



FERMA GENERAL ASSEMBLY 2021

President's report

RECOVERY AND RESILIENCE

Members and colleagues,

Welcome to this FERMA General Assembly. I would have preferred, of course, to be meeting you in person, and trust that will be the case next year.

Many uncertainties still surround the pandemic, but the big difference this year is the COVID19 vaccination. Many of us have received at least one dose and some of us are fully vaccinated.

The last year has not been an easy time, and we were saddened by the death in November of Jo Willaert, my immediate predecessor as President. We all have our memories of his warm personality and interest. But we are seeing the fruits of investment in risk management and resilience as we move into a recovery phase. We can highlight positive developments worldwide and in Europe.

- International cooperation and public and private funding resulted in the rapid creation of Covid19 vaccines.
- After some initial hiccups, the EU-wide coordinated approach led to a common purchase of vaccines and now the EU Digital COVID Certificate.
- An unprecedented €750 billion EU coronavirus recovery fund will help Europe “build back better”.

We have learned a great deal which I would sum up in two short sentences: **Cooperation is essential. Resilience is critical.** This is why we choose the theme for 2021: **From Risk to Resilience, learning to deal with disruption.**

When I became President of FERMA, I set three strategic priorities:

- To increase FERMA's advocacy and visibility at EU level.
- Second, to strengthen our network.
- And third, to increase the professional level of risk management in Europe.



In a moment, I will tell you what we have done to achieve those priorities this year. But first I want to thank the people who have made it possible for FERMA to accomplish so much in difficult circumstances. These are my fellow board members, the chairs and members of our committees, and you the presidents and officers of our member associations. We should all also express our appreciation to the FERMA team who have continued to serve us throughout the crisis. I thank you all.

1. Advocacy

The aim of our advocacy is to position FERMA as a strategic partner to European Commission policy ambitions. Over the past year, we have:

- strengthened our contribution to European policy discussions,
- enhanced awareness of the value of enterprise risk management, and
- consolidated FERMA's role as an advocate for professional risk and insurance managers.

We have four key files that contribute to resilience and recovery. They are systemic risks, sustainability, digital and captives.

1.1 Managing systemic risk is part of future *resilience*.

FERMA has been active on the topic of catastrophe risk resilience since the start of the pandemic. In April last year, we were the first organization at EU level to propose a pan-European catastrophe resilience framework.

Our work in this area has raised the profile of FERMA's activities and expanded our EU and international network. It has also increased awareness of the key role that enterprise risk management can play in strengthening resilience to pandemic and other catastrophic risks.

FERMA is now seen as an important positive contributor to the debate at EU level:

- We were instrumental in the drafting of the 2 EIOPA papers on shared resilience solutions– this has been publicly acknowledged by EIOPA.
- We conducted a COVID19 survey in September to contribute to the debate and substantiate our position with data. In fact, this was the first European-wide examination of risk and insurance management during the pandemic.
- We participated in a European Commission roundtable discussion on pandemic insurance in November.
- We have also promoted the topic in the European Parliament. Notably, we convinced two MEPs to table a written parliamentary question on the coverage of pandemic risks for SMEs in Europe.



- With the EIOPA Insurance and Reinsurance Stakeholder Group, we initiated a letter calling for action at EU level.
- Further, I had the opportunity to speak to a conference organised by the OECD in March on addressing the protection gap for pandemic risk.

We are concerned that the European Commission indicated at an event earlier this month that they believe it is too early for a cross-border pandemic insurance scheme to fill the gap left by insurers following the outbreak of Covid19.

But we will redouble our efforts with the Commission on this important topic, as we believe it is in our members' interest. Pan-European solutions are essential to support the single, integrated market and the resilience of European business to systemic risks.

1.2 Sustainability is an aspect of *recovery*

The pursuit of sustainability goals through policy and regulation has accelerated.

The European Green Deal has for the first time set out a legal target for the EU of climate-neutrality by 2050, with the European Climate Law. This act will ensure that all EU policies contribute to this overall goal, and that all sectors of the economy and society play their parts. FERMA believes there is an important role for professional risk managers in this field. We can help our organisations manage the risks associated with these significant changes and develop the many opportunities they are generating.

