Specimen coursework assignment and answer

993 Advances in strategic risk management in insurance

The specimen coursework assignment and answer provides a guide as to the style and format of coursework questions. These examples indicate the depth and breadth of answers sought by CII markers.

The answer given is not intended to be the definitive answer. Well-reasoned alternative answers can also gain marks.

Before commencing work on your coursework assignment, you need to familiarise yourself with the following documents:

- *Coursework assessment guidelines and instructions*
- *How to approach coursework assignments*
- *Explaining your results notification*

Contents

Coursework submission rules and important notes

Before you start your assignment, it is essential that you familiarise yourself with the *Coursework assessment guidelines and instructions* available on RevisionMate. This includes the following information:

- Important rules relating to referencing all sources including the study text, regulations and citing statute and case law.
- Penalties for contravention of the rules relating to plagiarism and collaboration.
- Coursework marking criteria applied by markers to submitted answers.
- Deadline for submission of coursework answers.
- There are 80 marks available per assignment. You must obtain a minimum of 40 marks (50%) per assignment to obtain a pass.
- Your answer must be submitted on the correct answer template in Arial font, size 11.
- Each assignment submission should be a maximum of 4,200 words.
- Do not include your name or CII PIN anywhere in your answers.

Top tips for answering coursework assignments

- Read the Specimen coursework assignment and answer for this unit, available on RevisionMate.
- Read the assignments carefully and ensure you answer all parts of the assignment.
- For assignments relating to regulation and law, knowledge of the UK regulatory framework is appropriate.
- There is no minimum word requirement, but an answer with fewer than 3,800 words may be insufficiently comprehensive.

<u>Assignment</u>

The roles of boards and of senior executives, and the interaction between them, has attracted a high level of scrutiny in recent years. The undernoted case provides an insurance industry example of the potential risks arising from a disconnect in risk-taking and motivation amongst those at the most senior levels of leadership.

'*On the 18 December 2018, the Central Bank of Ireland reprimanded and fined RSA Insurance Ireland DAC (RSAII) €3,500,000 in respect of serious breaches of regulation. The breaches arose from serious shortcomings in RSAII's internal controls and corporate governance frameworks enabling certain individuals within RSAII to deliberately manipulate claim reserve estimates through the under-reserving of multiple large loss claims from 2009 until October 2013. The Board Risk Committee and Executive Risk Committee were not provided with the details of the large loss claims which were subject to the Under-Reserving Process, which impacted on their ability to effectively address the risks to which the Firm was exposed; and the Whistleblowing Policy was not sufficiently robust and/or was not adequately implemented.*' (Central Bank of Ireland, Press Release 20th December 2018 [online] Available at: https://www.centralbank.ie/docs/default-source/news-and-media/legal-notices/settlement-agreements/public-statement-relating-to-an-enforcement-action-against-rsa-insurance-ireland-dac.pdf?sfvrsn=6)

'*Mr Rory O'Connor, former Executive Director and Chief Financial Officer of RSA Ireland Insurance DAC (RSAII) disqualified for 8 years 4 months and fined €70,000 by the Central Bank of Ireland for his admitted participation in a breach of financial services law by RSAII. The Central Bank's investigation in respect of Mr O'Connor, who held the positions of Executive Director and Chief Financial Officer (CFO) in RSAII, found that he knowingly and actively participated in RSAII's failure to maintain sufficient technical reserves through his involvement in the under-reserving of large loss claim reserve estimates. In particular, Mr O'Connor: Participated, along with certain other individuals, in undocumented meetings during which certain large loss claim reserve estimates were deliberately and wrongfully under-reserved; Gave instructions and transmitted information relating to those claims within RSAII knowing them to be under-reserved; and Concealed the under-reserving by knowingly providing inaccurate and misleading financial information to the Central Bank in his role as CFO.*' (Enforcement Action: Central Bank of Ireland and Rory O'Connor, 2020 [online] Available at: https://www.centralbank.ie/news-media/press-releases/enforcement-action-rory-o'-connor-fined-70-000-disqualified-for-8-years-and-4-months)

Question:

Evaluate, in light of the above statements, the extent to which insurance organisations must recognise risk in the decisions of boards or senior executives and respond with appropriate organisational structures.

