



Risk manager round tables filling fast

REGISTER NOW FOR THE SEMINAR



Risk managers who want to take part in the risk manager only round table discussions at the 2014 FERMA Seminar should register quickly; the round table numbers are limited, and they are filling quickly. This is the advice from FERMA's Project manager Véronique De Hertogh as she continues the planning for this event. The seminar will take place on **20 and 21 October at SQUARE in Brussels**.

The event will be an exceptional occasion for European risk managers in 2014. It will be both the scene for the announcement of the results of the 2014 FERMA Risk Management Benchmarking Survey and the celebration of FERMA's 40th anniversary with a gala dinner.

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Not a member?

It is not too late to attend the seminar for free if you are a risk manager and you have an interest in European risks. Join your national association or if you are not eligible to join a member association, you can apply for individual or corporate membership.

For more info, visit

<http://bit.ly/1mMvSA4>

Record number of survey responses; hard work on analysis is now underway

The 2014 FERMA Risk Management Benchmarking Survey closed on Friday 20 June with a total of 850 replies. This is the highest number of responses the survey has ever received and it means the results are ever more representative of the views of the European risk management community.

The survey committee, composed of FERMA board members and representatives of the industry partner organisations, immediately started to work on analyzing the responses. The results will be revealed at the FERMA Seminar 2014 on 20 and 21 October in Brussels. An independent survey company Toluna collects the responses.

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Looking at changes for the committees at the EU Parliament

Out of the 751 MEPs newly elected in May for five year terms, 371 are new to Parliament. The European Parliament is new and fragmented with three main consequences on EU policies:

- No experience yet of working together, which may slow down even more the legislative process;
- Previously ignored political groups may emerge and play an important role;
- Reaching a majority may be difficult. The absolute majority is 376 out of 751.

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Ralf Oelssner: a tribute

FERMA was sad to learn of the death of Ralf Oelssner, Vice President of FERMA from 2003 to 2005 and a long serving chairman of DVS. He was 70. He was vice president of corporate insurance at German airline Lufthansa until his retirement in 2007 and had headed its large insurance and reinsurance captives.

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Risk manager round tables filling fast

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The dinner will take place at the famous Bozar, the Belgians' fond name for their Palais des Beaux Arts. (www.bozar.be). The building is an art deco masterpiece by Victor Horta (1861-1947), which has been intensively renovated and restored to create what is probably the most prestigious venue for the arts in Belgium.



Free for FERMA members

The Seminar is free for members of FERMA member associations and FERMA corporate and individual members, including the gala FERMA 40th anniversary dinner. There are plenty of reasons to attend :



- ✓ The programme is designed by and for risk managers
- ✓ High level networking with experts in risk management
- ✓ Innovative sessions to share opinions on specific issues and daily work challenges
- ✓ Results of the European Risk and Insurance report

Moreover Brussels also offers several advantages:

- A 10 % discount on Brussels Airlines flights to Brussels; tickets can be booked from the seminar website;
- It takes only 17 minutes by shuttle train from Brussels airport to reach Central Station, which is in front of the conference venue, SQUARE: low cost and no traffic jams;
- All the hotels within 10 minutes walking distance from the Square; no need for taxis;
- Reduced rates for hotels through Brussels Booking Desk – but book soon;
- For drivers, there are plenty of parking places under SQUARE.



The programme includes two risk managers' only round table discussions in addition to the presentation of the survey results and a keynote speech on climate change by Danish television meteorologist Jesper Theilgaard.

Register now at: <http://www.ferma.eu/ferma-seminar-2014/>

Record number of survey responses; hard work on analysis is now underway

(Continued from front page)

To encourage participation in the survey, FERMA this year created incentives for national associations and individual risk managers. SI.Risk, DARIM and Airmic were the three first national associations to reach their target number of responses. They will each receive €2000 sponsorship from FERMA for their next event.

Says FERMA executive director Florence Bindelle, "This was our most ambitious survey so far, and we are delighted with the level of response. We assigned our association members quite challenging targets, and many of them devoted great energy to encouraging their members to participate. Our industry partners in the survey have also been helpful in enlarging the pool of responses by inviting their clients to respond."

