



Survey Interviews



Eva Grden
Enterprise risk management project
manager, Telekom Slovenije
Slovenia

This year was the first time that members of the Slovenian risk management association SI. Risk generally have taken part in the benchmarking survey, since they only became members of FERMA in 2011.

Eva Grden was one of these first to participate. She says that the survey has already been useful; it provided risk managers with opportunities to discuss their risk management processes. She found the questions interesting because they covered broad risk topics that she is dealing with in her work, such as risk governance, not only insurance issues.

In Slovenia generally, she believes, the survey will be useful in supporting the role of the risk manager and SI. Risk. She adds, "It may encourage other companies to join the association. We are also working to invite new members, and it will show them that we deal with really useful and practical topics that can help them."

More than 800 respond to 2012 Benchmarking Survey

The 2012 FERMA Benchmarking Survey conducted in May and June received 809 responses, a record number. This is the sixth time that FERMA has carried out the survey and on each occasion the number of participants has risen significantly. The 2010 survey had 782 responses.

The results of the 41 questions about the risk and risk management and risk managers' views of insurance will be the centrepiece of the FERMA Seminar taking place in Versailles on 22 and 23 October.

The programme is now in place for the event (please go to www.ferma-seminar.eu to see the detailed programme):

Monday 22 October 2012

10:30 – 12:00 Pre-seminar Session

The Evolution of Natural Catastrophe Coverage in Europe and France

12:00 – 13:30 Registration and Networking Lunch

13:30 – 14:15 Panel Debate 1

Living and Working in a Riskier World

14:15 – 15:00 FERMA Survey Part 1

The Maturity of Risk Management in Europe

15:00 – 15:45 Panel Debate 2

Expectations of European Companies in Risk and Insurance Management -
The Role of Risk Managers

16:30 – 17:15 FERMA Survey Part 2:

Governance, Enterprise Risk Management and Key Risks for 2012

17:15 – 18:00 Panel Debate 3

Coordination of Risk Management with Internal Control and Internal Audit

18:30 – 19:30 FERMA'pero

20:00 – 23:00 Seminar Dinner



(Pictures of the
Seminar 2010)



Mikhail Rogov
Dr. Associate Professor
Vice President RusRisk
Russia

According to Mikhail Rogov the three survey questions most relevant to his work relate to:

- 1) Tools, methods, techniques, data sources
- 2) Risk appetite approach and examples
- 3) Risk management effectiveness measurement

Perhaps it is not surprising that he adds, "These are also the topics I would like to see covered in future surveys."

Asked how he plans to use the survey results, Mikhail said they will serve as a reference for implementing advanced tools, for benchmarking risk management maturity and for comparative analysis of undetected risks.

Among the topics which he believes are most important for risk management in Russia today, Mikhail includes political and macro-economic risks, improvements to the collection and use of data, convergence of financial and enterprise risk management and the human factor.

He makes a comment about the structure of the questions: "Really it was rather hard to me to differentiate such risk areas as planning and execution and corporate governance. How can planning and execution be good enough if governance has failed?"

Tuesday 23 October 2012

09:00 – 09:15 Welcome

09:15 – 10:00 FERMA Survey Part 3
Insurance Issues

10:30 – 12:00 Panel Debate 4
Main Issues for the Insurance Market in Europe

12:00 – 12:30 Keynote Speech
Risk Management: From an Adventure to a Venture

14:00 – 14:45 Panel Debate 5
The Role of Financial Institutions in the Current Economic Climate

15:15 – 16:00 Panel Debate 6
Rating Agencies and Risk Management

16:00 – 16:30 Presentation of FERMA Certification Project

16:30 – 16:45 Closing Remarks



(Picture of the Seminar 2010)

The FERMA Benchmarking Survey seen from a sponsor's eyes

AXA Corporate Solutions and Ernst & Young (E&Y) have sponsored the FERMA Risk Management Benchmarking Survey since it began in 2000. FERMA put some questions to Jean-Pierre Letartre, President E&Y France, Maghreb and Luxembourg.



