

# Key findings

## Risk managers' activities

The principal activities of risk managers in charge of Enterprise Risk Management (ERM) and of Insurance Management (IM) are:



### Operational activities

- **86%** Risk identification, analysis, evaluation, prioritisation and reporting
- **78%** Development and implementation of ERM governance, framework, processes and/or tools
- **63%** Design and implementation of risk controls/prevention



### Strategic activities

- **77%** Development, implementation, and assessment of risk culture across the organisation
- **75%** Alignment and integration of risk management as part of the business strategy
- **57%** Development of the risk appetite strategy/statement



### Insurance activities

- **82%** Insurance policy management
- **76%** Development and implementation of insurance management governance, framework, process, and/or tools
- **74%** Claims handling
- **62%** Insurable loss prevention



The trend of risk managers taking more strategic responsibilities, as noted in previous FERMA surveys, continues, and ERM is increasingly gaining traction in organisations. In 2018, there is a **21%** increase in the proportion of risk managers who have responsibility for aligning and integrating risk management in the business strategy compared to 2016 and a **13%** rise in the number who are responsible for the development and implementation of risk culture across the organisation. Operational risk activities remain high on the agenda for the risk profession.

The main activities of risk managers in charge of insurance management are unchanged since 2016, when **86%** of respondents oversaw insurance management and claims handling/insurable loss prevention.



## RECOGNITION

**53%**

of risk managers say that **internal recognition of their function is increasing**, which may reinforce their position as a risk conductor.

## AN INTERCONNECTED FUNCTION

**65%**

of respondents said that they are acting as a **risk conductor within their organisation**, consolidating information from other risk-related functions to give a clear and comprehensive view to the top management.

Risk managers have reinforced their link with the IT department. **IT has gone from a 3<sup>rd</sup> to a 1<sup>st</sup> rank partner, with more than 93%** of respondents collaborating with it. Risk managers continue to work closely with the finance and legal teams, as well as business units, and there is a strengthening of relationships with ethics and compliance functions.

Apart from the traditional functions of risk managers, **20% are responsible for internal control** within their organisation, and generally, there is a close relationship between risk management and internal audit.

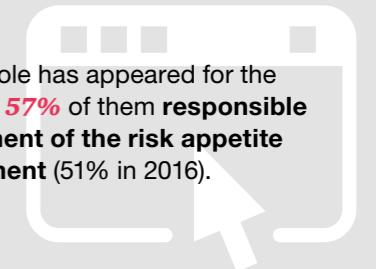


## IN SUPPORT OF THE STRATEGY OF THE COMPANY

**76%**

of risk managers **assess risks that could affect the relevance and viability of the organisation's strategy and objectives**. 83% of risk managers' report to the board or top management level (67% in 2016). Their role of strategic advisor is consolidated.

Above all, a new role has appeared for the risk manager with **57%** of them **responsible for the development of the risk appetite strategy / statement** (51% in 2016).



## EMBRACING THE DIGITAL TRANSFORMATION OF THE COMPANY

**37%**

of risk managers **identify and assess risks prior to the adoption of new technologies by the business**.

Risk managers themselves are users of new technologies allowing them to be more predictive and proactive. **49% are using web-based applications and 44% are using data analytics** to perform their risk and insurance activities. This year, artificial intelligence, blockchain and robotic process automation (RPA) are entering the list of tools used by risk managers.



## RISK MANAGEMENT PRACTICES

**57%**

of risk managers **prepare a risk map that consolidates top down and bottom-up approaches**.

Furthermore, some organisations are focusing on specific risks. For example, **16%** have a risk map dedicated to risk of corruption and **13%** have one dedicated to security risks.

## What is keeping risk managers awake?

### 2018 TOP RISKS TO GROWTH

**37%** of respondents identify cyber threats as the main risk to growth prospects for their organisations while it was at the 7th position in 2016.

The 2018 survey confirms the trend observed in the 2016 survey with uncertain economic growth (**31%**) and geopolitical uncertainty (**30%**) as the other top 3 risks identified by risk managers.



#### Top 3 in 2018

- Cyber threats
- Uncertain economic growth
- Geopolitical uncertainty



#### Top 3 in 2016

- Economic conditions
- Business continuity disruption
- Political, country instability

**3 new risks** have entered the top 10:

- Speed of technological change
- Availability of key skills
- Climate change and environmental damage

## THE EVOLUTION OF METHODOLOGIES TO ADAPT TO THE CHALLENGING ENVIRONMENT



**Limits and exclusions within insurance contracts for emerging / specific risks (85%) and new insurance-related regulations (80%)** are the insurance market topics about which a majority of risk managers feel concerned.

**67%** Risk retention appears to be the main strategy for emerging / specific risks.

The number of companies using **captives is stable between 2016 (34%) and 2018 (37%)**, but many expect to use them more.

## INSURANCE BROKERAGE PRACTICES

**36%** of the risk managers interviewed use **different brokers according to the line of cover**, while 32% use only one external broker.

## Profile of the risk manager

### RESPONDENTS' ORGANISATIONS

**81%** of respondents come from organisation with a turnover of more than €50 million and more than 250 employees<sup>1</sup>.

Moreover, **50%** of respondents' companies are listed.

The most commonly represented sector of activity is **industry** with **55%** of respondents. **84%** of respondents work at head office or corporate level of their organisation.

### ERM AND INSURANCE MANAGEMENT

**39%** of respondents are solely dedicated to ERM activities.

**33%** perform both ERM and insurance management activities.

**28%** are specifically dedicated to insurance activities.

### AGE AND GENDER

There are **4% more women risk managers than in 2016**, although men remain the majority. Risk management is a field of experience. **70% of risk managers are between 36 and 55 years old**, and **54% of them have more than 10 years of experience** in risk management.

### CERTIFICATION

**80%** of respondents indicate that a recognised certification in practicing risk management would be beneficial.

In addition, interviewed respondents underlined the importance of certification, such as FERMA's RIMAP, to gain credibility when they were applying for risk management responsibilities.

### REMUNERATION

**55%** of respondents have an annual remuneration (including bonus and all compensation) **between €60,000 and €150,000**, in line with previous years.

<sup>1</sup> The European Commission defines small enterprises as companies with less than 50 staff headcount and a turnover of € 10 m or less and medium enterprises as companies with less than 250 staff headcount and a turnover of € 50 m or less. In this survey, companies with higher figures are considered as large companies.