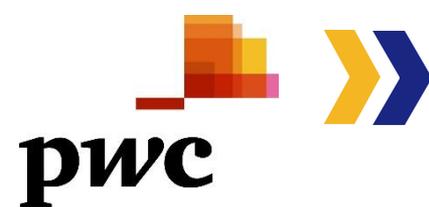




FERMA



# FERMA

## European Risk Manager Survey

### 2018

9<sup>th</sup> Edition



FERMA



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**Part II: The risk conductor**

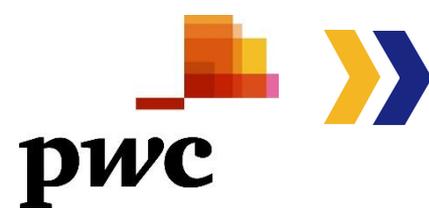
**Part III: A challenging environment**

**Part IV: Insurance management**



# FERMA

## Introduction



The FERMA European Risk Manager Survey 2018 highlights a significant evolution in the role of the risk manager in Europe today:

- Nearly 70% of risk managers act as risk conductors, consolidating information from other risk-related functions to give a clear and comprehensive view to top management
- There is a strengthened connection with IT and information security, which is significant as cyber risks are seen as the number one threat to future growth
- Strategical activities such as governance, risk culture and risk appetite are increasingly part of the missions of the risk manager
- 76% of risk managers assess risks that could affect the relevance and viability of the organisation's strategy and objectives
- Enterprise risk managers have a growing role as risk advisers on future corporate activities
- 86% are responsible for developing risk maps, risk identification, analysis, evaluation, prioritisation and reporting
- They are increasingly using new technologies to be more predictive and proactive (e.g. data analytics, artificial intelligence, block chain and robotic process automation)
- Insurance management practices are largely stable but insurance managers are considering the possibility of a harder market



# FERMA



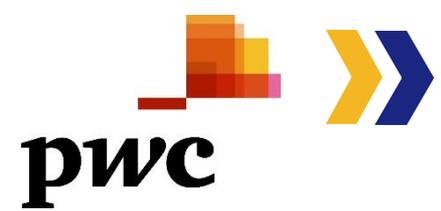
## Presentation of the survey

Ninth biennial benchmarking survey conducted by the Federation of European Risk Management Associations in partnership with PwC

- From May to July 2018, 734 respondents located in 29 countries completed the survey
- The survey was composed of 40 questions divided into 4 categories
  - European Risk Management Profile: Q1 ->Q13
  - Insurance Management and Captives: Q14 -> Q23
  - Risk Management and Strategy: Q24 -> Q31
  - Risk Management and Innovation: Q32-> Q40
- Respondents 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%
- Three risk manager profiles according to their main responsibilities: enterprise risk management (ERM) activities, ERM and insurance activities and insurance activities.



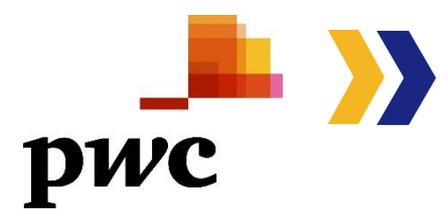
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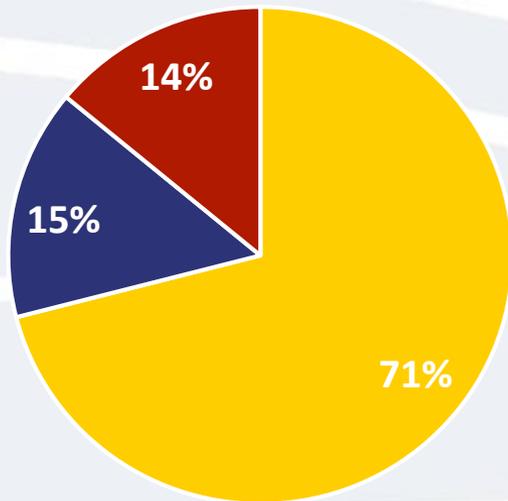
# Part I: The European Risk Manager Profile



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## Geographical distribution



