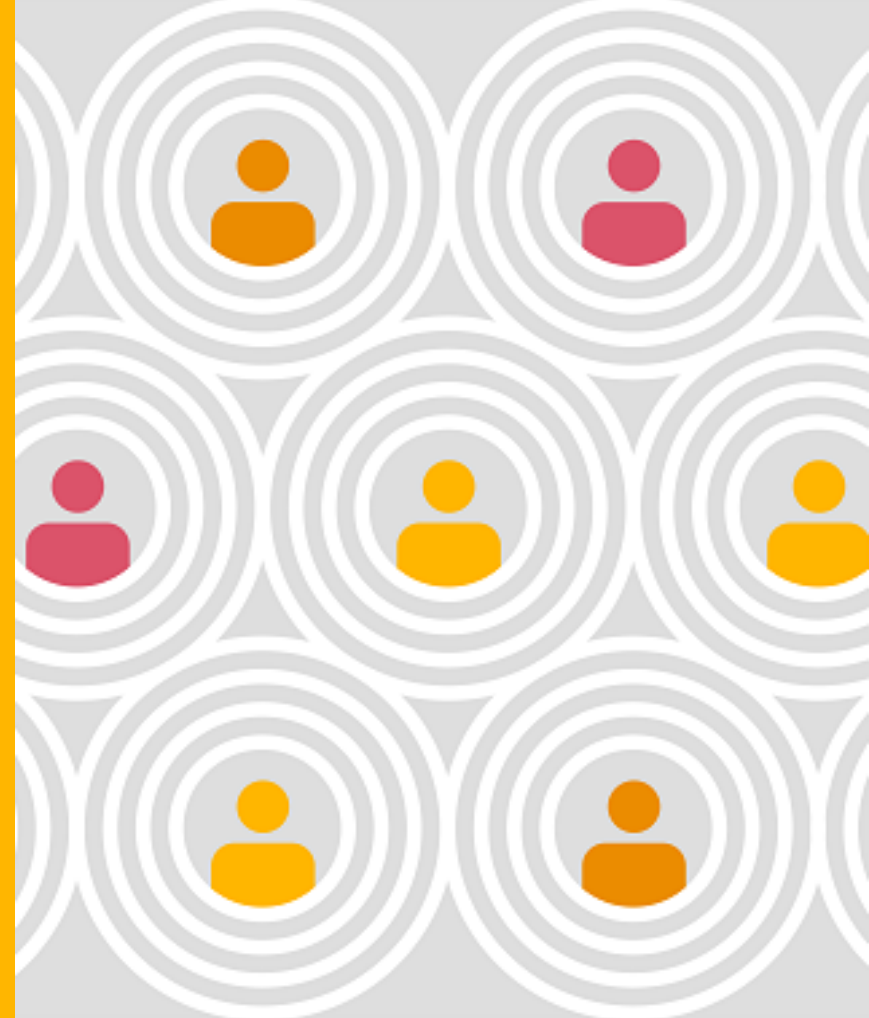


European Risk Manager Report



In partnership with



2022 Edition
Detailed results

Table of content

Key findings

Introduction

Part I The risk manager's confirmed role in the digital transformation

Part II The risk manager's growing role in sustainability

Part III The risk manager facing hardening insurance market conditions

Part IV The risk manager's education and the importance of certification

Part V The risk manager's presence and interaction within the organisation

Appendix



FERMA European Risk Manager Report

2022



in partnership with



Key Findings

The FERMA European Risk Manager Survey 2022 highlights a significant confirmation in the role of the Risk Manager in Europe today :

- **Cyberattacks are still the 1st concern for risk managers**, and were identified by **63%** of the risk managers
- The threat of **changing consumer behaviour** is the first concern within the next 3 years and the main threat identified within the next 10 years is the **climate change**.

Education

- **71%** of the interviewed risk managers have a specific **qualification** in risk and/or insurance management.
- **78%** of risk managers say that a recognised **certification** helps in the development of operational skills as the first benefit of a certification.

Digital

- Risk managers use in their activities, **innovative technologies, such as:** data analysis, web-based application, data visualisation, process automation and/or artificial intelligence.
- The **digital transformation** is stabilizing; however so far, 11% of the respondents do not have any technological skills

Insurance

- The attractiveness of **captives** to cover insurance risk increases by **5%**, which represent a smaller increase compared to 2020 (28%)
- Risk managers main concerns are the **limitations and exclusions** on emerging specific risks and the **change in market** conditions

Sustainability

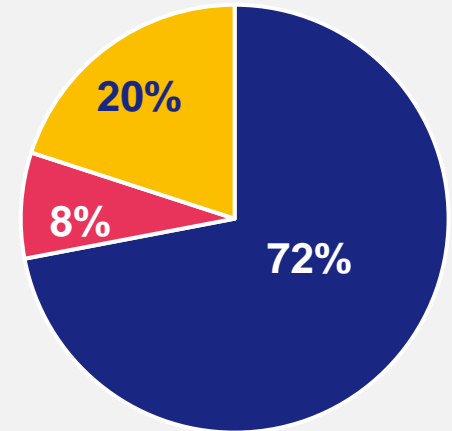
- **35%** of risk managers are playing a specific role regarding **ESG**-related risks, and **22%** are planning to play one.
- The main **challenges** faced by risk managers to integrate ESG risks into ERM are the difficulty quantifying sustainability risks (54%) and the difficulty qualifying sustainability risks (34%).

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 April 2022.

The survey was composed of **53 questions** and responses were received from **556 respondents in 27 countries aggregated into 3 clusters:**

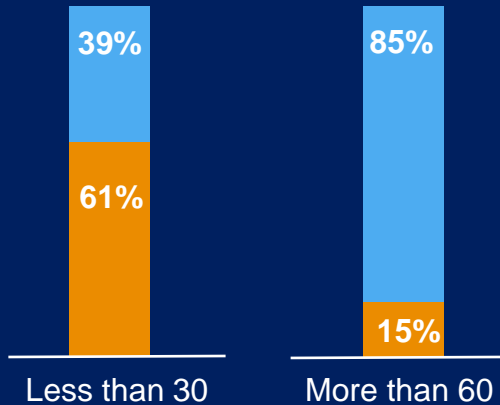
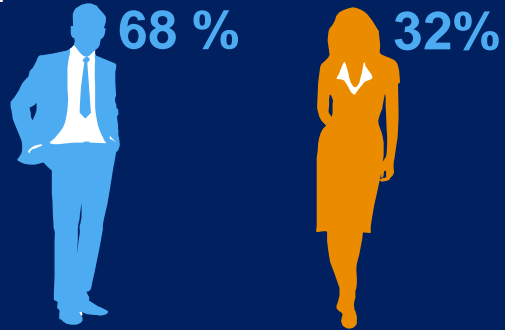
- **Western Europe :**
Belgium, Cyprus, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Portugal, Spain, Switzerland, UK
- **Central & Eastern Europe :**
Austria, Bulgaria, Croatia, Czech Republic, Hungary, Lithuania, Russia, Slovenia, Turkey
- **Northern Europe :**
Denmark, Finland, Iceland, Norway, Sweden



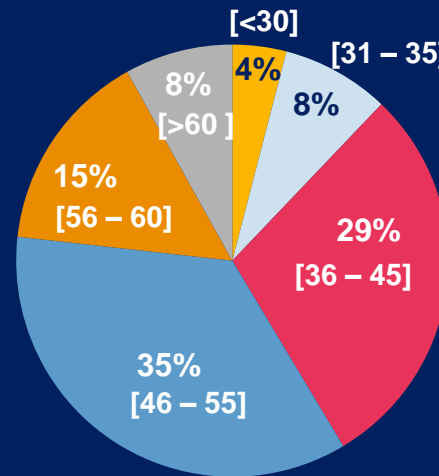
Respondent were not obliged to answer all the questions, so the size of the sample can vary from one question to another. In addition, some of the questions allowed multiple choices so the responses do not necessarily add up to 100%.

Profile of respondents – Gender and age

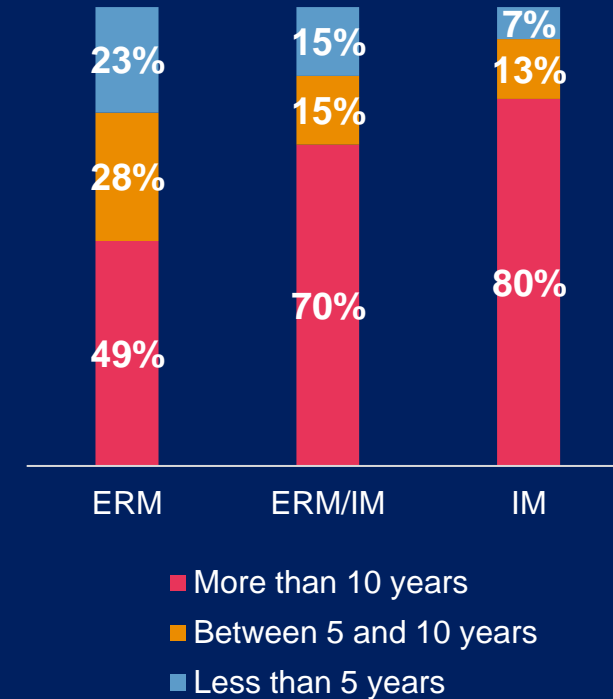
Gender



Age

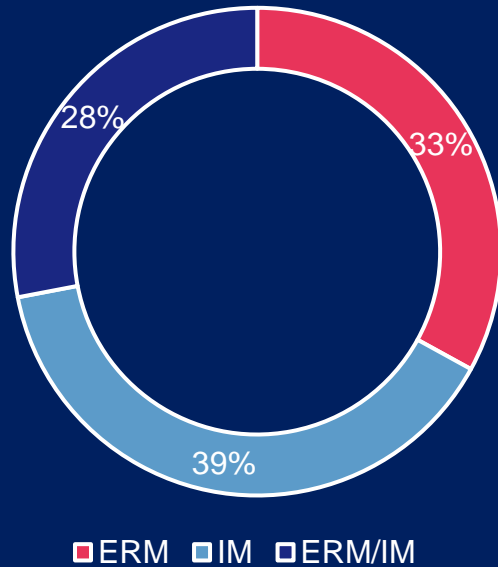


Experience

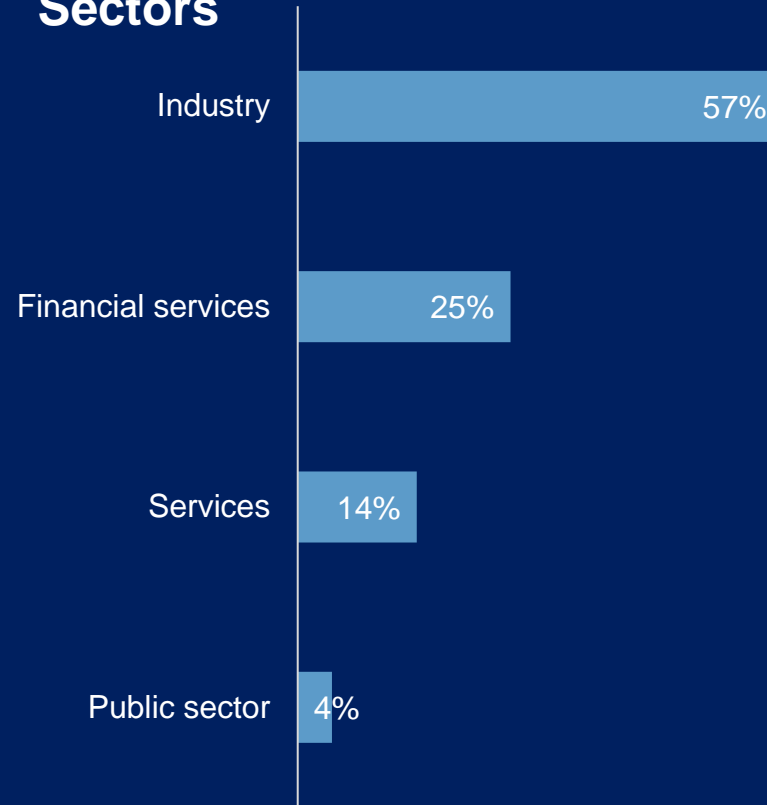


Profile of respondents - Organisation

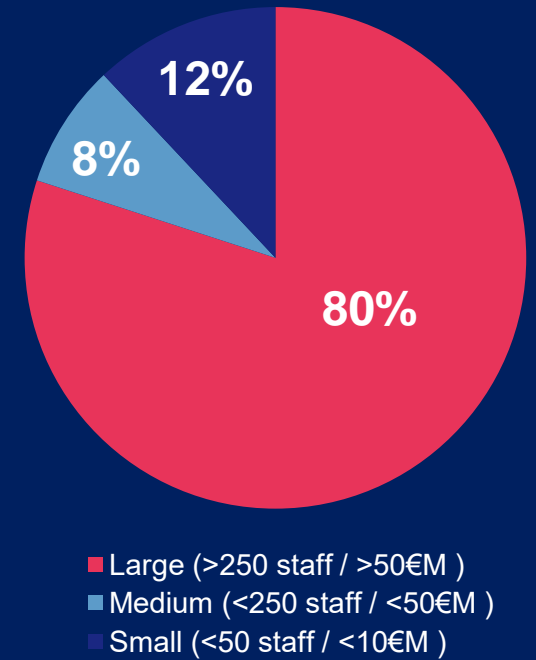
Scope of responsibilities



Sectors



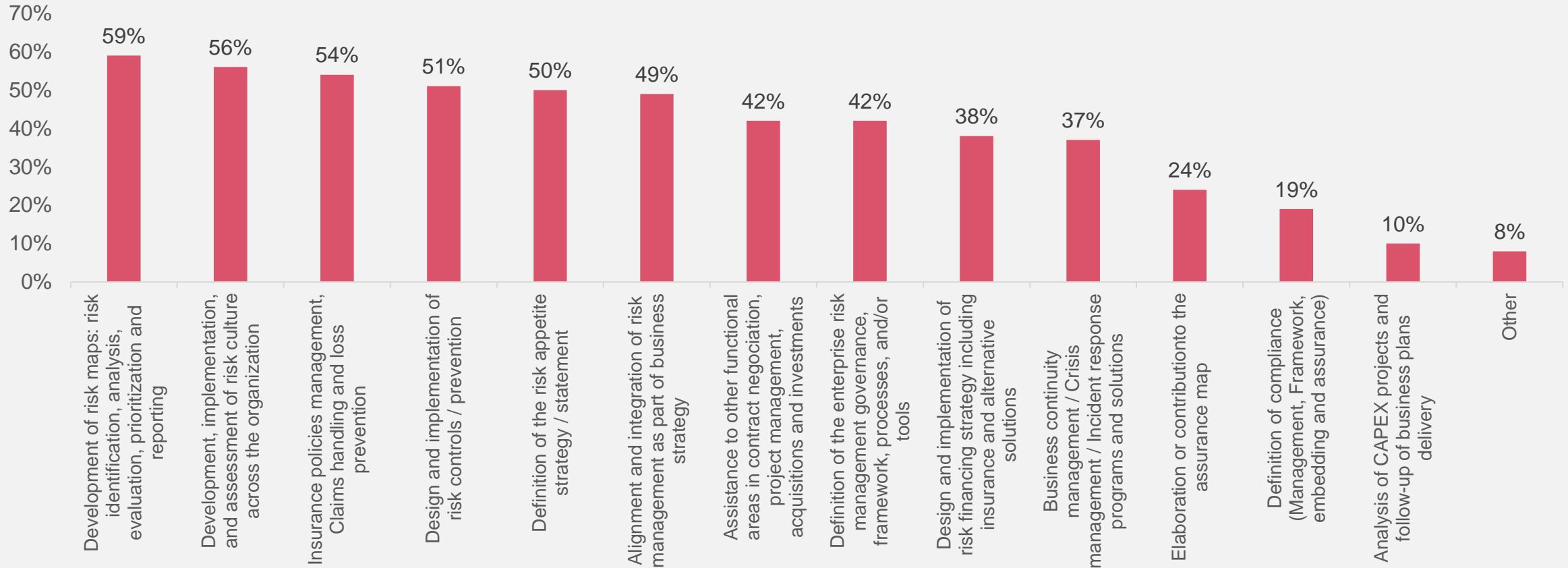
Size of organisation



Respondents activities

Activities under the Risk Manager responsibility in 2022

Note : multiple choice questions



How did risk managers see the risk landscape after the covid-19 crisis?