To be completed before submission:

Word count:	4,178

Start typing your answer here:

Introduction

The extracts quoted in the assignment raise issues about the quality of decision making by directors and executives, the effectiveness of internal and external controls, and the absence of effective challenge in the boardroom. This answer will start with an analysis of decision making. It will then examine the influences and pressures faced by executives in their decision making and identify key types of risks which may threaten organisations across all industries and service sectors. Finally, it will consider how executive decision making can be better informed and improved.

1. Decision making

An understanding of the complex influences on, and drivers of, decision making must surely inform the design of better, risk aware, decision-making capabilities.

Rational humans

Daniel Bernoulli proposed in 1738 an explanation of how individuals make decisions under conditions of uncertainty: expected utility theory (EUT). EUT centres on the size of a payout or gain and the probability of its occurrence. The theory makes a distinction between a) the expected 'benefit' to an individual (the 'utility' in the language of economics) and b) the strict mathematical expectation (or probability). The theory helped to explain why an individual does not always make a decision based on the most obviously rational outcome.

In the 20th Century, von Neumann and Morgenstern (2007) proposed that certain basic axioms had to be present to permit EUT to function as a theory for predicting rational decisions under conditions of uncertainty. The von Neumann-Morgenstern theory says that whenever a rational individual takes a decision they will always choose the option that maximizes their utility as long as the following four axioms are satisfied:-

Completeness assumes that an individual has well-defined preferences and can always decide between any two alternatives. In choosing between option A or option B, the individual either prefers A to B, or is indifferent between A and B, or prefers B to A.

Transitivity assumes that an individual also decides consistently. If there are three options and A is preferred to B as well as B to C, then A is preferred to C.

Independence also refers to well-defined preferences. The starting point is to assume that option A is preferred to option B. Options A and B are then mixed with a further option C. The independence axiom assumes that A is still preferred to B even after the involvement of C.

Continuity assumes that there are three options (A, B and C) and the individual prefers A to B and B to C. It further assumes that there should be a possible combination of options A and C that is equal to option B. Putting this another way, we could say that the individual is indifferent to choosing either the option A + C combination or choosing the 'equal' option B.

Completely rational individuals are, of course, impossible to find in a real-world setting. Most decision takers are either 'risk averse' or 'risk preferring', so for real world cases EUT has limited applicability. Although EUT is highly theoretical and therefore limited in its practical use in explaining decisions at a corporate level, it is nonetheless an important reference point in the understanding of decision making.

Behavioural humans
Increasingly, people are regarded by economists and policy makers as far from being the rational model described above. Daniel Kahneman, who won the Nobel Economics laureate for psychological research into human judgement and decision making under uncertainty, expressed the view that: '*Whenever we can replace human judgment by a formula, we should at least consider it.*' (Kahneman, 2011). Kahneman's research identifies that humans, seemingly reflecting their evolutionary background as that of hunter gatherers, are prone to and use biases, shortcuts and cognitive illusions in decision making. This approach to decision making may be fine in a simple 'fight or flight' decision, when facing a predator. However, it is less certain an approach for decision-making involving detailed, potentially incomplete, information and complex interdependencies.

Nassim Nicholas Taleb built on behavioural economics to argue that man-made complex systems, such as a financial services industry, are full of hard-to-detect interdependencies and nonlinear responses; '*In such environment, simple causal associations are misplaced; it is hard to see how things work by looking at single parts*'. (Taleb, 2012, page 7)

Cultural factors
Another factor that affects decisions is 'culture'. There is no common standard definition for culture, but for this answer the following is used: '*the way of life,*

especially the general customs and beliefs, of a particular group of people at a particular time' (Cambridge Dictionary, 2017)

The UK Financial Conduct Authority (FCA) identifies the need for an effective culture to be capable of informing: '*…how well an organisation is able to deal with things that don't go well or don't go according to plan'* (Steward, Director of Enforcement and Market Oversight, FCA. 2015).

Douglas (2007) explains cultural differences with two scales, represented in the simple grid below. The ***horizontal scale*** measures how much the culture/group controls the individuals. The ***vertical scale*** measures how much control by the group the individuals accept.

