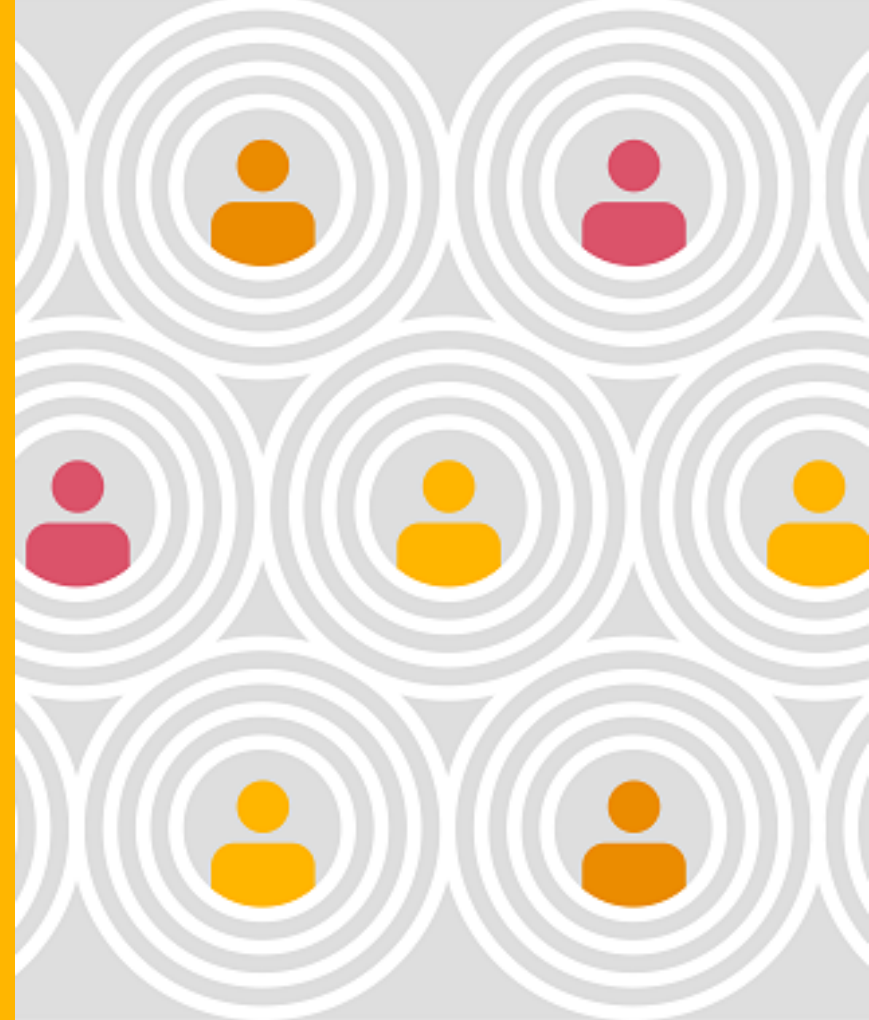


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2020 Edition
Detailed results

Table of content

- Key findings
- Presentation of the survey
- Profile of respondents
- How did risk managers see risks in 2020 prior to the Covid-19 crisis?
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- **Part III** : The risk manager facing hardening insurance market conditions
- **Part IV** : The risk manager's education and the increasing importance of certification
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FERMA European Risk Manager Report

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Key Findings

The FERMA European Risk Manager Survey 2020 highlights a significant evolution in the role of the Risk Manager in Europe today :

- **Cyber threats are still the 1st concern for risk managers**, and were identified by **69%** of the risk managers using innovative technologies as the most critical risk to their organisation's growth prospects.
- The threat of the **speed of technological change** is the first concern within the next 3 years and the main threat identified within the next 10 years is the **climate change and environmental damage**.

Education

- **64%** of the interviewed risk managers have a specific **qualification** in risk and/or insurance management.
- **77%** of risk managers say that a recognised **certification** matters in practising risk management and rank internal recognition as the first benefit of a certification.

Digital

- 67% of the risk managers use in their activities **innovative technologies**: data analysis, data visualisation, process automation and/or artificial intelligence.
- The **digital transformation** is increasing, however so far, 33% of the respondents bring none of the 4 technologies listed into their daily work.

Insurance

- The attractiveness of **captives** to cover insurance risk increases by **28%**.
- Risk managers main concerns are the **limitations and exclusions** on emerging specific risks and the **change in market** conditions

Sustainability

- **27%** of risk managers are playing a specific role regarding **ESG**-related risks, and **13%** are planning to play one.
- The main **challenges** faced by risk managers to integrate ESG risks into ERM are the difficulty of scoping sustainability risks (81%) and the limited knowledge of sustainability risks (70%).

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Methodology and Survey Panel

The data in this report were collected from an anonymous web-based survey distributed through FERMA's 22 member associations and the PwC European network between January and March 2020.

The survey was composed of **56 questions** and responses were received from **764 respondents in 34 countries aggregated into 3 clusters:**

- **Western Europe :**

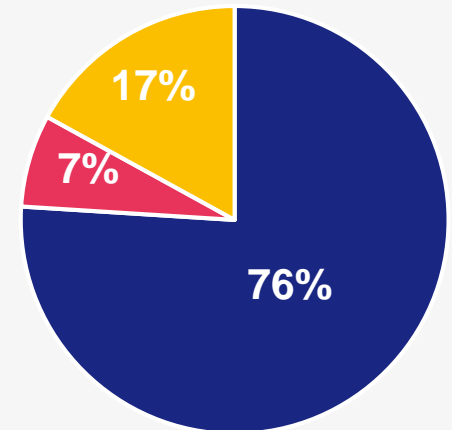
Belgium, Cyprus, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Monaco, Netherlands, Portugal, San Marino, Spain, Switzerland, UK, Vatican City

- **Central & Eastern Europe :**

Albania, Armenia, Austria, Bulgaria, Czech Republic, Georgia, Hungary, Kazakhstan, Lithuania, Romania, Russia, Slovenia, Turkey

- **Northern Europe :**

Denmark, Finland, Norway, Sweden

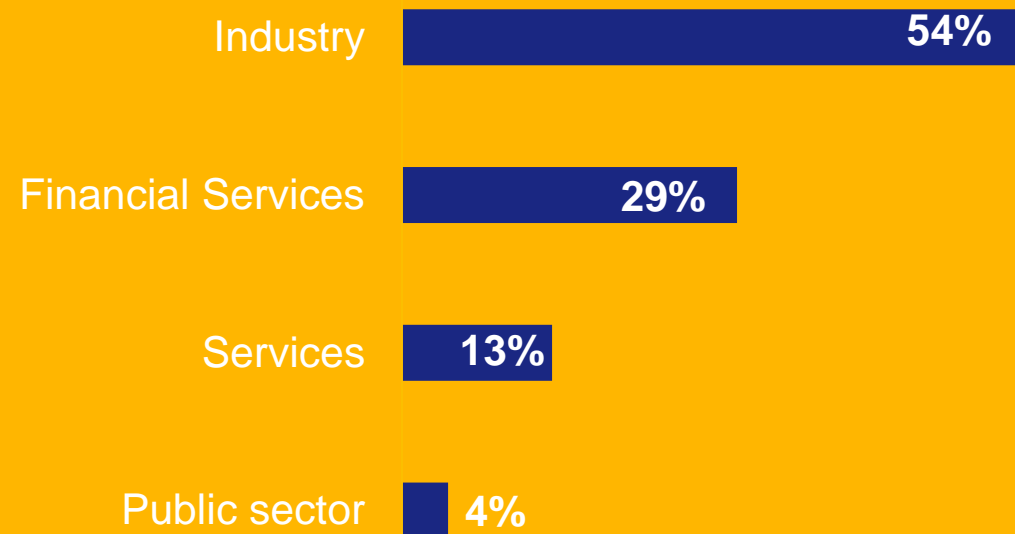


Respondent were not obliged to answer all the questions, so the size of the sample can vary from one question to another. In addition, some of the questions allowed multiple choices so the responses do not necessarily add up to 100%.