For individual risk managers, there were six wonderful prizes at stake. The winners who have been chosen at random and contacted are:

- **Filip Hofkens**: free registration at the FERMA Forum 2015 in Venice;
- **Régis de Poncins**: three free nights' accommodation at the FERMA Forum 2015 in Venice;
- **Michele Sollazzo**: three free nights' accommodation at the FERMA Forum 2015 in Venice; and
- **Bjorn-Erik Simenstad, Irena Pstragowska and Anna Luszpinska** one night's free accommodation for each at the FERMA Seminar 2014 in Square, Brussels.

Letter from Brussels



Florence Bindelle

In June we held our general assembly, approved the risk management certification project and elected four board directors. Since then, we have not been relaxing! You might be surprised at the number of projects that FERMA does with a small team.

Led by our President Julia Graham, Vice President Michel Dennery, General Secretary Pierre Sonigo, scientific adviser Marie-Gemma Dequae and I visited London for a meeting with the Institute of Risk Management (IRM) and our British member Airmic. We discussed several subjects of mutual interest on education issues with IRM.

At Airmic, we were happy to meet the new Chair Helen Pope as well as CEO John Hurrell, Technical Director Paul Hopkin and Kate Wallin, who is leading Airmic's initiative for young risk managers, fasttrack. We were very interested to hear about fasttrack, which already has 173 members registered, since we are all looking at ways of supporting new entrants to the profession. FERMA is also talking with Airmic about its global programme compliance database Insight Risk Manager, launched in June, to investigate how we can work together to benefit the whole of FERMA's membership.

The survey has now closed and the hard work of analysing the results is underway. We were pleased that thanks to the energetic support of our members, we received 850 replies, a record number. Some of them sent personal emails to their members to encourage their participation. The results will be announced at the FERMA Seminar on 20-21 October. Please don't forget that it is free for FERMA members to come to the seminar – and that includes any new corporate and individual members. (www.ferma.eu/ferma-seminar-2014/)

We are working with the European Confederation of Institutes of Internal Auditing (ECIIA) to update the guidance on the risk and risk management provisions of the 8th Company Law directive. We intend that this document will also be available at the seminar. Finally, we are looking ahead to 2015 and working on plans for the next FERMA Forum which will be held at the Lido, Venice. The conference centre is a charming building directly overlooking the sea and Venice, which since the early 1930s has hosted some of the most famous people of all times as its guests. The Forum committee has already held its first meeting.

But on a lovely summer's day, we do not think only of work, and so I wish you all happy holidays and a return full of enthusiasm for our plans and projects.

Join the FERMA community on social media



FERMA invites you to become part of its growing online community which is already 5000 strong and growing (3033 followers on Twitter and more than 2400 members on LinkedIn).

Via its blog, Twitter, Youtube and Slideshare, FERMA regularly publishes news, insights, interviews and research. Additionally, the FERMA Risk Talk LinkedIn group provides a platform for risk managers to share their experience and expertise, exchange ideas and opinions, and look for advice, solutions and recommendations that were once out of reach.

FERMA 2014 social media strategy has two main objectives:

1. To increase FERMA's footprint on social media in order to raise awareness of the organisation among European risk managers while encouraging the growth of a vibrant online community.
2. For the various FERMA's online properties and channels to become the first knowledge and information hub for risk managers in Europe.

Altogether, FERMA's online community boasts over 5 000 members and has been recognised as the best place for European risk managers to stay up to date and connected to each other. If you have not done it yet, now is the time to save the blog in your favorites, join the LinkedIn group and follow @FERMARisk on Twitter.

FERMA project assistant Christel Jaumouille says, « If risk managers members want to get more involved, do not hesitate to submit your articles in English. All risk management content will be welcome and can be published as a blog on FERMA's website and broadcast on FERMA's social media channels. You'll find some examples of articles at <http://www.ferma.eu/news> »

Additionally, national associations are invited to join AGERS, Airmic, AMRAE, ANRA, BELRIM, MARM and POLRISK during FERMA's monthly communication calls when social content and ideas can be exchanged and discussed.

See you on Social!

If you have any questions or requests, please contact Christel Jaumouille at christel.jaumouille@ferma.eu

Elections to the FERMA board

The FERMA general assembly on 26 June elected four directors to join the board for 2014-2017 and one new substitute. They are:

- Anna Korbut, vice president of the Russian risk management association RusRisk,
- Carl Leeman of the Belgian association BELRIM;
- Cristina Martinez from the Spanish association IGREAA; and
- Helle Friberg from the Danish association DARIM;

The board substitute is the president of Poland's POLRISK, Slawomir Pijanowski.

