

Compliant and Reliable Risk Management Framework at Generali Deutschland

Generali Deutschland seamlessly integrates an effective governance unit based on a comprehensive process documentation and risk analysis

The Situation

Generali Deutschland Holding AG is the head of the German units of the Italian Assicurazioni Generali Group and one of the biggest and most successful primary insurance groups in Germany.

In 2005, the Italian government installed a legal framework to ensure compliance with the future accounting, reporting and risk management standards in the European Union (EuroSOX). As a public listed insurance company belonging to an Italian group, Generali Deutschland had to implement these legal requirements within the German subsidiaries.

In order to ensure that the information published in its financial statements is reliable and correct,

Generali Deutschland had to analyze the underlying processes and set up effective risk management procedures.

The Solution

Generali Deutschland selected Capgemini Consulting as project partner. Both companies jointly started to implement the requirements within the major operational units and the shared service accounting unit.

The project team:

- analyzed the financial statements and identified the underlying processes that led to the positions with the highest financial impact

“For me the Capgemini Collaborative Business Experience was very positive. It combined people with great skills working towards a win-win situation with my team and making sure all stakeholders were on board.”

Dr. Jan-Gerd Rogge,
Risk Manager (Project Manager),
Generali Deutschland Services GmbH

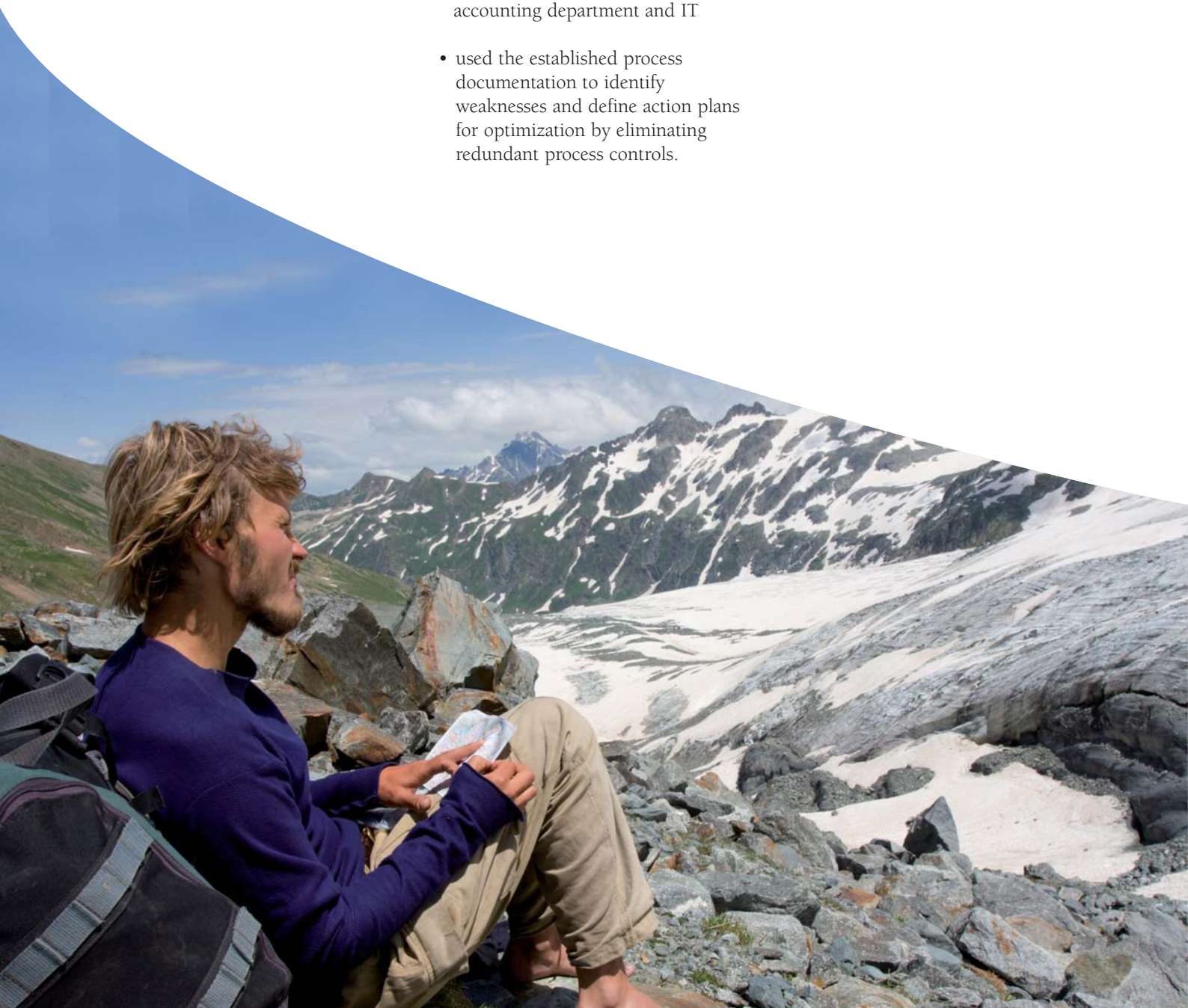


- defined a consistent and robust process documentation and risk assessment method in accordance with the existing IT architecture and risk framework used within Generali Deutschland
- generated an intuitive, overall closing process providing at the same time an overview of all sub-ledger interfaces and a testable but lean closing process with defined key controls
- created a consistent process landscape by mapping the processes into an end-to-end framework that integrates the operational units, accounting department and IT
- used the established process documentation to identify weaknesses and define action plans for optimization by eliminating redundant process controls.