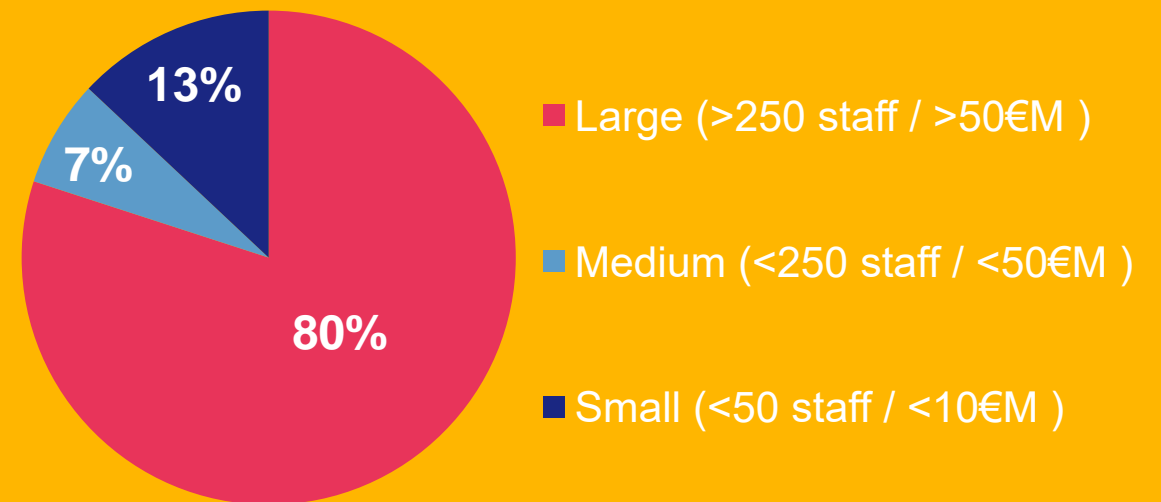
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Profile of respondents - Organisation

Sector of activity



Size of organisation



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Profile of respondents – Gender and age

Risk management is still a profession for the experienced, with 64% between 36 and 55 but the average age reduced since 2016.

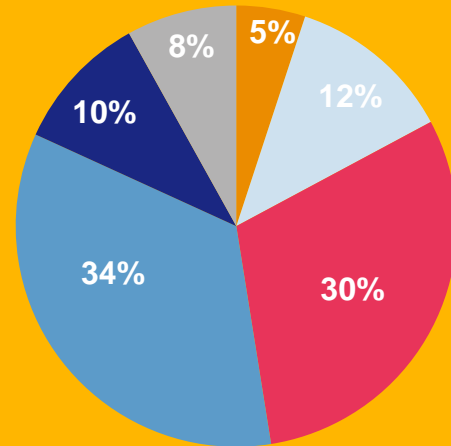
Gender

68% 32%



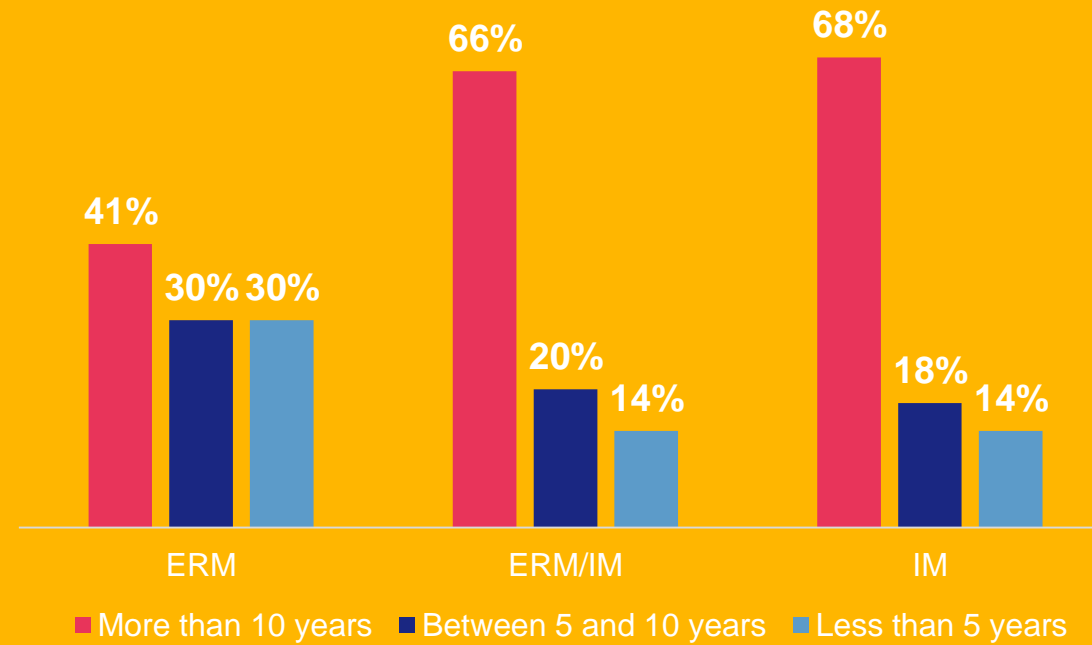
Women represent 52% of risk managers under 30 years old, while they are only 16% among those more than 60 years old.

Age



- Less than 30 years old
- Between 31 and 35 years old
- Between 36 and 45 years old
- Between 46 and 55 years old
- Between 56 and 60 years old
- More than 60 years old

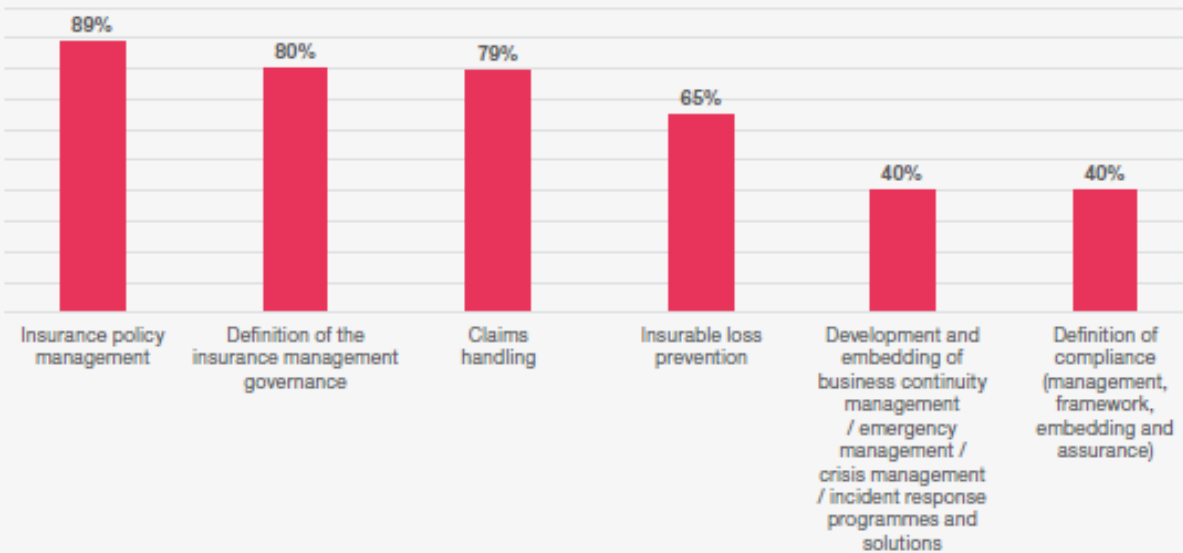
Experience



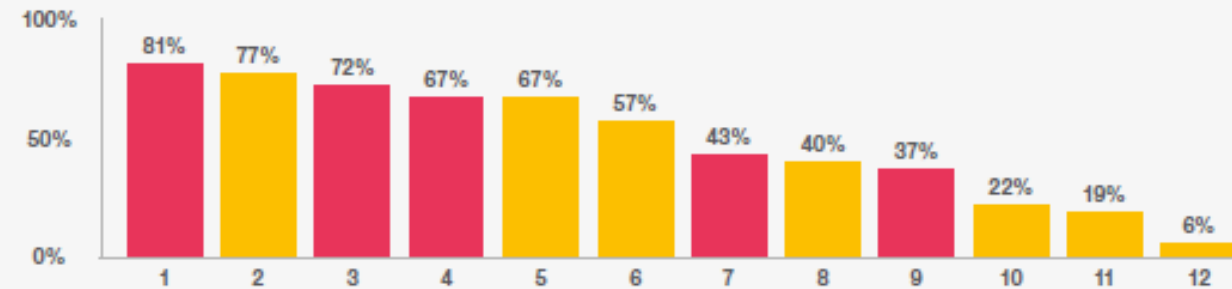
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Respondents activities

Activities under the IM Risk Manager responsibility in 2020



Activities under the ERM Risk Manager responsibility in 2020



1. Development of risk maps: risk identification, analysis, evaluation, prioritization and reporting
2. Development, implementation, and assessment of risk culture across the organisation
3. Definition of the Enterprise Risk Management governance, framework, processes, and/or tools
4. Design and implementation of risk controls / prevention
5. Alignment and integration of Risk Management as part of business strategy
6. Definition of the risk appetite strategy / statement
7. Development and embedding of business continuity management / emergency management / crisis management / incident response
8. Assistance to other functional areas in contract negotiation, project management, acquisitions and investments
9. Definition of compliance (management, framework, embedding and assurance)
10. Design and implementation of risk financing strategy and association solutions
11. Analysis of capital projects and delivering business plans
12. Other

Operational activities
Strategic activities

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How did risk managers
see risks in 2020 prior
to the Covid-19 crisis ?



