

The Daily

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My Top Risks

Find out what our leading risk managers rate as their top risks

When East meets West

How to establish a risk management programme in emerging markets

Top 10 Risks

A sentiment survey of Europe's top risk managers

"Price is not the most important thing for us"

Ferma president Peter den Dekker explains how the availability of insurance solutions is more important to buyers than cost



'We are witnessing a tectonic shift in the outlook for the financial industry and growth prospects for the financial sector in the West are limited'

Josef Ackermann, chief executive of Deutsche Bank



MEET THE TEAM

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Strategic RISK
STRATEGIC RISK MAGAZINE



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Setting the scene

myfermamoment

'Some of the best solutions I've implemented have come from connections I've made and knowledge I've gained from attending events like Ferma. Our business lives are so busy these days – having the space to look and listen in one location at a European level is precious!'



Julia Graham, vice-president, Ferma

editor's word



Nathan Skinner, EDITOR, STRATEGICRISK

My view "Price is not the most important thing for us [commercial insurance buyers]. It is important, but we are mostly looking for solutions and capacity." That was the message to industrial insurers from Peter Den Dekker, president of Ferma at the opening of the Ferma conference in Stockholm on Monday 3 October. He also strongly urged insurers not to use the looming Solvency II regulation as an excuse to "hike prices" in the commercial insurance market.

Also giving a keynote speech was Deutsche Bank chief executive Josef Ackermann. He presented a worrying outlook for financial services in Europe. "Sentiment indicators suggest the global economy is on the brink of a sharp slowdown. And uncertainty about sovereign debt lies at the heart of this market turmoil. As long as this persists,

Europe's businesses must learn to live with this new economic reality as they grapple with changing dynamics in their organisations.

Email nathan.skinner@strategic-risk.eu

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stockholmparty map

A mini-guide to the parties around the conference

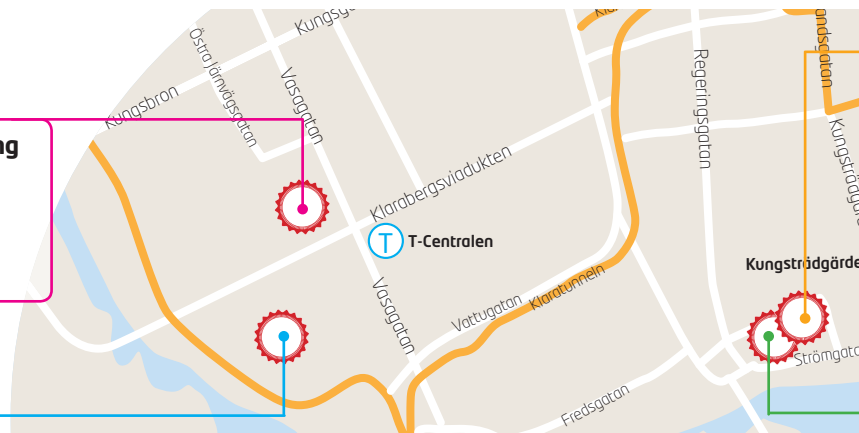
The Bar on Level 4, Stockholm Waterfront Congress Centre

Tuesday 4 October

Lloyd's cocktail reception
18.00-20.00

Radisson Blu Royal Viking Hotel Stockholm
Tuesday 4 October

Miller drinks and canapes
18.30-21.00



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it is almost inevitable that we will see tremendous asset price volatility."

Growth prospects for the financial sector in the West are limited, said Ackermann. "Reducing public debt will entail a long period of austerity ... it is highly probable that growth rates will be below their long-term trends for some time. All of this is taking place while we are trying to control risks in our daily business in a highly uncertain environment." The world must come to terms with a huge shift in economic might from the West to emerging markets in the East. "The share of emerging markets in global GDP will probably rise above 50% for the first time this year. While Europe's share of global GDP will be around 20%," Ackermann said.

Ackermann's is a troubling prognosis for Europe's risk managers – a view that Den Dekker expressed when he returned to the stage. Europe's businesses will have to learn to live with this new economic reality as they grapple with changing dynamics in their own organisations.

Café Opera
Tuesday 4 October
 Ferma night
 22.00-03.00

Royal Swedish Opera
Tuesday 4 October
 EOS Risq cocktail party
 18.30-20.30

programme

tuesday 4 october

08.00-09.00: Young risk professionals breakfast

09.00-10.15: Sessions

- Risk managers' industry group sessions
- Contract risks - meet your legal counsel
- Film workshop: identifying and managing fraud and bribery risk
- The risk manager's challenging role tomorrow

10.15-11.00: Networking break

11.00-12.00: Sessions

- The headache of export compliance
- Successful risk management through co-ordination with governance and assurance processes
- Dos and don'ts: international travel security
- Contract risks - meet your legal counsel

12.15-14.00: Lunch and networking

14.00-15.15: Sessions

- Shaking up the European insurance market through regulations
- Managing a travel crisis: how prepared are you?
- Advanced risk management view on marine and cargo
- Risk manager: provider of information for audit committees and CEOs