Isolate	Positional
Individualist	Enclave

Figure 1: Group and Grid Cultures (Douglas, 2007, p.2)

Isolate represents individuals who are not (or very weakly) influenced to act by a specific group. The acceptance of control is relatively strong. People in this quadrant are usually prisoners, very poor people or even strictly supervised servants; all characterised by a vast structures or constraints (Douglas, 2007: p. 6).

Positional explains cultures in which people belong to a group and are heavily influenced by it. All roles within it are allocated and behaviour is determined by rules. Larger groups consist of several smaller groups, implementing a hierarchical state. An example is the traditional Japanese family where family life is arranged by gender, age and timing (Douglas, 2007: p.4).

Individualistic culture has a relatively weak form of 'group and grid' control. In such an environment every individual is just concerned with his or her own wellbeing. In the absence of wealth and power, this culture could be defined as egalitarian. But as soon as the community drifts to wealth and power, the culture fails to realise the egalitarian aims. (Douglas, 2007: p.6).

Enclave culture is characterised by a relatively high group control. Moreover, there are almost no hierarchical structures between members. This group of people differentiates itself from other groups – an example being sects. Sect leaders' aims are often focused on preventing their members from leaving the group. Hence, they malign all other groups outside the sect (Douglas, 2007: p.5).

Groupthink

Several other models exist. For example, Janis' (1972) ideas on the psychological phenomenon of 'groupthink' that can occur within groups, where the desire for harmony and or conformity in the group can result in potentially very irrational and destructive decision-making outcomes. Groupthink was identified as a problem in many organisational failures, including within some of the banks that were badly affected by the financial crisis of 2008, e.g. HBOS and RBS.

Hofstede introduced five dimensions to characterise cultures. (Soares, Farhangmehr and Shoham, 2007, pp.280-281).

- **Individualism – collectivism.** The first dimension uses a similar approach to that of Douglas. In individualistic cultures, individuals only care for themselves or their closest family. This is contrary to that in societies characterised by collectivism where everybody belongs to a group that looks after their members and their families.
- **Uncertainty avoidance.** Hofstede, like Douglas, uses uncertainty avoidance (risk aversion) to describe and distinguish cultural groups.
- **Power distance.** The equality/inequality of cultures.
- **Masculinity/femininity**. The values in more masculine countries are achievement and success, whereas the values in more feminine countries are caring for each other and life quality.
- **Long-term orientation**. This represents the orientation towards future benefits and situations. On the other hand, there are short-term oriented cultures, in which individuals only care about rewards in the near future.

In the literature, Hofstede's dimensions are discussed as a 'simple, practical, and usable' solution to describe cultural differences (Soares, Farhangmehr & Shoham, 2007: p.238). The possibility of applying cross-country comparisons is one of the major advantages of Hofstede's dimensions. On the other hand, Hofstede's fifth dimension, long-term orientation, is not widely accepted (Fang, 2003: p.354).

Heuristics and risk perceptions

Another influence on the decision making by managers is the usage and application of heuristics and risk perceptions (Ashby, 2017). Heuristics are defined as: '*simplified rules of thumb that make things simple and easy to implement'* (Taleb, 2012). The principal characteristic of a heuristic is that it is not perfect, so the user should be aware of its limitations in applying it to less than complete information. One critical factor in decision making is the gathering and assessment of relevant data. However, individuals may tend to apply their own decision-taking shortcuts. Individuals, reflecting behavioural economics, may recall relevant memories. These memories are not likely to be 100% complete. Instead of assessing the risk situation in a statistically correct way, the individuals apply certain best practice methods that worked out in the past. For example, using heuristics to calculate insurance premiums could cause prediction errors and therefore produce incorrect premiums.

Managerial incentives and risk taking

A further factor that drives management decisions is the remuneration of personnel who are in charge of risk-taking decisions. Chorafas (2009) points out that the bonus system, which was first implemented in the 1990s, became a pay-for-poor-performance system over the years. Mangers were paid a vast amount of money for no apparent improvement. Therefore, preposterous bonus payments created a vicious risk-taking attitude (Chorafas, 2009: p.195).

