



Editorial – From Small Beginnings: Risk Management in the Czech Republic



Jana Bicanová started working in the insurance industry just three years after the Velvet Revolution had displaced Communism in what is now the Czech Republic.

The insurance market was just opening up to outside insurers and brokers. As a translator, she helped the UK based broker Sedgwick, later absorbed by Marsh, set up its office in Prague and then in 1992 became its first employee, managing the multiple tasks in helping to establish the business.

“Sedgwick increasingly focussed on risk management and wanted to bring the idea to Czech companies that insurance was one of a number of measures and that by being risk aware, they could not only protect their retention but also better achieve their objectives and gain sustained benefit,” she said.

Thus, Jana became involved with risk management from the start. Over the next four years with Sedgwick, she moved into a business development role. At this point, SPT Telecom, which had been the state telecoms company, approached her to work for it and she remains with its company successor, Telefónica O2 Czech Republic, as its corporate insurance supervisor for the Czech Republic and the company’s subsidiary in Slovakia.

“It was a great time to become involved in the industry,” she says of her start in the business at the heart of a liberalising economy. “It was a great opportunity to learn.”

ASPAR CZ

Although the risk and insurance management role remains part of other functions in many Czech companies, some larger businesses appointed risk or insurance managers,

and as is the way of risk managers, they started to get together. First, they met informally and had an annual Christmas get together but by 2007, Jana felt there was enough interest to register an association formally. A year later, ASPAR CZ became a member of FERMA.

ASPAR CZ welcomes insurance and risk managers, academics and businesses as members. It is one of the smaller associations compared with the members of FERMA in larger countries like France, Germany and the UK, but Jana believes that holding the Forum in Prague will help raise the profile of risk management and insurance and risk managers in the Czech Republic.

Jana said: “We look forward to welcoming the Forum to Prague. It is a beautiful, historic city with a modern, dynamic business environment.”

Czech Business Benchmarking Survey

Despite the relative youth of professional risk management in the Czech Republic, there is considerable awareness of the need to manage risk at least among some companies, a benchmarking survey conducted earlier this year by the consulting company RPIC-ViP in co-operation with FERMA member ASPAR CZ discovered.

The purpose of the survey was to map the state of risk management in firms and organisations in the Czech Republic. The results will be available at the Forum.

Of 89 firms which responded to the survey, more than 70% realised the importance of managing risks, certainly in terms of solving crises and the risks associated with them. Of the 29% that said they didn’t manage their risks now, the vast majority are thinking of doing so in future based on their experience with the economic



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crisis. More than half the companies said they had suffered problems like loss of customers, a fall in orders, more difficult access to finance and loss of key employees.

Systematic risk management is less common, however, with about three-quarters of those who do apply risk management, saying they take an instinctive approach, although over 40% have set up some form of risk identification and about one-third have risk management systems and crisis plans.

A Delicate Task

Technical visit Wednesday 7 October 2009, 14.00 – 17.30

In 2002, a week of continuous heavy rains across central and Eastern European caused billions of euros of flood damage in the Czech Republic, Austria, Germany, Slovakia, Poland, Hungary, Romania and Croatia.

Thanks to early warning, much of Prague’s art work was saved but there was still enormous damage to the city’s cultural heritage including the rare book collection in the Prague Municipal Library.

Restoration of such works is long and complex. Take the opportunity to visit the facilities set up in Jirny just outside Prague by international disaster recovery specialist BELFOR to see and hear how this delicate task is done. The number of places is limited, please register. There is a €15 contribution to transportation costs.

Forum Enthusiasm Unabated

Despite the tough economic climate, enthusiasm for the Forum remains high. Registrations at the start of September were in line with the previous Forum two years ago in Geneva. Since a large number of registrations for the Geneva event took place in September, FERMA has extended the date for online registration to 20 September (instead of 15 September, as announced). After that date, it will still be possible to attend the Forum by registering on site.

Sponsorship and exhibition bookings have also remained high. "We are delighted at the continuing support from our sponsors and exhibitors," said Florence Bindelle, Executive Manager of FERMA, "because we realise the pressure that everyone is under this year. It shows the value of the Forum to the risk management community."