The Result

Generali Deutschland built and integrated a compliance unit that ensures the fulfilment of the Italian legal requirements within Generali Deutschland. Capgemini Consulting supported the client in delivering a comprehensive process documentation and risk analysis for the most critical processes.

The team further increased the transparency and quality of existing processes by establishing ongoing process controls. In the end, this ensured the overall reliability of financial reporting focusing on both effectiveness and efficiency.



How Generali Deutschland and Capgemini Consulting Worked Together

Following a collaborative approach—an essential to all its assignments—Capgemini Consulting worked very closely with Generali Deutschland and its various stakeholders. Jointly with the client, Capgemini involved the process owners in the project at an early stage and openly communicated the scope of work to them.

The close collaboration between the client's and Capgemini Consulting's business and field experts ensured an ongoing critical reflection on project deliverables. Regular telephone conferences, workshops, presentations and Capgemini Consulting's presence at the client's site fostered a continuous project communication. Generali Deutschland and Capgemini Consulting approached the project in four phases.

The objective of the first project phase was to define a common methodology as a platform for the roll-out of the risk management framework within the organization. The project team ensured that all existing frameworks and methods were taken into account before creating additional schemes.

The team considered the to-date risk framework and monitoring, process architecture, IT landscape and organizational structure of Generali Deutschland. This further increased the client's acceptance of the new framework. As a result, Generali Deutschland and Capgemini Consulting established a powerful and flexible methodology combining acknowledged risk management frameworks, such as COSO and CobiT, with the existing process and risk tracking methods at Generali Deutschland. The design and implementation of a consistent business process methodology based on best practices, and its efficient integration within the existing Generali Deutschland approach was crucial for the success of the project.

In the second phase, the team initiated the process documentation and the risk analysis. Together with Assicurazioni Generali, the project team determined the scope by conducting a thorough analysis of the annual report, the income statement and the underlying chart of accounts.

The team prioritized the account positions according to their share in the balance sheet and the income statement. The project management maintained a lean project scope by focusing on the key processes at the eight operational and five service units of Generali Deutschland. The actual process documentation could therefore be limited to a targeted set of processes.

In the third phase, the project team integrated all documented processes into a comprehensive process map, oriented at the client's process benchmark structure. This map was extended to a consistent end-to-end process chain, which not only allowed to identify important process interfaces, but also to level the focus from individual process monitoring towards a holistic risk controlling throughout the entire value chain. Instead of focusing on isolated risks resulting from individual sub-processes, Generali Deutschland could now concentrate on the quality of complete business transactions. This enabled the organization to significantly reduce the number of controls to a limited set of key controls.

In the fourth phase, the team accompanied the process owners and internal auditors during process walkthroughs. The team made sure that the actual processes were congruent with the process documentation and applied resulting changes to the documentation if necessary. The processes could then be tested for the effectiveness of the implemented risk controls. After the walkthroughs and tests, Capgemini Consulting supported Generali Deutschland to integrate the test findings within the organization.



Very quickly, recurring and redundant controls were eliminated, manual controls replaced by automatic, weak by strong and detective by preventive. Focusing on aggregated risks, Generali Deutschland will be able to decide whether to cover a risk, ignore it or insure against it. Thus, a risk management based on end-to-end process chains transformed effective risk coverage into an efficient one.

From the beginning, a continuous change management based on proactive communication accompanied all of the project activities. The combined team, including process owners, managers and external and internal auditors, was familiarized with defined methodologies and applied Capgemini Consulting tools.

The project management constantly shared the results with the process owners and reported progress to a steering committee. The involvement and acceptance of all stakeholders and shareholders made this project a comprehensive success.

Generali Deutschland smoothly integrated an effective and lean compliance unit into their Shared Service Center. The team supported Generali Deutschland's transformation process by specifying the operational and organizational structures. The definition of unambiguous role concepts and clear accountabilities based on Capgemini Consulting's tool "RACI" (Responsible; Accountable; Consulted; Informed) helped to establish lean governance processes.

The integration of the compliance unit into the Shared Service Center has permanently increased overall reliability and transparency of financial reporting.



About Capgemini

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™. The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 30 countries, Capgemini reported 2008 global revenues of EUR 8.7 billion and employs 90,000 people worldwide.

Capgemini Consulting is the strategy and transformation consulting division of the Capgemini Group, with a team of over 4,000 consultants worldwide. Leveraging its deep sector and business expertise, Capgemini Consulting advises and supports organizations in transforming their business, from strategy through to execution. Working side by side with its clients, Capgemini Consulting crafts innovative strategies and transformation roadmaps to deliver sustainable performance improvement.

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In collaboration with



Generali Deutschland Holding AG is the management holding company of one of the largest and most successful primary insurance groups in Germany.

As parent of the German units of the Generali Group, it is the engine for continuous development of the Group, acting as a brace. As Group controller, it ensures the concentration of expertise and the realization of economies of scale, e.g. in IT, asset management, internal service providers,

claims management, issues of valued-based controlling and implementation of major projects.

Companies led by Generali Deutschland are AachenMünchener, Generali, CosmosDirekt, Central Krankenversicherung, Advocard Rechtsschutzversicherung, Deutsche Bausparkasse Badenia and Dialog. They provide the full range of financial services: up-to-date products satisfying customer requirements, qualified advice and customer-friendly service.

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