FERMA is particularly active on 2 key pieces of the Commission's Green Deal:

- The Corporate Sustainability Reporting Directive will force companies to 'report' on sustainability factors. This reporting will be as important as financial reporting, and it will be subject to audit. This directive is currently in its final stages of work in the Commission and should come into force in 2024. FERMA contributed to the public consultation and just today submitted its position as regards the legislative proposal presented by the Commission.
- The second important file is the forthcoming legislative proposal on Sustainable Corporate Governance, which we expect to see in September. The Commission intends to make Boards of Directors accountable for their organisation's sustainability strategy. In its response to the Commission's consultation, FERMA positioned risk managers as overall positive contributors to their organisations' sustainability strategies.



These developments will raise legal requirements for companies and focus ever more attention on sustainability issues at EU and international level. There is also widespread public support for such measures. The implications for business are profound.

Part of our role as risk managers is to translate these initiatives into risks and opportunities for our own companies. For this reason, FERMA issued the first sustainability guide specifically designed for European risk managers in March. Its title is *People, Planet, Performance*. Building on good practices from leading risk managers, it shows how a sustainability risk management process can be linked to strategic goals and risk appetite.

In addition, we have just started a joint project with ecoDa, which is the European Confederation of Directors' Associations, and ECIIA, the European organisation for internal auditors, on sustainability risk oversight. It will propose ways of improving the interactions between the Board, risk management and internal audit, and consider how they can collectively respond to sustainability challenges. We plan to issue a joint paper at the end of the year.

1.3 Digital is part of *recovery*.

The EU Digital Agenda is a key pillar of the European recovery plan, and it is twinned with the Green Agenda. The sheer volume of legislation and proposals in the field of digital topics is enormous. We have identified key areas where we can make our voice heard.

We have two projects underway on **data sharing**:

- In May, FERMA published a position paper on Open Insurance in response to EIOPA's consultation. Open Insurance is part of the EU's Digital Finance Strategy for the financial sector. It has the potential to be transformative for our profession by increasing risk managers' access to risk information. We will continue the discussion with EIOPA and the insurance market in the coming months ahead of a legislative proposal expected from the Commission next year.
- Our second initiative on data sharing is to extend Project LUCY across Europe. LUCY stands for Light Upon Cyberinsurance. This project aims to help other risk management associations replicate what AMRAE has done in France, so they can create a set of data and information on the cyber insurance market. In doing this, we are responding to the tough discussions that many risk and insurance managers have faced when negotiating cyber insurance coverage. The objective for



corporate insurance buyers to have concrete data for renewals and 'state of the market' conversations.

We had a presentation of AMRAE's initiative on June 8th and a kick-off meeting with interested members took place on June 17th. We are pleased that many of you are interested in LUCY and look forward to working together.

When it comes to **cyber resilience**, we are currently focusing on remote working. Here FERMA's aim is to help risk managers support their companies as they institutionalise the advantages of remote working from the pandemic. A project working group of representatives from AMRAE, ANRA, BELRIM and SWERMA, is developing a tool to help risk managers identify the risks related to remote working. We plan to hold a webinar on this topic in early July, and to present the tool in the autumn.

1.4 Captives are our final advocacy pillar

FERMA continues to call for a truly proportionate supervisory approach in the supervision of small and less complex insurers like captives.

Following FERMA's comments, EIOPA's technical advice on the revised Solvency II, which was submitted to the Commission at the end of 2020, seeks increased proportionality.

We are now in close discussion with the Commission on proportionality and how this review of Solvency II could make EU domiciles more attractive to captives. We argue this can strengthen the financial resilience of European companies.

The Commission is due to finalise its proposed text in the coming months.

2. Network

Turning to our network of members, may I first welcome three new association Presidents: Carlo Cosimi of ANRA, Alf Lysberg of NORIMA and Serdar Ongun of ERMA. We are delighted to have you with us today.

In this period when we haven't been able to meet physically, we have taken advantage of technology to strengthen our network and develop initiatives to help you support your own members.

- Last year, we produced a survey on risk managers' roles in responding to Covid19. This year, building on our yearly theme, we are surveying risk managers on the role they



play in the resilience of their organisations. We are conducting this survey in partnership with McKinsey. It remains open to the end of this month, and I encourage you to share it among your members.

The more responses we have, the more meaningful is the fact base regarding the current state of practice in companies and the contribution of the risk management function. There will be a full report and live webinar to present the results in September.

- I thank you for your support in promoting our surveys to your members. We are aware that you have your own surveys, too, and that you need to find a good balance to avoid survey fatigue. We prioritize the areas where we need facts and figures to be your voice in the policy discussion at the EU.
- Last year, we initiated and held six peer-to-peer virtual roundtables for members. They are a great way for us to exchange views on common concerns and solutions openly and informally. Given their success, we have made this activity part of our portfolio of services to members. The next roundtable will take place on June 29th and the subject is the work of our associations post-COVID.
- We have also revamped the FERMA website to increase the understanding and visibility of what FERMA is and does. It has a special focus on you, our members. There is a dedicated calendar of risk events across Europe that allows you to promote your own events.