There are more aspects to the issue of poor compensation structures than greed and corruption. This is especially the case for financial institutions which interact in an increasingly complex environment. Ashby (2017, p.9) showed that it is rather the structure of the compensation than the bonus' volume that matters in terms of risk taking. Hence, the interviewees in the Ashby study described the following flaws in remuneration systems:

The incentives led to a short-term and sales driven attitude in the financial industry.
The risk decisions had no downside risk for the mangers, as there were no negative consequences regarding their salary.
Therefore, managers could choose amongst risky and less risky alternatives without any fear of losses.
The regulatory framework had severe flaws.
There were simply no incentives for the managers to implement an effective risk management system.

Another contribution links the risk-taking decisions back to the state of the economy. Raviv and Sisli-Ciamarra, (2013, p.66) wrote: '*Understanding how similar pay packages may yield different risk levels under different economic conditions is crucial to designing compensation packages...*'. It appears that executives in stock exchange listed insurers chose more effectively between investment alternatives than did privately owned insurers. An explanation for this condition is that large shareholders monitor executives' decisions closely in order to adjust the remuneration to an accounting based measure like the ROE (Ke, Petroni and Safieddine, 1999: pp.206-207).

Learning from corporate crises

Major corporate crises have been the focus of many academic and practitioner studies searching for root causes and for future preventive actions. A useful starting point on root causes is the report *Roads to Ruin* (Parsons et al., 2011) which examined over 20 major corporate crises and distilled its findings to seven key risk areas:

- Board skills, including Non-Executive Directors' ability to monitor and control the executives
- Board risk blindness; board failure to engage with important risks
- Poor leadership on ethos and culture
- Defective communication
- Risks arising from excessive complexity
- Risks arising from inappropriate incentives
- Risk 'glass ceilings' the inability of risk management and internal audit teams to report on risks arising from higher levels in the organisation

Taken together, these seven key risks plus all of the decision-making influences examined above, will inform the extent to which insurance organisations recognise risk in the decisions made by boards and senior executives.

2. The influence of regulation on corporate behaviours – contrasting the approach in the USA with that of the UK

There is no one single best approach to regulating the actions of boards and senior executives. Consider the contrast between the US mandatory regime in the Sarbanes-Oxley Act (SOX) and the apparently lighter touch of the 'comply or explain' regime in the EU and the UK (ICSA, 2020). The following extracts from the report of a 'round table' discussion in the UK (Chartered Governance Institute, 2020) succinctly sum up the background and current position:

'*Back in 2002, when the Sarbanes-Oxley Act (SOX) was introduced in the United States it was widely perceived in the UK as a US over-reaction to a number of major corporate and accounting scandals, including those affecting Enron and WorldCom. Many of the relatively few UK companies to whom it applied complained of the onerous nature of the legislation, the cost of the armies of additional accountants and auditors to whom it gave employment and the over-enthusiasm of the consultancies which sprang up to review internal control processes.*'

'*In the UK, the Turnbull guidance – more properly Internal Control: Guidance for Directors on the Combined Code – a report drawn up with the London Stock*

Exchange for listed companies in 1999, was widely felt to be sufficient. This guidance was revised in 2005 and superseded by the Financial Reporting Council (FRC) Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in September 2014.'

'*In the light of a succession of audit and accounting related issues in the UK in recent years – for example at BHS, Carillion, Patisserie Valerie and Tesco to name but four – there has been renewed pressure for the UK to explore the benefits of a strengthened internal controls framework, with both Sir John Kingman in his Independent review of the Financial Reporting Council and Sir Donald Brydon in his Independent Review into the quality and effectiveness of audit recommending that the UK government should give this serious consideration.*'

In the UK, insurers could argue that the Financial Conduct Authority's Senior Managers and Certification Regime (SMCR) already imposes a harsh regime that is not dissimilar to SOX.

The contribution of non-executive directors
The FRC makes it clear that an effective board, which is collectively responsible for the long-term success of the company, will include non-executive directors who constructively challenge and help develop proposals on strategy. Additionally, to fulfil its role, all board members should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively. Whilst the board will want non-executive directors with a wide range of skills and experience, to draw in views and best practice from other industries, this needs to be tempered by ensuring that they have the capability to ask the right questions of their executive colleagues. This ability to question executives appears to be an imperative for any successful non-executive director.