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Top critical threats to the organisation's growth prospects within the next 12 months

TOP RISK 2018

CYBER THREAT

UNCERTAIN ECONOMIC GROWTH

GEOPOLITICAL UNCERTAINTY

OVER-REGULATION

CHANGING CONSUMER BEHAVIOUR

TOP RISK 2020

CYBER THREAT

UNCERTAIN ECONOMIC GROWTH

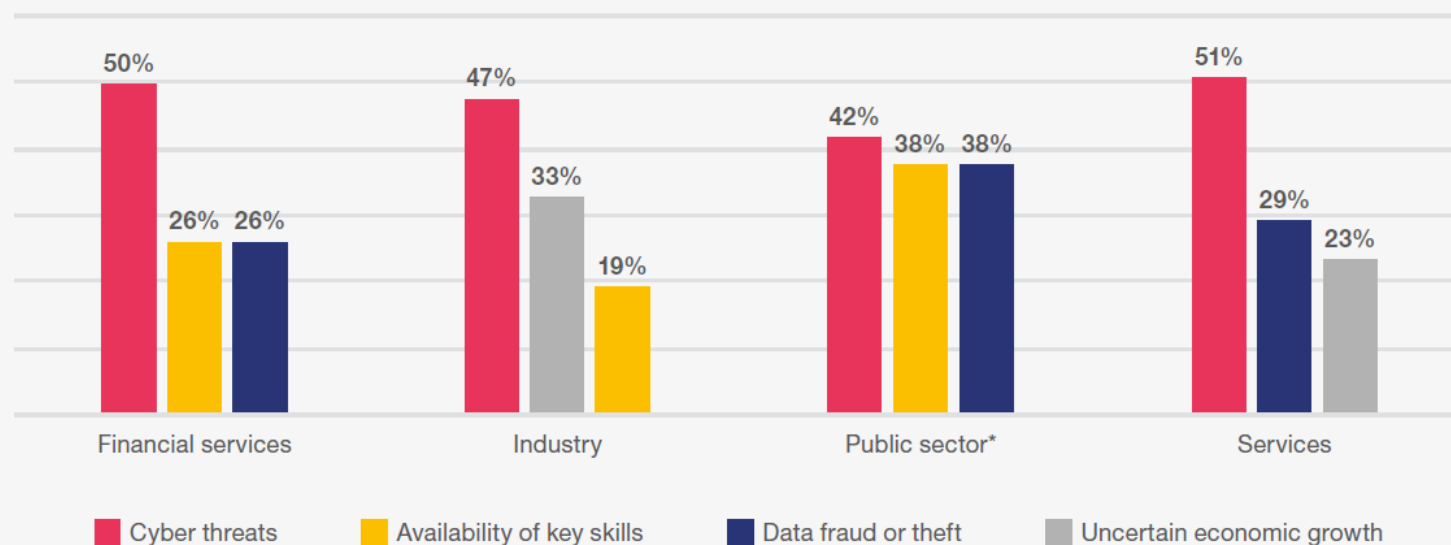
AVAILABILITY OF KEY SKILLS

DATA FRAUD OR THEFT

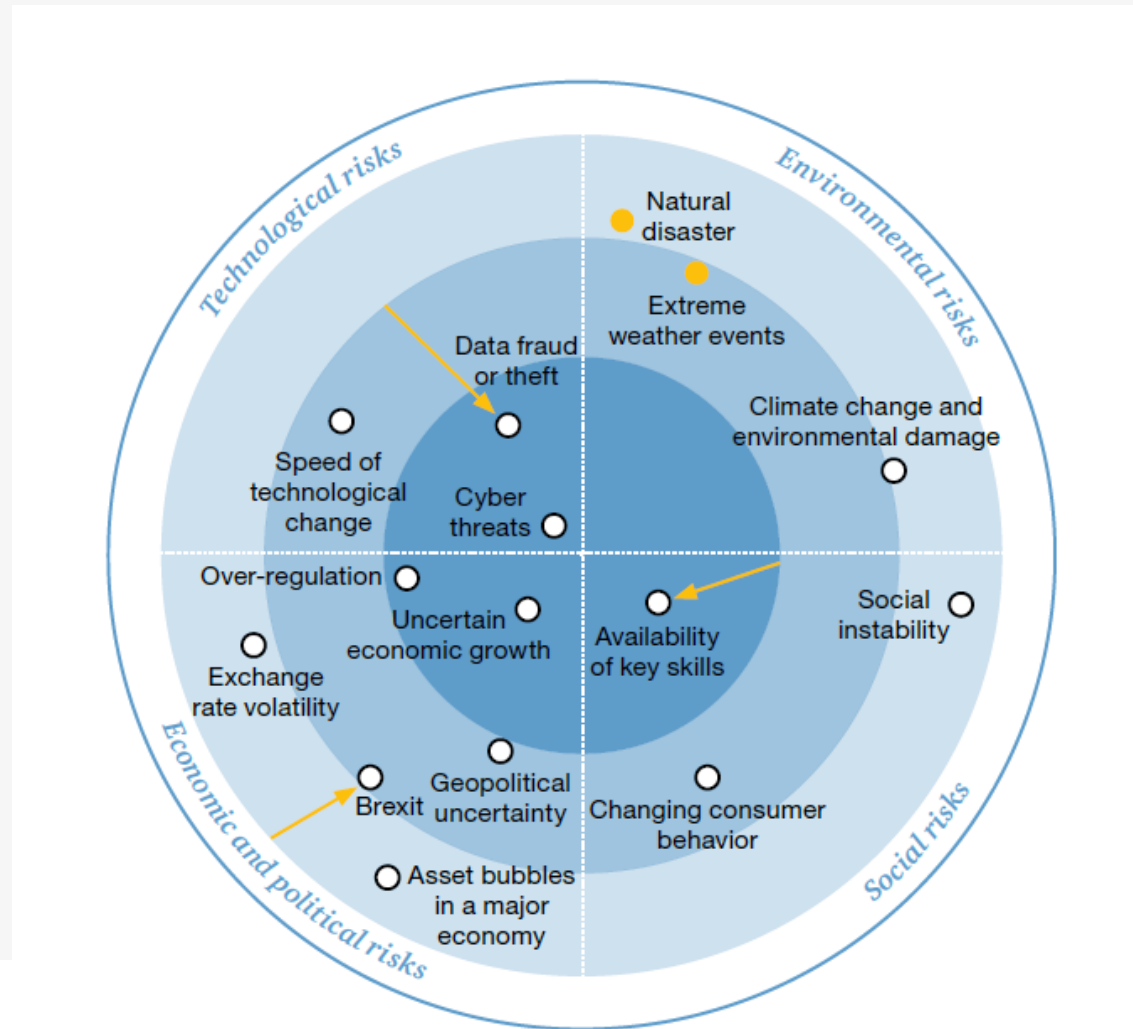
OVER-REGULATION



Top 3 of the risks for the next 12 months by sector of activity



Top 15 critical threats within the next 12 months



- Top 5 risks
- Top 10 risks
- Top 15 risks
- New risks
- Growing risks since 2018

