

# Life Insurance Company of Alabama

## ERM

In 2017, LICOA began the process of establishing an Enterprise Risk Management program. The company drafted a framework that was approved by the board of directors and appointed J. Steven Keck, FSA, MAAA, as the Chief Risk Officer.

Significant progress was made in 2017 and 2018. However, the process of implementing the ERM program has competed for resources with several companywide projects. In particular, we felt the review of our investment process was able to mitigate a risk high on our list of concerns. That is now complete and will take fewer resources to monitor. A new investment advisor, NEAM, will also provide additional ERM monitoring. We expect to make more overall progress in 2019 now that the foundation has been laid.

Replacing the legacy administrative system, which is now substantially complete, and sprucing up the building are other risks where the mitigation strategy will produce rewards for many years. While we were working on these highly ranked risks, we were preparing for the future by writing up the mitigation strategies for many of the remaining items on our list.

We continue to work on identifying and prioritizing risks, developing mitigation strategies where needed and implementing those strategies, especially where the risk score was high.

We are working with an outside consulting firm in the installation and implementation of our ERM program.

### Risk Appetite, Tolerance and Limits

	Target	Actual Results		
	floor	2016	2017	2018
AM Best Rating	B+	B++	B++	TBD
BCAR	40	59.6	62.6	TBD
RBC (% ACL)	450%	1628%	1804%	2431%

The following pages show some examples of risks/mitigations that have been reviewed this year. For a review of all the risks/mitigations that have been reviewed please refer to the addendum.