

Regulatory Compliance and ERM

Regulatory Compliance and ERM

1. Link Between Compliance and Risk Management

- Regulatory non-compliance is itself a significant risk category, and ERM frameworks typically integrate compliance risk alongside operational and financial risks.

2. Industry-Specific Regulations

- Financial services, insurance, and healthcare sectors face particularly stringent, detailed regulatory risk requirements (e.g., capital adequacy rules for insurers).

3. Regulatory Risk Assessment

- Organizations must track evolving regulations and assess the risk of non-compliance, including potential fines, license revocation, or reputational damage.

4. Compliance Culture

- Effective ERM requires embedding compliance awareness into organizational culture, not just relying on a compliance department to catch issues after the fact.

5. Regulatory Reporting Requirements

- Many industries require formal, periodic risk and compliance reporting to regulators as part of ERM obligations.

6. Why It Matters

- Regulatory penalties and reputational damage from compliance failures can be severe enough to threaten an organization's survival, making this a top-tier ERM priority.