In partnership with



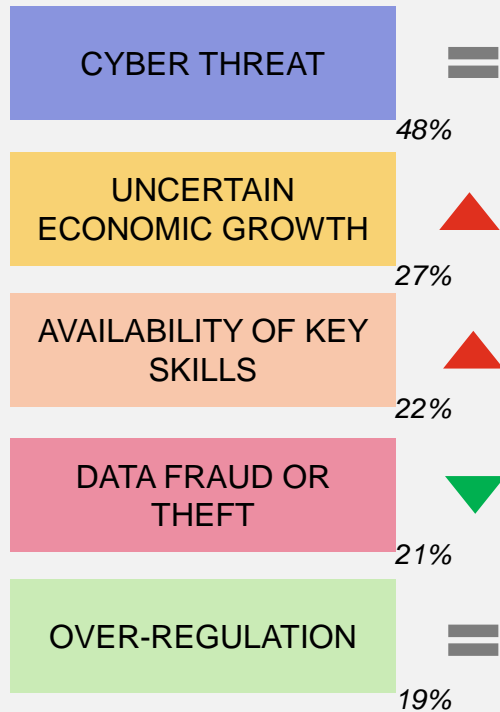
Top 14 critical threats within the next 12 months



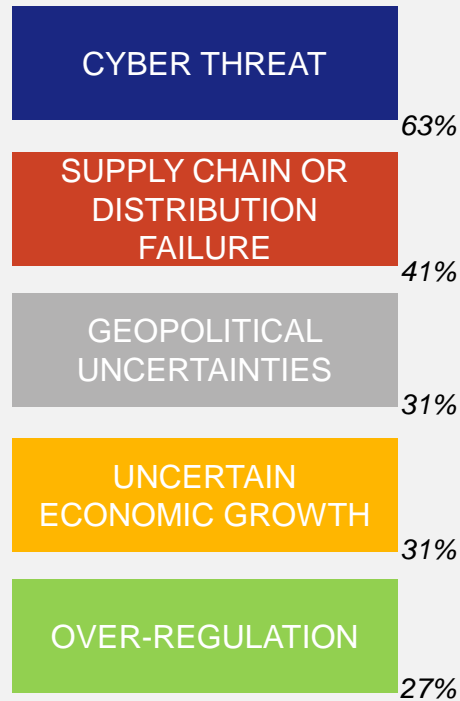
2 periods
1 period

Top critical threats to the organisation's growth prospects within the next 12 months, medium and long term

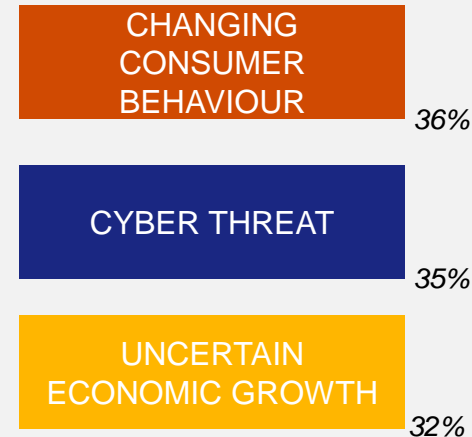
TOP RISKS 2020



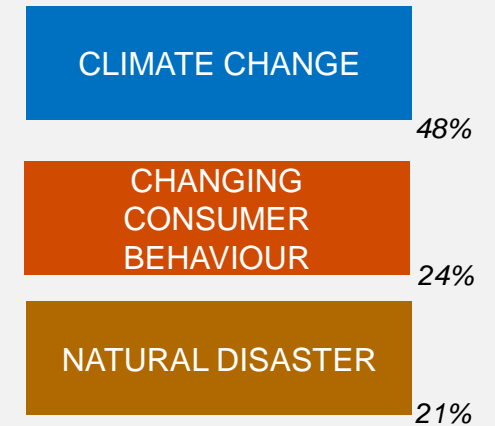
TOP RISKS 2022



Top 3 risks within the next 3 years

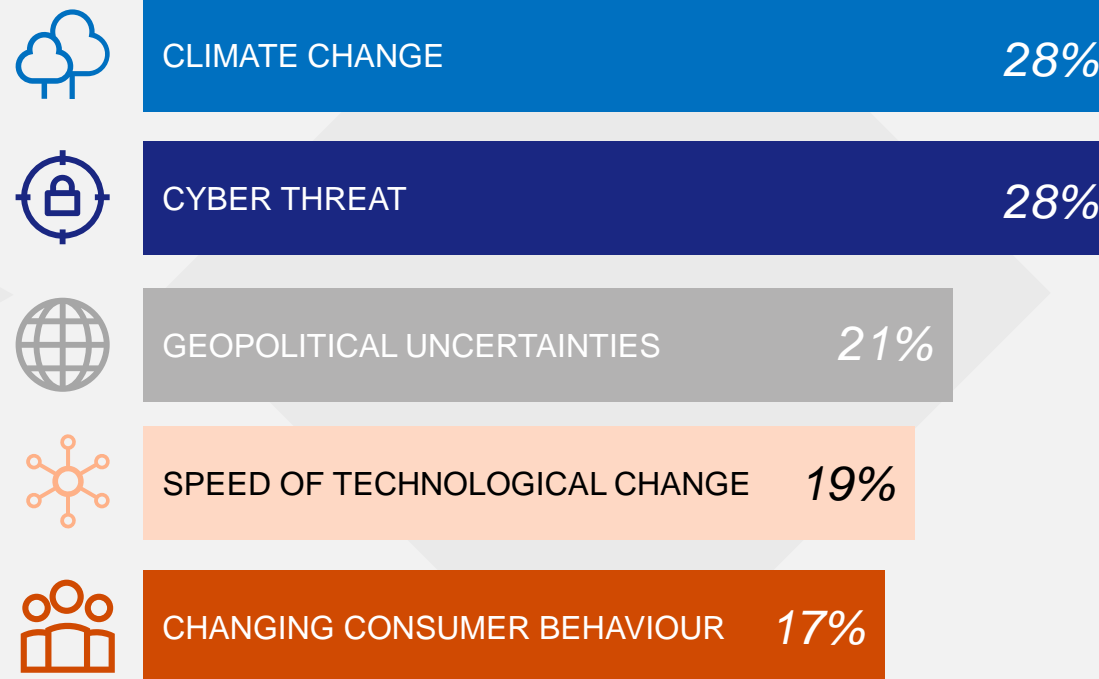


Top 3 risks within the next 10 years



Note : multiple choice questions

Top 5 risks lacking management attention in times of transition



Part I

The risk manager's confirmed role in the digital transformation

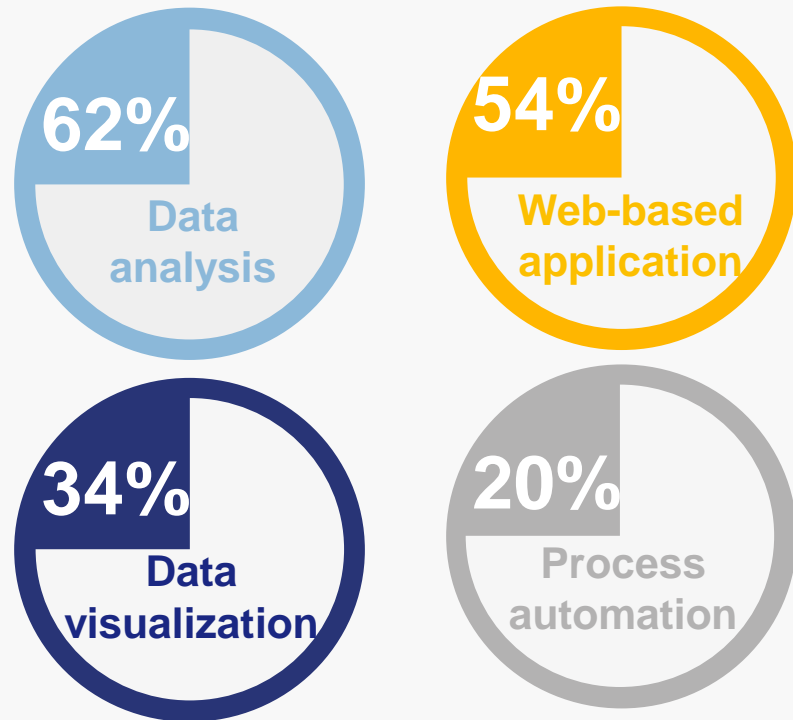


In partnership with

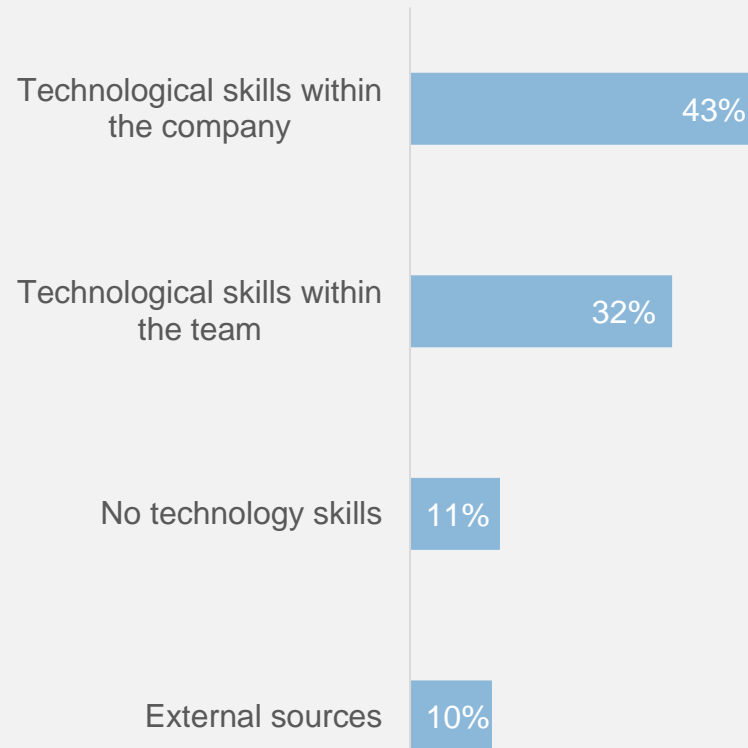


Innovative risk management practices continue to develop

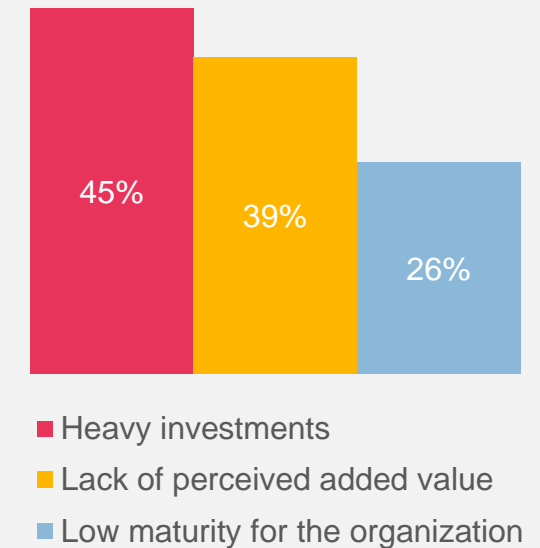
Top 4 technologies used by risk managers to perform their activities



Technological skills

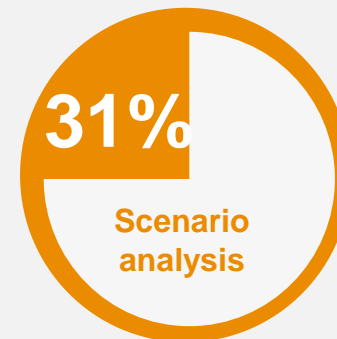
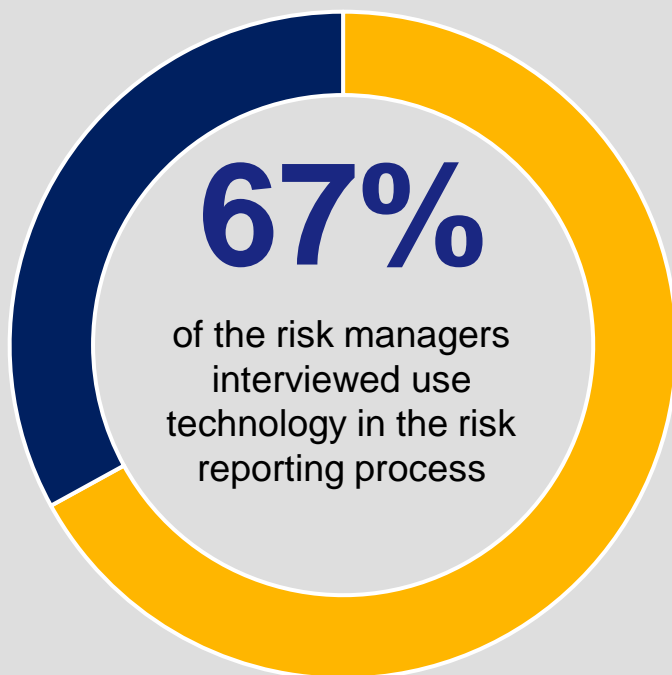