■ Western Europe ■ Central and Eastern Europe ■ Northern Europe

### Top 5 number of respondents by association



AMRAE, France **14%**



ANRA, Italy **9%**



AIRMIC, UK **8%**



DARIM, Denmark **5%**



NARIM, Netherlands **5%**



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## Organisation

**The European risk manager is working at a corporate level of a large listed company from the industry sector**

**55%** (52% in 2016)



Industry

**23%**



Financial services

**16%**



Services

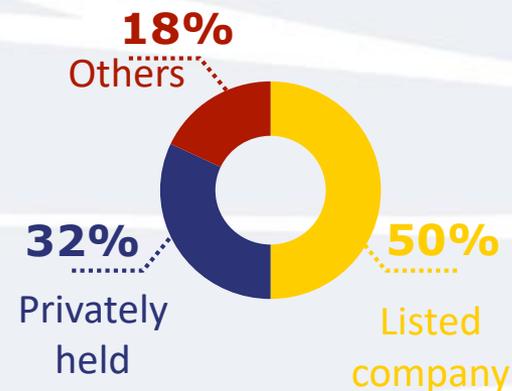
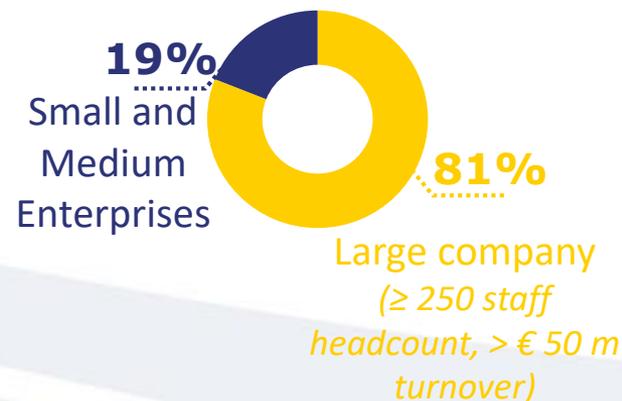
**6%**