Top 3 medium and long-term risks

Top 3 risks within the next 3 years

Cyber threats **18%**

Speed of technological change **18%**

Uncertain economic growth **17%**

Top 3 risks within the next 10 years

Climate change and environmental damage **17%**

Changing customer behaviour **11%**

Extreme weather events **10%**

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Part I

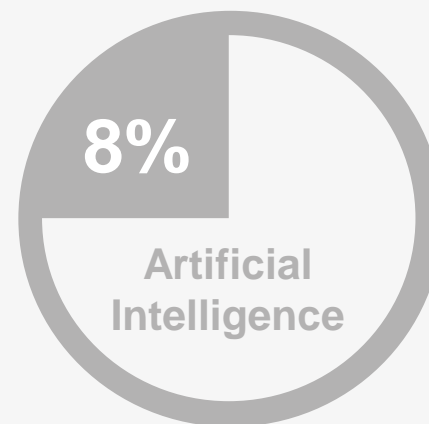
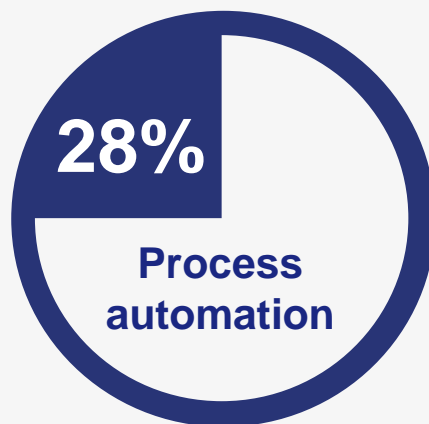
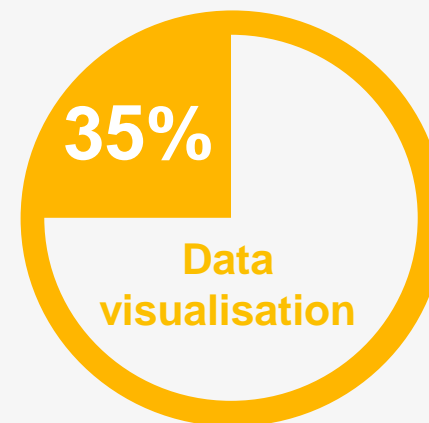
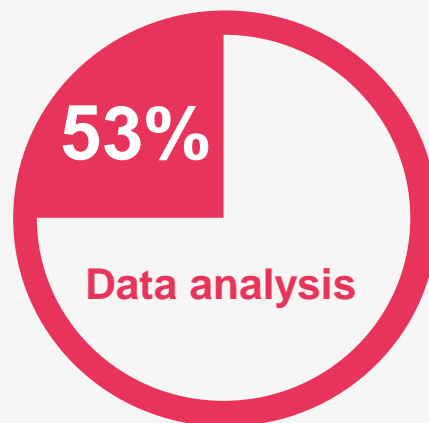
The risk manager's
growing role in the
digital transformation



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Part I : Innovative risk management practices continue to develop



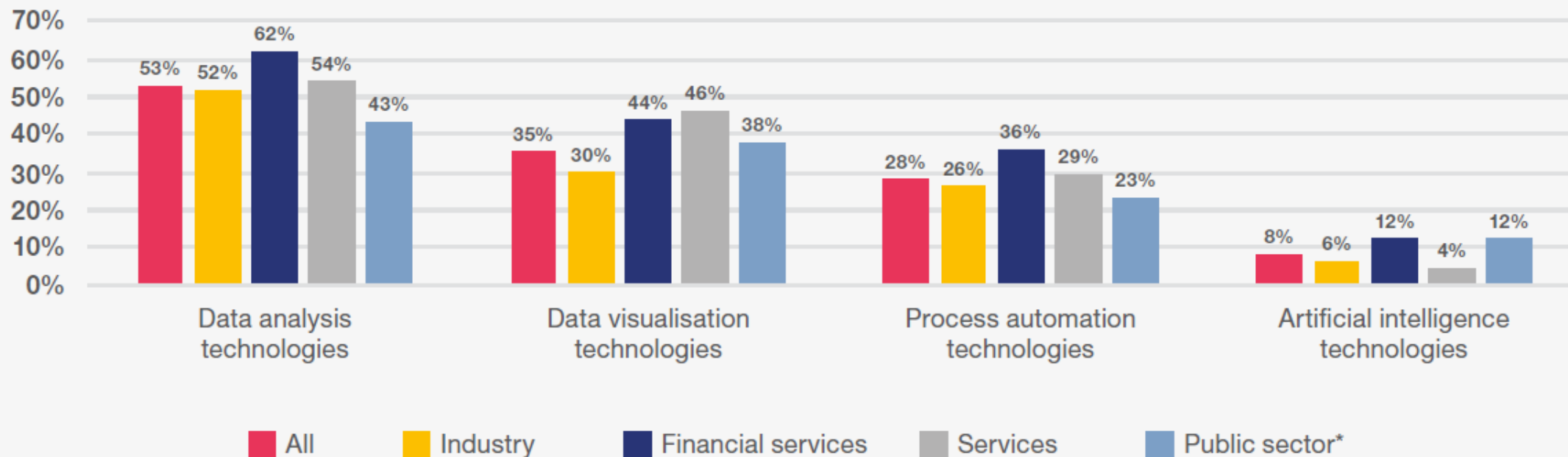
58%
Web based applications

Common technologies such as web based applications remain the used technologies.

 The main obstacles to the use of new technologies are the heavy investments they represent for the function (55%) and the lack of perceived added value for the function (52%).

Part I : Innovative risk management practices continue to develop

Use of data analysis, data visualisation, process automation and artificial intelligence by sector of activity

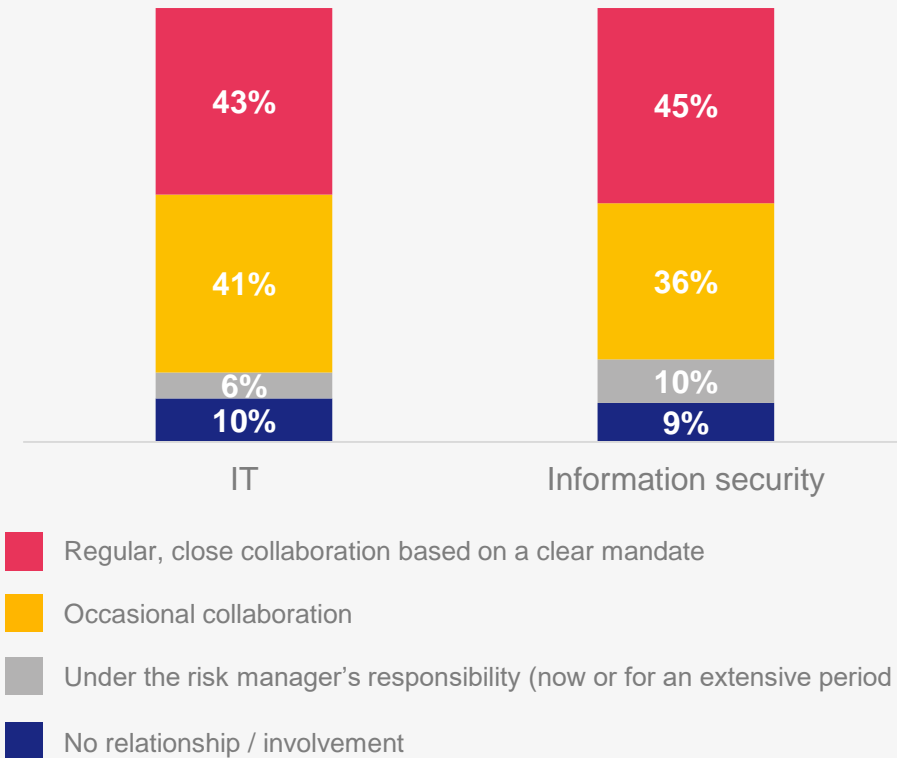
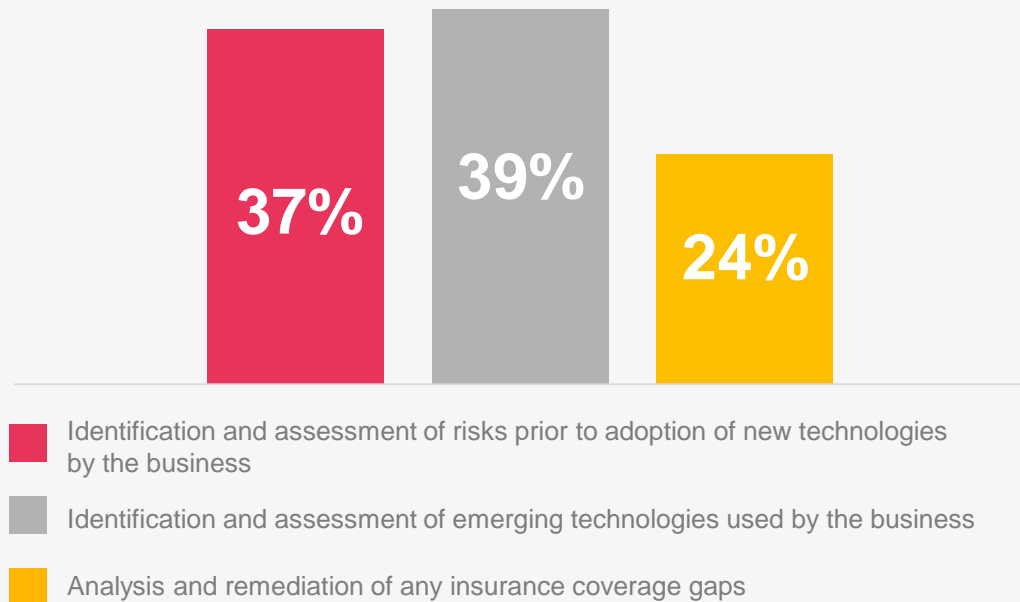


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Part I : Risk management contributes to the digital transformation of organisations

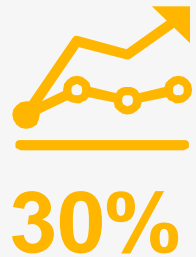
How do you deal with risks arising from emerging technologies ?

