

# Life Insurance Company of Alabama (LICOA)

## Mitigation List

## Appendix B

Risk	Owner	Frequency	Severity	Velocity	Risk Score	Date	Timeframe	Date	Strategy	Definition
						Assigned		Completed		
Legal Risk	H Casey	3	9	5	26					Risk of lawsuits
Investment Process Oversight	A Causey	6	6	7	25					Risk that investments will not follow policy and/or management decisions or that procedures/process is vague or inadequate
Internal Controls	A Causey	6	6	7	25					Risk that LICOA doesn't maintain sufficient internal controls
Management Succession/Bench Strength	Daugette	3	7	7	24					Risk that LICOA does not have an identified and qualified candidate when a senior position becomes vacant
Underwriting	Edmondson	3	6	8	23					Risk that policies will be issued with risk classifications that are better than the pricing assumption
Social Media	A Causey	6	6	5	23					Risk that LICOA's social media presences does not improve reputation
Equity Market Risk	A Causey	6	4	9	23					Risk that equities will drop in value or be more volatile than expected
Emerging Risks	Keck	4	6	7	23					Risks not currently on the list (e.g., AIDS would have been an emerging risk until the mid 1980s)
Print Shop - Availability	T Cole	7	6	3	22					Risk that LICOA print shop experiences down time preventing timely distribution of materials
Information Technology - Security	T Cole	2	8	4	22					Risk that unsanctioned person is able to access system
Consumer Issues	Lewis	4	6	6	22					Risk that policies will be inappropriately marketed to individuals
Asset Allocation	A Causey	3	7	5	22					Risk that assets are not diversified across asset types as expected in investment procedures/process
Competition from other carriers	M Causey/Lewis	5	5	6	21					Risk that more carriers will enter our market
Antiselection	Edmondson	3	5	8	21					Risk that policyholders find holes in pricing relative to competitors and choose LICOA for cases that will not meet targets
Rating	A Causey	3	6	5	20					Risk that LICOA's rating is not as desired
Corporate Image	Daugette	3	4	9	20					Risk that LICOA loses credibility in the marketplace
Private Placements	A Causey	4	5	5	19					Risk that private placements are not able to be converted to cash when needed
Distributor Recruitment	M Causey/Lewis	6	4	4	18					Risk that quality candidates are not successfully recruited
Mortgages	A Causey	4	4	5	17					Risk that commercial mortgages will not pay out as expected due to credit events
Financial Reporting	Hulsey	3	4	5	16					Risk that LICOA will not meet requirements set by regulators
Information Technology - Data Integrity	Jones	2	5	3	15					Risk that unsanctioned person is able to change information
Call Risk - Callable Bonds	A Causey	3	3	5	14					Risk that bonds will not pay out as expected due to contractual call features