15.15-16.00: Networking break

16.00-17.00: Sessions

- Global compliant programmes - a new dynamic - tools and solutions
- Do not risk your reputation - a strategic asset
- Innovation in the insurance industry - wishful thinking or a realistic perspective?
- Managing business interruption - hard to understand but a must to survive

17.00-18.00: Fermapero

22.00-02.00: Ferma night at Café Opera

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News from the conference

myfermaday

The vice-president's diary Tuesday, 4 October

StrategicRISK asked Julia Graham, Ferma vice-president and chief risk officer, DLA Piper about her plans for the day



07.00 I'll be up and about early – habits of travelling on the 6am train to London every day are hard to break – even though I suspect the night before will have been a late one. After checking and responding to 'day job' emails, I'll be popping into the Young Risk Professionals breakfast. Two of my colleagues from DLA Piper who are starting out on their risk careers will be there.

09.00 I'll start out at the workshop addressing governance with a focus on managing fraud and bribery. This includes a film, which should be interesting and is designed to provoke some interaction with delegates. I'll then be off to walk around the Marketplace – there's so much to see that this will be my third planned visit. I'm currently spending a lot of time on governance, risk and compliance and the interrelationship between these, as part of my role at DLA Piper and as a delegate working on ISO/PC 262. So I'll also head for the session on risk management co-ordination with governance and assurance processes.

13.00 Time for a spot of lunch and then a drop in to several sessions ranging from travel risk, marine and cargo, followed by a look at risk information needs for audit committees and chief executives – a good follow-on from the morning's sessions. I've allowed space for some networking with insurers and brokers in the Marketplace.

16.00 After tea, I'm facilitating the session on compliant programmes. We have an amazing number of attendees registered for this and demand has forced us to move to a bigger room in the conference centre. We have some leading authorities on this subject from insurers, brokers and the risk and insurance manager community. With 'homework' to read in advance of the event, this is an advanced session in which we're not planning to cover old ground.

18.00 Following several more meetings, I'll get ready and join my colleagues for dinner, followed by Ferma Night at Café Opera. It's likely to be another late one!

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topfourhighlights



TREAD CAREFULLY WITH REGULATION

Changes to financial regulation, while clearly necessary to make financial markets more resilient to shocks, should be undertaken with care given the pivotal role the industry plays in the economy. This was the view from Josef Ackermann, chief executive of Deutsche Bank, on the opening day of the Ferma Forum. After over two decades of deregulation, liberalisation and market integration, there is now a move towards re-regulation and disintegration. "In the future, financial regulation will be more prescriptive and less principal based," he warned. "The risk is that the cumulative effect of all these reforms will be massively negative. Sound initial ideas for regulations often morph into bad practice." If the rules are tilted in the favour of emerging markets, European banks will fall behind, he said.



SOLVENCY II NO EXCUSE FOR RATE RISES

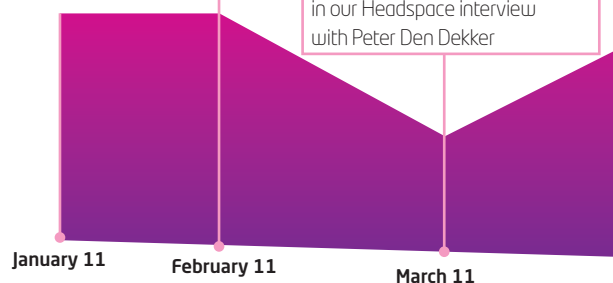
Reinsurance companies are "talking up prices", which could mean premium increases for commercial insurance buyers, complained Ferma president Peter Den Dekker on the opening day of the forum in Stockholm. Commenting on a recent trip to the Rendez-Vous de Septembre, the annual gathering of reinsurers in Monte Carlo, he said: "There is a strong indication that reinsurers are trying to talk up prices. If there is a hard market coming, we do not want it to come like a bolt from the blue, and we do not want Solvency II to be used as the rationale for a sudden large rise in insurance rates." Den Dekker also said that risk managers could do more to make insurers and reinsurers comfortable with the risks that they wanted to have underwritten by explaining more about their own businesses.

riskbarometer

Risk management covers a whole host of topics. But what issues are the most important to risk managers? By analysing the most popular stories on StrategicRISK's website (www.strategic-risk.eu) over the past year, we can draw some anecdotal conclusions about the issues that most interest risk managers.

February The year started ominously with unrest leading to revolution in Egypt causing a big impact for businesses. Risk managers liked our Egypt risk profile and forecast

March Great interest was shown in our Headspace interview with Peter Den Dekker



News from the conference



'Risk management itself is a social enterprise. It's not about "have we got the right numbers"
David Hancock,
 head of risk, London Underground



CATASTROPHES HAVE PUSHED UP RATES

Insurers have been pricing risk competitively in the third quarter, with rate reductions common in many lines. But, according to insurance broker Bowring Marsh, a series of cats in 2011 has bred caution. "In places such as Japan, Australia and New Zealand, we have seen a 6% creep in rates," said Bowring Marsh UK head Andrew Chester. Chester stressed that 1 January renewals are heavily dependent on the US wind-storm season. Natural catastrophe losses have forced significant rate increases in loss-affected lines. According to Bowring Marsh's Q3 outlook on insurance, Japan has seen a 50% increase, while Australia has seen 20% increases on a like-for-like basis. Yet these events have only increased the appetite for catastrophe cover.