Obstacles facing the use of technologies



Note : multiple choice questions

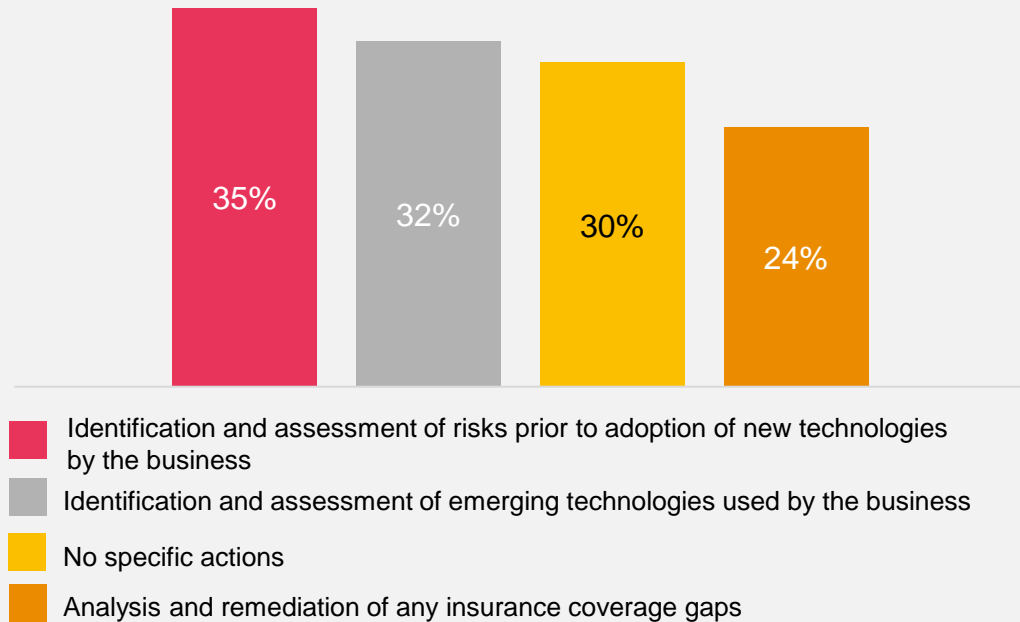
Innovative risk management practices in RM tasks completion



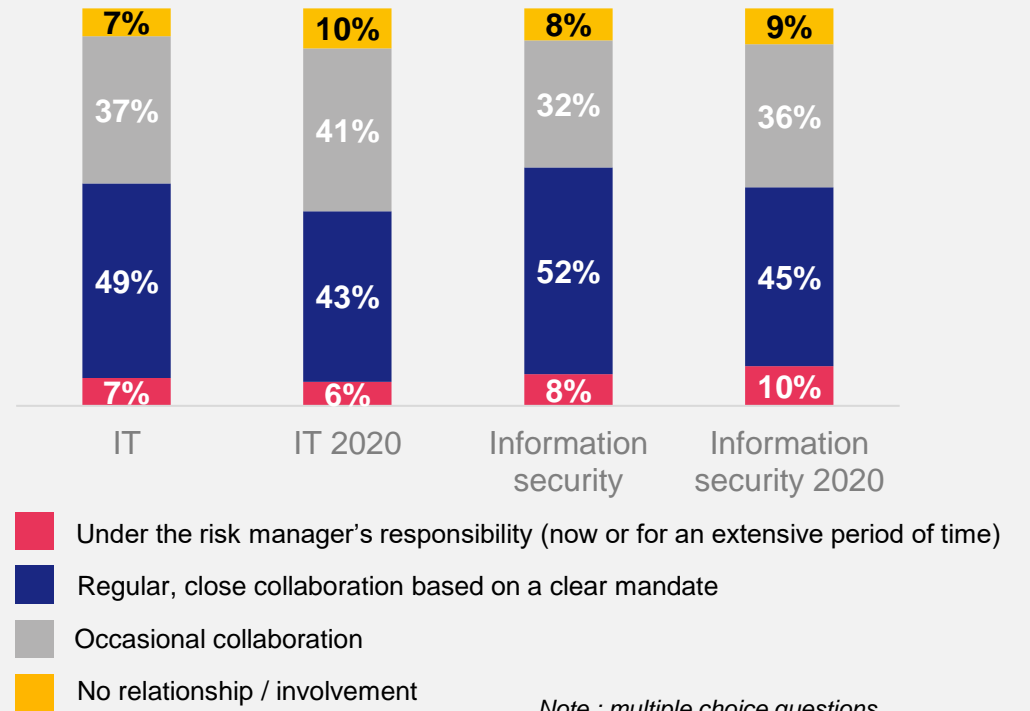
Note : multiple choice questions

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



Note : multiple choice questions

Focus on cyber threats



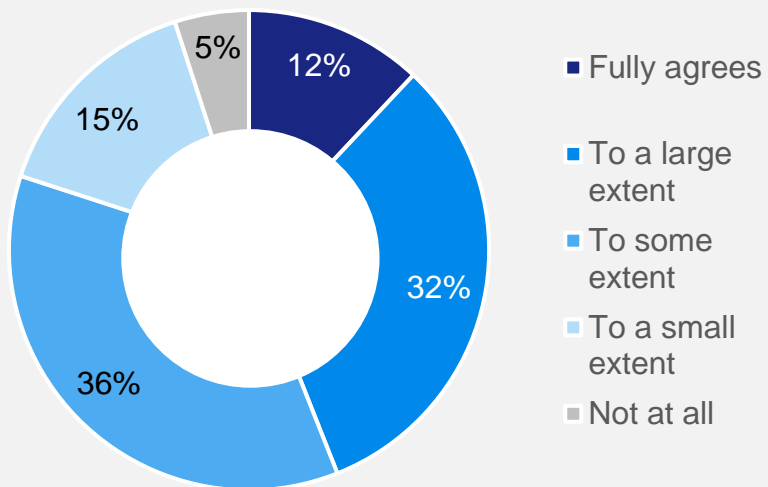
63%

Cyberattacks are within the top 3 concern in 2022 for risk management regardless of the sector of activity;

Sector of activity	Cyber threats ranking 2020	Cyber threats ranking 2022
Industry	1	1
Financial services	1	1
Services	1	1
Public sector	1	3

Open access to historical claims and loss data

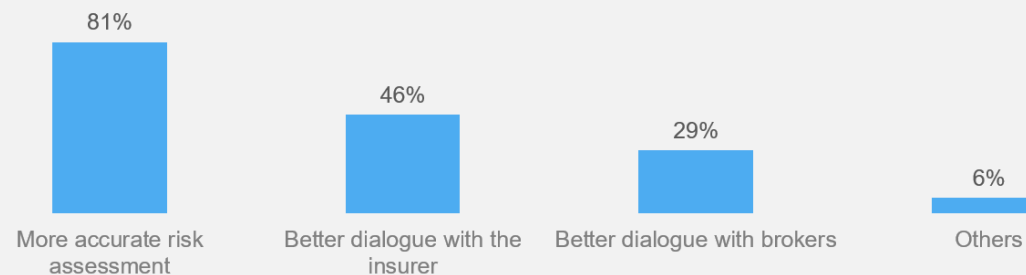
Agreement that open access to aggregated and anonymized historical claims and loss data on large risks (e.g. cyber, or climate risks) would improve the risk management practice



44% of the respondents considered that these access would benefit the RM practices

Only **12%** fully agree with the statement and **32%** agree to a large extent

Benefits for the RM function from more access to data on historical claims and losses



Note : multiple choice questions

Part II

The risk manager's growing role in sustainability

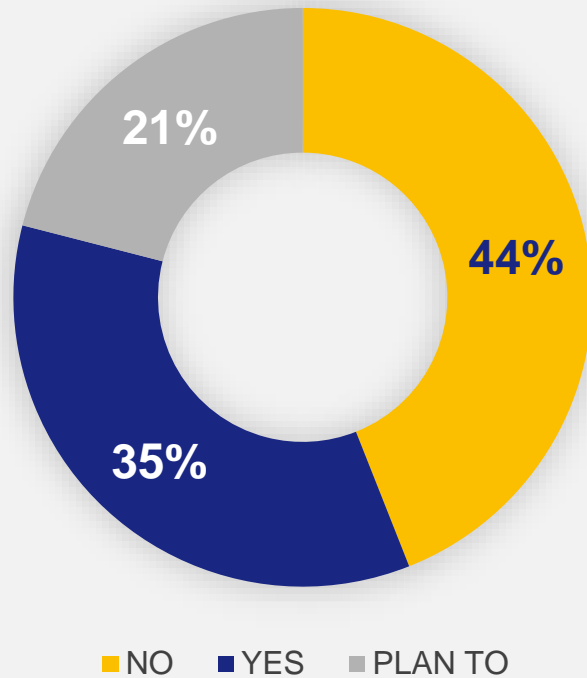


In partnership with

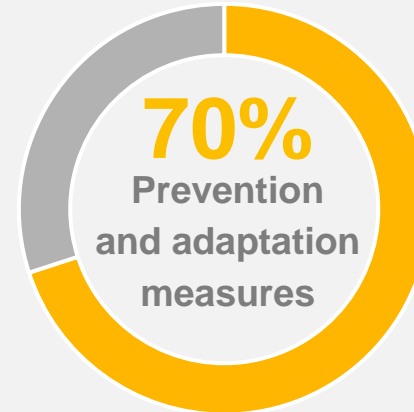
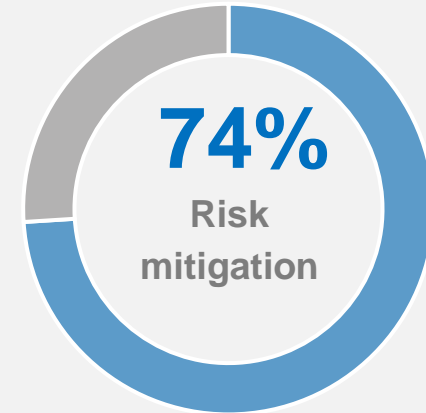
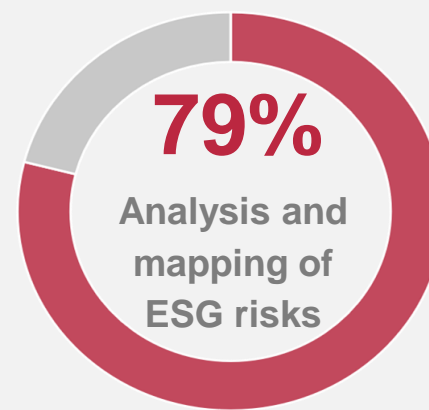


The role of the risk manager in sustainability

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



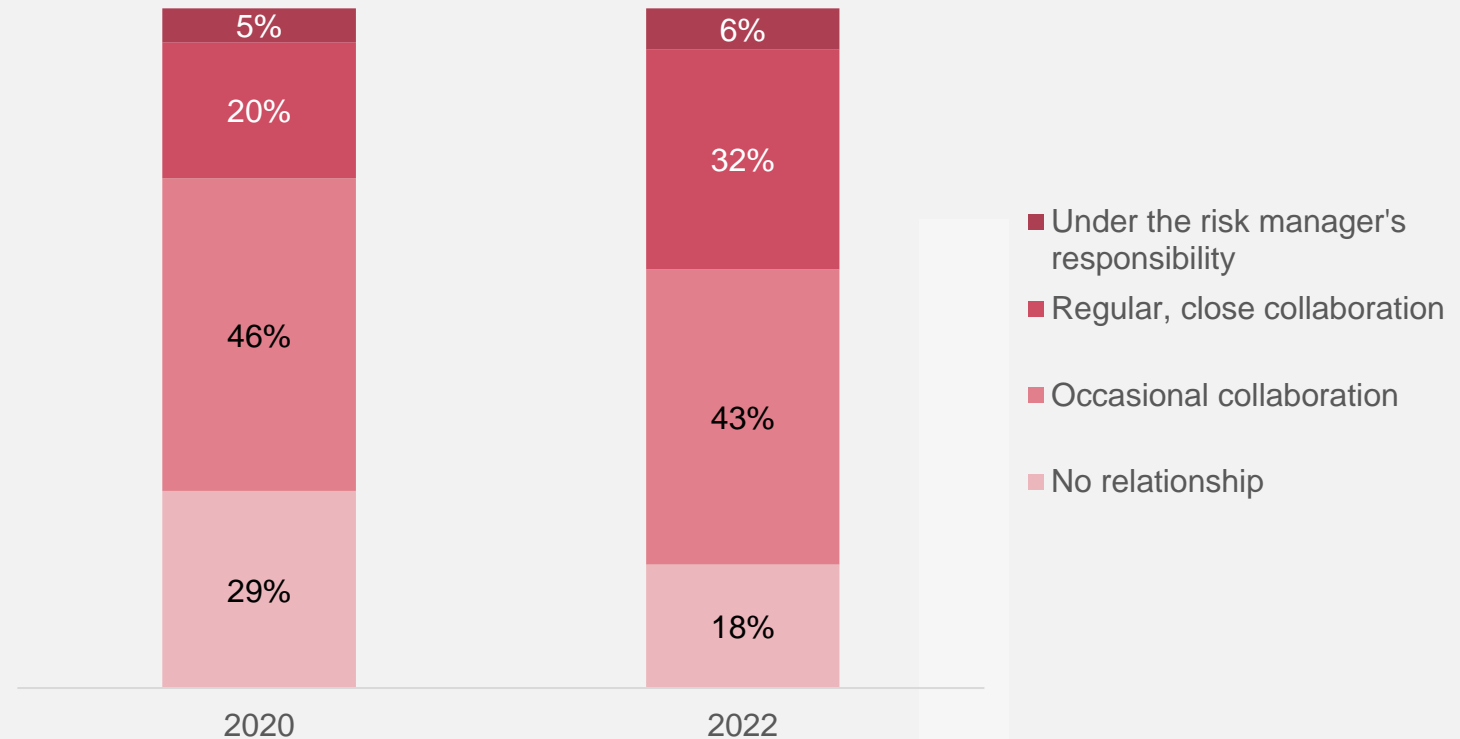
How are risk managers involved in ESG?