Jean-Pierre Letartre

Will you tell FERMA members a little about Ernst & Young's interest in risk management?

Risk management is a growing issue for our clients, whether they are audit committee members, CEOs, CFOs or risk managers. Many organisations are not getting full value from their investments in risk management because their risk processes are not fully integrated with the decision-making process and because critical data and information are not sufficiently shared.

We look to help them in various ways, for example integrating risk management in the process of making decisions on budgets, strategic plans, investments, projects and so on, the mapping of major risks and the creation and diagnosis of business continuity and crisis management plans. We also publish regular reports and studies for our clients and partners.

Have you seen a growth in interest in risk management among your clients since the financial crisis and if so in what aspects?

The crisis has, indeed, highlighted the need for our customers to reinforce their decision-making processes, to better secure their business models and key investments. Audit committees also increasingly challenge companies' risk management systems, requiring more risk mapping, remediation plans and risk governance.

E&Y has been a sponsor of the FERMA Benchmarking Survey since the beginning. How does E&Y draw value from it?

This survey gives us a comprehensive overview of risk management practices in Europe in terms of governance, methodology, tools and communication. It allows us to better understand market trends and the different levels of maturity regarding risk management of companies across Europe.

How does operational risk management consulting fit into the E&Y practice as a whole?

Depending on the risk typology identified in the risk mapping, the multidisciplinary nature of our firm allows us to seek the most relevant skills and expertise in other service lines, such as human resources, information technology, accounting and so on.

More than 350 risk and insurance professionals expected for FERMA Seminar

With one week to go, more than 350 risk and insurance professionals were expected to come to the 2012 FERMA Seminar in Versailles on 22 and 23 October. The Seminar is a free event for risk and insurance managers only held every two years. All members of FERMA associations should have received a personal invitation with a link to register online. You can also register through the Seminar website at: www.ferma-seminar.eu

FERMA also welcomes risk and insurance managers from outside its membership to the Seminar. If you would like to attend but have not registered, please send your name, business title and company and country details to Silke Huber at s.huber@aimgroup.eu

Michel Dennery, FERMA Vice President and board member responsible for the Seminar, said: "Join us in Versailles. You will meet many of your colleagues, and it will be informative, interesting and thought provoking. The networking will be great."

Guest speakers enhance discussions at FERMA Seminar

Guest speakers from different professional disciplines will add their perspectives to the topics under discussion at the FERMA Seminar.



Thierry Touchais

The keynote speaker will be **Thierry Touchais**, executive director of the International Polar Foundation based in Brussels. This non-profit organisation was co-founded 10 years ago by Belgian explorer and civil engineer Alain Hubert with a climatologist and a glaciologist. Its aim is to increase awareness of polar and related climate issues.

Its projects are:

- Inform the wider public on the importance of polar research in understanding how the earth's climate functions;
- Disseminate the results of research on the Polar Regions and on climate change;
- Offer new tools and resources that allow the educational community to communicate complex ideas to younger generations; and
- Demonstrate that action today can address the causes and adapt our lifestyles to current climate change.

Thierry Touchais, an engineer by background, joined the International Polar Foundation in 2005. Thierry graduated from Ecole Centrale de Lyon and the University of California, Berkeley, and holds an MBA from the University of Chicago. Before joining the International Polar Foundation in 2005, he had a varied business career, primarily in the telecommunications sector.

Other guest speakers:

Lukáš Bortel has been a legal officer in the life and pensions unit of DG Internal Market and Services of the European Commission since in 2007. He focuses primarily on non-life insurance.

He is also a secretary to the European Insurance and Occupational Pensions Committee (EIOPC). A native of the Czech Republic, Lukáš holds an MSc and a PhD in economics and an MA and an LLD in law.