MANAGE RISK TO BOOST FINANCIALS

There is a positive link between the maturity of an organisation's risk management framework and its financial performance, according to research from Aon Risk Solutions. In partnership with the Wharton School, Aon has developed an online tool to gauge the maturity of an organisation's risk management structure and implementation. The self-assessment questionnaire includes questions on corporate governance systems and risk management processes. "Now we have the facts to support the importance of a strategic risk management framework," group managing director of Aon Global Risk Consulting Theresa Bourdon said. Aon is planning to use the index to identify the specific risk management activities that deliver the greatest return on investment. The index is available by emailing: risk.maturity.index@aon.

oncamera



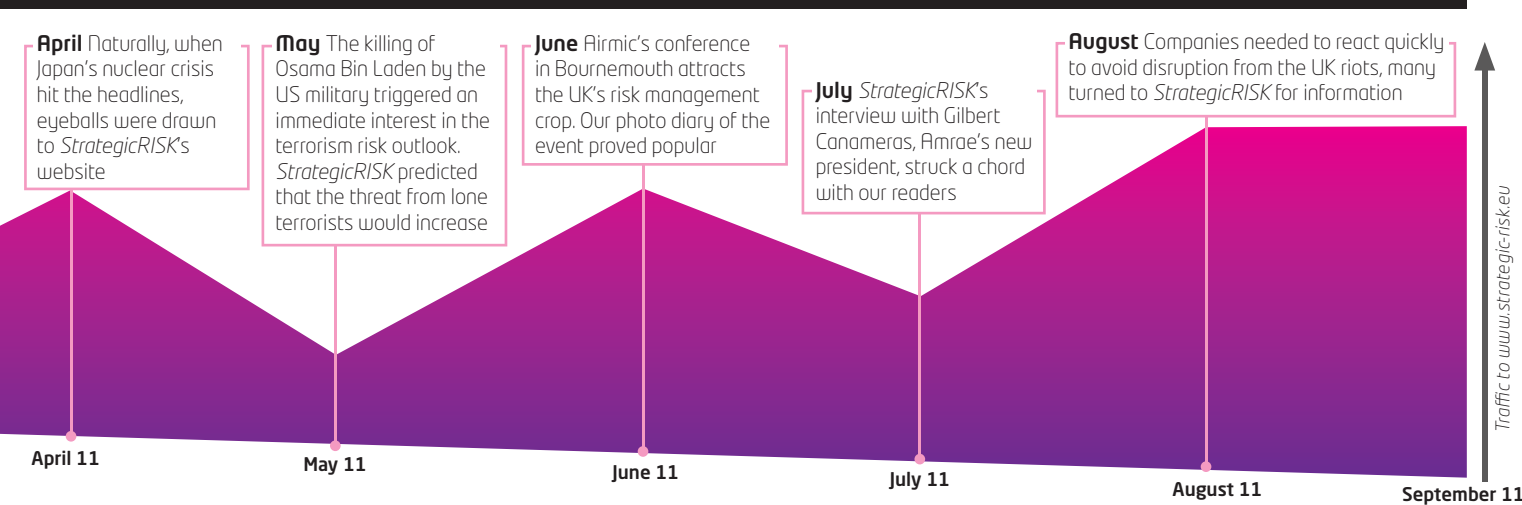
JOSEF ACKERMANN
 CEO of Deutsche Bank



CHARLOTTE BARNEKOW
 greets PETER DEN DEKKER



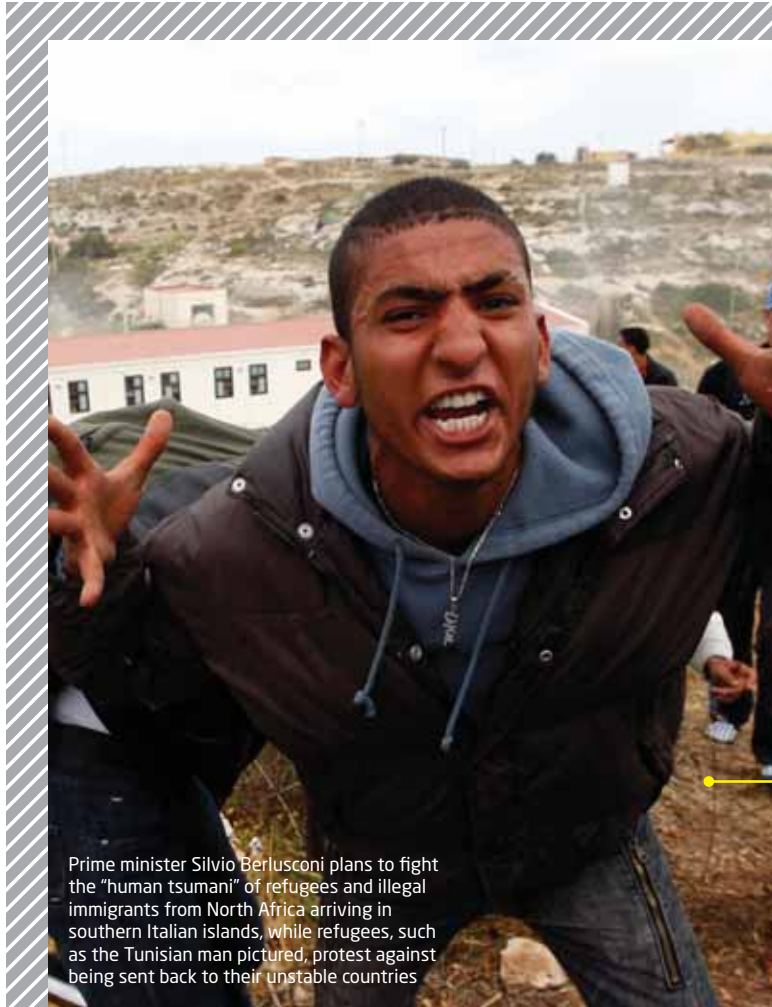
ACE'S BUSINESS
 CLASS LOUNGE



News from the conference



Paulo Rubini, head of risk management, Telecom Italia



Prime minister Silvio Berlusconi plans to fight the "human tsunami" of refugees and illegal immigrants from North Africa arriving in southern Italian islands, while refugees, such as the Tunisian man pictured, protest against being sent back to their unstable countries

mytoprisks



FINANCIAL RISK

As the economic crisis develops, Europe's financial weaknesses are becoming more and more apparent. As a result of the two-speed economy and the lack of control over the behaviour of financial institutions and governments, there is an increasing risk of default. The lack of growth in our region makes the work of the risk manager more difficult. We have to carry out our activities in accordance with an environment where growth is low and demand is weak. We are dealing with lower margins, which puts more pressure on everyone, and companies could also experience problems securing sufficient credit. We can mitigate this financial threat by effectively bringing all of the company's risks under control.



DEMOGRAPHIC RISK

Demographic problems are particularly great in Italy and this could have a serious effect on how the population consumes products and services. Typically, young customers are easier to deal with than older customers, so if you have a growing elderly population, this will have a significant effect on your business. There is a certain amount of conflict and tension between generations, which has been made worse by globalisation. Another significant demographic change is the rise of the multicultural society, this means that we have new customers from different cultures who sometimes speak different languages. Companies need to be able to meet the needs of these new customers.



POLITICAL RISK