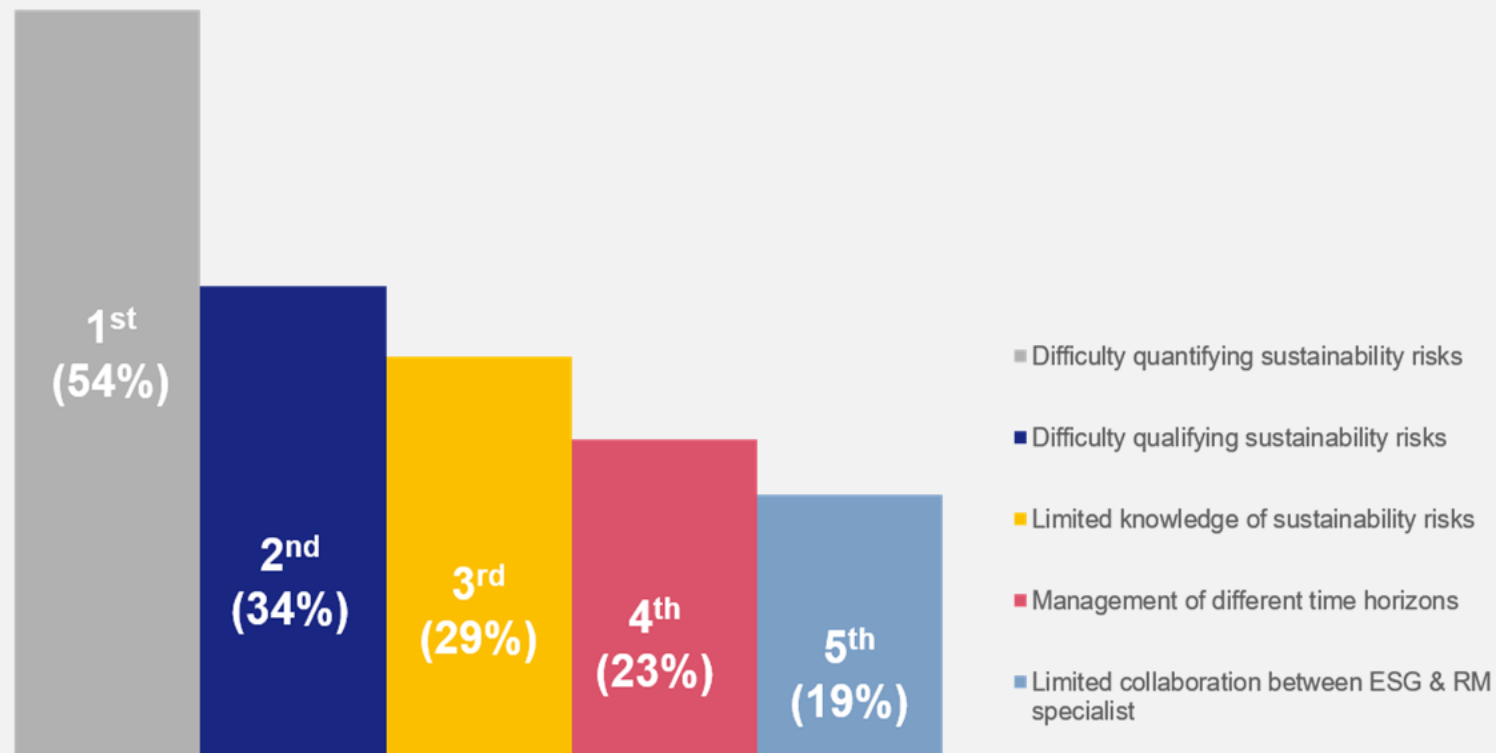
**Involved means/ gather "Fully responsible", "Validate" and "Contribute"*

82% of the risk managers collaborate with the CSR/Sustainability department

Risk Managers' interaction with the CSR/Sustainability department



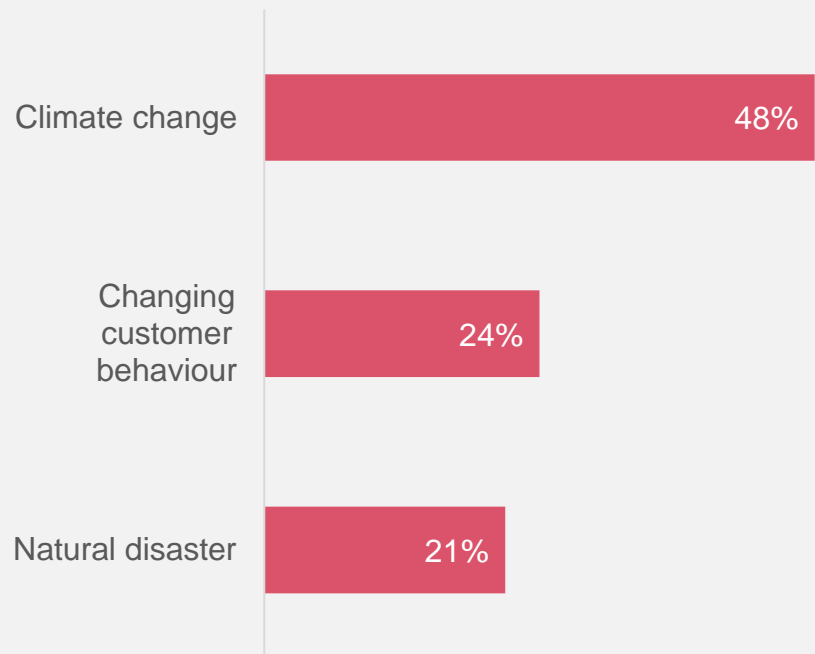
The 5 greatest challenges for risk managers in integrating ESG into the risk management process



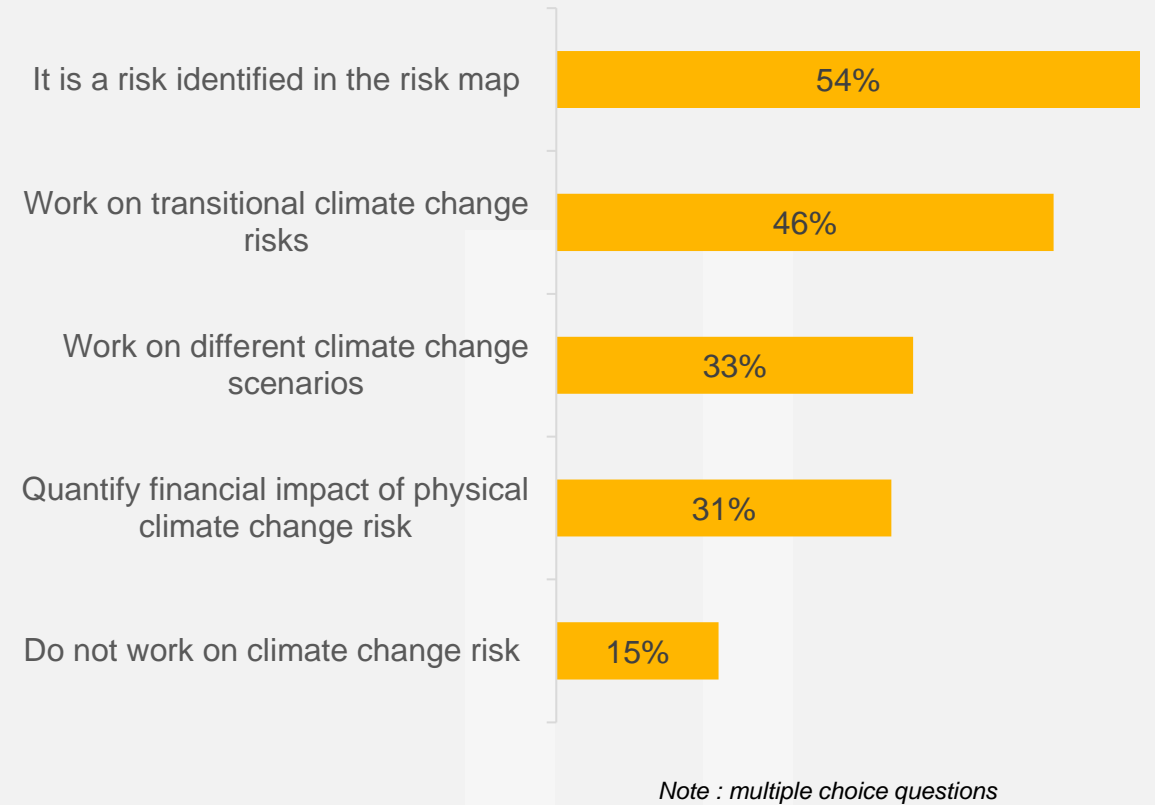
Note : multiple choice questions

Focus on Climate change risks

In the long term, climate related risks are the Risk Managers' top key concern



Work done as of today on climate change risks



Part III

The risk manager facing hardening insurance market conditions

The data confirms and provides quantitative information of the trends long discussed in previous studies.

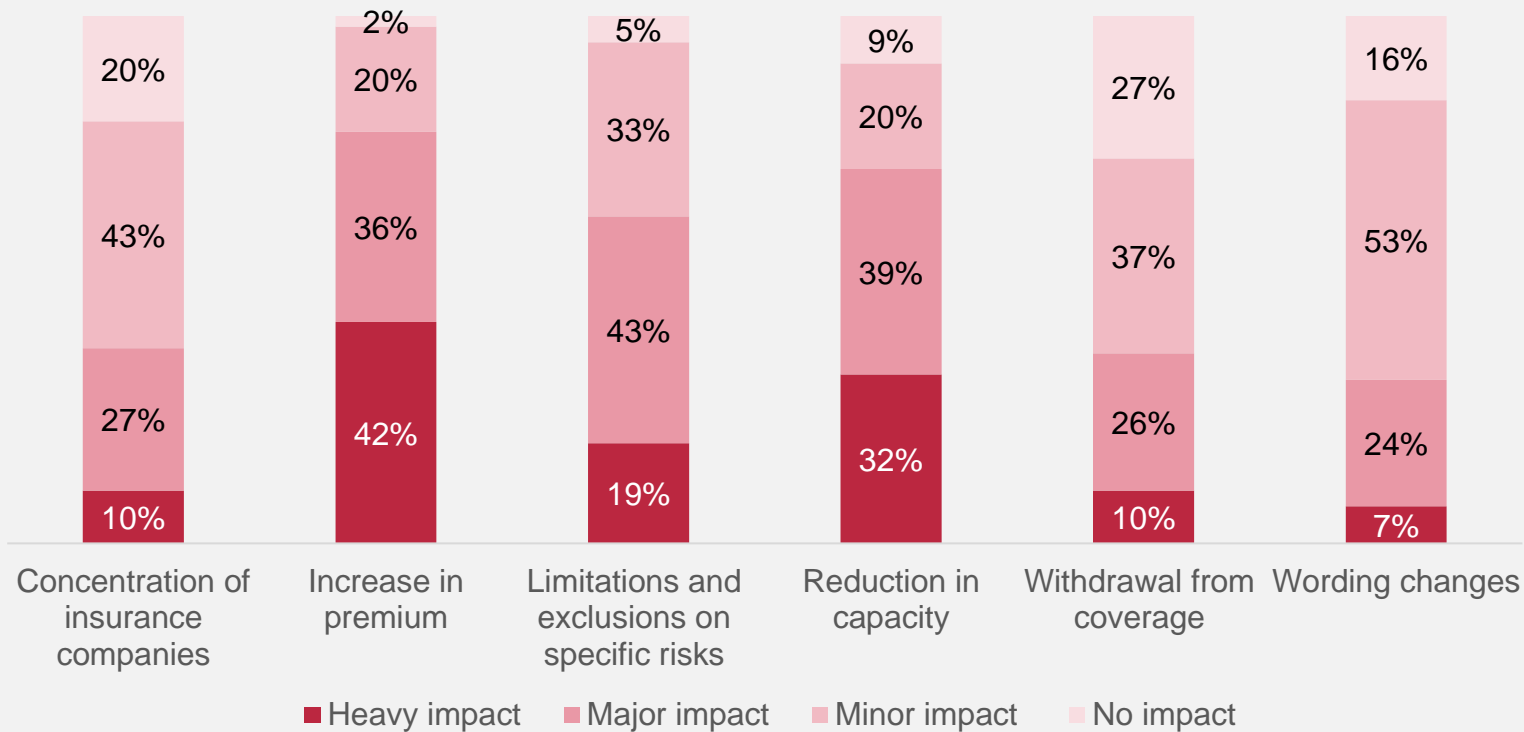


In partnership with



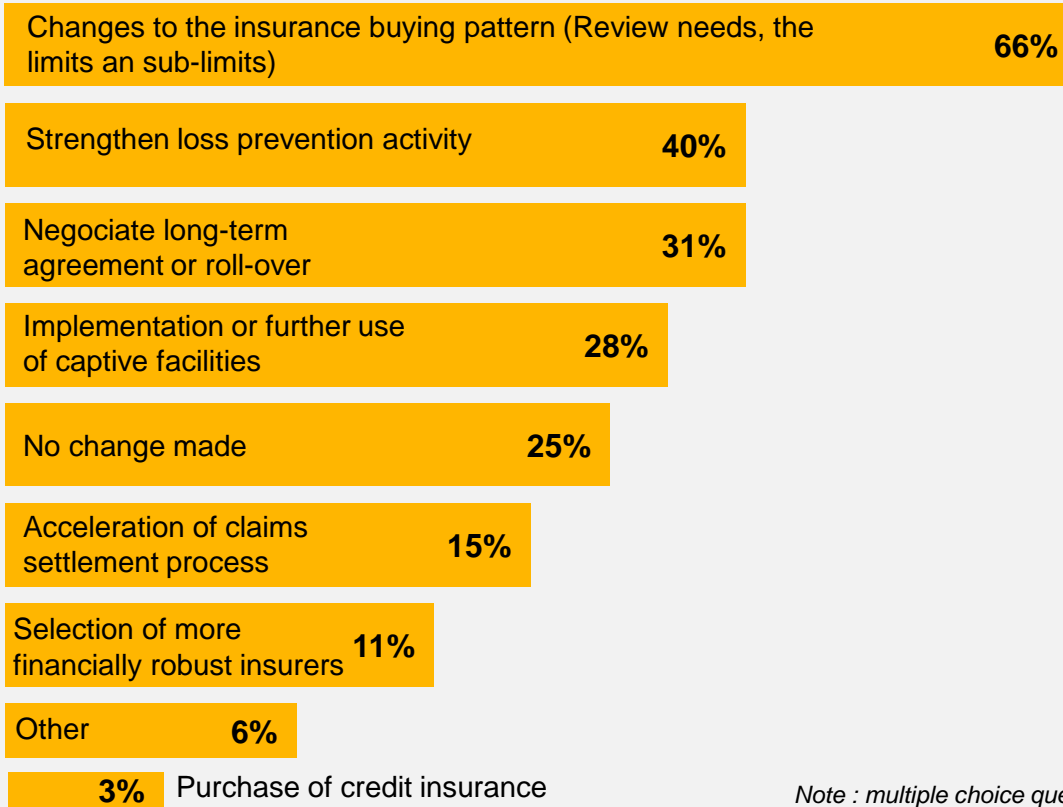
Tougher insurance market conditions are risk managers' top concern