Lukáš Bortel



Carol Sirou, president credit market services France for Standard & Poor's (S&P), joined the rating agency in 1990 as a credit analyst. In 2000, she became head of ratings for all European local and regional governments. In 2005, she was appointed manager of the sovereign and public sector ratings group for Europe, Middle East and Africa. Today, in addition to her responsibilities for France, Carol is head of S&P's activities for the francophone European and African regions.

Thijs Smit is vice president of the management board of the European Confederation of Institutes of Internal Auditing (ECIIA) and corporate internal auditor, SHV Holdings, Netherlands. He is a seasoned auditor with 34 years of experience in internal audit, more than 20 of them managing internal audit professionals in operational, financial, IT and special audits, including numerous fraud investigations.



Thijs Smit



Pierre-Yves Thoraval

As part of his 30-year tenure at the Bank of France, **Pierre-Yves Thoraval** served as deputy secretary general of the French Banking Commission with responsibility for protecting depositors, as well as acting as watchdog over the French banking and financial system. Today, he is managing director of Promontory, France, where he advises countries, institutions and clients on strategy, risk management, compliance and regulatory issues, and on matters related to operational and capital risk, including Basel III.

Insurance industry leaders debate at Seminar

The insurance panel debate that will take place on Tuesday morning 23 October brings together leading figures from the industry to take part in a discussion moderated by FERMA President, Jorge Luzzi and FERMA board member, Jo Willaert.

Participants are:

- **Clyde Bernstein**, sales director global markets international, Willis Group
- **Emmanuel Brulé**, executive director, commercial division, Chartis Europe
- **Joseph Clabby**, regional president, Continental Europe, ACE Group
- **George Davies**, chief executive officer risk management practice Europe, Marsh
- **Patrick de la Morinerie**, deputy chief executive officer and global chief underwriting officer, AXA Corporate Solutions
- **Martin Ferte**, non-life executive vice president, SIACI SAINT HONORE
- **Lambros Lambrou**, chief executive officer - global broking centre and chief broking officer EMEA, Aon Risk Solutions
- **Nigel Bamber**, Regional Manager for UK/Ireland, XL Group
- **Thierry Masurel**, Operations Manager, Southern Europe Operations, FM Global
- **Thierry Van Santen**, chief executive officer, Allianz Global Corporate & Specialty France, and a former President of FERMA

Letter from Brussels

As you can imagine, the Seminar is taking up a lot of my time with just one week to go. With more than 350 delegates registered, it promises to be a really stimulating event, and I believe the dinner will be excellent.

I am looking forward to catching up with contacts and meeting new people from across the FERMA membership. If you have not already registered, there is still time. You will find instructions in this newsletter.

In mid-September, I attended the annual conference of the European Confederation of Institutes of Internal Auditing (ECIIA), our partner in preparing the two sets of guidance on the 8th European Company Law Directive. The outgoing ECIIA president Carolyn Dittmeier mentioned the guidance in her presentation to the conference on trends in European corporate governance. We are hoping to continue our collaboration on other projects.

Planning for the 2013 FERMA Forum has already begun in earnest. One of our first tasks is to interest the sponsors whose support allows us to make the Forum the biggest event of its type in Europe. We are also holding the first scientific meeting to discuss the content on 24 October, just after the Seminar. If there are any topics that you really want to see included in the programme, this is a good time to let me know.

See you in Versailles.

Florence Bindelle
Executive manager FERMA



FERMA-Lloyd's training continues

The FERMA-Lloyd's professional development programme continued at Lloyd's in London on 11 – 12 October. Twenty young risk professionals from 11 countries took part with FERMA's head of education Edouard Thys. The topics for this session included:

- How insurers manage their own risks
- Communicating risk issues with impact to management
- An interactive risk appetite case study
- Data analysis and benchmarking
- Performance management at Lloyd's
- Emerging risks
- Exposure management



This was the second of three sessions in the training programme which was announced at the FERMA Forum in 2011. The first one took place in May when 19 young risk professionals and Edouard spent two days learning about Lloyd's and the London market.

