

# HCH Advisors



## **HCH Advisors announces its new Internal Audit Outsourcing Service**

As part of our continuing roll out of consulting services to the insurance industry, HCH Advisors is introducing Internal Audit Outsourcing.

As a key component of good corporate governance, Internal Audit can also provide strategic benefits by providing management with a clear and objective view of the company's internal control structure and effectiveness.

HCH Advisors uses a risk based approach to Internal Audit. We begin with an overall risk assessment of the organization. This assessment identifies the inherent risks posed by the business and produces a heat map showing the relative potential frequency and severity of the inherent risks. We then look at controls, processes and procedures that mitigate the risk. We will evaluate the control designs to determine their appropriateness. If appropriate, we will test the effectiveness of the controls. If not appropriate, we will recommend changes to the control and test its effectiveness once it is in place.

For an insurance company, the basic risks are shown in the figure below. The first 10 are based on the NAIC risk framework with the last three risk categories identified by HCH as also needing to be evaluated.

HCH Advisors has Internal Audit experience at the senior and international levels, as well as having provided outsourced internal audit services to multi-line, national and regional privately held and publicly traded insurance organizations.

Additionally, HCH Advisors has conducted numerous risk assessments of insurance operations.

For more information, contact:

John Hines  
610-212-8036  
[jhines@hchadvisors.com](mailto:jhines@hchadvisors.com)

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<b>GOVERNANCE</b>			
	<b>Category</b>		
<b>Risk Type</b>	<b>Strategic</b>	<b>Financial</b>	<b>Operational</b>
<b>Credit</b>		X	
<b>Pricing</b>		X	
<b>Underwriting</b>		X	
<b>Reserving</b>		X	
<b>Market</b>		X	
<b>Liquidity</b>		X	
<b>Legal</b>	X		X
<b>Strategic</b>	X		
<b>Operational</b>			X
<b>Reputational</b>	X		
<b>Regulatory</b>	X	X	X
<b>Rating Agency</b>	X	X	
<b>Decision Making</b>	X	X	X
<b>MONITORING &amp; COMMUNICATION</b>			