Middle East risk manager joins FERMA as individual member



Fady Khawam

Fady Khawam, senior enterprise risk manager for ABYAT Megastore Co. (www.abyatonline.com), the largest retail store group in the Middle East, has been accepted as an individual member of FERMA and will attend the FERMA Seminar in Brussels in October. ABYAT, which sells all types of building materials, fittings and home furnishings from large stores in Kuwait, and Saudi Arabia, is now planning to expand into the United Arab Emirates, Oman, Europe and elsewhere. It is this expansion into Europe that encouraged Fady to apply for membership of FERMA.

"We are going outside our own territory, and risk management is different from area to area and from country to country. I wanted to join an association so I can understand how risk management works in European countries. I had been reading a lot about FERMA and when it became possible to join as an individual member, I persuaded my boss that it would be good for our business," he explained.

Fady has an insurance background, having studied insurance sciences and then worked as a broker. Further studies in risk management, however, interested him so much that he decided on a change in career. He is now looking forward to attending the FERMA Seminar in Brussels on 20-21 October and meeting risk managers from across Europe.

FERMA Executive Director Florence Bindelle says, "We are delighted to welcome Fady to FERMA. We created individual and corporate memberships just so that risk managers and companies from outside Europe can learn about risk management in Europe. We will also benefit from the exchange with them."



Attend the FERMA Seminar 2014 for free: it is not too late to apply for individual and corporate membership of FERMA and attend the 2014 FERMA Seminar for free. Risk managers and companies from outside FERMA member countries who have an interest in risk management in Europe are eligible. For more information, visit the FERMA website at <http://bit.ly/1mMvSA4> or contact Christel Jaumouille at christel.jaumouille@ferma.eu

Help with global programmes

Airmic and AGERS have taken the initiative on global programmes. At its annual conference in June, Airmic unveiled Insight Risk Manager, the first compliance database designed specifically for risk managers. Created in partnership with Axco, the supplier of global insurance market information with the support of leading brokers, Insight Risk Manager currently covers regulations in 30 countries representing 93 per cent of the world's property-casualty insurance premiums.

Access to Insight Risk Manager is an Airmic membership benefit, and FERMA will explore with Airmic ways of making it available to all member associations.

At AGERS, a working group has now published a 32 page report *International Programmes* that gives a broad view of the subject. Now available in Spanish, AGERS hopes to have the report translated into English soon.



AMRAE launches new visual identity and publication



The President of AMRAE Gilbert Canaméras used the occasion of the association's Day of the Commissions in June to announce AMRAE's new visual identity and a new publication, Atout Risk Manager.

In its 20 years, AMRAE has greatly evolved and diversified. Its structure and organisation have followed these developments. The association, therefore, wanted its visual identity to reflect "the vigour, dynamism and capacity of the risk management of tomorrow."

Atout Risk Manager is a quarterly review which aims both to bring together members of the association and engage with the wider risk management community. The first edition (in French) is available here: <http://www.amrae.fr/nouvelle-revue-atout-risk-manager>



The relationship between business continuity, crisis management and risk management in building business resilience



Lyndon Bird

Business continuity has been around from its early disaster recovery roots in the 1980s through to its present acceptance as a formal management systems standard by ISO. Risk management has had a similar heritage from its initial insurance and loss control days through to its current eminent position as a key component of corporate strategy. Crisis management has by contrast always been spoken about without ever being formalised - except arguably by the PR profession.

management process that identifies potential threats to an organisation and the impacts to business operations those threats, if realised, might cause. It provides a framework for building organisational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities”

In other words, if business continuity exists to build organisational resilience, where does this lead crisis management? The recent British Standard BS11200 for crisis management reaffirms its view that BCM is for predictable events, where a fixed response procedure can be designed, tested and exercised. It contrasts BCM responses with crisis management situations that are not predictable, have no documented recovery plan and have the potential to destroy the organisation. A crisis might not arise from an operational interruption but would more typically be related to issues that have a high reputational impact at a strategic level (like Toyota’s failure to address the US public’s safety concerns).

BS11200 considers BCM to be operational and crisis management to be strategic but this view is still quite contentious. The word resilience seems to offer a term most can be content with, but it is still far from clear that there is a consensus amongst practitioners as to what resilience really means at a practical level.

Most accept that resilience is more than continuity. Many argue that an organisation needs to both successfully manage disruptive challenges (continuity) and seamlessly handle changes in the external context in which it operates (adaptability). Some practitioners believe that resilience largely means the consolidation of business continuity (operational/tactical) and crisis management (strategic) concepts.