3. Events

Events are an essential part of our involvement with our network as well as outreach.

The loss of face-to-face events has been a challenge for all of us. Going digital has required adaptability and creativity, but it has opened opportunities to reach audiences that did not usually attend our in-person events. The webinars that FERMA had already begun in 2019 allowed us to react quickly and add a series of COVID19 webinars to the other topics. We have also seen with pleasure that many of you have launched webinars.

One of the learnings from the last 15 months is that virtual events are great for content, but virtual networking will never replace bumping into someone at a congress. Events in person will remain for the networking and the business opportunities. The two will exist together, and we can gain from technology without losing the human contact.



3.1 Seminar 2020

We held our first virtual Seminar in October 2020 with an innovative 3D platform that created an immersive experience. It was a highlight of the year. The Seminar attracted 478 delegates, and the feedback from the participants and strategic partners was very positive.

Thank you to the Seminar committee, which had been working on a physical event for many months and then had to switch to a fully online programme.

3.2 Risk Management Awards 2020 > 2021

The 2020 FERMA Risk Management Awards moved online for the first time with a new approach. The awards were held over a week, which allowed visibility to all the nominees. This virtual awards programme attracted 536 registrations. It was a great success and acknowledged the outstanding achievements of the candidates and winners on a pan-European stage. Applications for the 2021 awards are still open until the end of June. That means you have just one week left for any outstanding nominations! We will hold the 2021 awards ceremony in Brussels if possible.

3.3 Forum 2021 > FERMA Talks

Throughout the year, we had been working on several scenarios for the FERMA Forum. Finally, given the persistent uncertainty about COVID19 and possible travel restrictions, the FERMA Board decided with regret, on May 4th, to postpone this year's Forum until 2022.

The Board agreed, however, that we should not cancel the event - but adapt it. Therefore, on the Forum dates, October 11th and 12th, we will hold the **FERMA Talks** on the same theme: **From Risk to Resilience**.

These will be face-to-face interviews and live panel discussions with high level European speakers. They will be filmed in a TV studio and streamed across Europe and beyond. The Registration is already open on the website, and it is free to all risk professionals. We hope to have details of the revised programme available for you soon.

The members of the Forum Committee are determined to produce a fantastic and successful 2022 Forum in Copenhagen.

4. Raising professional standards

Our European risk management certification, Rimap, is the bedrock of our work to raise professional standards and recognition in risk management. The numbers of Rimap certified risk professionals have been rising and today now stand at nearly 300.



In March, we tested the concept of advanced Rimap events with a workshop on the management of a cyber attack. 17 Rimap alumni took part, and they particularly appreciated the practical approach and diversity of participants. Given the success of this pilot, we will organise another advanced workshop early next year.

Rimap continues to evolve. Our partnership with ANZIIF, our online exam platform provider, will finish at the end of 2021. This is naturally a challenge, but we believe it allows us to develop further.

We launched a call for proposals at the end of March and the Board identified a suitable provider to replace ANZIIF. We are confident that we will come to an agreement soon and will report back to you.

The Board has also adopted two additional suggestions made by ANRA to bring the certification to a next level and relaunch Rimap in the FERMA network.

- First, the governance of Rimap will remain a Board responsibility, but the Board will establish a Rimap committee of interested member associations, which will be in charge of the content.
- Second, building on its experience, ANRA will coordinate a project to create a Rimap preparatory course in English in consultation with the Rimap committee.

Before concluding this update on Rimap, I would like to thank Maria Isabel Martínez on behalf of the Board and all our members. Marisa is leaving the FERMA board at the end of her mandate of nine years. During this time, she has contributed her professional skills and enormous amounts of time to the creation and success of Rimap. We are very grateful to her.

5. Conclusion

In conclusion, we continue to raise the visibility and level of professional risk management in Europe. Our advocacy, our surveys and events, and our European risk management qualification Rimap all work towards this objective.

I would like to paraphrase the words of the European Commission. We have a once in a lifetime chance to emerge stronger from the pandemic, transform our economies, and create opportunities and jobs for a greener, more digital and more resilient Europe.



This is our second virtual AGM, and you may think that I am the first virtual President of FERMA, but I assure you I am not an avatar! I look forward to meeting you in person very soon.