With recent developments in the Middle East and North Africa, there are more regions that are affected by significant political risk. This kind of risk can be difficult to measure and difficult to insure. In general terms, I think there is sufficient coverage in the insurance market, but there are still some areas, such as nuclear power and political risk, where coverage is not available or where there is not enough capacity in the market. Political risk can also be difficult to insure. For example, if you want coverage for political risk in Brazil or Argentina, it can be very difficult to find.

newsflash

GLOBAL PROGRAMMES INITIATIVE

"One of the problems that we risk managers face when trying to arrange a global programme is trying to obtain the relevant information to ensure we are complying with insurance regulations in each territory," says head of Airmic's working party on global programmes and Prudential group insurance risk manager Helen Hayden. "Currently, we have to rely on brokers and insurers and the information is not always consistent."

Therefore, Airmic has set out to engage with the London market to address this. "It is important to differentiate between the process by which information from around the world on local tax and regulatory or licensing issues is collected and, on the other hand, the interpretation of the data, the judgements and advice around programme design recommendations," says Hayden, who notes that initial talks have already been held with key Airmic partners.

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TROUBLE ROUND EVERY CORNER

At a time of heightened global turmoil, we asked Europe's leading risk managers what they think will most affect their businesses



From the revolutions in Africa and the Middle East to the rise of cyber crime and the continuing trials and tribulations of Western economies, these are nothing if not interesting times. *StrategicRISK*, in association with Marsh Risk Consulting, has released a report analysing European companies' risks in five categories: economic, environmental, geopolitical, societal and technological.

You can download your own copy of the *StrategicRISK Report 2011* online here: goo.gl/JfITQ

The report summarises the comments of 30 leading risk management professionals in European companies. While their views varied somewhat, reflecting different sectoral concerns, the single issue that all voiced was the interconnectivity of risk and its unpredictability.

One example of this is last year's ash cloud resulting from the Icelandic volcano eruption. Even companies that did not have suppliers in Iceland, and perhaps felt they had little or no exposure to natural catastrophes, did suffer disruption in deliveries. As one risk manager said: "There seems to be an increase in one risk triggering another – and that's a risk in itself!"

Another risk manager foresaw problems arising from the Australian floods. His firm has no direct suppliers in Australia, but the country does supply raw materials to some of its producers and the floods may well affect the availability of these.