Information overload
The UK Chartered Governance Institute's 'round table' event in early 2020 (op. cit.) captures a concern relevant to this Assignment:

'*In December 2017, the Chartered Governance Institute published a report on Challenges to Effective Board Reporting which identified that the company secretaries of 80% of organisations with an annual turnover of over £100 million believe that their board packs are too long. Our roundtable participants felt this is a common problem. Many of them have done a huge amount of work on improving the information flow to the board, but there is still information overload, with a huge reliance on executives to filter appropriately. The board will, in many cases, get specialist coaching on appointment, to help drive the necessary testing. To take just* *one example, regular meetings between the CFO of major subsidiaries and the audit committee chair, getting the CFO to tell the audit chair about the things which keep them awake at night*'.

Supporting whistleblowers
The final element to be considered is whistleblowing. The UK approach to whistleblowing is based on the employment protection for the whistleblower - in effect an anti-discrimination stance based on the right of the employee to take a claim for alleged discrimination, by their employer, to an industrial tribunal. This conflicts with the USA approach which has more extensive legislative protection and the opportunity for the whistleblower to be financially rewarded in the event of a successful prosecution of the organisation under investigation. As Arpita Dutt has pointed out: '*Given the awards paid to US whistleblowers it is unsurprising that more and more UK citizens are looking to the US in order to report wrongdoing. Since 2011, the SEC has received more than 200 submissions from UK whistleblowers.*' (Dutt, 2015)

<u>3. Enterprise Risk Management – a modern approach to organisational structures and controls</u>

Enterprise Risk Management (ERM) has become a widely used framework for managing risks in business corporations and for strategic decisions in the face of risk. Prior to ERM, the development of risk management tended to be negative, i.e. all about eliminating, reducing and transferring risk.

The ERM philosophy is that business is all about risk taking and that business should see risk management in the same way. Carroll (2010, p12) sums it up as: '*Now is the time to see the management of risk as a holistic business process that is inherent in every decision. As opposed to being seen to hold back enterprise, the consideration and evaluation of risk, should be seen as enriching the quality of business decisions. It is, however sensible to capture the risk evaluation alongside the decision. You make the decision including the risk consequences, rather than despite them.*'

The broad concept of the holistic approach that Carroll refers to above, has been refined into various formal ERM frameworks that have been widely adopted across developed nations and in international corporations (COSO, 2004; AIRMIC, Alarm, IRM, 2010).

A study by Arena et al. (2011) found evidence that the characteristics of ERM are now routinely embedded in the managerial actions in firms. There is also a growing consensus that the expense and effort of implementing ERM is worth it. An American study by Hoyt and Liebenberg (2011) measured the extent to which ERM had been implemented in a group of 275 US insurance companies and the extent to which this had added value. They calculated an ERM 'premium' of approximately 20%.

On the negative side, Mikes and Kaplan (2015, p29) argue that risk management approaches are largely unproven and still emerging. They have identified the existence of an 'ERM mix'. In some organisations it is embedded in 'the formal planning and resource allocation process and also influences key strategic decisions'. In others, they identified an ERM focus on compliance and internal controls or merely as independent facilitators.

4. Oversight of high-level decision making – areas for improvement

Culture is key

In recent years, several publications have contributed to an improvement of decision-taking processes in boards. The Walker report on banks points out that out-of-date and uninformed management opinions led to negative outcomes (Walker, 2009: p.37). The first and probably the most important improvement would be to ensure a working risk culture (Walker, 2009: p.92).

Information flow

A risk culture has been defined as a culture '*That enables and rewards individuals and groups for taking the right risks in an informed manner.*' (The Institute of Risk Management, 2012: p6). There are many features that characterise an effective risk culture, but for the purpose of this answer, information flow is probably the most important. Effective risk cultures encourage a constant information flow up and down the hierarchical layers of the corporation – including negative news (Institute of Risk Management, 2012: p.6). In other words, the Board and all other employees should aspire to a state of shared responsibility for risks (Kirkpatrick, 2008: p.12).

No uniquely good risk culture

Whilst a bad or failed risk culture may be easily recognised post-disaster, there is now a view that a unique 'good risk culture' does not exist (Power, Ashby and Palermo, 2013). Implementing a risk culture requires a board to understand its present state of risk culture first before it can ask the question: How to achieve an effective risk culture?

Where to start?

