the written ORSA Summary Report is evidence of board governance.

Beyond the board and senior leadership, compiling risk information in a single report gives consistent and complete information to other internal stakeholders, including business units who may be affected by risks they do not own. The report provides an opportunity to discuss impacts across risks, consequences between particular risks, trade-offs among risks, and risk treatments that may address multiple risks. In this way, the ORSA Summary Report is a tool that offers a holistic view of risk, greater transparency concerning risk management activities, and opportunities for more frequent discussions of risk topics.

The ultimate authority for governing the organization vested with the board of directors involves setting risk-related goals, holding management accountable, and disclosing the results of the company's confidential proprietary measurements of risk in ORSA. The board of directors' responsibility is to maintain and enhance stakeholders' confidence in the vitality of the organization by informing stakeholders of changes in the operating environment, material risk, progress toward goal attainment and future strategic directives. The goodwill and confidence of stakeholders is valuable and perishable especially when risk management forethought is not evident or communicated.

The contents of the ORSA Summary Report may be referred to at a notional level, partially disclosed under the terms of a signed non-disclosure agreement, or when appropriate provided in total to outside interested parties. The board should determine what the authorized communication channel should be as well as the degree of detail provided for a given business purpose. An ORSA Summary Report can then be a reference on an on-going basis



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The purpose and value of the ORSA are best achieved where collaborative communication across functional disciplines is ongoing.

because it reflects management's contextualized view of its own risks. A company's regulatory environment and competitive profile will likely shape the robustness of its ORSA Summary Report. But, the existence of a completed ORSA should signal that the organization is vested in its risk management program.

An ORSA should be an outcome from an organization's current enterprise risk management program. Within the organization open two-way communication on risk topics by diverse audiences is enhanced when the ORSA is reviewed, challenged, and revised. Communication on how to best apply a refreshed understanding of risk is invaluable at all levels.

Today's companies operate in a complex environment and must be highly adaptive. As such, there is an organizational premium on maintaining and improving stakeholders' confidence in the sustainability of the organization. An ORSA can provide consumers, employees, boards, investors and regulators assurance that the enterprise has systematically contemplated its operational risks under various scenarios.

ORSA is a board-sponsored activity that at its best includes processes to continuously inform, align and monitor known enterprise risk. Executive and operational management make more informed decisions when factoring in the enterprise's ORSA-based risk tolerances. Where potential changes in operations, new acquisitions or divestment may occur, the ORSA process can frame the related decisions.

The company benefits when the roles of employees are linked to the outcomes contemplated in an ORSA and they can execute their roles with an understanding of the related risk elements and their impact on the organization's sustainability.

The level of sophistication around the development of the ORSA Summary Report continues to increase and reports will likely become even more valuable and heuristic. By initiating the practice of ORSA reporting, companies can embrace developing requirements and evidence of their collective competence in the discipline of enterprise risk management.

A signature communication benefit of having an ORSA in place is that there is no other single management tool that is as robust and informative in the details of how risk is managed and exploited.



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The ORSA process is a valuable tool used to inform decision-making in the setting of the business strategy.

The results of an ORSA aid in assessing the impact of potential decisions on expected profit or loss and the variability surrounding that expectation. The ORSA offers a consistent basis for comparing and quantifying risks over time and across business units. This consistency arises out of the fact that ORSA is an annual, holistic assessment of the enterprise and its operations, and its results are regularly discussed and reviewed by management and the board of directors.

Efficient use of capital is top of mind for many companies. Allocating risk-adjusted capital allows an organization to evaluate which areas of the business are profitable and capital intensive, and to adjust the allocation of assets accordingly. This evaluation can help management determine if profit margins are adequate relative to the risk associated with the product or service.

The ORSA process provides a means of assessing and quantifying risk exposures in relation to the capital available to support those risks. The quantification of risk on a granular level, such as by business unit or product, allows for the allocation of risk-adjusted capital at this level. This in turn allows management to calculate risk-adjusted returns for the different areas of the organization, providing a clearer picture of the relative performance of the business units or products with respect to their inherent risks.

Managing the allocation of capital properly can determine whether or not an organization can withstand certain loss scenarios while still remaining solvent. As mentioned earlier, ORSA aims to ensure the organization has quantified and/or qualified assessments of risk exposure in both normal and stressed environments in order to prevent, mitigate and manage the risk of an adverse event.

A report describing the organization's ERM program, critical risk assessment process, and the various effects on long-term financial stability is a valuable single-source of information concerning the business risks that span the organization and its ERM practices, capabilities and business risks. Since the report provides a level of transparency and insights regarding risk that is not typically found elsewhere in corporate reporting, it is a unique self-assessment of the company's current and future risks. The report demonstrates the extent to which management and the board are fostering a culture of risk management enterprise-wide, developing organizational competence in risk management skills, and diligence in understanding the risks related to strategy and potential financial impacts.

A well-developed and well-written ORSA Summary Report should contain the level of transparency needed to make an assessment of the entity's ability to withstand financial stress. This level of transparency is beneficial for the entity, the regulator, as well as other external stakeholders. Given the level of transparency about risks and financial condition contained



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within the report, the NAIC Model Act sets forth provisions for confidentiality. Even with the highly confidential nature of the information contained within the ORSA Summary Report, insurers have found the report to be useful in part, as well as in whole. Section 1 of the report that describes the entity's ERM framework can serve as a stand-alone document useful for both internal and external stakeholders in understanding the entity's maturity in ERM. Depending on the depth and detail that it is written, Section 1 may be less sensitive in nature and able to be used in more forums as a transparent look into the entity's ERM framework. The ORSA Summary Report can offer a means to inform the risk process, risk control and financial analysis performed by ratings agencies, external auditors, and other government and regulatory bodies.

The elements documented within an ORSA Summary Report lead to establishing a precedence for corporate best practices applicable to any business sector.

Many insurers that have completed an ORSA Summary Report have found that documenting their approach to the five key principles of an effective ERM framework has helped to solidify how ERM is performed within the entity; and, how ERM is performing. Although an entity's ERM framework may be supported by documented policies and procedures, charters, risk assessment templates, tools, reports and other support forms, the exercise of actually writing down the end-to-end processes supporting the five key principles created value in understanding the degree of ERM occurring across the entity.

Expectations continue to increase for companies to be both diligent and transparent in understanding and conveying their risk profile to stakeholders. The report serves as a gauge in assessing the company's level of ERM maturity. A number of ERM capability assessment tools have been developed, any of which may be useful in benchmarking the organization's ERM framework as described in the report. In making a decision about which tool to utilize for this purpose, it may be useful to review the Risk and Insurance Management Society's (RIMS) Risk Maturity Model, which incorporates a variety of widely recognized, ERM protocols, including COSO's ERM Integrated Framework, ISO 31000, and IAIS ICP 16, among others.⁶

Although not always well articulated or demonstrated, an outcome of effective enterprise risk management is for the entity to be able to rely on ERM to support decision-making and provide assurance in the entity's ability to remain financially viable and create value. Insurers have found that the "requirement" to perform more in-depth risk assessment and risk modeling to compare against the entity's available capital to support the risks undertaken relating to strategy has

⁶ Ibid



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helped further catapult the value of ERM both to internal and external stakeholders. Discussing and gaining further insights into the scenarios that may develop as a result of business decisions, in addition to summarizing the after-effects that may occur, truly leverages ERM to gain confidence in strategic outcomes. Serendipitously, the preparation of an ORSA Summary Report, though established as a means for meeting a regulatory filing requirement, can be viewed generally as reflective of best practices for enterprise risk management.