Interconnectivity is probably most apparent in the economic risk category. The 'butterfly effect' – that is, a small change in one place in a complex system that can have large effects elsewhere – has never been more apparent than in today's globalised financial and business environment. Make sure you download your copy of the report from www.strategic-risk.eu.

toptenrisks

- 1 Economic recession
- 2 Political turmoil
- 3 Climate change
- 4 Data theft and leakage
- 5 Regulation
- 6 Security of IT systems
- 7 Energy and commodity prices
- 8 Crime and corruption
- 9 Exchange rates
- 10 Civil unrest

sponsoredword



Hans Peter Koslowsky,
liability loss
prevention consultant,
AXA MATRIX Risk
Consultants, Germany



Although environmental protection has improved within industrial companies over the last decades, new challenges are arising. These problems include the increasing speed of change of processes and material flows, mergers and acquisitions and growing public awareness.

Corporate companies change literally every day and one consequence of inconsistent environmental risk management practices is an increased probability of occurrence of an

uncontrolled environmental incident. It is therefore critical for risk managers to keep a tighter rein on environmental issues.

With its teams of more than 120 specialists, AXA MATRIX Risk Consultants provide multi-peril environmental risk consulting for risk managers and underwriters worldwide. Thanks to their long-term experience in handling environmental risks and claims, setting-up and managing remediation programmes and loss prevention consulting, AXA MATRIX Risk Consultants are able to provide risk managers with a comprehensive view on environmental risks.

For European regions, AXA MATRIX Risk Consultants is able to offer appropriate environmental risks analysis respecting European regulations and restrictions, especially EIL (environment impairment liability) and ELD (European Liability Directive). The risk assessment approach includes risk-level definition of production processes, spatial

analysis, identification of neighbourhood exposures and grading per location. AXA MATRIX also provides risk assessment on a worldwide basis.

With its advanced tools, relying on geographic information systems (GIS) for spatial analysis and modern online-applications, and its proprietary risk evaluation tools, AXA MATRIX Risk Consultants provides clients with state-of-the-art assessment results. Visio@Risk™ helps risk managers visualise the potential environmental impact of their company's plants regarding environmental sensitivity. Other web-based services such as SCAN@RISK® assist in gathering relevant information, enabling organisations to identify and visit only those sites with significant exposure. AXA MATRIX Risk Consultants' environmental loss prevention reports can also be customised and include detailed recommendations for risk improvement.



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WHEN EAST MEETS WEST



Most major European companies are global enterprises, sourcing from and selling to markets throughout the world. However, establishing a presence in some developing regions can present challenges as cultures are very different from those in the west.


This is particularly the case when trying to embed an enterprise risk management approach in an area where risk management is in its infancy and where the management concerned may not even speak your language.

Until 1 January 2009, Dr Marie Gemma Dequae was group risk and insurance manager of the Belgian company Bekaert, a worldwide market and technological leader in advanced metal transformation and advanced materials and coatings. When the company expanded into China, she was very much involved in taking the risk management message east.

“Going into other countries gives you a very important cultural challenge and a number of factors play a part,” says Dequae. In the case of China she cites its history, which has been very different to that of the more democratic Europe, as well as the entire social, religious and philosophical structure.

“If you want to train people in risk management in companies in other cultures, it is important to look at how you prepare the message that you want to transfer,” says Dequae. “When we started in China, a lot of the managers there were not well versed in the English language so we had to depend on translators – and you cannot be certain that your message has been interpreted accurately.

“One of the problems we encountered was that our Chinese managers had a habit of nodding their heads and saying ‘yes’ when we asked them if they had understood what we were saying. Initially, we thought that they were very quick to learn and to adapt to a changed system but that was not the case!”

Having realised that managers’ engrained courtesy and a willingness to please were actually giving the wrong message back, Dequae explains that Bekaert had to modify its approach. “We learnt that we had to explain a little more slowly and give more 



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Ingo Zimmermann, Head of EADS Corporate Insurance Risk Management

practicalsteps

Establishing a risk management programme for emerging markets calls for five key steps



1 INTEGRATE RISK MANAGEMENT

The company must identify at the outset what it wants to accomplish by taking on the risks of expanding into emerging markets. The risk framework must look at broad strategic risks and narrower financial and operational risks. If operational risk is given too little attention, it could lead to damaging losses.



2 DETERMINE WHICH RISKS TO ASSESS

In one frontier market, there may be more than 100 risks for which the firm must choose to focus on based on size, consequence and possible impact. By integrating changes to the risk management programme on a pilot basis, the company can gain a good understanding of the risks across the whole operation.



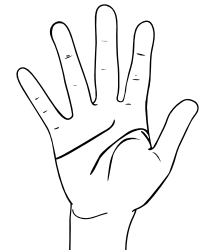
3 ENGAGE IN CONTINUAL RE-EVALUATION

Risk management is not a static process, especially in rapidly changing emerging markets. Scenario planning should be a dynamic process and should incorporate developments in other markets, which may have a direct impact on the country being evaluated.



4 USE QUALITATIVE AND QUANTITATIVE METHODOLOGIES

Risks can be complex and companies often resist the effort to quantify them because large amounts of data are hard to simplify and analyse. Stronger capabilities in risk prioritisation and measurement, scenario analysis and stress testing, can help bring risks more clearly into focus.



