



**FERMA**<sup>™</sup>  
Federation of European  
Risk Management Associations

# FERMA Priorities for the EU Institutions

2019 – 2024

★ ★ ★ ★ ★  
**40<sup>+</sup>**  
★ ★ ★ ★ ★  
YEARS

As the single  
recognised voice  
of European  
risk managers



**20**  
COUNTRIES



**21**  
MEMBER  
ASSOCIATIONS



**5000**  
RISK MANAGERS  
IN EUROPE





# FERMA™

## FERMA PRIORITIES

## WE ASK POLICY-MAKERS TO

EUROPEAN LEADERSHIP IN DIGITAL TRANSFORMATION TO EXPLOIT GROWTH OPPORTUNITIES

- ★ Propose incentives to businesses to increase preparations for cyber risks.
- ★ Anticipate the consequences of emerging digital tools on businesses.
- ★ Develop solutions for SMEs because not all businesses can have a cyber security unit.

EUROPEAN LEADERSHIP TO SECURE TRANSITION TO A SUSTAINABLE ECONOMY

- ★ Continue to support and drive forward the implementation of the Sustainable Development Goals and Paris Agreement.
- ★ Acknowledge the value of professional risk management to improve resilience in the face of increasing disaster risks.
- ★ Support risk management readiness in all organisations, public and private, and of all sizes.
- ★ Support European businesses to produce data on sustainability that are reliable and comparable.
- ★ Recognise that professional risk management can enhance sustainability and provide a competitive advantage for organisations seeking finance as the EU promotes investment in sustainable economic activities.
- ★ Avoid a burden for SMEs. Reporting requirements must be proportional.

EUROPEAN LEADERSHIP IN RISK MANAGEMENT EDUCATION

- ★ Encourage public and private organisations (notably SMEs) to develop their knowledge and competencies in risk management.
- ★ Ensure a European-wide offer of risk management education.

EUROPEAN LEADERSHIP FOR A STABLE INSURANCE MARKET

- ★ Promote consistent application of insurance regulation across member states, especially the proportionality principle with regard to small and less complex insurance ventures.
- ★ Ensure any proposals to reduce the insurance protection gap, respect the proportionality principle and allow flexibility to enterprises with a mature risk management in place.

## FERMA STRIVES FOR A WORLD WHERE RISK MANAGEMENT IS EMBEDDED IN THE BUSINESS MODEL AND CULTURE OF ORGANISATIONS.

The European Union, its companies and citizens, navigate a future full of unprecedented challenges and opportunities.

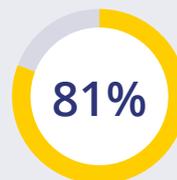
As risk managers, our role is to coordinate awareness and action across functions so the business is resilient whatever the nature of the threat.

We wish to bring our unique expertise in Enterprise Risk Management (ERM) to support EU policy makers over the next institutional mandate to respond to the future with confidence and support the transformation and resilience of Europe's economy.

This document explains the views and concerns of FERMA's members, the national risk management associations, on issues that EU policy makers will debate during their next mandate.

We look forward to collaborating with you.

## PROFILE OF THE EUROPEAN RISK MANAGER



Come from a large organisation



Work at head office or corporate level



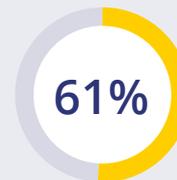
Are in the industrial sector



Report to the board or top management



Assess risks that could affect the relevance and viability of the organisation's strategy and objectives



Perform insurance management activities

Source: FERMA European Risk Manager Survey 2018  
<https://www.ferma.eu/publication/2018-european-risk-manager-report/>

# EUROPEAN LEADERSHIP IN DIGITAL TRANSFORMATION TO EXPLOIT GROWTH OPPORTUNITIES

There is a unique European perspective on digital privacy, cyber security and ethical use of digital tools. This is a strong differentiating factor from other regions and an asset that should be developed to become a competitive advantage for EU businesses.

The balance between growth opportunities arising from digitalisation and the requirements of a high level of cybersecurity and privacy protection can be supported by the implementation of professional risk management practices within European organisations.

## State of play and challenges

- Digital transformation has been a major topic for the EU for the past 5 years (cyber laws, research, cooperation, certification).
- Cyber security remains a challenge. Requirements are constantly and quickly evolving.
- There are opportunities from the 4th industrial revolution (fintech, Artificial Intelligence, blockchain, internet of things, robotics).
- Global competition in the digital field is strong. The EU needs to remain competitive whilst managing the risks.



## FERMA actions / engagements

FERMA is bringing a rational approach to managing cyber risks from an enterprise-wide perspective.

- Organisational proposition – a cyber risk governance framework to identify and mitigate cyber threats in a credible manner from a business standpoint
- Risk transfer support - guidance on how to financially mitigate cyber risk



## We ask policy-makers to

- Propose incentives to businesses to increase preparations for cyber risks.
- Anticipate the consequences of emerging digital tools on businesses.
- Develop solutions for SMEs because not all businesses can have a cyber security unit.