Michel Dennery, FERMA board member from France, encourages any risk managers still undecided to come to Prague. He says "Facing the crisis,

risk managers will find at FERMA different approaches and points of view about enterprise risk management and insurance. They will have a lot of opportunities to share thoughts with foreign colleagues, from a lot of companies and sectors of activities."

"No one now can believe that risk management can operate at a scale of one country. Economies and companies have become at least European, and even local ones are concerned by the economic environment. I believe the Forum will help provide answers and benchmark the way to face the crisis."

Win a weekend for two in Prague

Visit the exhibition stands of Forum Platinum and Gold sponsors, collect their stickers and put them on the special card in the delegate bag for a chance to win a weekend for two in a luxury Prague hotel. Hand in the completed entry card to the hostess on the FERMA stand before 2.30 pm on Tuesday. The prize draw will take place on Wednesday 7 October during the coffee break on the FERMA stand. Winners must be present to collect their prize.

Not All Hard Work

There is plenty of opportunity at the Forum to catch up with old friends and make new contacts, and some fun incentives to do so.

Welcome Reception – Sunday 4 October – 19.00-22.00

All participants and their guests are invited to the welcome reception on Sunday, 4 October from 19.00 to 22.00 at the Municipal House, one of the most remarkable Art Nouveau buildings in Prague. Built in 1911 and situated on the site of the former Royal Court Palace, it is now the home of the Czech National Symphony Orchestra. One of the main features of the Municipal House is Smetana Hall, decorated by Alfons Mucha and other Czech Artists, an important venue for classical concerts.

Brick work at FERMA Night – Tuesday 6 October – 22.30-1.30

FERMA Night is a new event for Prague 2009. It's an after dinner party and all delegates are welcome. Have fun, cool off and dance. Each delegate's pack will contain a LEGO brick. Bring yours to the party and be part of the game! After the party, the bricks will be donated to the Paediatric Clinic of the Faculty Hospital of Motol, with the support of LEGO.

The FERMA Night will take place at the Duplex Lounge Club (Václavské náměstí 21 - 113 60 Praha), only two metro stops from the Congress Centre.

Beer tasting

Czech beer is considered among the best in the world.



At a tasting sponsored by Swiss Re, try for yourself some of the best known Czech brewery's beers on Monday from 17.00 to 18.00 in the exhibition area.

Are You Healthy?

By Paul Bridle



The doctor puts his stethoscope to the man's chest hoping that he will hear a beat. But there is nothing and electric shocks to the man's chest make no difference.

The man is overweight, obviously took no exercise and clearly has not taken care of his heart in particular.

Did you know that over 80% of fatal heart attacks would not have been fatal if the signs of heart disease were identified early enough? But they were left too late. In fact, many forms of illness are treatable if they are identified and dealt with early enough.

Risk assessment and compliance are like regular checkups and exercise. They allow the body, or organisation, to be in a position where problems can be treated before they do irreparable damage.

Most people don't like regulations, and some even see them as a challenge and take great delight in finding ways around the rules. The one good thing this economic downturn has achieved is to make the general public aware of the importance of regulation.

The question is, how do we ensure that our organisation values good exercise and regular checkups? How do we engage our management in a way that ensures they will listen to the warning signs?

The answer lies in the culture of the organisation. A culture is often described as "the way we do things around here". However, the way we do things around here describes the existing behaviours, and by then it is too late. Understanding what drives behaviours is the secret to being able to create a culture and change the way people do things for the better.

I study effective organisations and the people that lead them. In my address to the Forum, I will share some of my research on excellent organisations and give some tips on how to get risk managers' own organisations engaged in healthy thinking.

Paul Bridle will give his keynote speech "The Challenge of Being a Manager and a Leader in a shifting Climate" on Monday 5 October at 11.00.



Take a deep breath...

Resilience in the Face of Global Risks

Every year the World Economic Forum (WEF) publishes a *Global Risks* report to set the scene for the global business and political leaders taking part in its high profile annual meeting in Davos, Switzerland in January.



