



# National Friendly Case Study

*Established in 1868, National Friendly is a mutual Friendly Society. Originally named the Surrey County Deposit Benefit Club, the Society is dedicated to looking after their members' health and welfare needs and has been doing so for the past 145 years.*

As a Financial Services organisation, regulated by the FSA & PRA, and needing to comply with Solvency II, National Friendly need robust forms of governance to protect the business and its customers. One such area that was identified as needing improvement was that of risk management and subsequent reporting. Previously, like many other organisations, the mechanisms for collecting and assessing risk were disparate and therefore difficult to analyse and report. Excel, as the major repository, also had its limitations in terms of data accuracy and auditability.

## Request

In 2009 National Friendly decided a professional risk management technology was required in order to tighten up and fully embed the Society's risk management processes. The key reasons for the investment in a specific risk & compliance management system were;

- To better demonstrate compliance
- To change the perception of risk management by engendering greater participation
- To drive strategic thinking in the business whilst also maximising opportunities.
- To more efficiently bring risk and internal controls together to support the audit process.

## Solution

After reviewing each system in detail, Martyn recommended that the Board choose to implement JCAD's Risk Management software. "The decision to work with JCAD was straight forward. The software offered the vast majority of what we needed and was simple to use. Equally important as the functionality, I also recognised in them a partner that would work with us to improve the system as our risk management needs evolved." In early 2011, JCAD started work with Martyn to configure the risk system to the National Friendly framework. The system also needed to

incorporate not only the capture and assessment of operational and strategic risk but also emerging risks and loss events. National Friendly was able to input into the design of how loss events and issues were collected and from this JCAD developed the relevant functionality. "It was important to us that we established a good working relationship with whichever software provider we chose. The JCAD team was honest about what could be delivered out of the box and what would need development."

## Results

JCAD RISK has enabled National Friendly to provide visibility and easy access to risks at all levels of the organisation. This has helped to facilitate accountability by the manual and automated delegation of tasks to departments or individuals. The board and senior management are now actively engaged with the system and requests for greater analysis are becoming common place. Furthermore, risk management now forms part of everyday dialogue.

"Throughout the business staff is realising that Risk Management doesn't need to be 'feared' but can be embraced as a powerful process in identifying otherwise unrealised opportunities." Allowing access to external third parties has reduced the audit process by many days as the external auditors can access the entire risk and compliance registers. The JCAD system will now also be used to contribute to production of the ORSA (Own Risk & Solvency Assessment) report. This is a key component of Solvency II.

## The Future

The demands on the industry continue to mean that compliance and risk management practices need to evolve. Because of this, National Friendly has recently upgraded its Risk Management software to JCAD CORE. The CORE suite of applications, which include CORE RISK & CORE AUDIT, now provide greater flexibility, improved functionality and enables both these disciplines to be managed from within the single system. Other benefits include the ability to link records together. "We are now able to link audit and controls to specific risks to provide reassurance to the board that the business controls we have in place are correct and working."