Risk managers' interactions with IT and information security teams



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Part I : Focus on cyber threats



Cyber threats are the 1st concern in 2020 for risk management regardless of the sector of activity like in 2018, increasing by 30% since 2018.

Sector of activity	Cyber threats ranking 2018	Cyber threats ranking 2020
Industry	3	1
Financial services	2	1
Services	1	1
Public sector	2	1

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Part II

The risk manager's
contribution to
sustainability

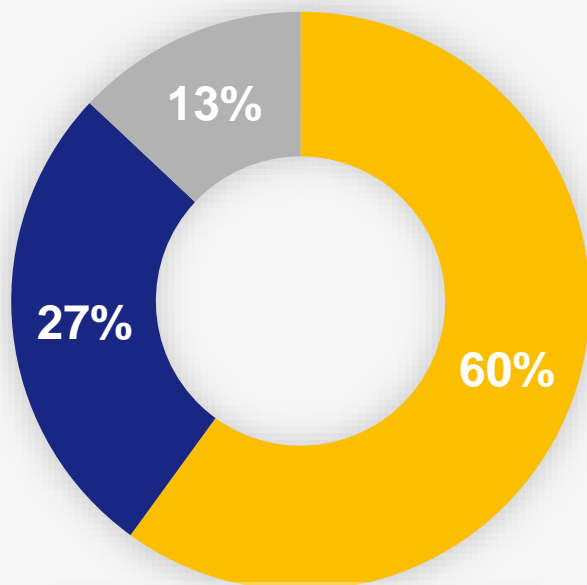


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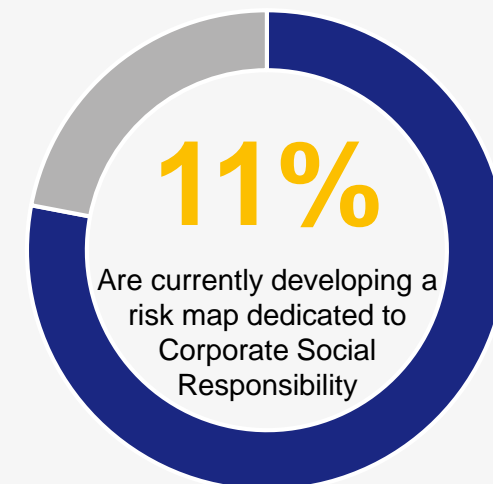
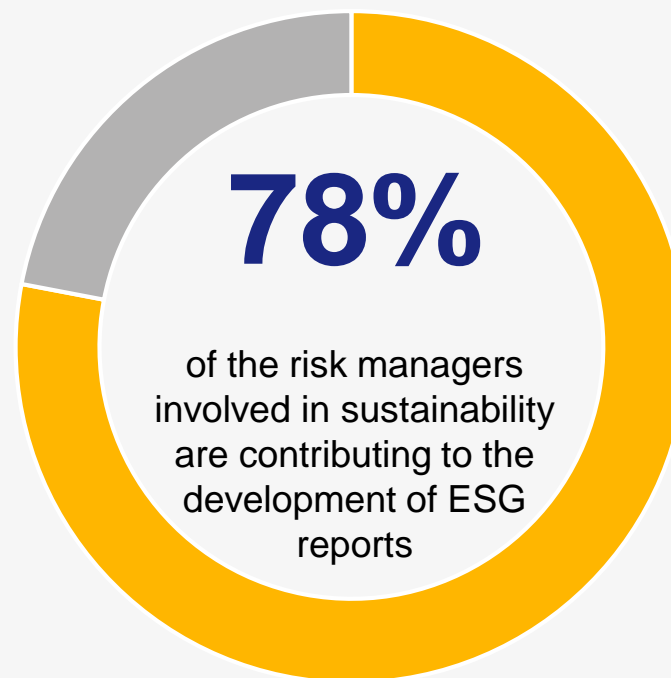
Part II : The role of the risk manager in sustainability

Is the risk manager playing a specific role regarding ESG-related risks in their organisation?

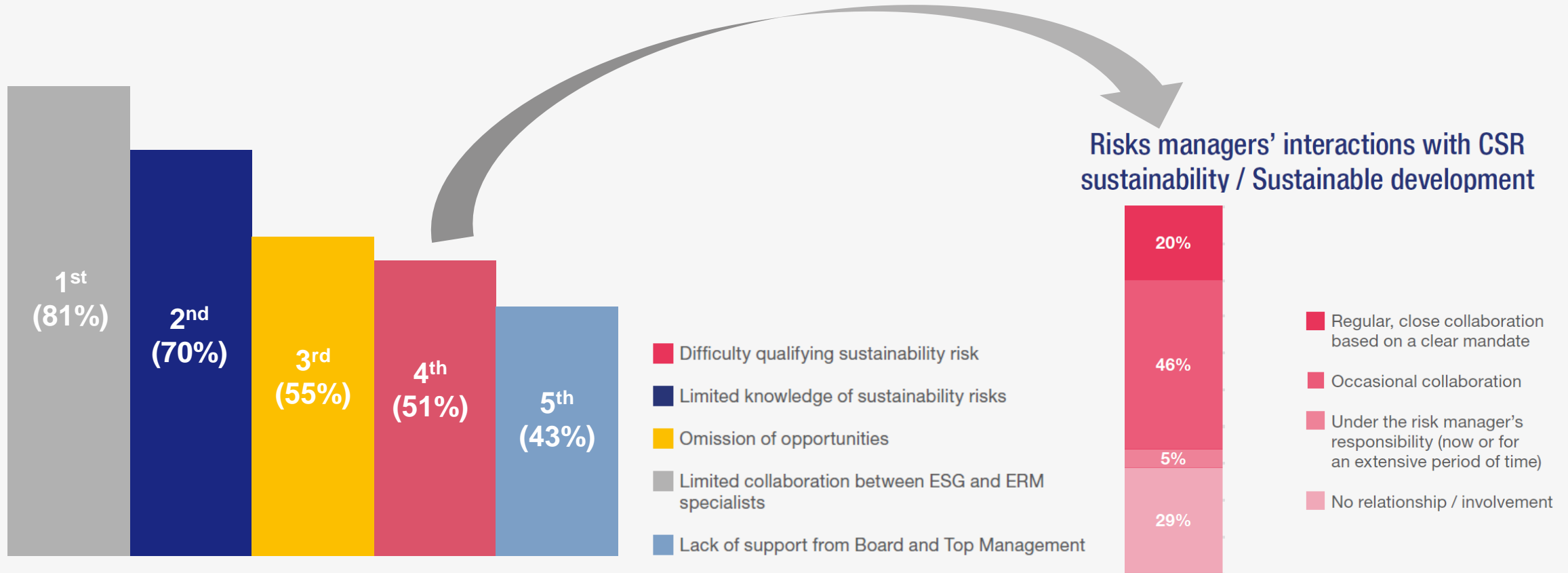


■ NO ■ YES ■ PLAN TO

Is the risk manager playing a specific role regarding ESG-related risks in their organisation?



Part II : The 5 greatest challenges for risk managers in integrating ESG into the risk management process