Risk manager's concerns regarding the four following insurance market topics

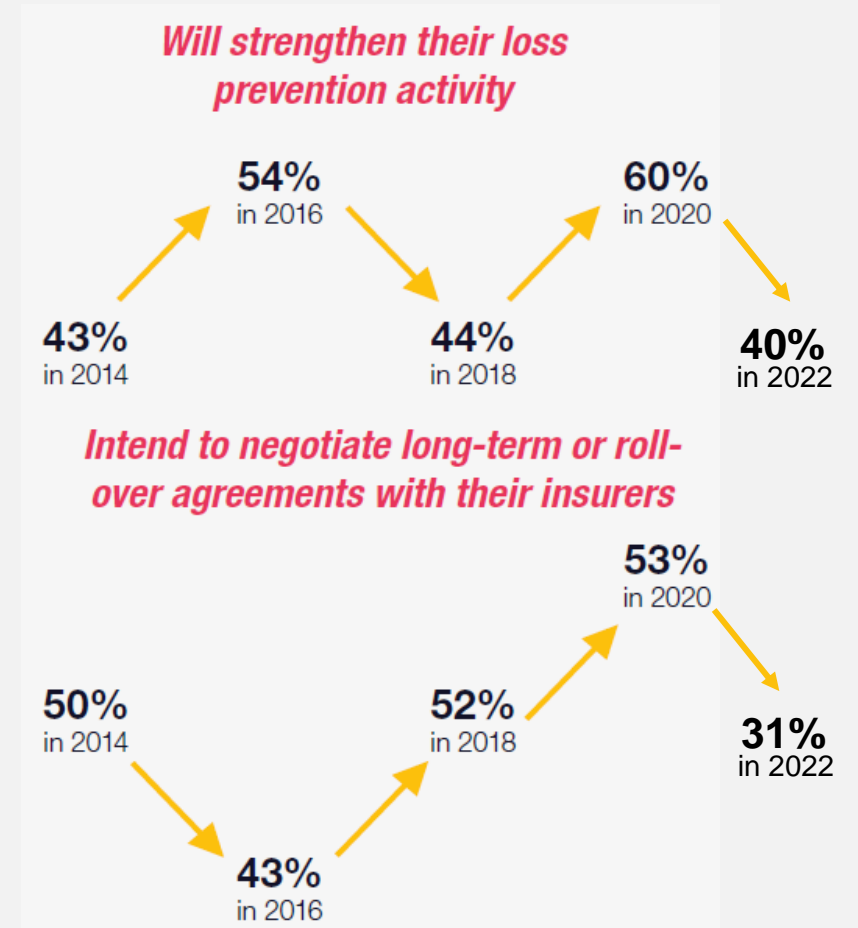


Tougher insurance market conditions are risk managers' top concern

Changes to the insurance strategy over the past 12 months



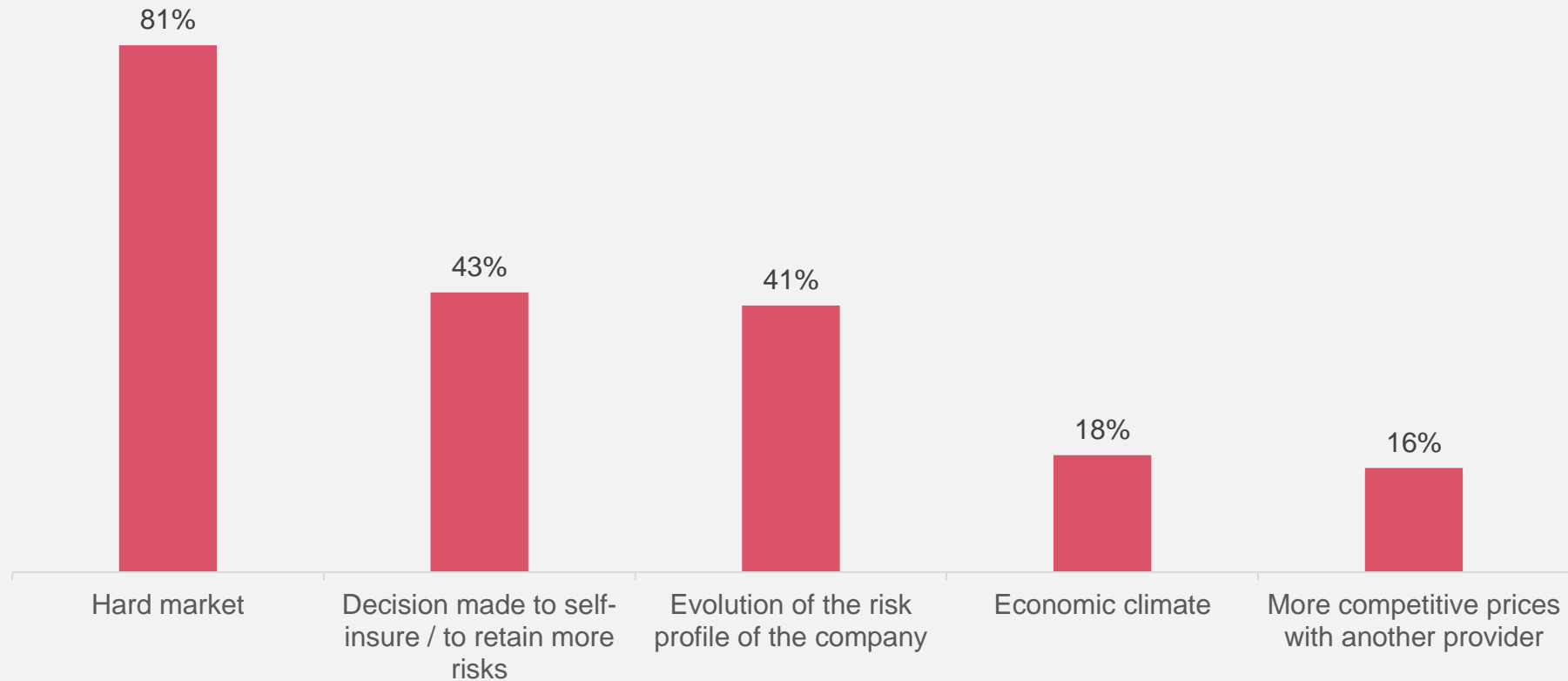
Note : multiple choice questions



Changes in coverage noticed in the insurance market

	Increase	Large reduction	No change	No coverage	Reduction	Small reduction
Cyber risk coverage	14%	33%	13%	11%	18%	9%
Directors' & Officers' Liability	8%	12%	45%	1%	17%	17%
Environmental impairment liability	4%	1%	69%	9%	6%	12%
Errors & Omissions / Professional Liabilities	6%	6%	57%	7%	10%	13%
Natural catastrophe coverage	9%	5%	48%	3%	18%	17%
Product liability	6%	4%	56%	2%	12%	20%
Public liability	4%	2%	62%	4%	12%	16%

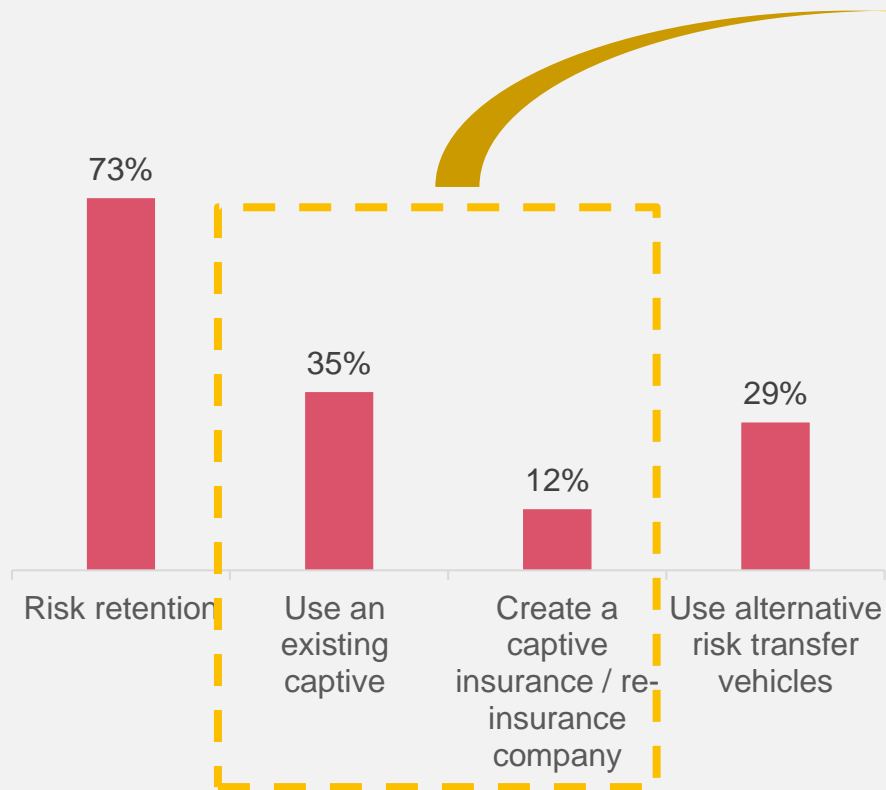
Risk managers' top Reasons for the changes



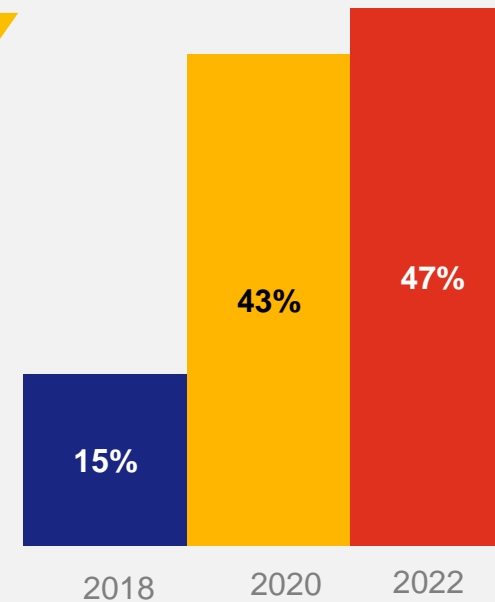
Note : multiple choice questions

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?



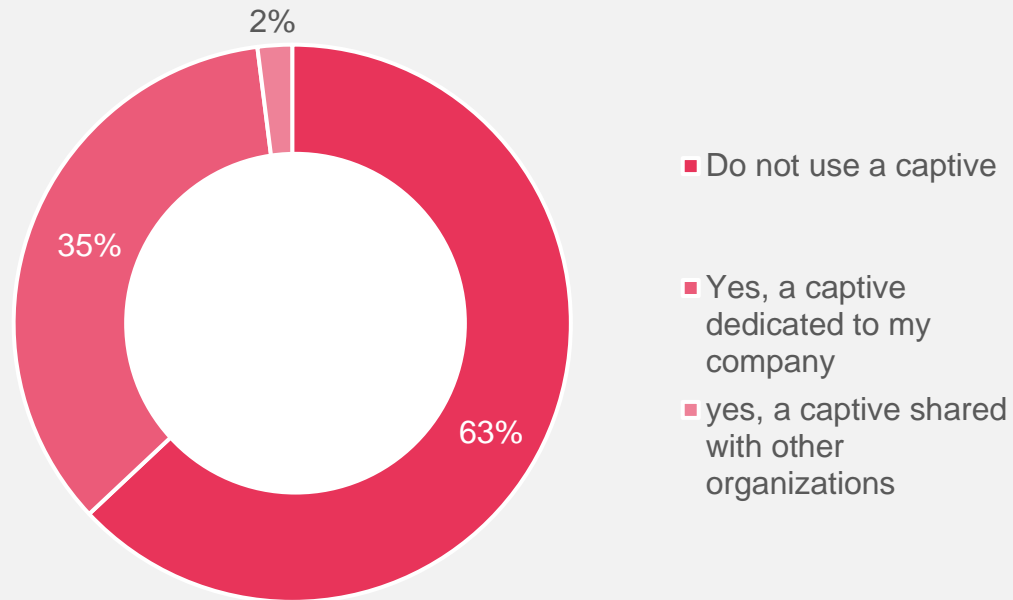
Propensity to use captives (existing or creation)



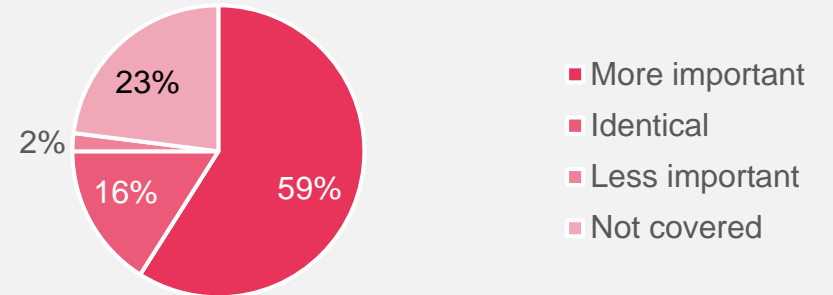
Note : multiple choice questions

The rise of captives confirmed

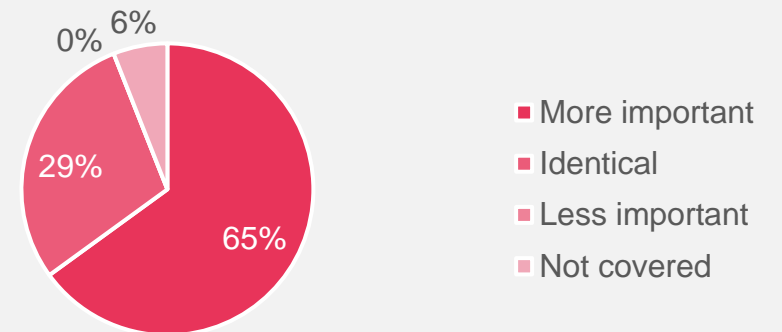
Organizations owning, using or renting a captive



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

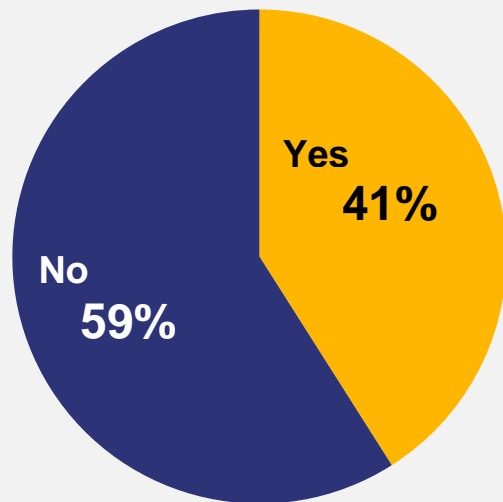


Use of captives for traditional lines of cover (e.g. general liability, property damage, etc.)



