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MINI-ROUNDTABLE

ENHANCING INSURANCE INDUSTRY COMPLIANCE WITH AN AUTHORITATIVE SOURCE LIBRARY



PANEL EXPERTS**John O'Brien**

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John O'Brien joined Wolters Kluwer compliance program management insurance in January 2011. With over 15 years of experience in product management, he leads the Compliance Program Management insurance business unit as a director of product management, providing solutions to help insurance compliance professionals maintain compliance in a rapidly changing regulatory environment. He has an Associate in General Insurance from The Institutes, received his MBA from Columbia Business School and his BA from Harvard University.

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Jason Zitney is the director of sales for the insurance compliance solutions team at Wolters Kluwer. He has over 20 years of experience in the insurance industry as a compliance and audit professional, consultant, and solution provider to the industry. He has an appreciation for the challenges that the industry faces and enjoys working with clients to achieve success.

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Kathy Donovan is a senior compliance counsel in insurance compliance solutions at Wolters Kluwer. She has over 25 years of experience at Wolters Kluwer involved in multiple product areas, including regulatory change management and market regulation compliance solutions, as well as other activities focused on increasing awareness and understanding of compliance issues affecting insurers.

R&C: With some insurance companies incorporating an authoritative source library (ASL) – also known as a regulatory inventory – into their governance, risk and compliance (GRC) operations, could you provide an overview of an ASL?

O'Brien: An authoritative source library (ASL) is an inventory of the laws which an insurance company is beholden to. What that means is that an insurer has its own copy of this inventory within its governance, risk and compliance (GRC) system, its own list of the laws that must be adhered to for compliance assurance. Having an ASL in a GRC system provides many advantages. As with one's own inventory, an insurer can relate activities stored within its GRC system to citations stored within its ASL to drive greater efficiencies as part of the insurer's compliance programme management systems.

R&C: What value can an ASL bring to an insurer's GRC operations?

Donovan: Any given section of law has the potential for multiple connection points within an insurance company's compliance operations. Having a central data point immediately available to map together the activities and processes that

are managed in a GRC system allows for inherent connectivity – an ASL in a GRC system allows for direct links to citations in the library. Knowing how different data points related to a specific

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*Jason Zitney,
Wolters Kluwer*

law in an insurer's operations are linked together with the legal citation as the central object is the fundamental value. Compliance requirement citation connectivity can be the central point used to gain greater understanding of an insurer's compliance programme. Changes to an ASL, when mapped, can be seen across all activities, processes and risks for a true impact assessment of such a change.

R&C: What kinds of use cases illustrate the ability of an ASL, when embedded in GRC operations, to enhance overall efficiency and enable insight into compliance relationships?

Zitney: For regulatory change, an ASL provides an organisational structure or framework where all the regulatory change activities that pertain to a specific citation can be easily identified. In complaint management, an ASL helps one identify complaints that may need a higher priority because these are repetitive complaints or have been the subject of market conduct actions. Connections provide and drive the compliance insights needed for more effective planning for responses to complaints, as well as escalating compliance issues tied to violations of a citation in an ASL. In terms of a risk assessment use case, an ASL provides visibility as to where a particular citation is impacting the organisation across its lines of business. An ASL can then enable a quick impact assessment, allowing the organisation to be responsive to that impact across their GRC operations in an efficient manner.

R&C: Market regulation often results in exams and orders which not only reveal violations of regulatory requirements, but also mandate corrective actions. How does an ASL assist in connecting those requirements and corrective actions across different compliance functions?

O'Brien: I think having an ASL is like having a superpower, such as x-ray vision. With an ASL, you can see across the entire organisation to understand how one regulatory requirement, event or activity is connected to or impacted by another. Market conduct exams or even an internal audit can result in required corrective actions. An ASL assists compliance professionals in managing those corrective actions and verifying that the subject regulatory requirement is embedded correctly in an insurer's operations. This system, and its connections, also facilitates proving corrective

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action compliance to a regulator. Additionally, to the extent a regulatory change impacts that compliance requirement, an ASL will have been appropriately and timely updated. Moreover, all activity that pertains to a given citation can be linked to that citation in an ASL.

R&C: To what extent can ASL relationships deliver more insights to the risk assessment process?

Donovan: ASL relationships between and among regulatory requirements and operational areas create unique 'knowledge connections', which are available for use in ongoing compliance risk assessments. As a case in point, an ASL allows the risk assessment process to see there has been significant regulatory changes, exam and corrective actions activity, or complaints related to that risk. That level of collective insight from an ASL holding these connections makes for a faster and more thorough risk assessment. Performing risk assessments without an ASL relies on an individual having the requisite institutional knowledge or accessing another system or files to check if there were any complaints, exams, corrective actions or regulatory change events. Using such alternate sources in the absence of access to an ASL, while doable, does create challenges in terms of being able to deliver on all the connection insights.

R&C: What kinds of compliance insights might insurers expect to learn by using an ASL?

Zitney: Insurers can expect an ASL to allow them to have line of sight across their organisations to pinpoint areas of exposure and ultimately allow them

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to ensure resources are available for high-risk areas. An ASL will grant the ability to see trends on a much more proactive basis. Identifying such trends allows insurance compliance professionals to evaluate challenges as well as consider their options in terms of prioritising and mitigating risks. Additionally, links when made via an ASL provide information, from both internal and external sources, which allow for more effective and timely responses to market regulation criticisms and prioritisation of corrective actions. **R&C**