5 ANALYSE, MONITOR AND REPORT RISKS

Companies must agree on metrics and methodologies. What indicators will be reported to management? How frequently? Can the process be automated to provide results in real time? An effective monitoring and reporting programme is the front line of risk management in emerging markets.

▶ examples relating to their own environment. It took a bit more time, but was necessary.”

She points to another important factor when working in a new country. There is a tendency for western groups to send in expatriates from the parent company to instil the corporate culture but there may be better ways of accomplishing this, Dequae explains.

“We learnt from experience that we could achieve the best results by bringing Chinese managers to our Belgian operation and having them work there for two or three years so that they really got first-hand experience of our culture for doing business.”

When hiring new Chinese managers, Bekaert also adopted a strategy of specifically targeting Chinese students abroad who wanted to return to China. “We called them the ‘Chinese returnees,’” Dequae says. This new breed of managers’ knowledge of both western and Chinese cultures enabled them to bridge the gap between western business and the traditional Chinese approach.

Where a western company requires a technically skilled ongoing workforce, it can also be valuable to become

involved in the local schools’ educational programmes to ensure that these provide appropriate training. This strategy has the added bonus that it demonstrates good corporate social responsibility.

An additional consideration that Dequae stresses is the need for European managers visiting countries like China

to learn about the people’s social and cultural habits in advance. Even the risk manager who may just be visiting for a matter of days needs to understand the different environment. “You may be spending your days at the plants but inevitably you will be invited to dinner. It is important to participate in these social activities.”

While cultural differences may be more marked when it comes to west and east, Dequae emphasises that they also exist closer to home. “For example, if you make a European acquisition, you will need to talk about risk management to a whole range of other disciplines such as finance, marketing, research and development and engineers. You need to take account of the cultural differences here too in the way that you approach these different kinds of people.”

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mytown

Lennart Edström, group head of risk management, Electrolux



What are the key issues for risk managers in Sweden?

There are two: one is how do we as risk managers navigate enterprise risk management (ERM)? There is a lot of rhetoric surrounding ERM. Some people know a lot about this side of risk management but there are also a lot of people who know very little about how to implement it and how it can benefit businesses. With institutions like Standard & Poor's now rating ERM, many companies and investors are seeking to define this approach to risk management. Many people think ERM is a formula that can be applied to any situation, but this isn't the case. Risk managers need to know how to use ERM in the context of their own business.

The other key issue is regulation, which has obviously increased in recent years due to high-profile cases such as Enron and the financial crisis that began in 2008. Compliance takes up a greater proportion of a risk manager's time than it did five or 10 years ago.

It might not be long before auditors take ERM into account, making it an additional compliance issue as well; auditing firms see this as a potential revenue stream and so are increasing pressure on the risk management industry. I recognise the need for effective governance but I think regulators may have gone too far in response to the crisis. Hopefully they will soon find a balance between regulation and good business practice.

How do you find the insurance market in Sweden?

In Sweden the insurance market is good. We have an abundance of suppliers who can give us access to their resources. Many global insurance companies have established themselves in Scandinavia, which is good, but we would have access to them anyway via the London market.

// Many people think that ERM is a formula that can be applied to any situation, but this isn't the case.



'The re-design of the financial industry is a delicate matter, not only for us, but for society as a whole, given the pivotal role that financial institutions perform in our economies'
Josef Ackermann,
chief executive,
Deutsche Bank

Is there an active risk management community in Sweden?

Yes there is a good risk management community in Sweden, I know most of them and we have an open dialogue, which is very valuable. This way not all of us will make the same mistakes.

What's the best thing about living in Sweden?

I'd say it's the weather and the different seasons we have here. For example in some parts of the USA, where I am at the moment, the weather is just hot, hotter or hottest. Living in Sweden you learn to appreciate the different seasons. Spring is great as the snow begins to melt but Autumn is my favourite because of the cool days with clear blue skies.

What are you most looking forward to at the conference?

Definitely the networking opportunities that I'll have there; I think that that is really valuable. I've organised my schedule so I can meet as many people as possible. It's a great opportunity to make contacts and learn what my colleagues around Europe are doing.

sponsoredword




Clive Nicholls,
senior vice-president,
Crawford & Company

What is the biggest concern that keeps your clients up at night?
Reputational risk is increasingly becoming a concern for our corporate clients. Recent global events have highlighted how easily a brand can be damaged without good crisis and risk management.

How is Crawford helping its clients overcome these challenges?
Crawford is working with its corporate clients to understand their business pre-loss event so that we minimise any impact should a loss occur. It also helps with getting a business back up and running as quickly as possible following a loss.
Crawford supported Airmic with its *Roads to Ruin* briefing publication, which gives some excellent case studies around managing risk.

What are you most looking forward to at the Ferma Forum?
Meeting up with old and new friends. Learning from the workshops and sharing claims experiences.

What's the best thing about working in the insurance/risk management industry?
No two days are the same.

What's the most important lesson you've learnt in your career?
There are two types of claims: claims that you pay and claims that you don't. In all seriousness, I quickly learned that the amount of effort put in pre-loss and post-loss can have a positive impact upon the speed of settlement.