*Cyber risks are considered the number one threat to future business growth, ranking 1<sup>st</sup> in the top 5 risks in the FERMA 2018 European Risk Manager Survey.*

2014

Fiscal crises in key economies

Structurally high unemployment / underemployment

Water crises

Severe income disparity

Failure of climate change mitigation and adaptation

2019

Extreme weather events

Failure of climate-change mitigation & adaptation

Natural disasters

Data fraud or theft

Cyber-attacks

*Over the last EU legislative term, cyber attacks and data fraud emerged as top risks according to the World Economic Forum Global Risks Report.*

# EUROPEAN LEADERSHIP TO SECURE TRANSITION TO A SUSTAINABLE ECONOMY

By supporting professional risk management practices, the EU will help prepare businesses for a sustainable future. Adaptation to climate change will involve embedding this issue into the business models of organisations. Professional risk management can support this objective with a widely recognised methodology.

## EMBEDDING CLIMATE ACTION

### State of play and challenges

- The need to act on climate change has been acknowledged through several policy initiatives (e.g. Paris Agreement, EU strategies, Sustainable Finance Action Plan).
- Transition requires the participation of all stakeholders in the economy.



*Climate change and environmental damage are together one of 3 new risks to have entered the top 10 risks in the FERMA European Risk Manager Survey 2018. They are especially important for industry and the public sector.*



### FERMA actions / engagements

- FERMA runs professional training activities to raise the level of knowledge among the risk and insurance community about natural catastrophe and environmental insurance.
- FERMA contributes to the EU efforts to facilitate businesses' adaptation to climate change.



## We ask policy-makers to

- Continue to support and drive forward the implementation of the Sustainable Development Goals and Paris Agreement.
- Acknowledge the value of professional risk management to improve resilience in the face of increasing disaster risks.
- Support risk management readiness in all organisations, public and private, and of all sizes, including SMEs.

*Over the last EU legislative term, extreme weather events and failure to climate change adaptation climbed to 1<sup>st</sup> and 2<sup>nd</sup> position according to the World Economic Forum Global Risks Report.*

2014

Fiscal crises in key economies

Structurally high unemployment / underemployment

Water crises

Severe income disparity

Failure of climate change mitigation and adaptation

2019

Extreme weather events

Failure of climate change mitigation & adaptation

Natural disasters

Data fraud or theft

Cyber-attacks

## BUILDING LONG-TERM RESILIENCE

### State of play and challenges

- The societal demand for corporate transparency is constantly increasing. The EU has been active in introducing non-financial reporting and disclosure requirements in the field of environment, social and governance (ESG).
- Sustainable disclosure is essential to drive sustainable investment, but it needs to be proportionate and practical.
- A list of limited ESG factors should encompass what criteria investors will really use in making their decisions.
- The benefits of transparency and rationale for disclosure need to be clearer to justify the additional workload.



### FERMA actions / engagements

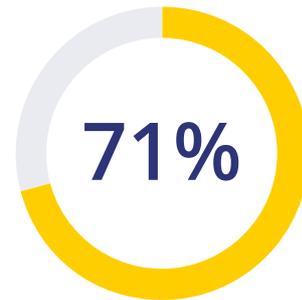
There are mutual benefits to developing relationships between risk management and corporate social responsibility (CSR).

- CSR can benefit from assessment techniques and tools developed by risk management to implement a risk-based approach within CSR.
- Risk management can benefit from the CSR approach to develop a more holistic view on the risks that the organisation is facing.
- FERMA, therefore, builds partnerships with key stakeholders to encourage a broader application of enterprise-wide risk management to ESG-related risks.
- FERMA proposes solutions to integrate the ESG elements into the business models of organisations.



### We ask policy-makers to

- Support European businesses to produce data on sustainability that are reliable and comparable.
- Recognise that professional risk management can enhance sustainability and provide a competitive advantage for organisations seeking finance (as the EU promotes investment in sustainable economic activities).
- Avoid a burden for SMEs. Reporting requirements must be proportional.



*71% of risk managers have regular or occasional collaboration with CSR / sustainable development functions.*

# EUROPEAN LEADERSHIP IN RISK MANAGEMENT EDUCATION

Risk management education allows risk professionals to stay relevant in our changing world as the digital and sustainable transformation proceeds.

Formal education and certification open doors and confirm a level of knowledge which allows professionals to keep pace and manage the risks which organisations face.

Leadership and senior management are more likely to bring risk management into conversations as a result.

## State of play and challenges

- Risk management as a dedicated business function is currently optional for many organisations.
- Professional risk management is needed for organisations to face an uncertain and volatile environment and to preserve EU competitiveness.
- This need for risk management requires true risk professionals with the proper skills and education.



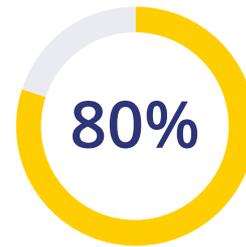
## FERMA actions / engagements

FERMA together with its 21 member associations has developed a European professional risk management certification setting the standard of professionalism for risk practitioners.