Insurable business activities or location in the future

Business activities or location 'uninsurable' in the future



41% of Risk Managers think that some locations / business activities will become uninsurable in the future

Reasons why the locations / business activities will become uninsurable

31%
Cyber Risk

25%
Other [Disruption of the supply chain and Shortage of raw materials]

11%
Coal and other energies

9%
Hard market conditions

8%
Risk analysis

6%
Climate change and natural disasters

5%
Political reasons

5%
Financial conditions

Note : multiple choice questions

Part IV

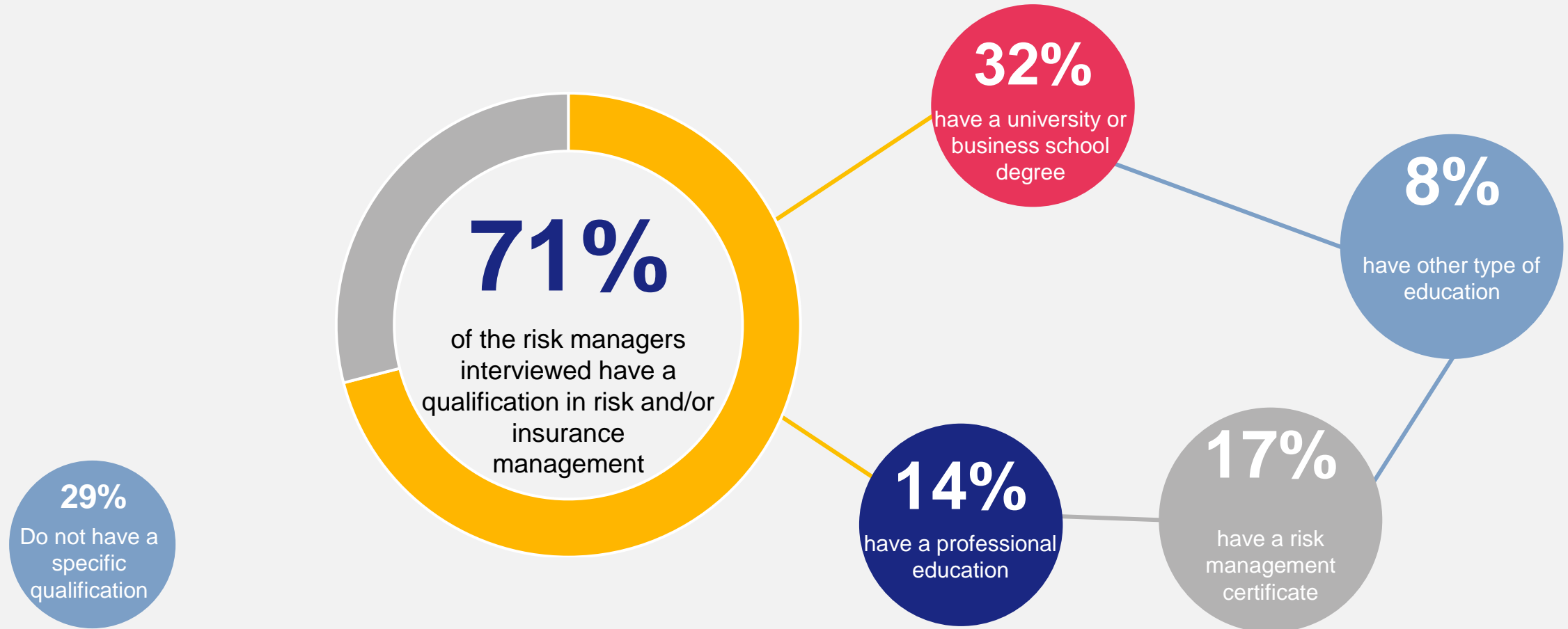
The risk manager's education and the importance of certification



In partnership with

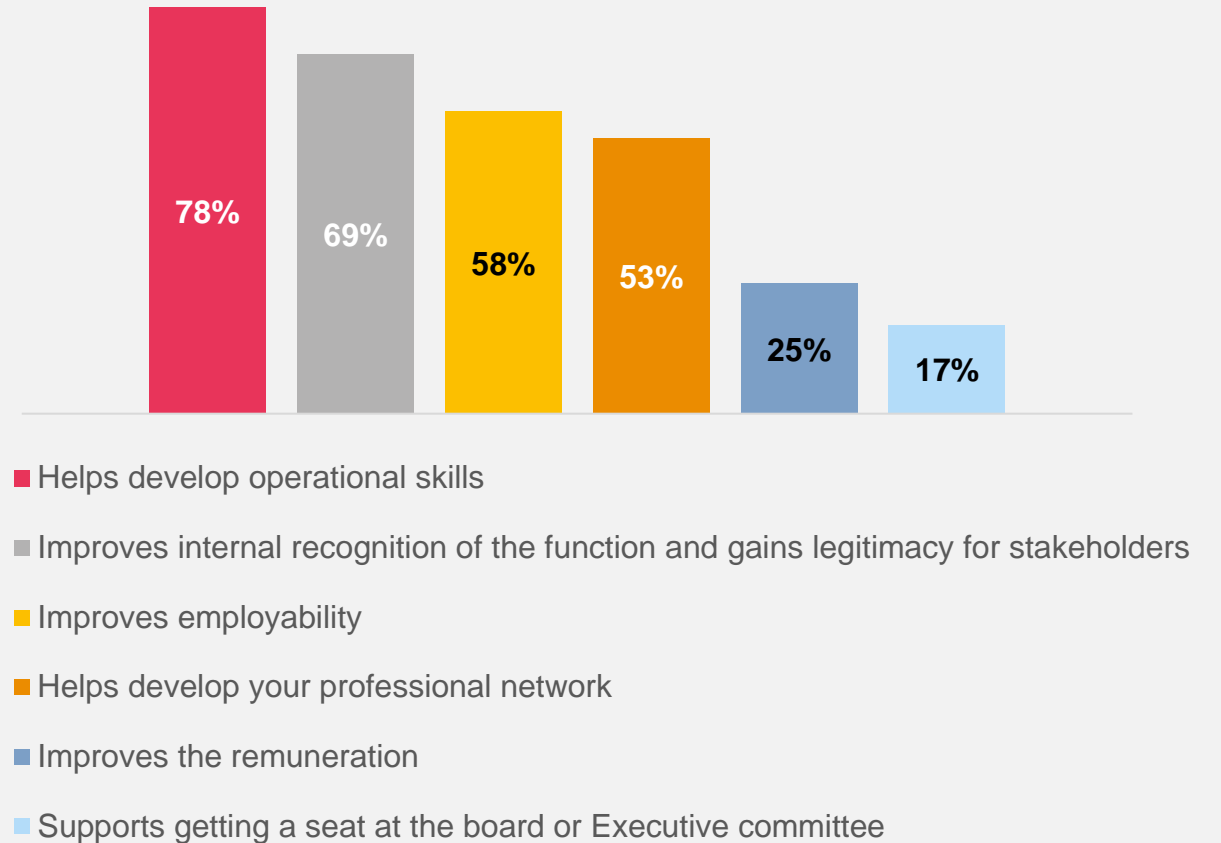


Education in risk management



Certification

Contribution of a recognized certification



Note : multiple choice questions

Part V

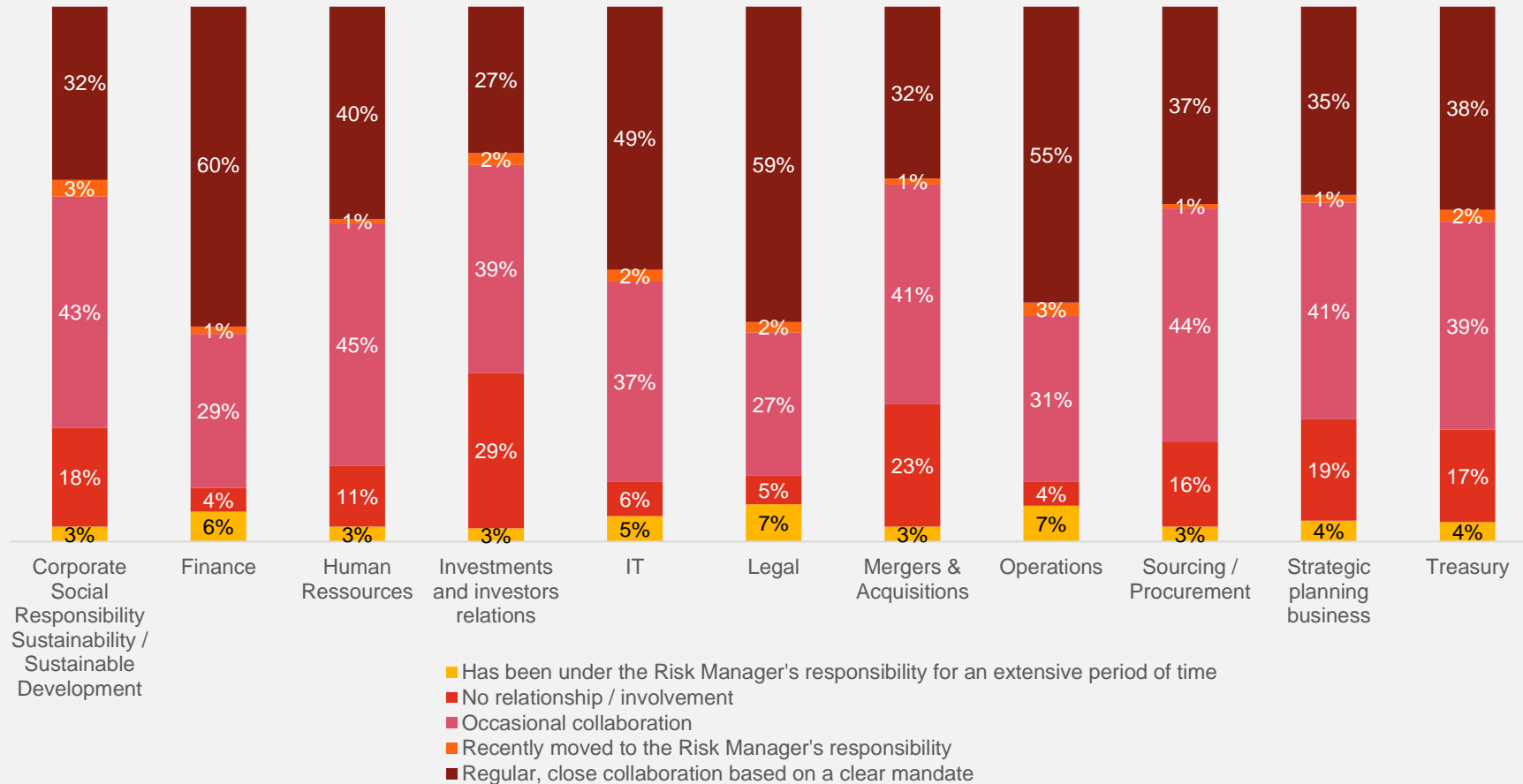
The risk manager's presence and interaction within the organisation



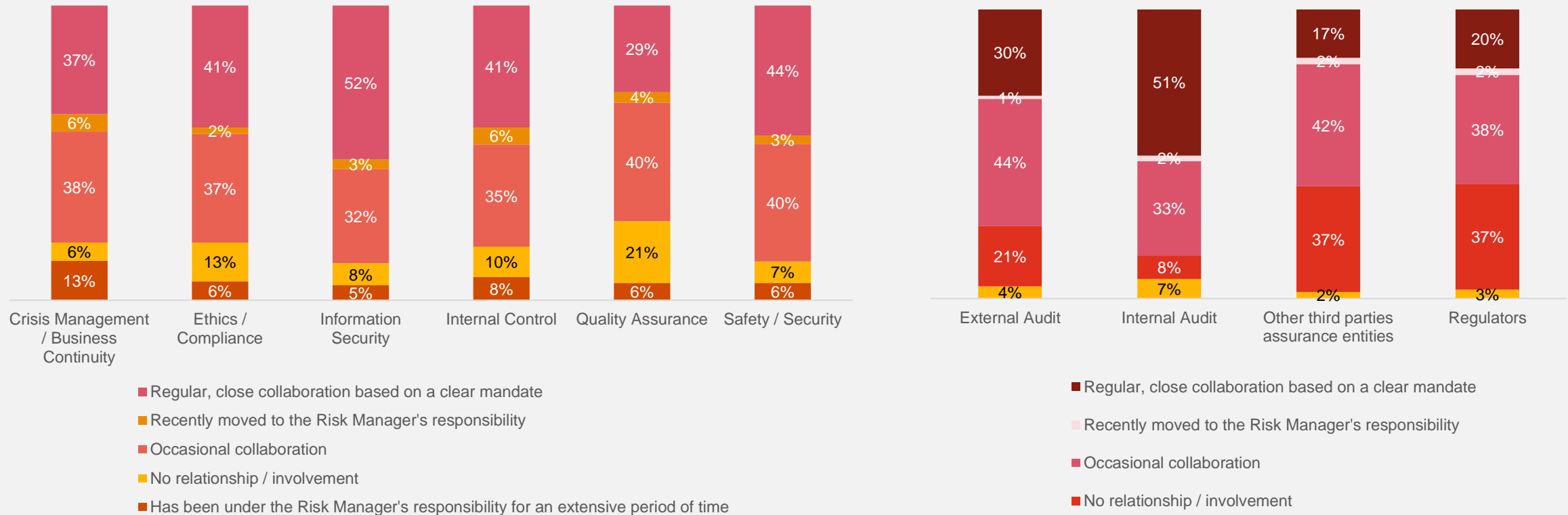
In partnership with



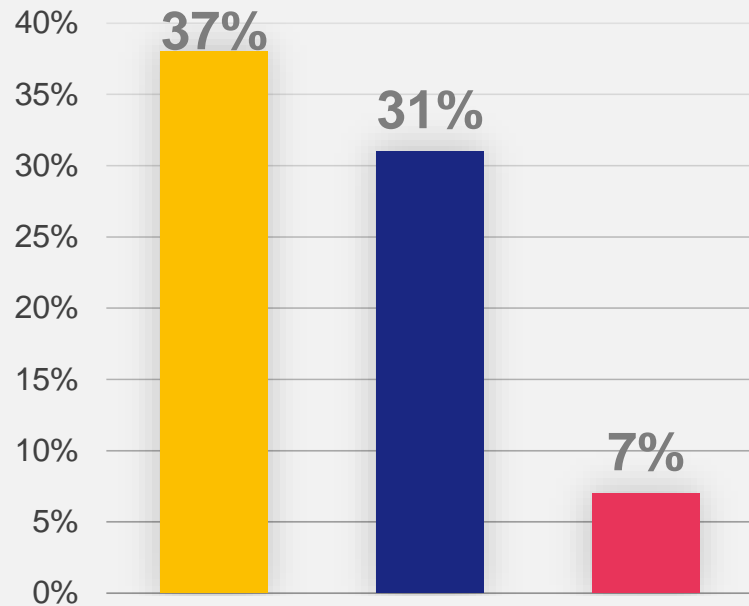
Levels of interaction with the 1st line of defence