One of the partners in the development of the *Global Risks* report, **John Merkovsky**, Global Leader of Marsh Risk Consulting, will discuss the report's findings on existing and emerging risks in his keynote address to the

FERMA Forum on Wednesday morning, 7 October.

His discussion will encompass a range of risk exposures including natural hazards and economic, geopolitical and social risks. The presentation will also include reference to the research by Merkovsky and his team on resilient organisations, while the influenza pandemic threat and economic crisis will provide a topical background to consideration of the impact of global risks on organisations' planning assumptions.



Practical tips

The Czech crown (Koruna česká, or Kč) is divided into 100 hellers or *haléřů*. It is a good idea to have some small change and some small denomination notes for shops, cafés and bars. "Getting change for the 2000Kč notes that ATMs (cash machines) often spit out can be a problem," says the *Lonely Planet* guide.

Prague taxis require some caution and stories of scams, especially from Prague airport, abound. Travel guides advise pre-booking or ordering by phone from a recommended taxi firm. Some names are available at <http://www.myczechrepublic.com/prague/>

Visitor to Prague



Prague is a fabulous place, undamaged by either world war, unlike so many other historical European cities.

ASPAR CZ member Oldřich Křížek, Insurance Specialist with ČEPS, has some recommendations for first time visitors to Prague:

"You could start in Náměstí republiky (a square with impressive architecture and large shopping malls) as well as neighbouring business street Na Příkopě or Václavské náměstí (Wenceslas Square), a large square with the National Museum at the top and the National Opera nearby, both full of fashion and luxury stores.

"You definitely can't miss the narrow streets of the Old Town (Staré město) including the Old Town Square (walking distance from Wenceslas Square) and Jewish Synagogue and Jewish Cemetery nearby. Then you could go to the Charles Bridge to get across Vltava River to Kampa (an island with a square and a park near the river) and Malostranské náměstí (Old square).

"After that you could walk up to Prague Castle (Pražský hrad), enjoy a nice view of the city and then carry on to a big park, Petřín, just next to it. Don't forget to climb the stairs of the view-tower to get a magnificent view of Prague. There is a cable railway which you can use or you can walk downhill to Újezd (street/area), then

However, the city has an excellent integrated public transport system that combines metro, tram and bus. There are English and German language versions of the transport authority website at www.dpp.cz. Information desks at Ruzyně airport (7am to 10pm) and in four metro stations – Muzeum, Můstek, Anděl and Nádraží Holešovice (during the day), provide tickets, maps and are said to have detailed English language guides to the system available.

take a tram to Smíchov (a city area of modern buildings, on the way there is a brewery!) and eventually head across the river to Vyšehrad (ruins of castle, church, chapel, Gothic cellar, famous cemetery, park, etc.) situated on the rocks on the bank of Vltava river with beautiful view on Prague's Islands and the other bank of the river.

"You should also enjoy Czech cuisine in a restaurant with brewed Pilsner Urquell."

ASPAR Chairman Jana Bicanová says one of her favourite places is the Vysehrad National Cultural Monument (<http://www.praha-vysehrad.cz/fsts.aspx?l=2>) near the Congress Centre. "It breathes our deep history." She also likes the Prague Botanical Garden www.botanicka.cz and suggests looking at <http://www.pis.cz/en> for other places.

Two other website recommendations come from Václav Hronek, Corporate Insurance Manager for ČEZ: <http://www.expats.cz/prague/directory/places-to-visit/0/> and <http://www.myczechrepublic.com/prague/>

Getting around

You can buy 24 and 72 hour and one week tickets for the whole system including at the airport. They need to be validated on first use – but don't do it twice or they become invalidated.

For tram enthusiasts, Prague's public transport museum at Patočkova 4, Prague 6 is open Saturday and Sunday from 9.00-17.00. <http://www.dpp.cz/en/urban-mass-transit-museum/>

Coming of Age

FERMA began in 1974, and its first president was the then risk manager for Akzo, Henk Arntz. Thirty-five years later, FERMA has welcomed another Dutch President, Peter den Dekker. In the meantime, risk managers from Belgium, France, Italy and the UK have led FERMA as it has developed from an association with six founder members to its current status as a pan-European organisation.