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Part III

The risk manager
facing hardening
insurance market
conditions

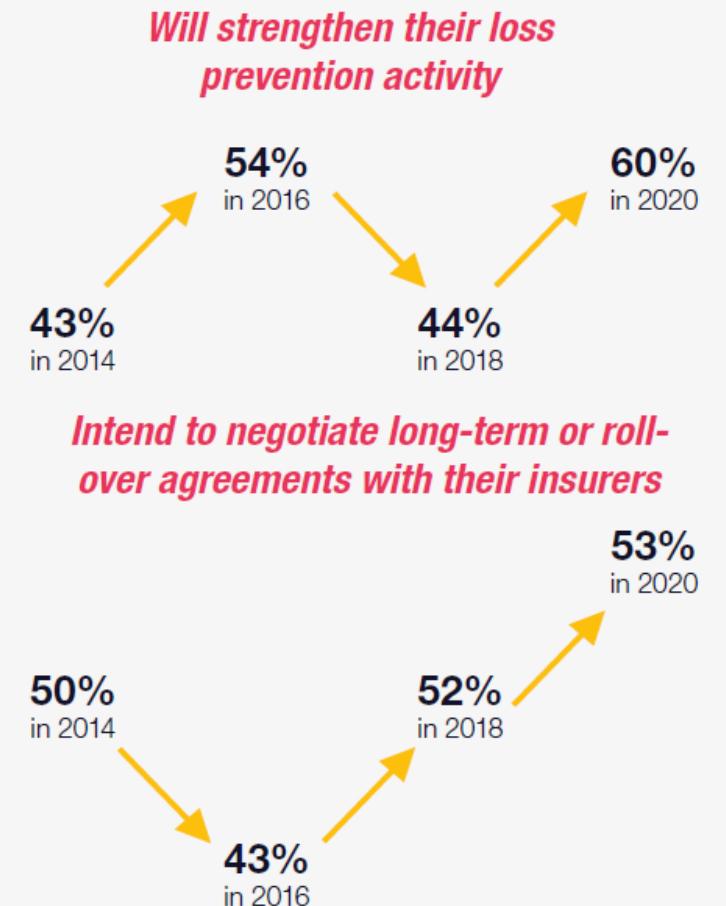
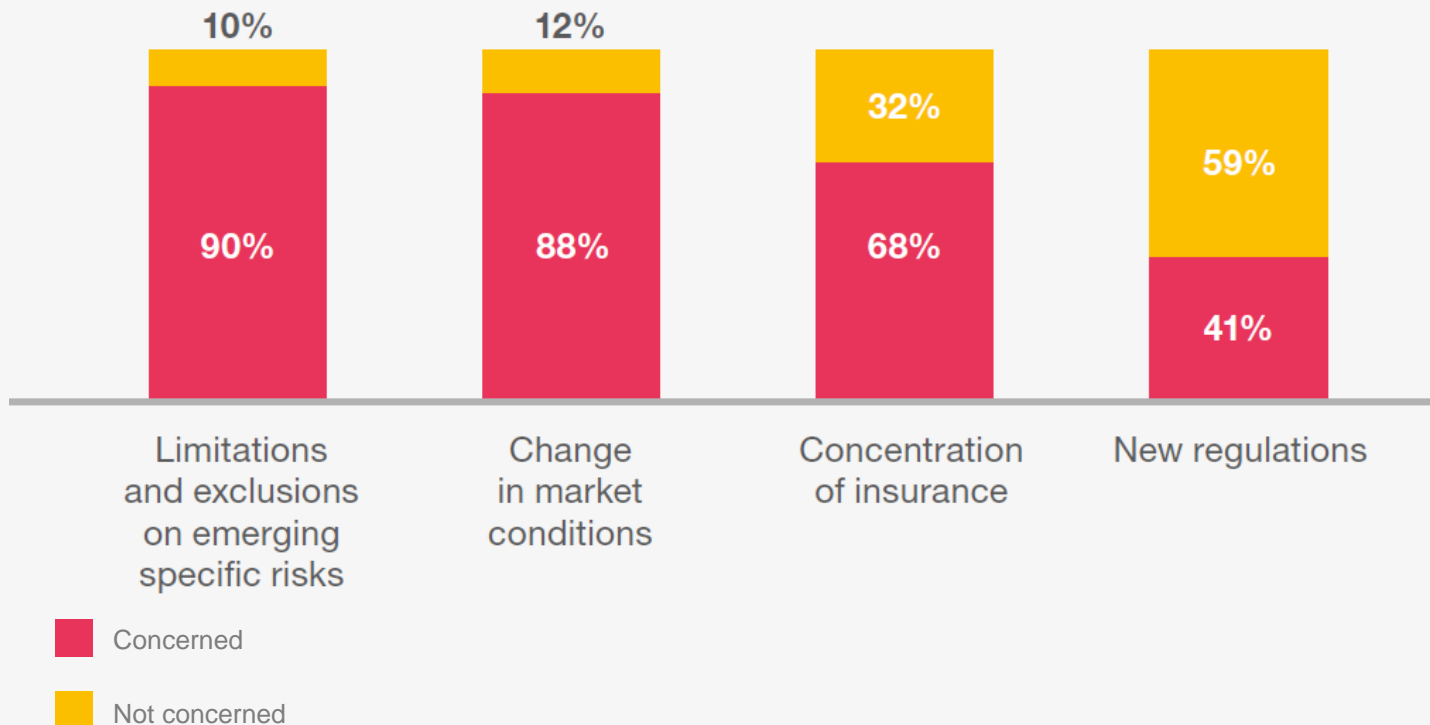


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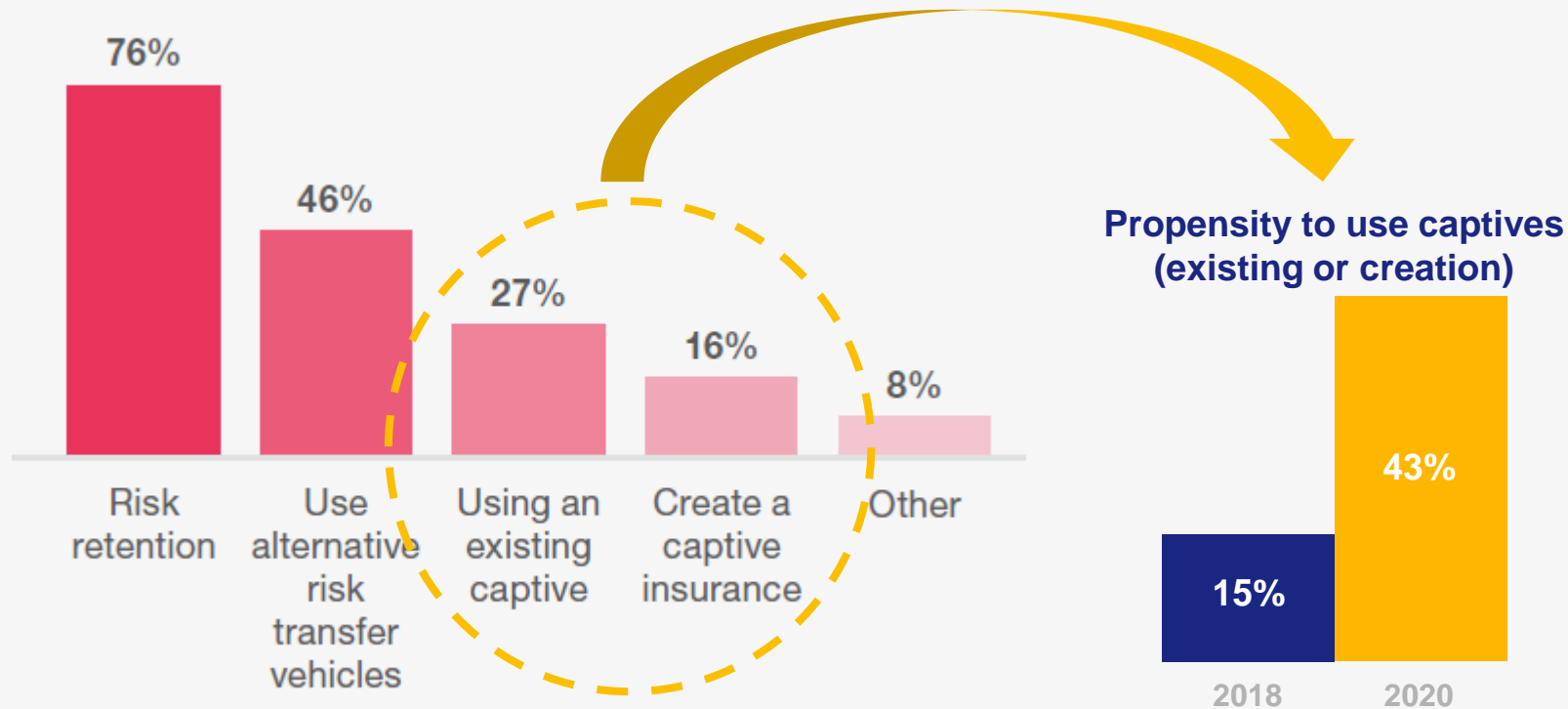
Part III : Tougher insurance market conditions are risk managers' top concern