Tell us a secret?
I once built a giant catapult out of office furniture as part of a team exercise on the value of teamwork and communication.

Interview



David Hancock, head of risk, London Underground

mytoprisks



THE OLYMPICS

Number one on my list of personal or professional risks is the London Olympics in 2012. It sits in my mind all the time because it affects me and my reputation as a risk manager. We have to be ready to help deliver a truly outstanding Olympics.



MORALITY RISK

More companies than ever before are being held to account morally. It's about more than just asking: "is that ethically right?". It's no good hiding behind an ethics policy. People should hold up a mirror to themselves and ask 'am I doing the right thing?'



THE SOCIETAL DIVIDE

We are becoming massively bi-polar as a society. The widening divide between those who have and those who have not worries me. You get people in London who can't read or express themselves, so they join gangs with others like them. You end up with a society where it's better to be in an institution (like jail) than at home where you face abuse. We need to re-engage society.

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myview

Ferma's new president Jorge Luzzi answers *StrategicRISK*'s questions about the future of Europe's biggest risk management association



What are your plans for Ferma?

Over the past few years, the trademark of Ferma has been developed and its influence is growing in the industry. We now need to consolidate its presence and role. Technically the industry is changing as the regulatory landscape develops; we need to keep our members informed and develop education and certification.

Ferma represents many large European companies but we need to have a unified voice so that we can work effectively with the European Commission to protect our interests. We need to ensure that the insurance market can meet our needs in spite of changing insurance laws and regulation around Europe. Overall we need to maintain our presence at a high level around Europe.

// I believe that the profession will be much more important in five years' time ... Times of crisis always present opportunities to improve.

What challenges are facing the profession at the moment?

Since the financial crisis in 2008, the business community has rethought its approach to risk management. Many companies now have risk committees and understand the importance of analysing the risks and opportunities involved in major decisions. Times of crisis always present opportunities to develop and improve.

Recent national catastrophes have presented a challenge. There is also economic and geopolitical risk with the Arab Spring and the financial crisis. For example, multinational companies need to know which are the best currencies to work in. However, in spite of these problems, there are still opportunities for growth.

Why did you want to be president of Ferma?

You have to give back to an industry that gives you so much. I think Ferma has an important role to play in the development of the industry. I learn a lot by working with Ferma and I meet a lot of interesting people. I felt that it was the right time for someone from southern Europe to take the helm of the organisation.

What are the challenges that you think you will face as president?

Due to economic difficulties and constraints, countries around Europe are becoming more critical of each other. Some are not working as well together as they have done in the past. There is less unity and some governments are even suggesting that it would be better to be outside of Europe. We represent people from all around Europe and even further afield, so it will be a challenge to consolidate all of our members' interests. But this is also something that I'm looking forward to.

Another challenge will be the change in dynamics of the world economy and new regulations. We have Solvency II coming through so we need to look after the professional insurance buyer.

What will be different about your presidency?

I think that Peter did a fantastic job but I would say that I put more



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emphasis on working as part of a big team. It's important that I can distribute activities, delegate and get members involved as much as possible. We need to work closely with member associations to strengthen the European risk management community.

Where would you like to see the profession in five years' time?

The approach to risk will become more generalised and we will begin to think more as risk administrators with risk being viewed as an opportunity as much as a threat. The profession will be less closely associated with that of insurance management though, of course, insurance will continue to be a key risk transfer tool.

You have worked closely with risk management associations in South America and the US, how will your role at Ferma be different?

In North America, Rims is mostly concerned with Canada and the USA, so there's one vision, one language and one reality. In South America, with Alarys you have captive management in the Caribbean and a big industrial economy in Brazil as well other important markets like Argentina. But there are only two main languages – in Europe, you have many different countries, languages and cultural differences, as well as big industrial economies that affect the rest of the world. This represents a big challenge but it's also a sign of Europe's strength in its diversity and dynamism.



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Comment

my presidency

Peter den Dekker, Ferma president and head of risk and insurance at Stork



What were the key priorities for risk managers during your presidency?

That's not entirely easy to answer. My priority and the priority of Ferma was to improve communication between members and be more visible in the risk management market within Europe. I wanted Ferma to have a clearer collective voice especially when it came to lobbying the European Commission. I wanted to show our members what we do and get them involved.

Before I took the presidency, I saw room for improvement and I think I've succeeded in improving a number of things. We now have more members who are more involved and there is more public attention on the risk management industry. We will have a record number of attendees at the conference in Stockholm.

// I wanted Ferma to have a clearer collective voice, especially when it came to lobbying the European Commission.



What do you think defined your time in office?

The increased visibility of Ferma as well as an improved working relationship with Eiopa and the European Commission. We have also managed to develop a diverse membership base. We published a guide for boards and audit committees for the 8th European Company Law Directive on Statutory Audit, which was very well received. There was a lot of discussion relating to broker remuneration at the 2009 conference in Prague and I made a promise that we would deal with this before the next conference. We've since reached an agreement with broker associations regarding transparency and disclosure. I think I've kept my promises.

You've worked with Ferma for some time now, what inspires you to do so?