Others feel that this falls short as a business model because other members of the wider resilience family (most obviously security, emergency response and operational risk) are not fully integrated into this framework. The debate will continue.

Lyndon Bird is Technical Director and board member of the Business Continuity Institute (BCI). www.thebci.org

In the fallout from the global financial crisis of 2007/08, risk management for a while looked a likely victim. There was a view in some quarters that conventional risk management had failed to predict the crisis or provided any effective way of mitigating the outcomes that emanated from it. This led many organisations to question their approach to operational risk, seeking an approach which relied less on theoretical models and more on practical techniques and understandable solutions.

As a result, there were some changes in the way previously disparate functions like risk, BCM, crisis communications, emergency planning and security were viewed. C-Level executives generally accepted the BCM that premise that in order to be successful they had to be able to guarantee operational continuity but saw this was insufficient in its own right. Other dimensions needed to come into play, such as the tracking of new risks and an appreciation of how the business contextual landscape might change in response to these risks.

The idea of adaptability to circumstances as well as continuity of existing processes was added to the debate and a new term ‘organisational resilience’ entered the corporate lexicon. What this has meant to traditional business continuity is that it has become entrenched as a technical specialisation providing a form of risk treatment, rather than an important way of viewing the total organisation from the dual perspectives of impact and timeliness.

It is sometimes useful to remind ourselves that the definition of business continuity management (ISO 22301:2012) is: “a holistic

Ralf Oelssner: a tribute



Ralf Oelssner
member of DVS.

As a representative of Lufthansa, Ralf was elected to the committee of DVS in 1993 and to the board in 1989. He became its vice-chairman in 1995 and chairman of the board in 1999. Ralf was instrumental in the DVS becoming a member of FERMA. He remained closely connected with the association after his retirement from the committees in 2008 and because of his great services for the association, he was appointed honorary

know Ralf when he became Vice President of FERMA and always appreciated his wisdom and deep knowledge of risk management. He was a true gentleman and a real European.” Just before his retirement from Lufthansa, Ralf received a lifetime achievement award from *Business Insurance Europe*. He told the publication: “In 1979, when I started in this role, nobody knew how to spell risk management. It existed, but it was just not called risk management. Of course we had safety rules, legislation and the like that was linked to risk management, but nobody actually called it that. It was just done. If you look at the bottom line, risk management is nothing else but the application of common sense” .

FERMA Secretary General Pierre Sonigo comments, “I got to



Looking at changes for the committees at the European Parliament

(Continued from front page)

During the month of June, political groups met to negotiate and form new alliances. A political group must be made up of 25 MEPs from at least seven Member States. Each main political group designated a candidate for the European Commission presidency. According to the EU Treaty, the EPP (European People's Party), as the winning party, was supposed to see its candidate, former Luxembourg prime minister Jean-Claude Juncker, endorsed by the EU Council, but EU leaders like Angela Merkel or David Cameron expressed doubts whether this was a binding rule or not.

Article 17.7 of the Treaty is quite ambiguous, stating that the European Council shall be "taking into account the elections to the European Parliament" when proposing a candidate for President of the Commission. Despite this legal controversy, Member States endorsed Juncker at the European Summit on 26/27 June following the results of the European elections.

On 15 July, the European Parliament confirmed the proposed candidate and elected Juncker with a strong

majority of 422 votes from a total of 729 cast. He is scheduled to succeed the incumbent José Manuel Barroso in November.

On 8 July, the list of Parliamentary committees and their chairpersons was released after intense weeks of discussions. Twenty committees will be responsible for carrying on the legislative work of the European Parliament.

The Economic and Monetary Affairs (ECON) committee is usually the one in which FERMA has the most interest related to insurance matters (e.g. IMD2, Solvency 2.) It will be chaired for the next two and a half years by Italian MEP Roberto Gualtieri from the second most important political group S&D (Progressive Alliance of Socialists and Democrats). Other industry-related committees that we will also watch carefully include Environment, Public Health and Food Safety (ENVI), Industry, Research and Energy (ITRE) and Internal Market and Consumer Protection (IMCO).

The high number of new MEPs means new contacts to be made and opportunities to identify potential new allies.

Future Data Protection Regulation for holding private data?