Risk managers' concerns regarding the four following insurance market topics



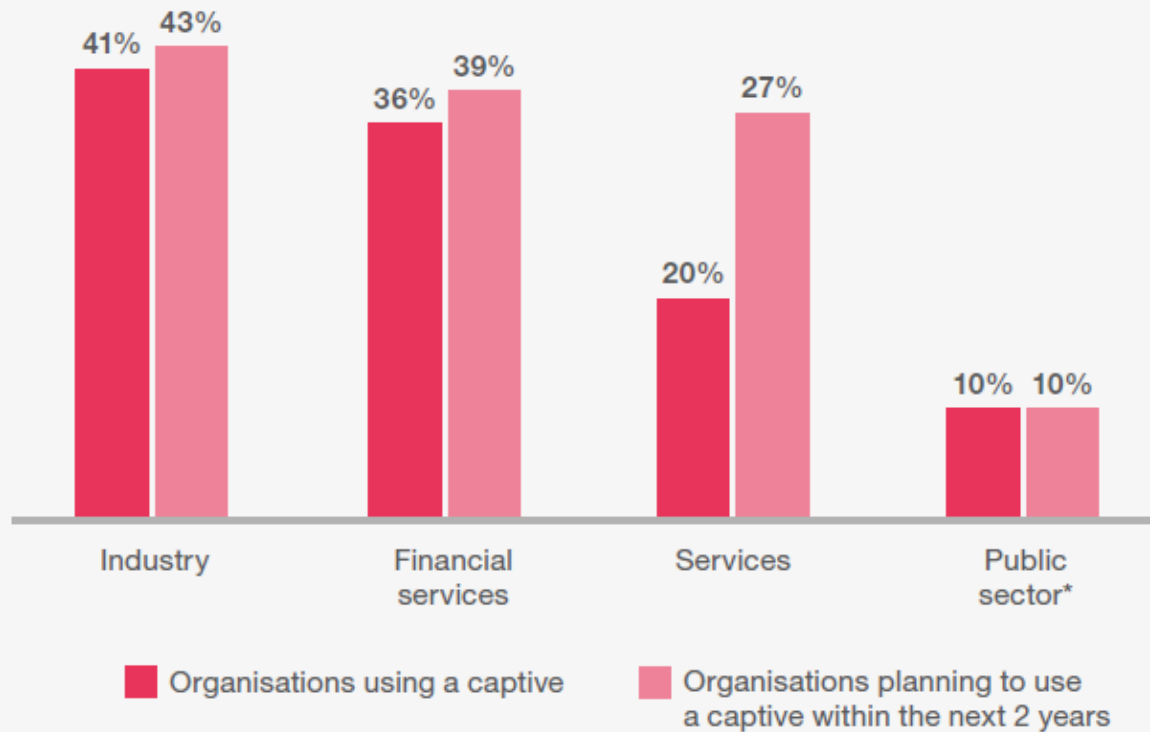
Part III : The rise of captives confirmed

Over the next 2 years, what will be the strategy with regard to risks which are difficult to place on the insurance market?

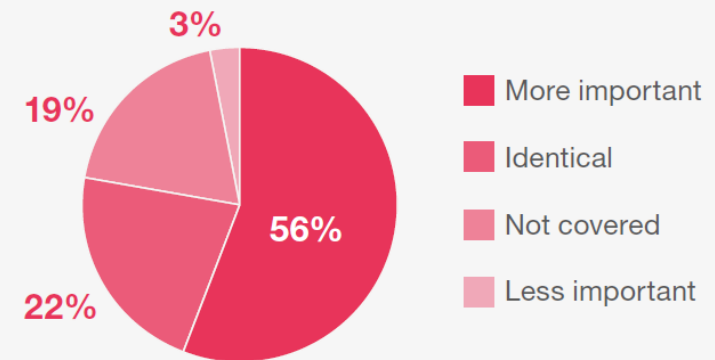


Part III : The rise of captives confirmed

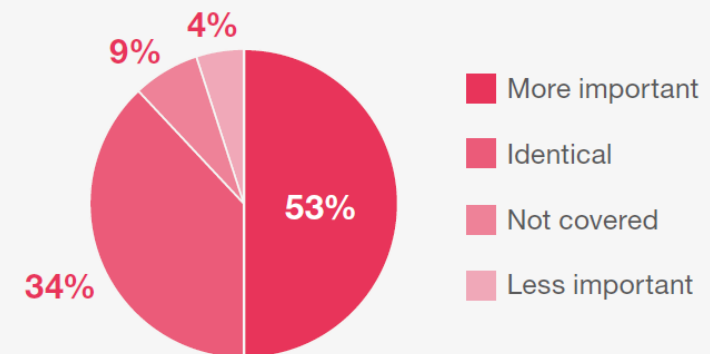
Organisations using a captive or planning to use one within the next 2 years by sector of activity



Use of captives for non-traditional lines of cover (e.g. cyber threats, employee benefits, etc.)

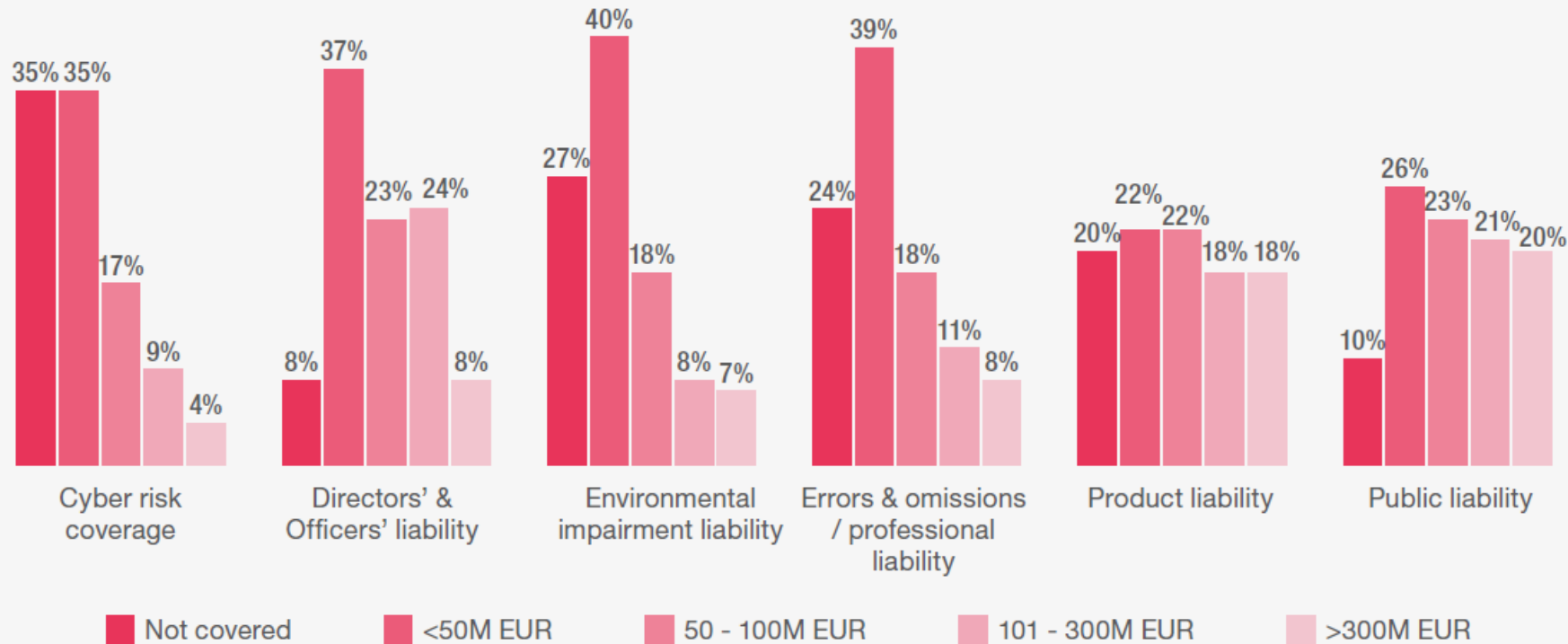


Use of captives for traditional lines of cover (e.g. general liability, property damage, etc.)



Part III : Insurance management purchasing contrasted

What overall limit does your organisation benefit from per annual aggregate, independent of sublimits for the following types of insurance?



Despite the high ranking of cyber threats and data fraud and theft in the top five risks for the next 12 months, 35% of respondents bought no stand-alone cyber coverage.