Public sector



**84%** work at a head office / corporate level

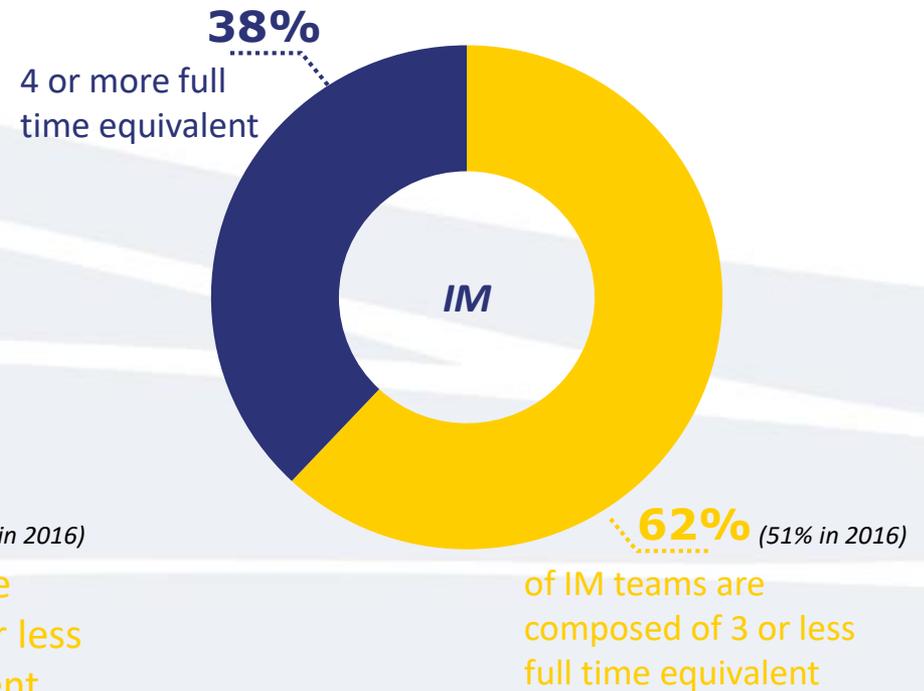
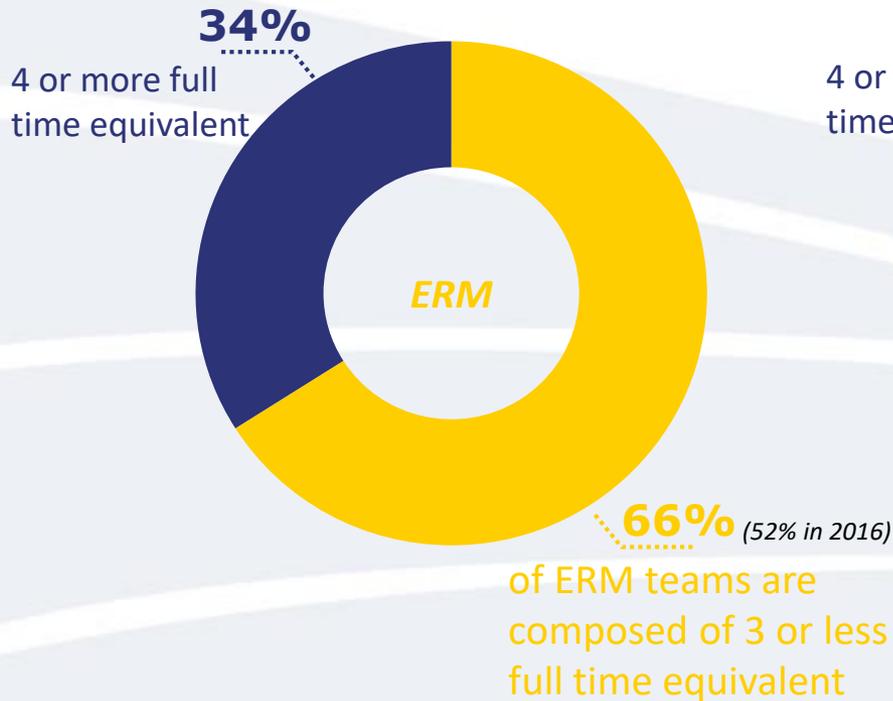




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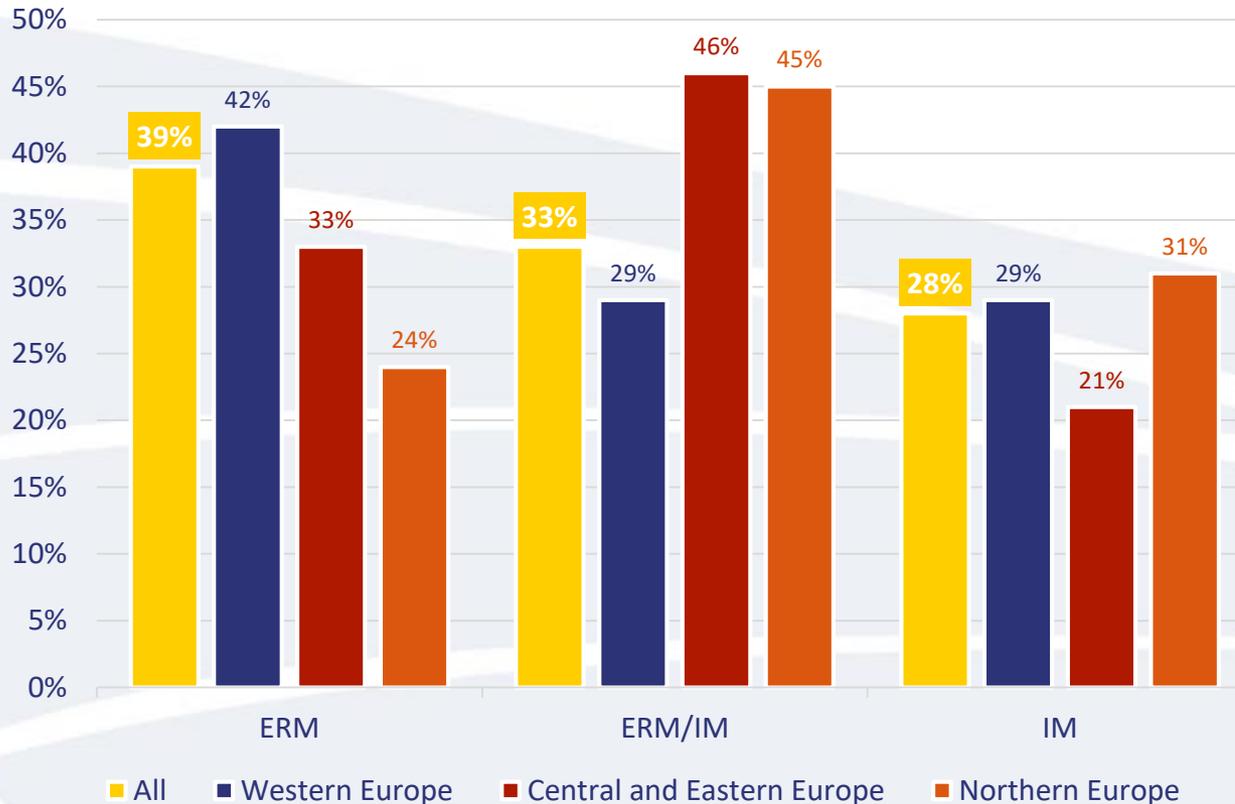