Host, Lloyd's Head of Northern Europe Benno Reischel, said: "I am delighted that the first parts of our training programme has been very well received by the attending risk managers and I look forward to welcoming the delegates to part 3 of our professional development programme in London next year".



FERMA seeks answers on management of cyber risks

Cyber risks are continuously evolving as technology advances and our dependence on IT growth. Tackling such a rapidly moving target is a challenge for organisations and doesn't necessarily fit within the existing structure of enterprise risk management.

What is the role for the enterprise risk manager when the IT department has responsibility for cyber risks and even has a specialist IT risk manager? Will the manager of insurable risks be put in an awkward position because coverage is simply not easy to find or insurers are wary about the exposures?

FERMA is seeking answers to these questions through a project with Zurich Insurance and the Harvard Business Review Analytic Services. We are supporting this initiative because we believe it is important to gain a greater understanding about how the global risk managers' community views these risks.

FERMA scientific advisor, Marie Gemma Dequae, commented: "Experts warn that an increasing number of viruses will be aimed at the operations of specific industries, companies or countries. It's not surprising that threats from

cyber space are frequently among the top 10 risks quoted by risk managers today."

The first stage of the project is a survey of risk managers which closed on 7 September. The questions focused on broad information security and privacy risks, their significance within organisations, effective mitigation processes, financial implications and international regulation.

"Threats from cyber space are frequently among the top 10 risks quoted by risk managers"

It looked at issues of responsibility within the organisation, primary areas of concern, levels of commitment by senior management to tackling these risks, employee training and incident response plans.

The main topics identified from the study findings will be the focus of a security and privacy webinar to be run by Zurich later this year, to which FERMA members will be invited to participate, followed by an insight report.

Board changes at FERMA



Isabel Martinez Torre-Enciso

Isabel Martinez, a member of the Spanish risk management association AGERS, has become a member of the FERMA board. She has replaced Igor Mikhaylov who resigned because of work commitments. Isabel had been elected a board substitute at the FERMA annual general meeting in June 2012.

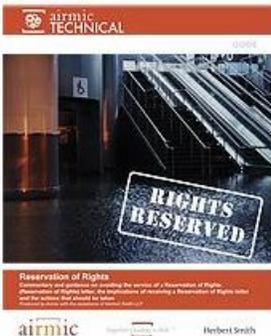
Isabel is Head of the Finance and Marketing department for the Autónoma University of Madrid, where she is responsible for risk management, management and financial accounts, financing decisions and project advisory. She is also a senior lecturer in corporate finance at the university's school of business and economics. She has a PhD in business and economics from the Complutense University in Madrid and has studied in the United States and United Kingdom.

Isabel said: "It is not only a great honor to become a FERMA board member, but also a great responsibility for me and for AGERS. My goal is to contribute with a new risk management vision that joins professional practice with instruction and research at the highest academic level. These skills are developing in areas such as risk management, continuity management and emergency management, as well as corporate finance."

FERMA President Jorge Luzzi said: "We welcome Isabel to the FERMA board and look forward to the contribution that she can make from her strong academic background. We also thank Igor for his time and enthusiasm and wish him our best for the future."

One of FERMA's two vice presidents, Julia Graham, finished her two year mandate, but continues as a board member. Michel Dennery remains vice president, and Alessandro De Felice has become the second vice president.

Strengthening the risk manager's position: Reservation of rights in London market claims



FERMA members who have notified a claim or a circumstance to an insurer in the London market may have received a letter from the insurer imposing a reservation of rights, particularly on liability claims.

In essence, this is a notice from the insurer to make clear that none of its statements or actions during the investigation of the

claim should be understood as waiving its rights to raise a defence to a claim under the express wording of the policy or otherwise.

Receiving such a reservation of rights should highlight to a policyholder that the insurer is giving serious consideration to whether or not the claim is covered under the policy.

Members of the UK risk management association Airmic have drawn attention to an absence in many such general reservations of rights of any explanation of the basis on which they have been imposed or the potential coverage issues that are being investigated.