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Part IV

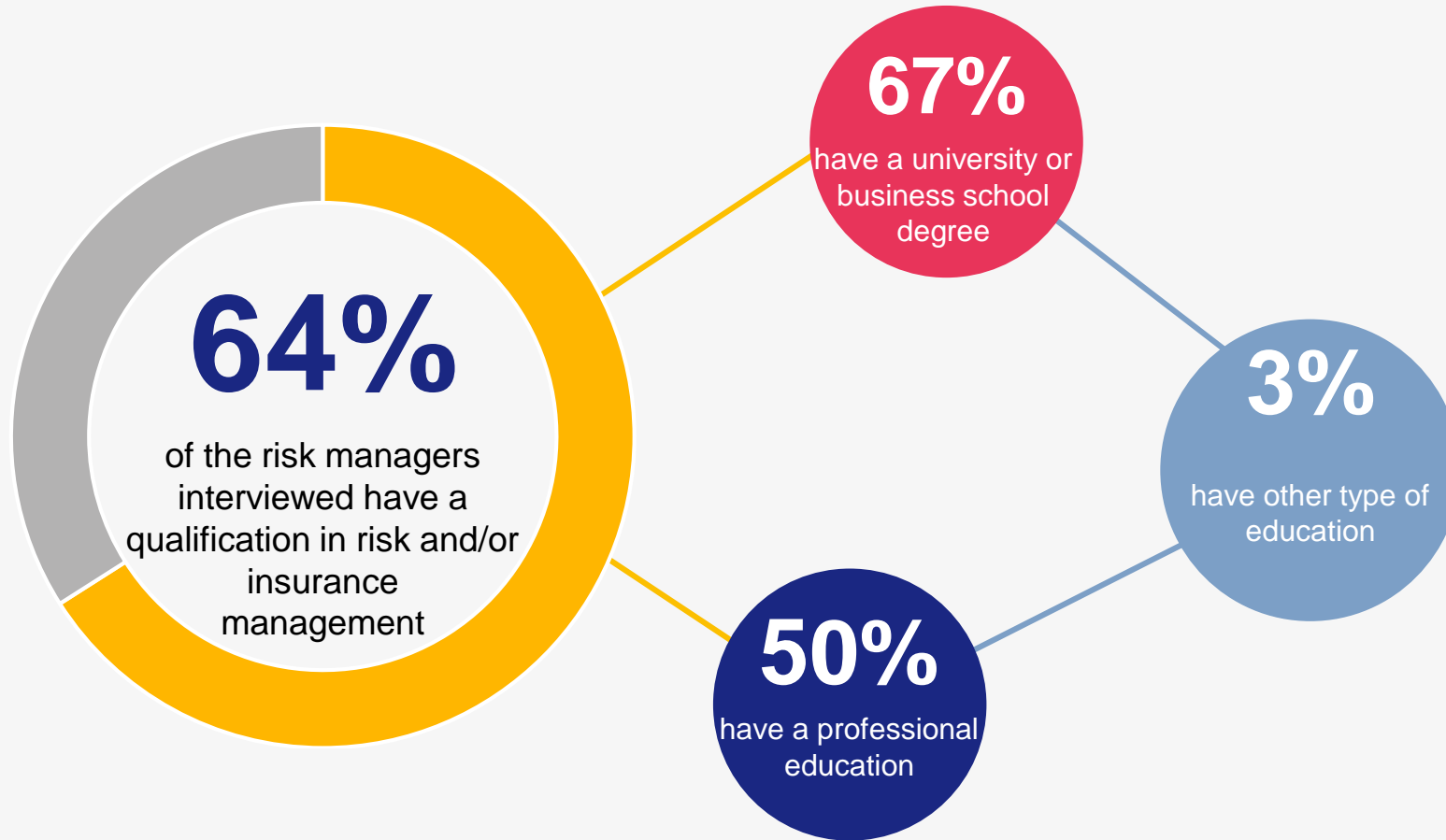
The risk manager's
education and the
increasing importance
of certification



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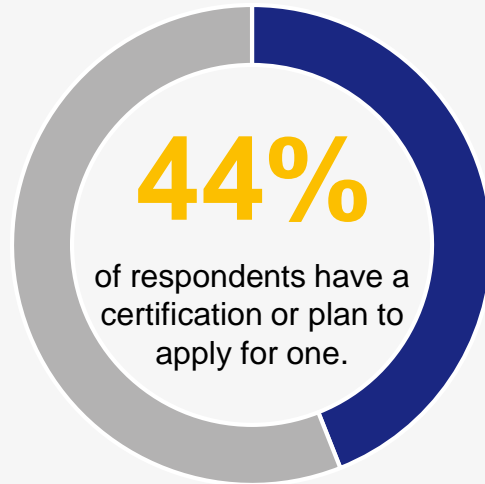


Part IV : Education in risk management

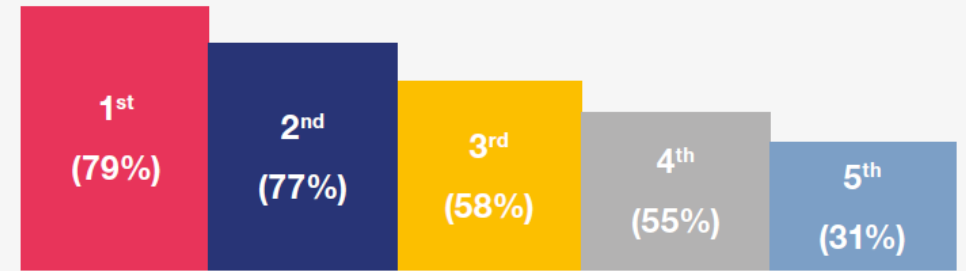


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Part IV : Certification



What are the 5 most important advantages of a recognised certification in risk management?



- Improves internal recognition of the function and gains credibility from stakeholders
- Helps develop operational skills
- Improves employability
- Helps develop your professional network
- Improves the remuneration

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Part V

The risk manager's
presence and
interaction
within the organisation



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Part V : Levels of interaction with the 3 lines of defence



Fast decreasing interaction
2020 vs 2018

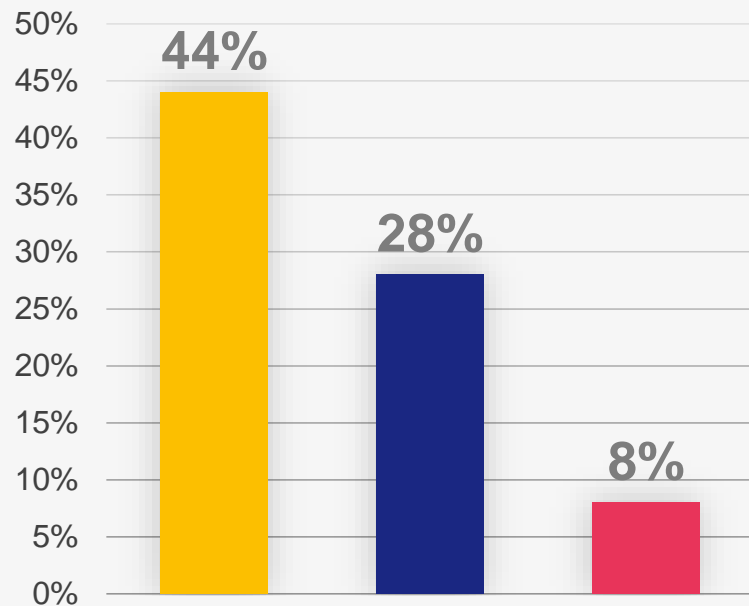
Different levels of interaction between various functions continue:

First rank partners – with whom the risk management function has a regular or very close relationship, based on a clear mandate ;

Second rank partners – with whom the risk management function has a more distant relationship and occasional collaboration;

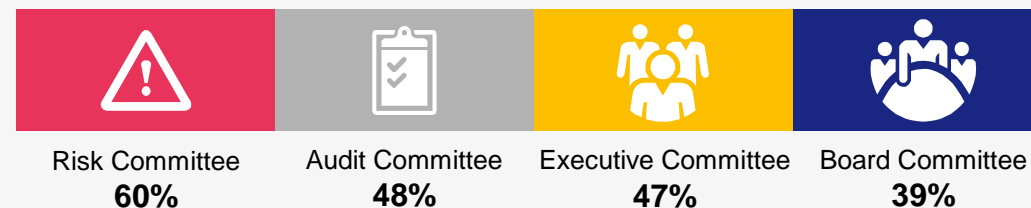
Third rank partners – with whom relationships can be improved, as there is little or no relationship or involvement.

Part V : The risk manager's presence at a strategic level of the organisation

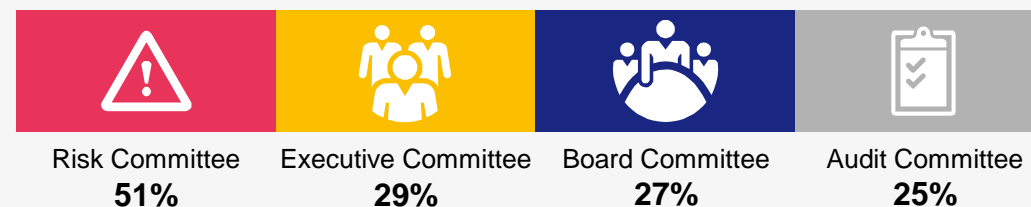


- Contact directly the CEO
- Contact indirectly the CEO through their superior

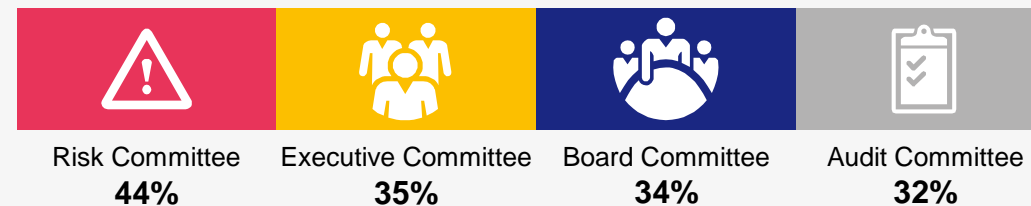
ERM managers represented on :



IM managers represented on :



ERM / IM managers represented on :



Part V : Strategic risk assessment by the risk manager

