Chapter 13

Operational risk: systems and controls for insurers



13.5 Risk management terms

13.5.1

In this chapter, the following interpretations of risk management terms apply:

- (1) a firm's risk culture encompasses the general awareness, attitude and behaviour of its employees and appointed representatives or, where applicable, its tied agents, to risk and the management of risk within the organisation;
- (2) operational exposure means the degree of operational risk faced by a firm and is usually expressed in terms of the likelihood and impact of a particular type of operational loss occurring (for example, fraud, damage to physical assets);
- (3) a firm's operational risk profile describes the types of operational risks that it faces, including those operational risks within a firm that may have an adverse impact upon the quality of service afforded to its clients, and its exposure to these risks.