

Audit Committee Enterprise Risk Management Update

Kelly Booten

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Data Quality and Availability

Risk Owner: Kelly Booten

Risk Champion: Robert Sellers

Risk Description
Lack of complete and accurate data available to support management decisions.
Mitigation Update
<ul style="list-style-type: none">• Data Quality improvement initiative as part of Enterprise Data Management (EDM) committee reviews• Conduct proactive Data Quality assessment to identify and assess the confidence level in Data Quality• Standards and Procedures for Enterprise Data Management Risk Management, including controls and education• Initiate an Enterprise wide, Strategic Data Quality Initiative to assess & establish Master Data, Reference Data and Metadata Management capability• Continue to build on People (Data Owner, Data Steward, Data Custodian), Process (Data Governance, Metadata Capture & Management) and Technology (Master Data Management (MDM), Reference Data Management (RDM)) Capability to enable optimization with accurate data• Continue to enforce principle of "Least Privilege" for Data Availability and monitor the access regularly
Potential Gaps / Concerns
<ul style="list-style-type: none">• Potential for non-compliance with regulatory requirements such as<ul style="list-style-type: none">• Financial Reporting (International Financial Reporting Standards (IFRS) or National Association of Insurance Commissioners (NAIC))• Office of Insurance Regulations (OIR) Reports• Payment Card Industry Data Security Standard (PCI DSS) and• Gramm-Leach-Bliley Act (GLBA)• Complex, multi-year Data Quality focused implementations require funding, resources and cross functional commitment• Prioritization over other competing & reactive initiatives may delay and reduce fund, which can eventually jeopardize implementation• Agreement on System of records for each high level data to reduce / eliminate redundant data stores• Agreement on creating "Need to Know" control access to data

Data Security and Privacy

Risk Owner: Kelly Booten

Risk Champion: Robert Sellers

Risk Description
Ability to secure and protect the privacy of the data and computing assets from unauthorized access resulting in the unintentional disclosure of confidential, private, proprietary or sensitive information.
Mitigation Update
<ul style="list-style-type: none">• Enterprise Security Awareness Programs including training and active testing processes• Improvement activities in end user security education for external and internal threats – threat landscape is continuously changing• Standards and Procedures for Risk Management of Enterprise Data, including controls and education• Security and Risk Assessments by internal staff and independent third parties and implement appropriate changes to harden security posture• Standard compliance assessments on systems and technology internally and implement appropriate controls• Development and deployment of security process and technology solutions appropriate to level risks identified• Understanding and support from leadership team that efforts to improve cybersecurity must properly reflect the borderless, interconnected, and global nature of today's cyber environment
Potential Gaps / Concerns
<ul style="list-style-type: none">• An increasing landscape of security threats and potential impact to operations and brand where existing technology and processes are not able to prevent impacts to Citizens• Enterprise talent retention and development to ensure security and risk management skills/resource availability• Growing attempts to exploit end users, and their in-ability to identify threats.• Priorities and resources for implementation of information security processes and controls compete with similar priorities for completion of other projects and initiatives• Single access and identify management system for the organization.• Logging and monitoring with a Security Information and Event Management System (SIEM) solution.• Appropriate security standards configurations in place for all technology utilized within Citizens• Potential to have Data Loss due to employees not familiar with sensitive data handling procedures

Reliance on Third Parties

Risk Owner: Kelly Booten

Risk Champion: Stephen Guth

Risk Description
Significant reliance and / or overreliance on vendors.
Mitigation Update
<ul style="list-style-type: none">• Continue primary / contingent contract award structures• Continue leveraging alternate contract sources• Continue researching alternate capabilities (e.g., drones, estimating resources, fast track adjusting)• Continue reviewing Citizens' workflows and processes to drive to market consistency• Implement policyholder self-service and electronic communications• Further leverage ClaimXperience• Implement Vendor Management Office (VMO) emergency contracting procedures• Ongoing review Citizens' core competencies with Executive Leadership Team• Ensure adequate staff in critical positions• Ensure adequate vendor and contract management staff to manage vendor performance and delivery• Implement enhanced succession planning for critical staff• Requirement for, and validation of, vendor operational resiliency• Continue including financial consequences in vendor agreements
Potential Gaps / Concerns
<ul style="list-style-type: none">• Duration of solicitation process• Managed Repair Program contractor availability• First Notice of Loss and Independent Adjuster vendor availability• Citizens' operating models which may not be consistent with market practices• VMO ability to contract for alternative vendors during Catastrophe Operations• Insourcing of critical capabilities difficult to find in the market• Vendor operational resiliency• Vendor willingness to perform and scale to demand

Systems Implementations

Risk Owner: Kelly Booten

Risk Champion: Brian Weaver

Risk Description
The ability to effectively scope requirements, prioritize, implement and measure the return on technology solutions, both internally developed and external solutions.
Mitigation Update
<ul style="list-style-type: none">• Existing Benefits Realization process employed for enterprise project evaluation will be reviewed in 2018• Planned 2018 implementation of success criteria definition and performance measure mapping at the feature level in the software tool used for managing agile development (Rally)• The Enterprise Rhythm program leverages an enterprise-wide planning and delivery framework including a standard escalation path, ELT steering function, and defined mitigation options• Monthly enterprise portfolio reporting provides information about how projects and initiatives are contributing to attainment of corporate goals and objectives, as well as delivery progress and prioritization• In addition to annual planning, planned implementation of recurring strategic exercise (6-month boundaries)• Role-level contribution to success: Enterprise Business Solution Architecture, Product Owner Community of Practice (CoP), project management approach
Potential Gaps / Concerns
<ul style="list-style-type: none">• Currently producing business cases for larger initiatives and/or upon request, but not for all projects• Not all initiatives have clearly defined Success Measures to validate implementation and ongoing benefit realization• Continued demand in excess of capacity could strain the system such that the delivery of critical priorities are delayed or quality diminished thus introducing risk to the organization• Competition with other emerging enterprise initiatives could lead to an inability to effectively manage competing priorities and benefit realization• Talent retention and development to ensure skills/resource availability across organization to support systems implementations• Architecture practices and principles for use in a Lean Agile environment still evolving