Walker (2009) concluded that the attitudes of executives are often entrenched. Therefore, the first step to understanding the risk cultural setting is probably the most challenging. How can an executive change something if they live with an attitude that they are already doing everything the right way? This question may best be answered by substituting the heuristical behaviour of the board with significant risk monitoring through an internal control system. Further, Eisenberg (1997, p.264) links the internal control to the Board in order to make the decision-making function meaningful. In order to understand the present risk culture, generating a snapshot of the risk situation of a company is essential. Simons (1999, pp.85-94) introduced a scoring model, also known as the ‘risk exposure calculator’ (see figure 2 below).

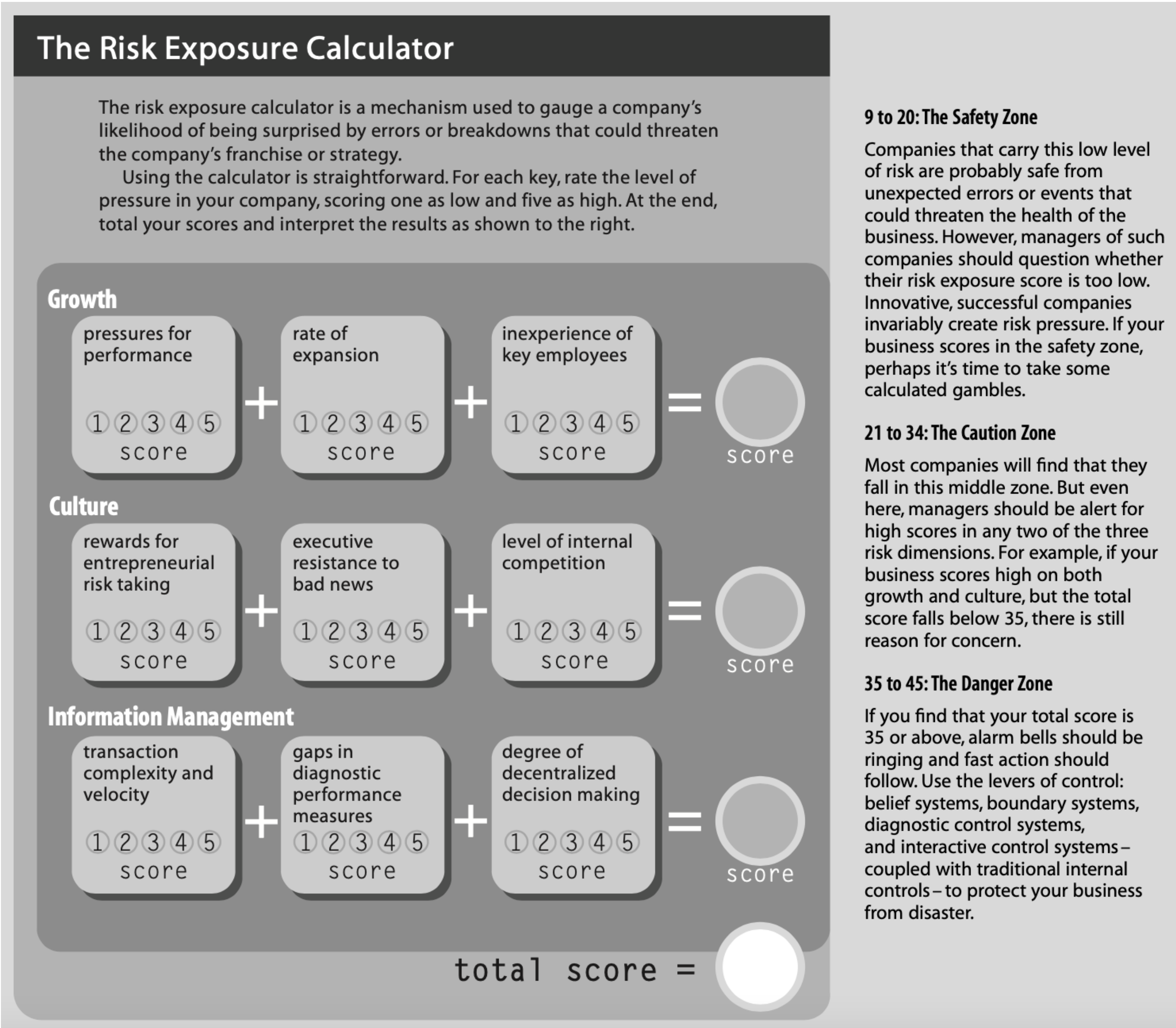

Figure 2: The risk exposure calculator (Simons, 1999, p.87)