Levels of interaction with the 2nd and 3rd line of defence

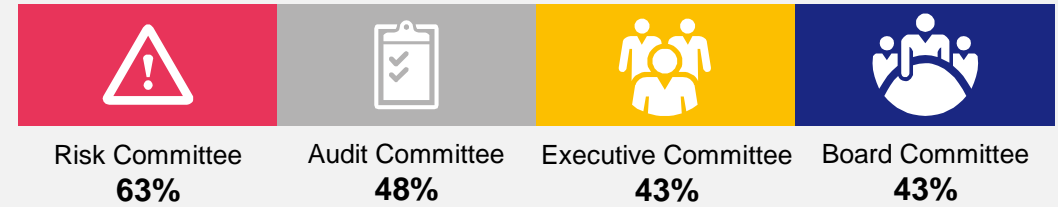


The risk manager's presence at a strategic level of the organisation

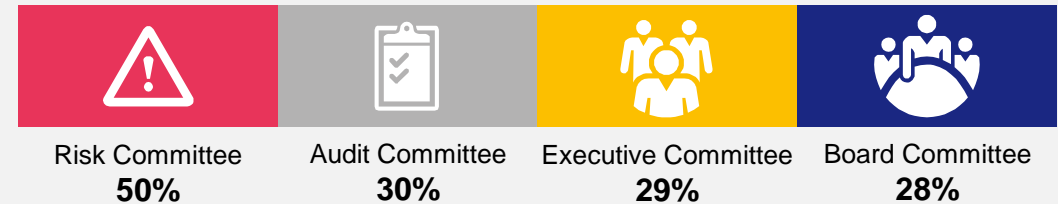


- Contact directly the CEO
- Contact indirectly the CEO through their superior
- Do not have any contact with the CEO

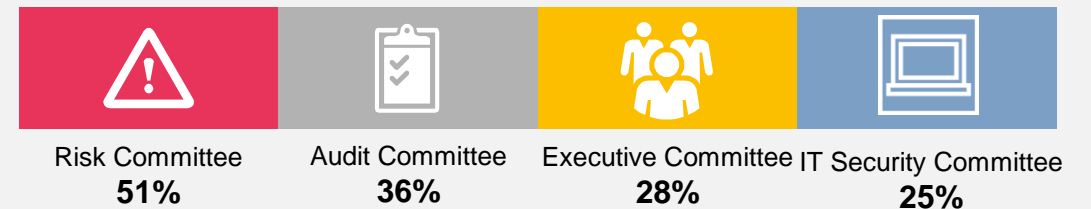
ERM managers represented on :



IM managers represented on :

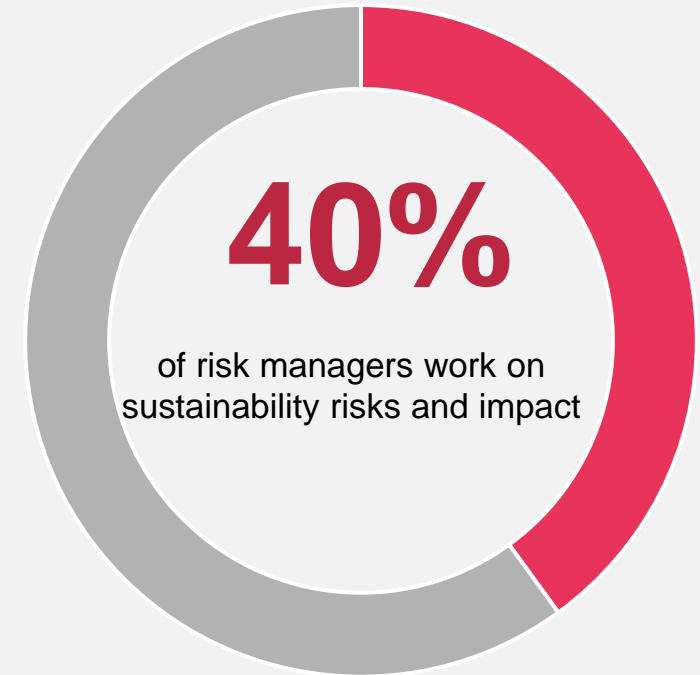


ERM / IM managers represented on :



Note : multiple choice questions

Strategic risk assessment by the risk manager



Note : multiple choice questions

Appendix

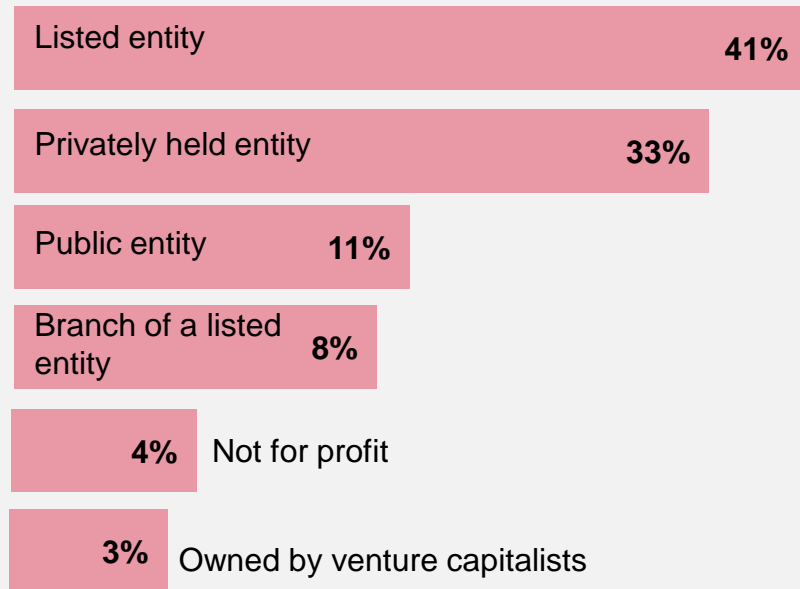


In partnership with

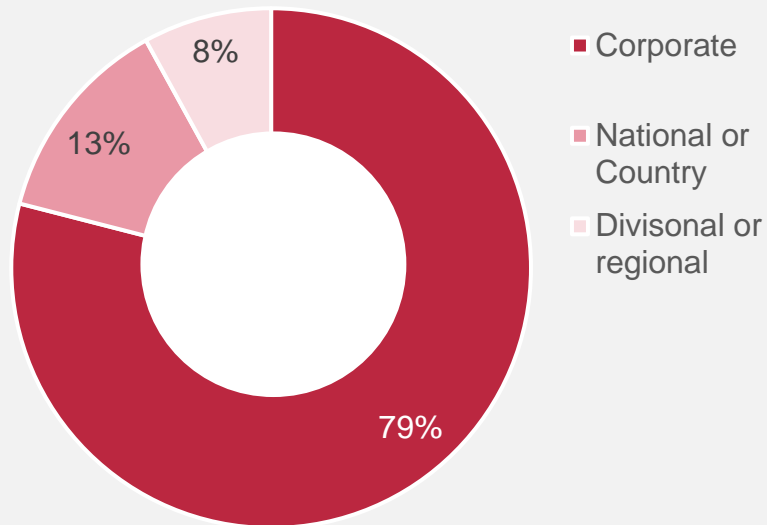


Appendix: Profile

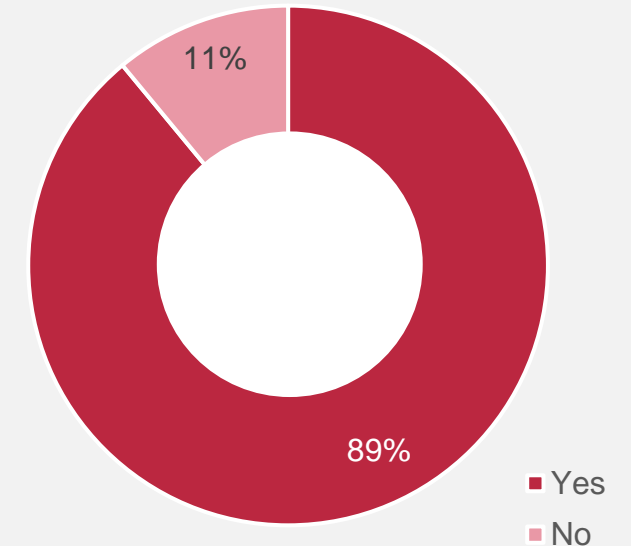
Panel of organizations



Part of the organizations

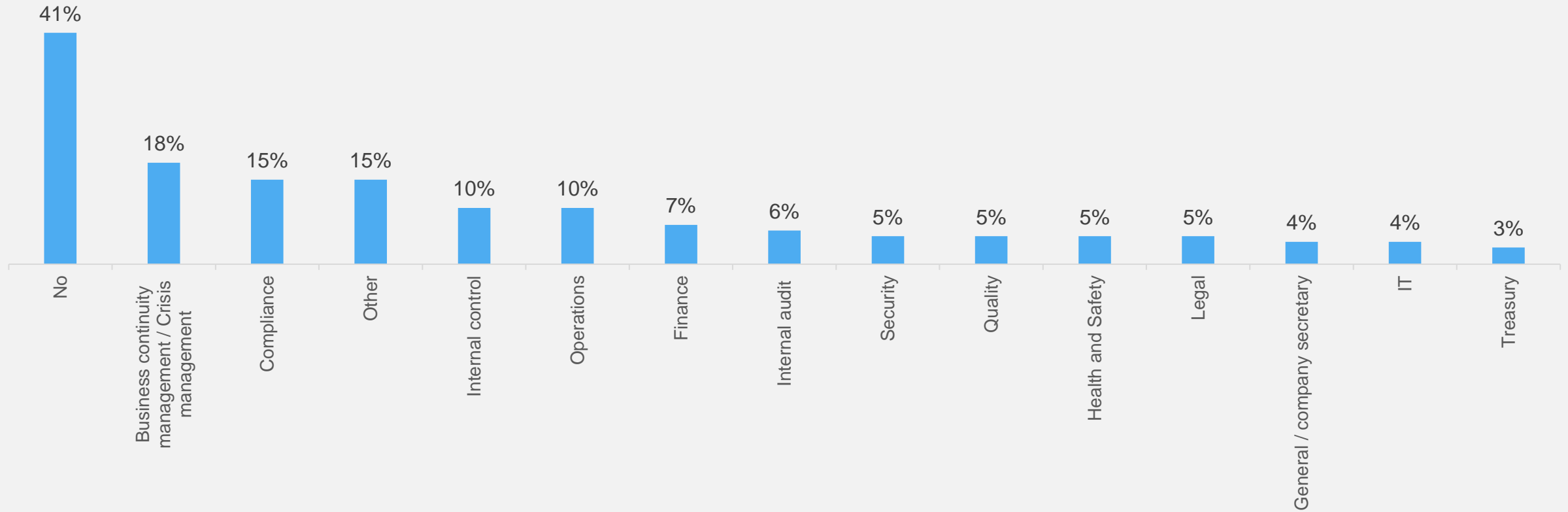


FERMA members



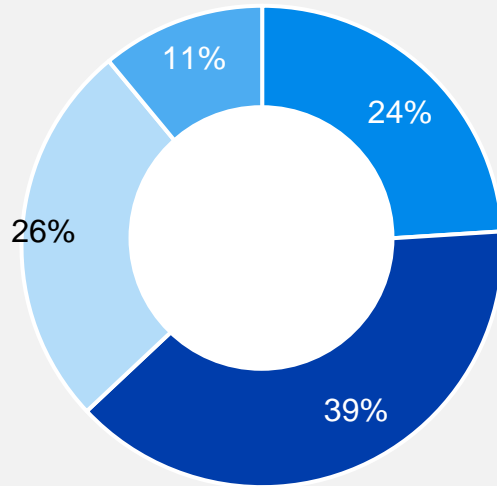
Other responsibilities

Other responsibilities rather than risk and insurance management



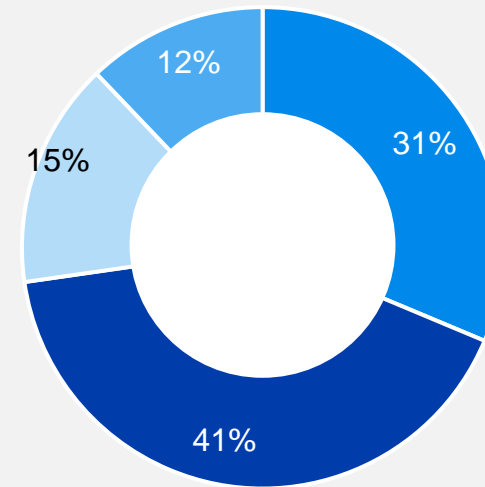
Full time employees for every function

Number of FTEs for Insurance Management



■ 1 FTE ■ 2 to 3 FTEs ■ 4 to 10 FTEs ■ More than 10 FTEs

Number of FTEs for Enterprise Risk Management



■ 1 FTE ■ 2 to 3 FTEs ■ 4 to 10 FTEs ■ More than 10 FTEs

Integration of risk maps

Risk mapping techniques

On a global level

- **57%** Top down and bottom-up approach consolidation
- **33%** From corporate level down to divisions and BUs
- **31%** Global corporate level (strategic, financial, operational)

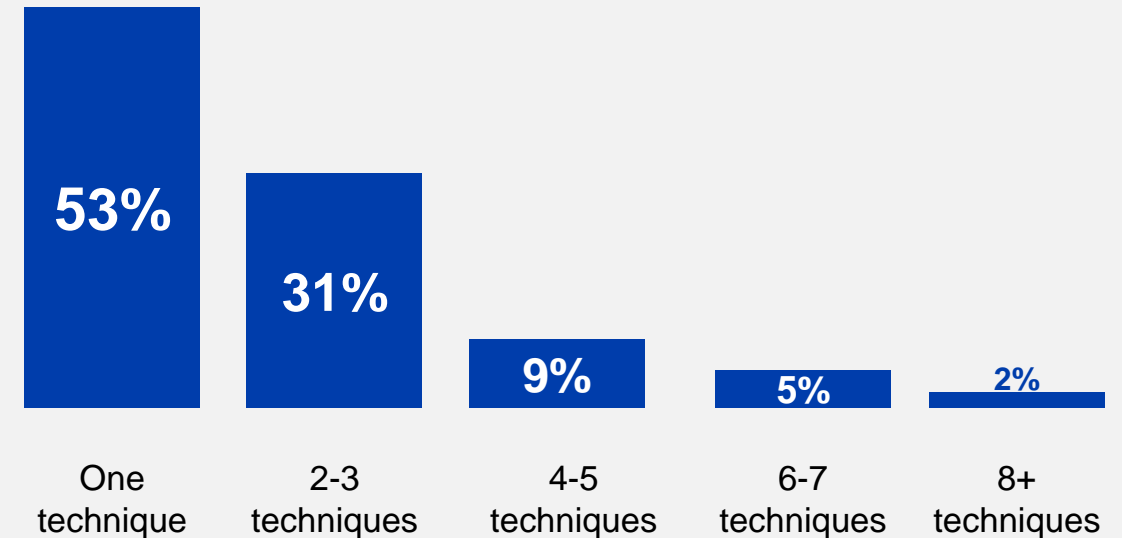
Specific mapping

- **17%** Only for certain BUs
- **15%** Only on strategic risks
- **14%** Only on sustainability / ESG risks
- **14%** Only on risks of corruption*
- **12%** Only on security risks
- **10%** Only on data privacy risks

5% respondents declared working on « Other » risk mapping.
5% has no such approach put in place yet.