## Team





## Activities

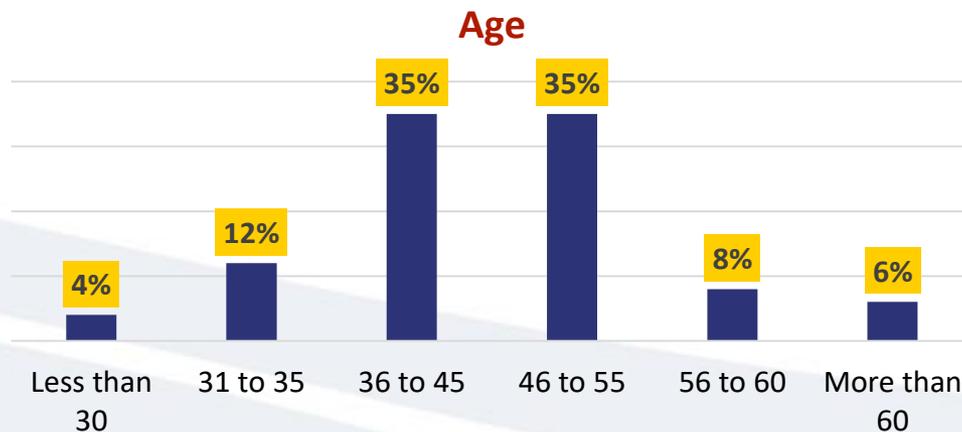
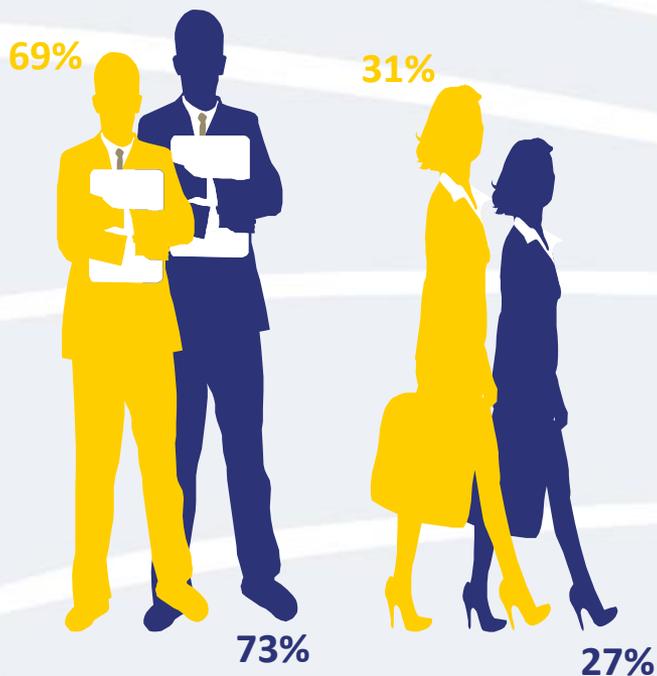