The fact that I believe in the association and that I can really do something good for our members; I believe I am the right person to change Ferma in how it works. What's important for me is that you work hard and believe in what you do. Being president is a demanding second job but when the members and stakeholders buy into your ideas, you gradually see results, which is really satisfying. This may sound idealistic but I really believe that I can give some added value to Ferma and that's what motivates me.

riskmanagementquiz

THE ANSWERS

- 1 c) Greece. The country reduced the amount of gold in its coinage below the permitted minimum. Source: Wiki et al
- 2 d) 0.1%. Source: Scott Polar Institute & others.
- 3 c) Berthold Brecht – The mother.
- 4 b) The same names are used again every six years – except where a storm has been especially damaging, in which case it is removed from the list.
- 5 a) The agreement concerned new standards for ferries following the loss of the Estonia. The Stockholm Convention addressed persistent organic pollutants.
- 6 c) 19. Source FERMA
- 7 b) Good fortune Island. The irony of the name has drawn much comment on the web.
- 8 a) Henry Marsh. Source: Marsh website
- 9 b) DeWitt Stern. Source: DeWitt Stern website
- 10 d) Economic slowdown. Source: Aon

What are the pressing issues that risk managers face today?

The key issues at the moment include problems with global insurance programmes and for this we have a solution in place. Ferma is working with Airmic and the market to ensure a consistent approach to global insurance programmes. Cyber risk is also something that risk managers are worried about, it's not a new risk but there have been recent developments that need to be addressed. Following the events in Japan, business contingency and continuity has also become a real concern.

How has Ferma assisted its members to face these challenges?

At the conference in Prague, we had sessions on the pitfalls and risks associated with global programmes, which were educational for members. Since then we decided to start working on the solution rather than explaining the problem. We have been meeting with the insurance market in order to establish a one-stop shop or a central database for global programmes. Working together, Ferma, Airmic and the market have made good progress but this project will take a while. At Ferma if we identify a problem, we inform our members as well as addressing it proactively.

Elements of cyber risk are new and this will be discussed at the conference. Following the earthquakes in Japan and New Zealand, we have been in discussion with insurers regarding business continuity. These discussions allow us to understand the information that insurers need and the models that the industry uses. The dialogue allows us to understand each other.





Carl Leeman,
chief risk officer,
Katoen Natie

mytoprisks

1

WEATHER

We cannot get around the fact that the changing weather patterns create a big issue for both our own lives and for the economy. More intensive rain, storm or droughts are evident all around the globe. They can affect us both in a direct and indirect way, as our own geographical region could be affected or the supply chain of our business could be, by an event that might have happened far away, such as the Japan earthquake or the Australian floods.

2

RELIGIOUS EXTREMISTS

For me this is a risk because various religions are putting the stability of the world at stake. Religious leaders with less education and less tolerance are creating a huge problem. This is a worldwide problem and it has increased dramatically in the past five years. Extreme ideas are more present in parts of the world with less education, less prosperity and fewer possibilities.

3

SPEED AND COMPLEXITY

One of the top risks at the moment is the speed and complexity of the economy. The rules and regulations combined with a more risk-aware society make for a more complicated environment. While this is a very broad topic, it emphasises plenty of other problems we face right now, making it one of the most difficult risks to think about.

oncamera



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Pat Gourdarzi,
director of sales and distribution
for continental Europe



What is your clients' number one fear?

Not anticipating an emerging risk and the impact on the business.

How are you helping your clients overcome this?

We do a lot of education for our clients and brokers on new and emerging risks, through face-to-face meetings, leadership papers and research. Our local client advisory boards provide education and solicit feedback from our clients to be sure we are staying in front of their concerns and issues.

How can risk managers raise their own professional profile?

Internally, many risk managers are getting more involved in the enterprise risk management (ERM) process of their organisations. Others are managing up by educating their senior management on current ERM issues: for example, privacy and cyber-liability exposures and catastrophe planning and management.

Externally, there may be an opportunity for risk managers to consider working with their communications departments or PR agencies to explore risk management-related media opportunities, as well as social media platforms such as LinkedIn and Twitter.

What is your greatest professional achievement?

I moved to ACE from an energy trading company, starting a non-traditional energy product, with a small team in 1998. We became the market leader in the USA within the year, and exported the product to the UK and Australia. What is greatest about this achievement is that it was a team effort and everyone contributed and thrived professionally. We all learned from each other.

What's the biggest risk you've ever taken?

My greatest risk also resulted in my greatest achievement. I changed industries from energy to insurance 10 years into my career and have never looked back. I think taking on new opportunities keeps you fresh and allows you to apply your experience in new ways.

Who do you most admire in the industry?

Brian Duperreault, former chairman and chief executive of ACE Ltd and now chief executive of Marsh & McLennan for what he did at ACE, his elevation of risk management in the business community and his giving back to the community, in particular in Philadelphia where I lived for many years.

Tell us a story?

My father died five years ago and at his wake over 400 people attended the service. He was a very quiet, kind and self-effacing man, and not someone you would expect would fill a room. The stories that people told me reminded me that it is our everyday relationships and actions that matter over a lifetime.

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