*Only 12% of the respondents are in France

Number of mapping techniques used



Note : multiple choice questions

Integration of risks

Risk Manager working on risk appetite

90% of the Risk Managers are working on risk appetite.

Among them:

- **26%** have formalized the risk appetite - sponsored by the board
- **18%** have formalized the risk appetite - sponsored by top management
- **30%** just started working on it
- **16%** is not formalized

Risk committee

The risk management function takes part in different committees within the organization.

Top 3 committees attended:

- **56%** Risk committee
- **39%** Audit committee
- **34%** Executive committee

How many committees attended:

- **58%** only one committee
- **39%** attend 2 committees
- **4%** attend 3 committees

The Risk review in committees are sponsored either at Board or Executive level.

26%

included **within the audit committee** at a board level

18%

risk committee at the executive level

5% other

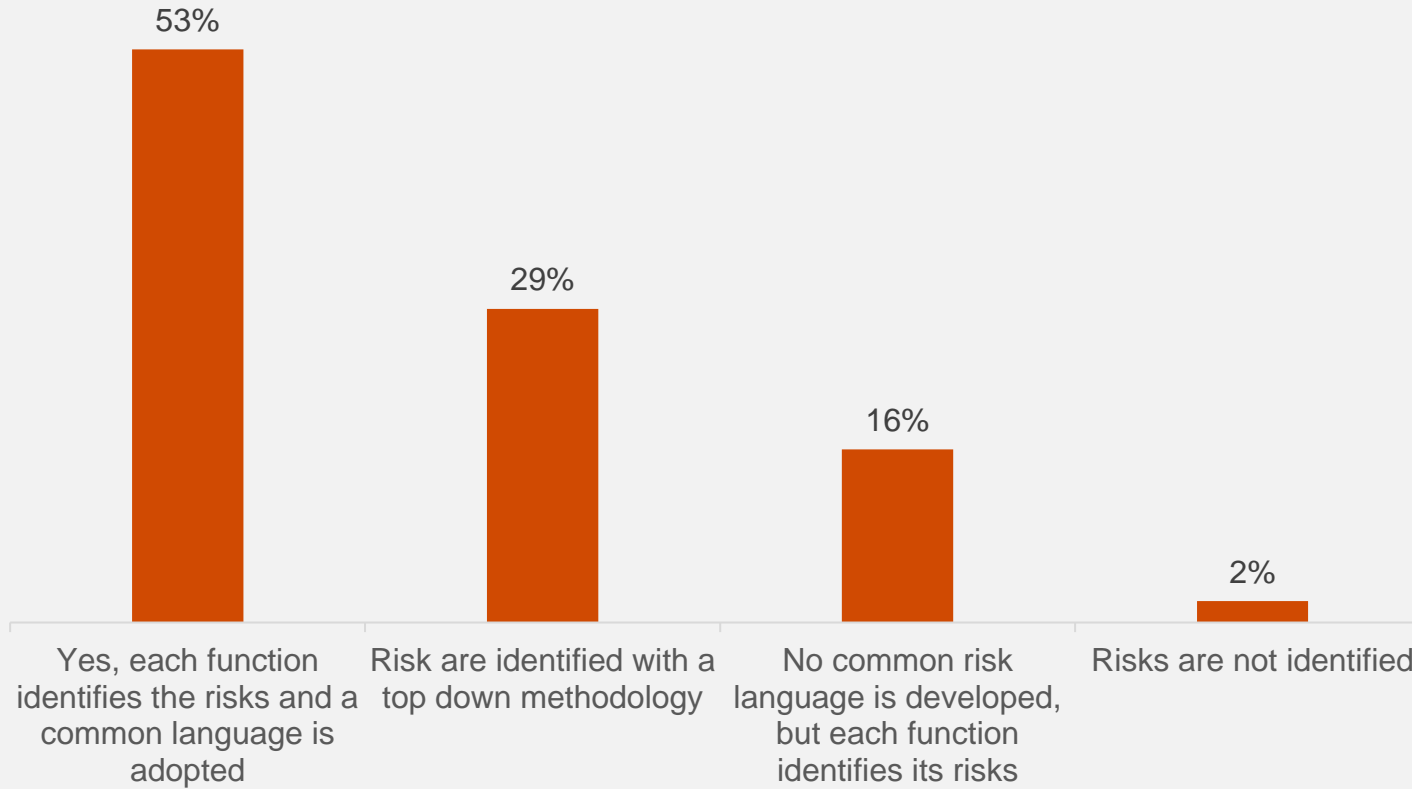
18%

dedicated Risk committee at board level

28%

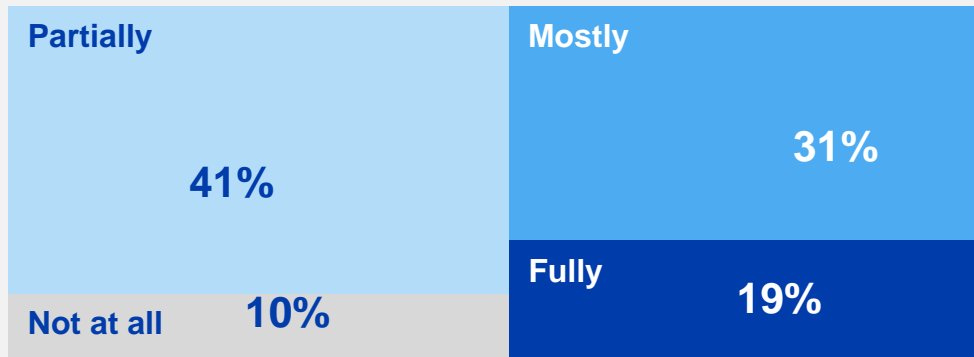
doesn't have a risk committee neither at Board or Executive level

Does each identifies his own risks?



Involvement in corporate strategy

Involvement in the corporate strategy



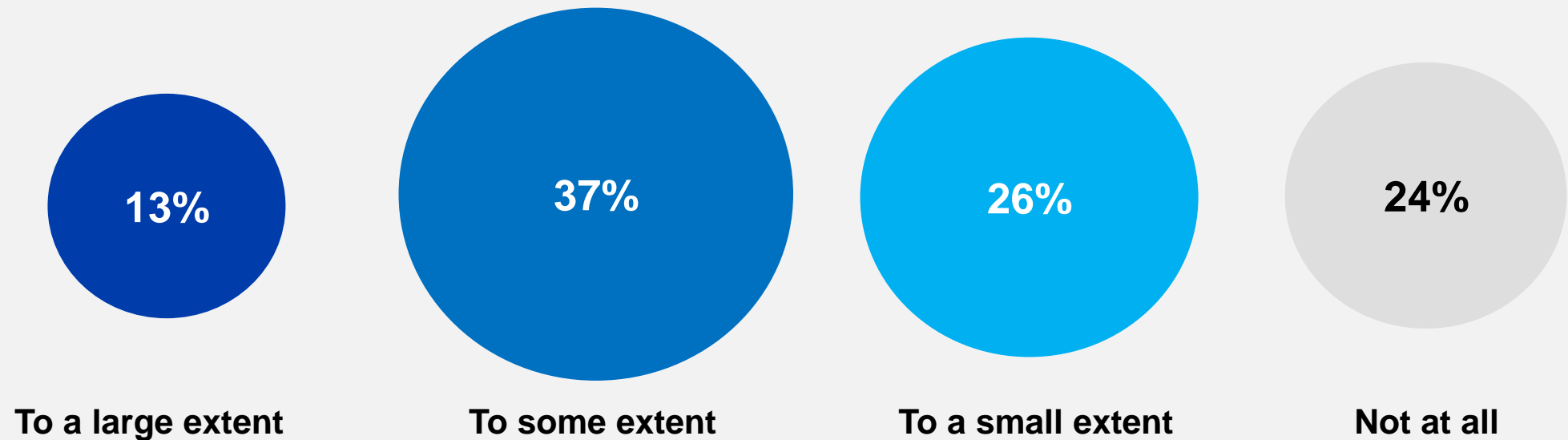
The top 3 of the risk management involvement in corporate strategy is more in line with the **development of the organization** than with **its disruption and development opportunities**.

How is the risk management involved in corporate strategy

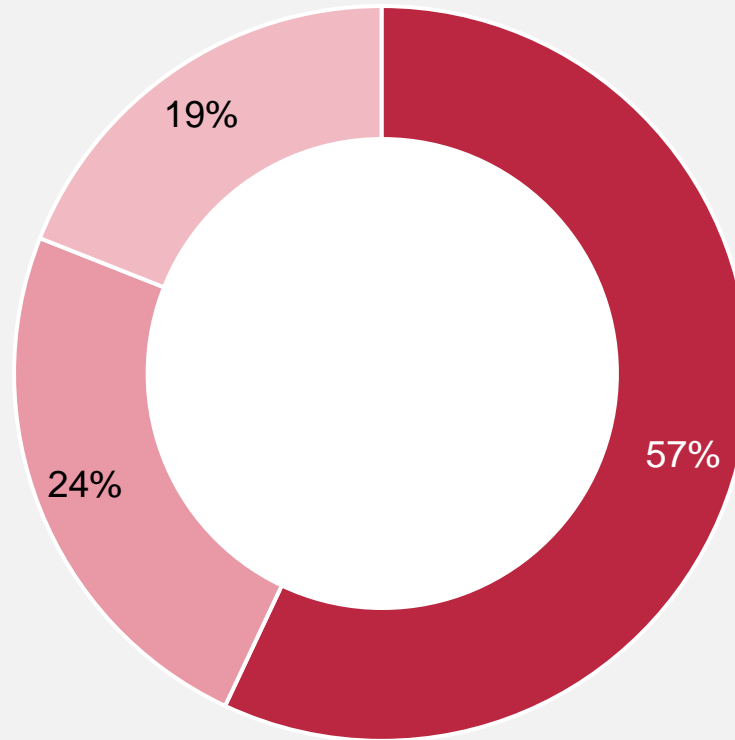


Note : multiple choice questions

Covid-19 crisis impact on the frequency of risk discussions at board level



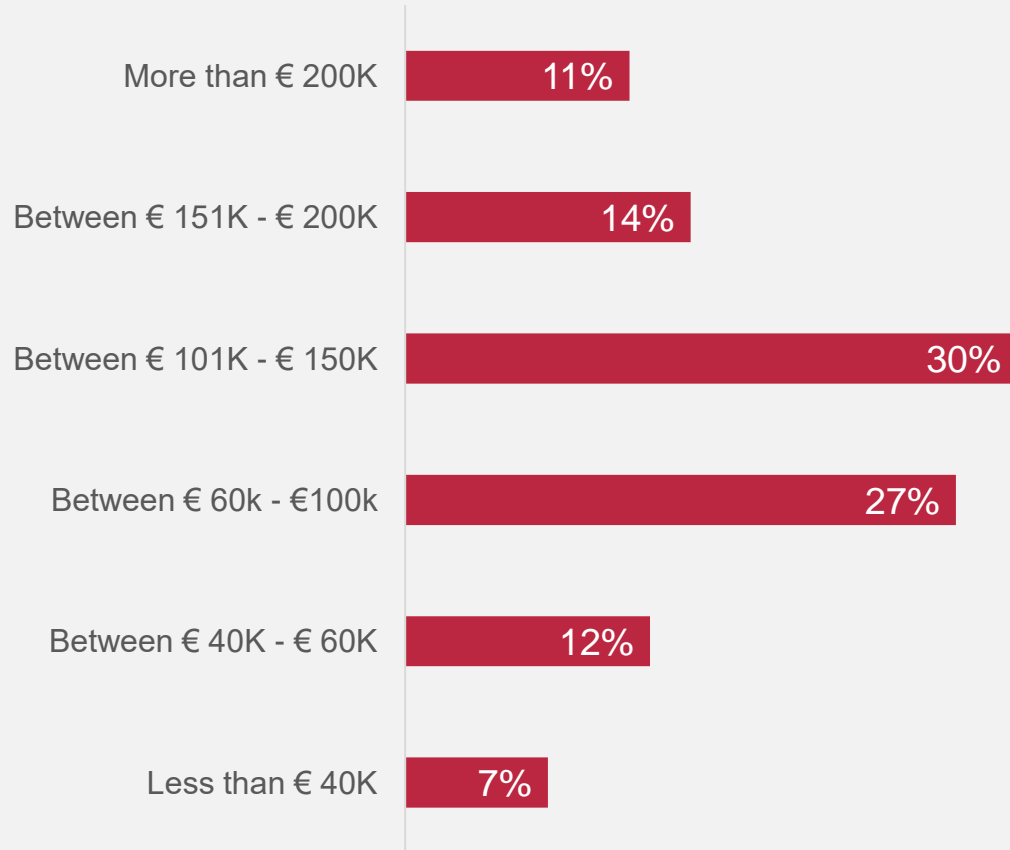
Development of other risk related function



- The Risk Manager is becoming the risk conductor consolidating the information from other risk related functions to give a clear and comprehensive view to the top management
- There is no impact
- The Risk Manager is losing control over specific areas of risk

Remuneration and recognition

The remuneration:



The recognition of the function is:

— **49%**
Stable

↗ **46%**
Increasing

↘ **5%**
Decreasing