The panel of respondents of the 2018 survey is composed of:

- **39%** solely dedicated to Enterprise Risk Management activities (ERM)
- **33%** both in charge of ERM and insurance management activities (ERM/IM)
- **28%** specifically dedicated to insurance activities (IM)



## Gender and age

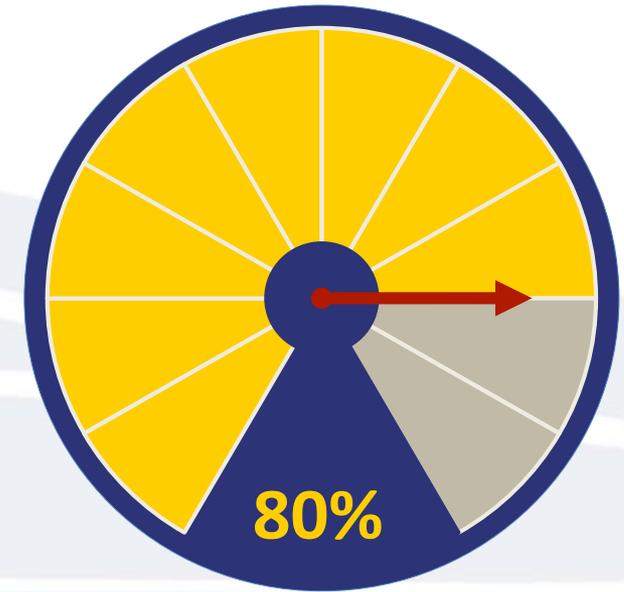
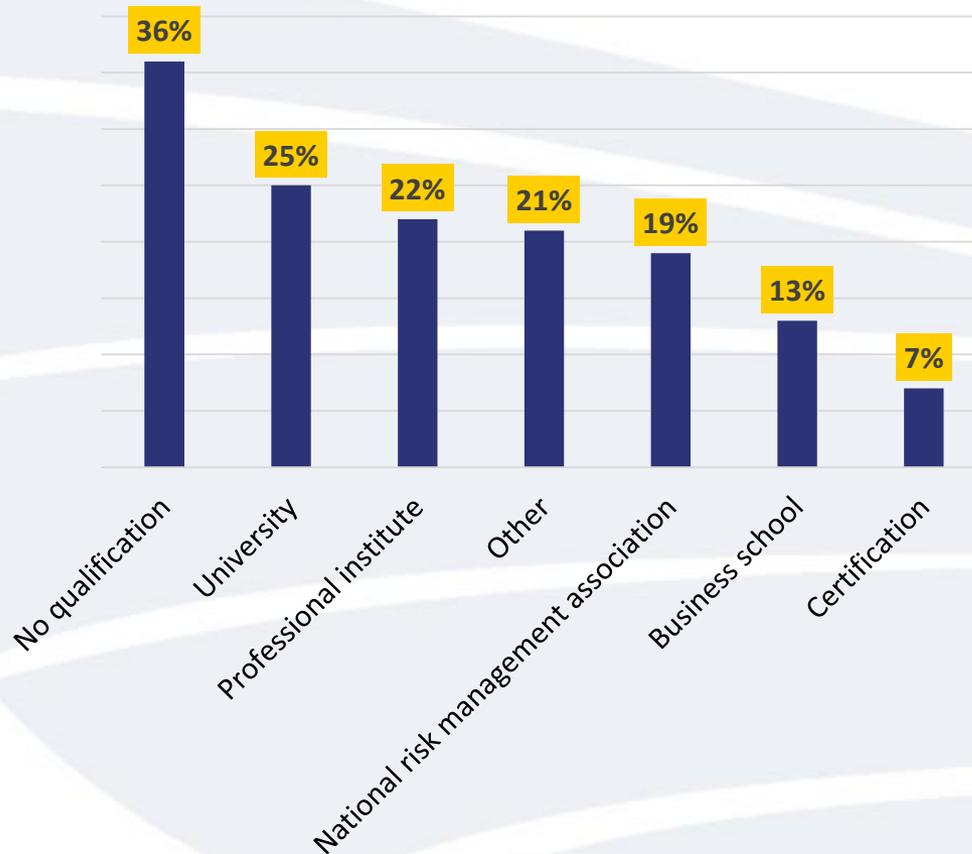