It could be that the insurer is investigating a whole range of serious policy defences from material non-disclosure or misrepresentation and breach of warranty, to breach of condition or the application of certain exclusions.

If this is the case, risk and insurance managers will have significant difficulties, including a need to report to senior management the possibility of the insurance not responding to a major claim.

A reservation of rights notice may prevent the policyholder recognising the claim as an asset on its balance sheet. In any case, it should certainly indicate to the risk manager that the

claim should be handled carefully, including seeking legal advice where appropriate.

Guidance

Airmic has, therefore, produced a guide for policyholders that sets out a series of practical steps to take when they receive a reservation of rights. It is designed to assist them in seeking clarification from an insurer on the reasons for the reservation of rights, what information or steps are required to enable insurers to lift the reservation or take the relevant policy point (if one is available), and how long it will be in effect.

Further, the guide explains that if the insurer is considering avoiding the policy or treating itself as discharged from liability, policyholders need to be proactive in understanding the risks, so that contingent coverage can be arranged if appropriate.

The aim of the guidance is, therefore, to educate policyholders about reservations of rights and their consequences and how to minimise their impact when imposed.

Airmic has also been working with its insurance partners and the law firm Herbert Smith to develop a clause for inclusion in insurance policies governed by English law.

The clause seeks to reduce an insurer's scope to issue a reservation of rights by ensuring that the policyholder will not assert that actions during a prescribed period of time will be taken as a waiver of policy or other defences. It also prescribes a process for effective communication between policyholder and insurer during the investigation of the claim.

The Airmic guide to reservation of rights can be downloaded for free on registration on the Airmic site at <http://www.airmic.com/research/reservation-rights>

To learn more, contact John Hurrell/ Paul Hopkin at Airmic or Paul Lewis and Alexander Oddy, Partners at Herbert Smith.

LIVING AND WORKING IN A RISKIER WORLD

VERSAILLES, FRANCE
22-23 October 2012
Palais des Congrès
de Versailles



FERMA
RISK MANAGEMENT
SEMINAR 2012

AROUND THE ASSOCIATIONS



On 15 November, AGERS will hold its 28th seminar on the prospects for the annual renewal of insurance contracts. The venue is the Mapfre auditorium in Madrid.



A survey of Airmic members has overwhelmingly backed the association's campaign for changes to UK insurance law. The Law Commission, which advises the government on such matters, is in the final stages of a consultation process before drawing up new legislation focussing on commercial insurance.

Airmic supports the overall direction of the commission's proposed reforms, which would make it more difficult for insurance companies to refuse claims on grounds of non-disclosure as long as the buyer acted honestly and in good faith. The survey found that more than 95% of members agree there should be changes to UK insurance law.

Airmic has also been working over the summer on its latest piece of risk research, to be called Roads to Resilience. The purpose of the study is to investigate companies that have successfully overcome crises, or avoided them altogether, to see if there are common themes. It is being carried out by Cranfield Business School and is the follow-up to Roads to Ruin, which investigated firms that had failed.



Bénédicte Huot de Luze

Bénédicte Huot de Luze has been appointed as full time CEO of AMRAE. She replaces Gérard Lancner who had filled the role on a part-time basis since July 2011.

AMRAE says the appointment of a full time senior executive will help the association develop and further expand its activities.

Bénédicte had been director of AMRAE's scientific programme. She previously worked at the French arm of KPMG Advisory, where she set up its internal audit and risk management department.

AMRAE has published its 2012 Panorama of Risk Management Information Systems, available for free download in French and English. The association has been carrying out this annual survey since 2008, listing vendors of risk management systems and solutions available on the market.

This survey is conducted directly with vendors in cooperation with Accenture and provides an analysis based on functional and technical criteria. Participation from vendors continues to grow; there were 11 new respondents this year.