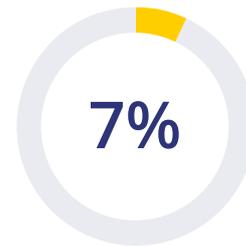


## We ask policy-makers to

- Encourage public and private organisations (notably SMEs) to develop their knowledge and competencies in risk management.
- Ensure a European-wide offer of risk management education.



*80% of risk managers believe in the benefits of a recognised certification in practicing risk management.*



*Only 7% of respondents to the FERMA European Risk Manager Survey 2018 have a risk management certification.*

## EUROPEAN LEADERSHIP FOR A STABLE INSURANCE MARKET

A stable and secure insurance market supports the resilience of European businesses. Enterprises need an insurance offer that is sufficient in terms of the exposures that they face and that is cost-effective.

### State of play and challenges

- The European insurance and reinsurance industry is large and well capitalised but faces pressures.
- Natural catastrophes are expected to become more severe as a result of climate change. This will increase demands on (re)insurance capacity when there is already an insurance gap.
- There is extensive consolidation taking place in the market for (re)insurance and broking which could lead to reduced choice for European businesses and consumers.
- New risks, especially associated with digital transformation, are challenging for insurers to create solutions within their highly regulated environment.



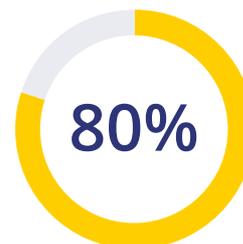
### FERMA actions / engagements

- FERMA is a member of the Insurance and Reinsurance Stakeholder Group of EIOPA, as the voice of the European corporate insurance clients and users of captive insurance.
- FERMA is engaging with the European Commission on future insurance solutions for natural catastrophe losses, environmental liabilities and cyber risks.
- In terms of captive insurance companies, FERMA is working with OECD to encourage reasonable application of the Base Erosion and Profit Shifting (BEPS) principles among member states.
- FERMA works with European organisations representing the insurance industry, to increase understanding of the value of insurance, for example for cyber risks.

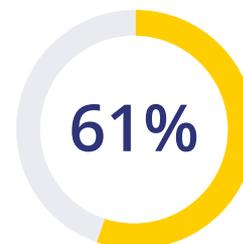


### We ask policy-makers to

- Promote consistent application of insurance regulation across member states, especially the proportionality principle with regard to small and less complex insurance ventures.
- Ensure any proposals to reduce the insurance protection gap respect the proportionality principle and allow flexibility to enterprises with a mature risk management in place.



*Additional insurance-related regulations are a topic of concern for 80% of respondents to the FERMA European Risk Manager Survey 2018*



*61% of risk managers are involved in insurance activities.*



<b>COUNTRY</b>	<b>RISK MANAGEMENT ASSOCIATION</b>	<b>WEBSITE</b>
<b>BELGIUM</b>	BELRIM	<a href="http://www.belrim.com">www.belrim.com</a>
<b>BULGARIA</b>	BRIMA	<a href="http://www.brima.bg">www.brima.bg</a>
<b>CZECH REPUBLIC</b>	CZRMA	<a href="http://www.czrma.cz">www.czrma.cz</a>
<b>DENMARK</b>	DARIM	<a href="http://www.di.dk">www.di.dk</a>
<b>FINLAND</b>	FINNRIMA	<a href="http://www.srhy.fi">www.srhy.fi</a>
<b>FRANCE</b>	AMRAE	<a href="http://www.amrae.fr">www.amrae.fr</a>
<b>GERMANY</b>	GVNW	<a href="http://www.gvnw.de/home">www.gvnw.de/home</a>
<b>ITALY</b>	ANRA	<a href="http://www.anra.it">www.anra.it</a>
<b>MALTA</b>	MARM	<a href="http://www.marm.org.mt">www.marm.org.mt</a>
<b>NORWAY</b>	NORIMA	<a href="http://www.norima.no">www.norima.no</a>
<b>PORTUGAL</b>	APOGERIS	<a href="http://www.apogeris.pt">www.apogeris.pt</a>
<b>RUSSIA</b>	RUSRISK	<a href="http://www.rrms.ru/en">www.rrms.ru/en</a>
<b>SLOVENIA</b>	SI.RISK	<a href="http://www.sirisk.si">www.sirisk.si</a>
<b>SPAIN</b>	AGERS	<a href="http://www.agers.es">www.agers.es</a>
<b>SPAIN</b>	IGREA	<a href="http://www.igrea.es">www.igrea.es</a>
<b>SWEDEN</b>	SWERMA	<a href="http://www.swerma.se">www.swerma.se</a>
<b>SWITZERLAND</b>	SIRM	<a href="http://www.sirm.ch">www.sirm.ch</a>
<b>THE NETHERLANDS</b>	NARIM	<a href="http://www.narim.com">www.narim.com</a>
<b>TURKEY</b>	ERMA	<a href="http://www.kryd.org">www.kryd.org</a>
<b>UNITED KINGDOM</b>	AIRMIC	<a href="http://www.airmic.com">www.airmic.com</a>





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