2018  
2016



## Qualifications

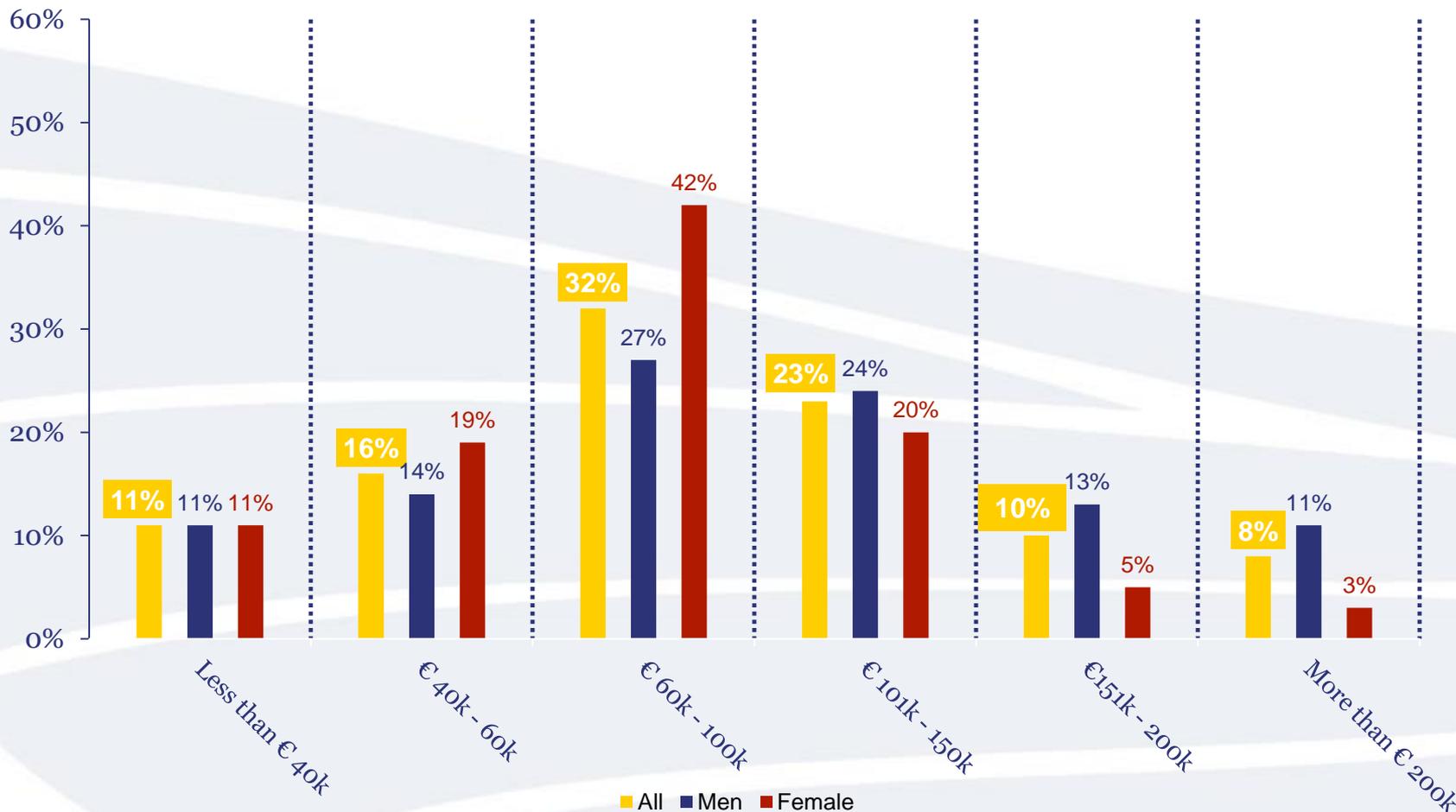
### Qualification in risk and/or insurance management