The EU regulator is at the final stages to adopt [the Data Protection Regulation](#) which will set up new rules for operators on how private data must be managed.

In March 2014, [the European Parliament strengthened several requirements](#) such as making the applicable fines for breaching rules up to €100 million or 5% of annual worldwide turnover (whichever is greater) when the original proposal of the European Commission suggested fines "only" up to €1 million or 2% of annual worldwide turnover.

As usual in the European law making procedure, the text voted by MEPs is now Parliament's official mandate to start negotiations with the Council of the EU as soon as Member States agree on their own negotiating position. A final agreement between both institutions can be expected before the end of 2014.



The [possession of private data has a cost](#) and the threat of cybercrime is primarily a concern for companies who manage a lot of client data. The upcoming legislation, the increase of data breaches due to higher reporting combined with well-informed public opinion ever more sensitive to data privacy, could mean also more claims to come for the cyber insurance industry.

Zero Day

This is an area of uncertainty for the insurance and risk management community. It is still unclear how carriers will price and deal with certain type of threats. One good illustration is the Zero Day concept.

Zero Day threats are defined as the vulnerabilities of a system that are yet not known by the developer itself. A Zero Day attack occurs when the vulnerability is exploited.

As in the [Heartbleed breach which became known publicly in April 2014](#), there tends to be a time window between the moment when service providers issue bug corrections and the moment organisations effectively apply the updates and corrections.

If a claim arises due to the identified breach within this timeframe, it is not clear whether an insurer could or could not apply an exclusion for failing to maintain an updated IT infrastructure.

Cyber insurance policies are commonly underwritten with exclusions related to the failure to maintain an updated IT infrastructure, which means having the latest versions available and/or the last patches applied to correct identified vulnerabilities. **(Continued on page 7)**

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No more support

These exclusions are problematic as when, for example, Microsoft decides to stop providing support for its operating system Windows XP. The absence of support will now increase the probability of seeing the exploitation of vulnerability within Windows XP without any corrections or patches coming from Microsoft side.

In case of a claim, insurers may argue that the policyholder was no longer working with an up to date IT system and use the exclusion to deny coverage. Other insurance companies could also be tempted to charge extra-premiums for companies still relying on Windows XP.

The New Data Protection Regulation is expected to boost demand for cyber insurance, but it is literally impossible to prevent a Zero Day attack. If there is no coverage because of an exclusion, then what would be the use of such a policy?

The ability of an organisation to be agile and react rapidly to a new IT threat should be at the core of the wording and pricing assessment of a cyber-policy.

DVS Symposium 2014

The next DVS Symposium will take place from **10 to 12 September 2014** at **The Westin Grand München, Arabellastraße 5&6, 81925 München**. For more info, visit <http://bit.ly/UwHgJH>



Knowledge Corner



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FERMA's selection of recently published useful reports for risk managers.

ERM

Book: Enterprise Risk Management: Issues and Cases (English)

Jean-Paul Louisot and Christopher Ketcham, Wiley

<http://bit.ly/UBmvwo>

Event report

Airmic conference 2014, a FERMA report

Download for free at <http://bit.ly/1pgeN3I>

Insurance

Conditions Precedent in Insurance Policies (English)

Airmic : Download free at: <http://bit.ly/1tsTJgB>

Efficacy of Business Insurance (English)

Airmic : Download free at: <http://bit.ly/1pFoV5H>

Programs Internationales (Spanish)

Contact AGERS at gerencia@agers.es

IT

AMRAE : Panorama des Systèmes d'Informations de Gestion de Risques (French) :

Download free at : <http://bit.ly/1nlkbzJ>

Loss adjusting

New challenges for Risk Managers, how loss adjusters can help (English)

Presentation by Julia Graham to FUEDl general assembly 2014

<http://slidesha.re/1oLcR6z>

Risk management

ANRA News (Italian) : <http://bit.ly/WN5lxD>

AMRAE : Atout Risk Manager (French) : <http://bit.ly/UBmOaL>

BELRIM News (English/French/Flemish) : <http://bit.ly/1obkRsA>

DVS Die VersicherungsPraxis - Aktuelle Ausgabe (German) : <http://bit.ly/1qmBPaj>

Airmic : Responding to Global Risks, a practical guide for business leaders :

Download free at: <http://bit.ly/1k7pTep>

BCI World Conference on 5th and 6th November at London Olympia .

For more information visit <http://www.thebci.org/index.php/upcomingevents/bciworld>

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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