Download the English version from: http://www.amrae.fr/docs/UDR/2012_05_PanoramaANG_LAISSIGR4_Amrae_C.pdf

Download the French version from: http://www.amrae.fr/docs/MR/2012_02_CahierTechnique_PanoramaSigr4_AMRAE_C.pdf



On 27 September, ANRA held a short workshop with the Italian brokers' association AIBA on the management of digital risks and the available insurance solutions. The venue is Palazzo Mezzanotte, Milan.

Claims, liability and insurance: claims management is the subject of the ANRA workshop taking place on 25-26 October in Milan.



BELRIM held a topical seminar on cyber risks and their management in Brussels on 27 September.

The programme included a presentation on the implications of the European draft directive on cyber breaches and the risk management options; identification, measurement and management, and risk transfer.

'Meet your peers at the border' was the intriguing title of the following item on BELRIM's calendar, a special event for Benelux. Jointly hosted by BELRIM and the Dutch association NARIM, it took place at van Brasschaat Castle in Flanders on 11 October.

AROUND THE ASSOCIATIONS

DI's Risk Management Forening | DARIM

The Risk Management Society of the Confederation of Danish Industry

As part of its 25th anniversary celebrations, DARIM held a two day conference at Nyborg on 13 and 14 September and invited members of fellow Nordic associations, SWERMA and NORIMA, and FERMA to take part. In total 50 people participated in the event and in the gala dinner on 13 September.

FERMA President Jorge Luzzi was one of the guest speakers, and he thanked Nordic members for their support for FERMA in the shape of their "very active participation at board level", long standing support for FERMA projects and activities, strong representation and participation in FERMA events, knowledge and expertise, and contacts with national regulatory bodies.

FERMA's value for Scandinavian risk managers, Jorge told the audience, is as risk management promoter, advocate, network, catalyst, advisor, knowledge centre and European presence. FERMA board member from Denmark, Helle Friberg, spoke of her role and the subjects currently under discussion by the board.

Other topics presented at the conference included natural catastrophes, supply chain risks, business interruption and contingent business interruption, and crisis communications management. Members of the three Scandinavian risk management associations had a joint session to discuss how best to benefit from each other.

DVS

DVS set another record when more than 600 risk professionals gathered to take part in its 2012 Symposium in Munich on 4 and 5 September. The programme included a keynote speech by Michael McGavick, CEO of XL Group. He spoke on the need for the insurance industry to adapt to the needs of its commercial clients to cover emerging risks and support new industries or risk losing relevance to large businesses. Indeed, a recurring theme at the conference was the wish by DVS members for more risk transfer products to help manage exposures such as cyber risks, a subject addressed by Jörg Nientiedt, director, corporate audit & consulting division, of Bertelsmann, and reputation damage.

Other topics discussed included the implications for commercial insurance buyers of the new electronic placing platform Inex24, the impact or otherwise on D&O policies of the 2011 German federal court decision on wilful deceit by policyholders and the underestimated risk of industrial espionage presented by consultant Fred Maro.



FinnRiMa celebrated its 25th anniversary with a seminar and dinner in Helsinki on 16 October.



NORIMA will hold a breakfast meeting on 2 November. The theme is to be decided.



FERMA's newest member PRiM dedicated the summer edition of its newsletter to insurable risk. It included an interview with FERMA President Jorge Luzzi



The 6th POLRISK conference will take place from 19-21 November at the Holiday Inn at Józefów near Warsaw.



SIRM will hold its annual forum on 6 and 7 November at the Seedamm Plaza Hotel at Pfäffikon with the theme: Loss prevention, a necessary evil or...



SWERMA's autumn programme of courses includes training in enterprise risk management (ERM), a site visit to one of Europe's largest energy companies to see ERM in effect and a two day seminar on strategic information.

FEDERATION OF EUROPEAN RISK MANAGEMENT ASSOCIATIONS - FERMA AISBL

This Newsletter is produced by FERMA. If you have any questions concerning this Newsletter, please contact Florence Bindelle at FERMA on +32 2 761 94 32 – email: florence.bindelle@ferma.eu

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