In this model framework, three kinds of risks are considered: growth, culture and information management. These categories consist of three risks each, forming nine relevant exposures overall. After the assessment of risks, the scores are added together to generate an overall score. This score gives significant information on the state of a company’s risk culture. By the means of a scale, three major states can be distinguished: ‘safety’, ‘caution’ and ‘danger’ zones. This calculator is meaningful because 'executive resistance to bad news' is included. An insurance company board executive with a resistance to advice would therefore score a rather high value.

The culture scoring aims of Simons have appeal but are possibly difficult to apply in practice. Other ideas for aligning risk culture with good decision making continue to emerge. For example, an understanding of the trade-offs organisations face when attempting to 'manage' their risk cultures (e.g. balancing risk support for disciplined business decisions against the risks of imposing excessive controls, or balancing ethics and incentives as levers over behavioural change) could enable the '*formulation of prescriptions, in the form of simple questions for practicing managers and staff, which may be more useful and targeted'* (Power, Ashby and Palermo, 2013: p.34).

Board composition and rules

There are other ways of improving the decision-taking processes of Boards of insurance companies. As most of the Board members vote in line with the Chief Executive Officer (CEO), independent non-executive members should be more able to vote against the CEO (Schwartz-Ziv and Weisbach, 2013: p.363). Also, good practice has the number of non-executives outnumbering the executives on Boards, to reinforce their influence on the organisation.

Training

A further improvement to decision-making would be training (delivered by independent professionals) for the Board. Walker (2009, p.46) strongly recommends business awareness sessions, especially for non-executive directors, and this is now reinforced by the FRC Code. This can ensure sufficient understanding of the business, so leading to a more meaningful contribution to decisions.

Remuneration

As mentioned earlier, remuneration also plays a critical role in improving the decision-taking processes. Risk-taking behaviours should be rewarded in an appropriate way, while excessive risk taking/ risk aversion should be avoided (Institution of Risk Management, 2012: p.15).

Key risk exposures, the risk appetite and tolerance

Walker (2009, p.105) points out that the risk disclosure is a critical topic. Regulatory frameworks such as Solvency II oblige institutions to disclose information on risk management. The extent to which this happens depends on the legal framework of the relevant country (Hull, 2012: pp. 278-279). Walker, however, proposes the disclosure of information regarding key risk exposures, the risk appetite and tolerance as well as the dynamic assessment of the risk appetite.

Risk appetite has been defined as: '*The amount of risk, on a broad level, an entity is willing to accept in pursuit of value. It reflects the entity's risk management philosophy, and in turn influences the entity's culture and operating style. ...Risk appetite guides resource allocation. Risk appetite[assists the organization] in aligning the organisation, people, and processes in [designing the] infrastructure necessary to effectively respond to and monitor risks.*' (Rittenberg and Martens, 2012: p.3). This definition shows the multidimensional characteristic of risk management (Haimes, 2009: pp. 1647 and 1651). Risk appetite plays a critical role in risk management since it determines major parts of a company's strategy. For that reason, risk appetite requires clear definitions, communication and a monitoring process (Rittenberg and Martens, 2012: p.1). Monitoring ensures the required match between the company's strategy and risk appetite. If there are deviations, the risk appetite needs to be readjusted (KPMG, 2008, p.7).

In addition to many others, one aspect of risk appetite is risk tolerance - the setting of tolerance ranges for risk exposures. This approach is often used to monitor and compare the actual risk exposure with the defined risk appetite (KPMG, 2008: p.8). As Walker (2009, p.105) implied, boards should focus on the definition of risk appetite and tolerance in order to ensure meaningful and flawless decisions.

Respond to changing circumstances

Boards should adopt a 'mature risk strategy' which responds nimbly and effectively to the changing external and internal environments, drawing on a fully integrated and holistic approach to risk management. (The Institute of Risk Management, 2017).

Finally, boards should recognise that when all else fails, a robust and confidential reporting line for whistleblowers, possibly using the services of an independent agent working with the non-executive directors, should be put in place.

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