Risk management associations in Belgium, France, Germany, Italy, the Netherlands and the UK, got together to create what was first called the European Association of Insureds of Industries (AEAI) with the aim of exchanging ideas and experiences.

The desire of a European Commissioner to have a voice from the business community on risk and insurance related issues was an important factor in FERMA's creation, according to its Honorary President François Settembrino, who served as president from 1984 to 1994 while risk manager at Tabacofina. Today, this is one of FERMA's most important roles.

For the first few years, the association's public profile was modest, but its much larger US counterpart, the Risk and Insurance Management Society (RIMS), encouraged AEAI to organise a regular international conference and provided technical and financial assistance. The first Forum was organised as a joint venture in 1981 in Monte-Carlo under the presidency of François Jaeger.

Monte Carlo was chosen as the venue, explains Settembrino, because the member associations wanted a small country that was neutral in terms of its own role. The Forum was a great success, and since that time it has taken place every two years. The profits from the Monte Carlo conferences also enabled FERMA to start an event for risk managers only, the seminar, during alternative years.

Gradually, the Forum came under the sole responsibility of FERMA, and eventually it moved from Monte Carlo. "Monte Carlo was for the Germans a place of perdition", Settembrino explains, so the Forum moved first to Berlin in 1999, an exciting time for the city in the course of reunification. Since then, the Forum has been held in Barcelona, Rome, Lisbon, Geneva and now Prague.

From the original six, membership has grown in stages, first with another three, SIRM from Switzerland, AGERS from Spain and DARIM from Denmark.

Others followed: Finland (FinnRiMa), Portugal (APOGERIS), Sweden (SWERMA), and four from former Eastern bloc countries, Bulgaria (BRIMA), Poland (Polrisk), Russia (RusRisk) and the most recently ASPAR CZ from the Czech Republic.

FERMA now represents risk management associations from 16 countries across Europe with among them about 4,000 members.

Presidents of FERMA

- Henk Arntz (Netherlands) 1974 to 1977
- François Jaeger (France) 1977 to 1984
- François Settembrino (Belgium) 1984 to 1994
- Hugh Loader (UK) 1994 to 1999
- Maurizio Castelli (Italy) 1999 to 2001
- Thierry van Santen (France) 2001 to 2005
- Marie Gemma Dequae (Belgium) 2005 to 2009
- Peter den Dekker (Netherlands) 2009 -



F. Settembrino

Learning More

The whole of the Forum has an educational aspect, but the event also includes specifically educational pre-conference sessions to set the scene for the sessions to follow. "They are open and not intended to be overly academic," explains FERMA's Director of Education, Edouard Thys. "They put the Forum events in context."

The education programme will take place on Saturday afternoon, 3 October, and Sunday morning 4 October. The sessions will take place in English but there will be simultaneous translation into German and Czech.

Starting with an introduction by Thys who will describe the development of risk management from a traditional, pure risks approach to strategic risks and enterprise risk management (ERM), the programme will cover trends and challenges in transparency and efficiency in risk management, implementing and embedding risk management, emerging risks and training and coaching risk owners.

See the programme for the latest information on sessions and workshops and register online at

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Green Forum

FERMA is conscious that events like the Forum can have a big impact on social and environmental practices. It aims to select and work with suppliers and venues that integrate social responsibility and sustainability within their company and operations.

Among the initiatives FERMA and its selected contractors have put in place for the Prague Forum:

- Programmes to reduce use of energy (heating, lightening, power, etc.)
- Recycling, re-use and sorting wastes in the Prague Congress Centre
- Eco-friendly paper for marketing materials such as flyers, brochures and signage
- Use of renewable sources, including the website and email, to provide information
- Use of reusable dishware, and cloth or recycled table napkins
- Incorporation of organic and locally grown produce in meals

For future forums, FERMA plans to publish clear results of this policy with indicators such as carbon offsets purchased, food donated and composted, and waste composted and recycled.

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 - info@ferma.eu

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