say that a recognised certification matters in practicing risk management



## Remuneration



## Part II: The risk conductor



## ERM activities

### *Increasing role embedding risk management in the strategy and culture of organisations*

#### Operational activities

- Risk identification, analysis, evaluation, prioritisation and reporting (86% vs 79% in 2016)
- Development and implementation of ERM governance, framework, processes and/or tools (78%)
- Design and implementation of risk controls / prevention (63%)

#### Strategic activities

- Development, implementation, and assessment of risk culture across the organisation (77% vs 68% in 2016)
- Alignment and integration of risk management as part of business strategy (75% vs 62% in 2016)
- Development of the risk appetite strategy / statement (57%)

- 77% of respondents are in charge of the development and implementation of the risk culture across their organisations (66% in 2016).
- 75% of respondents are in charge of the alignment and integration of risk management as part of business strategy (62% in 2016).

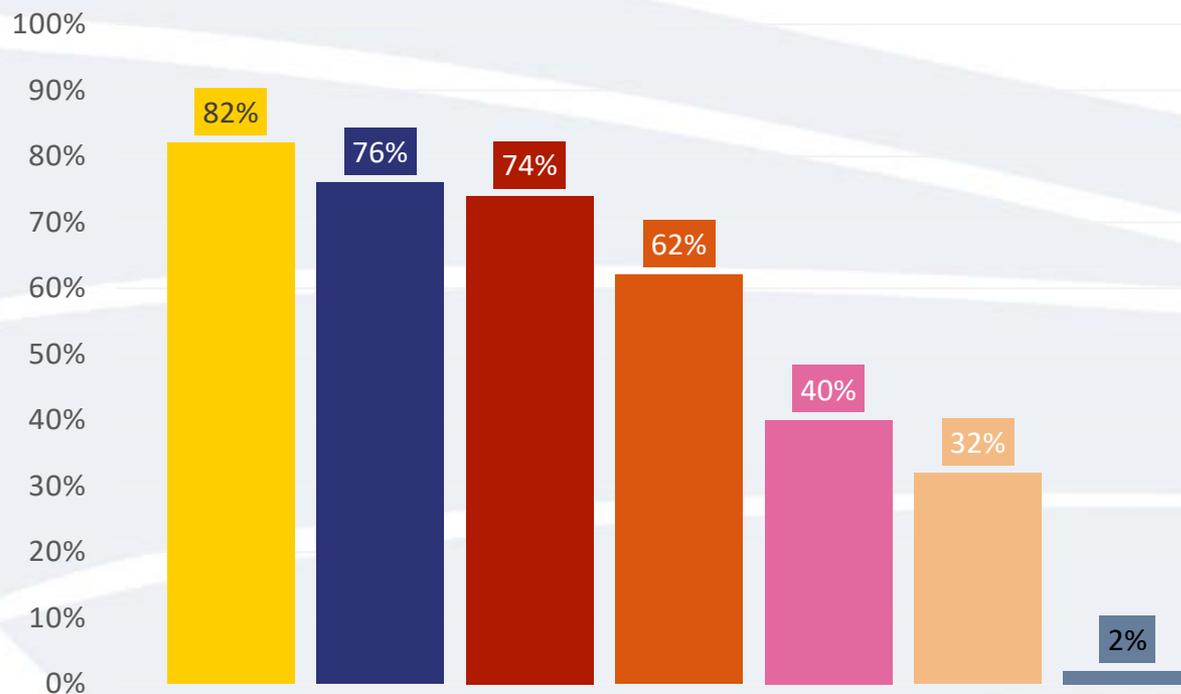


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## Continuity in insurance management activities



- Insurance policy management
- Definition of insurance management governance, framework, processes, and/or tools
- Claims handling
- Insurable loss prevention
- Development and embedding of business continuity / crisis management
- Definition of compliance (management, framework, embedding and assurance)
- Captive management



## The risk conductor



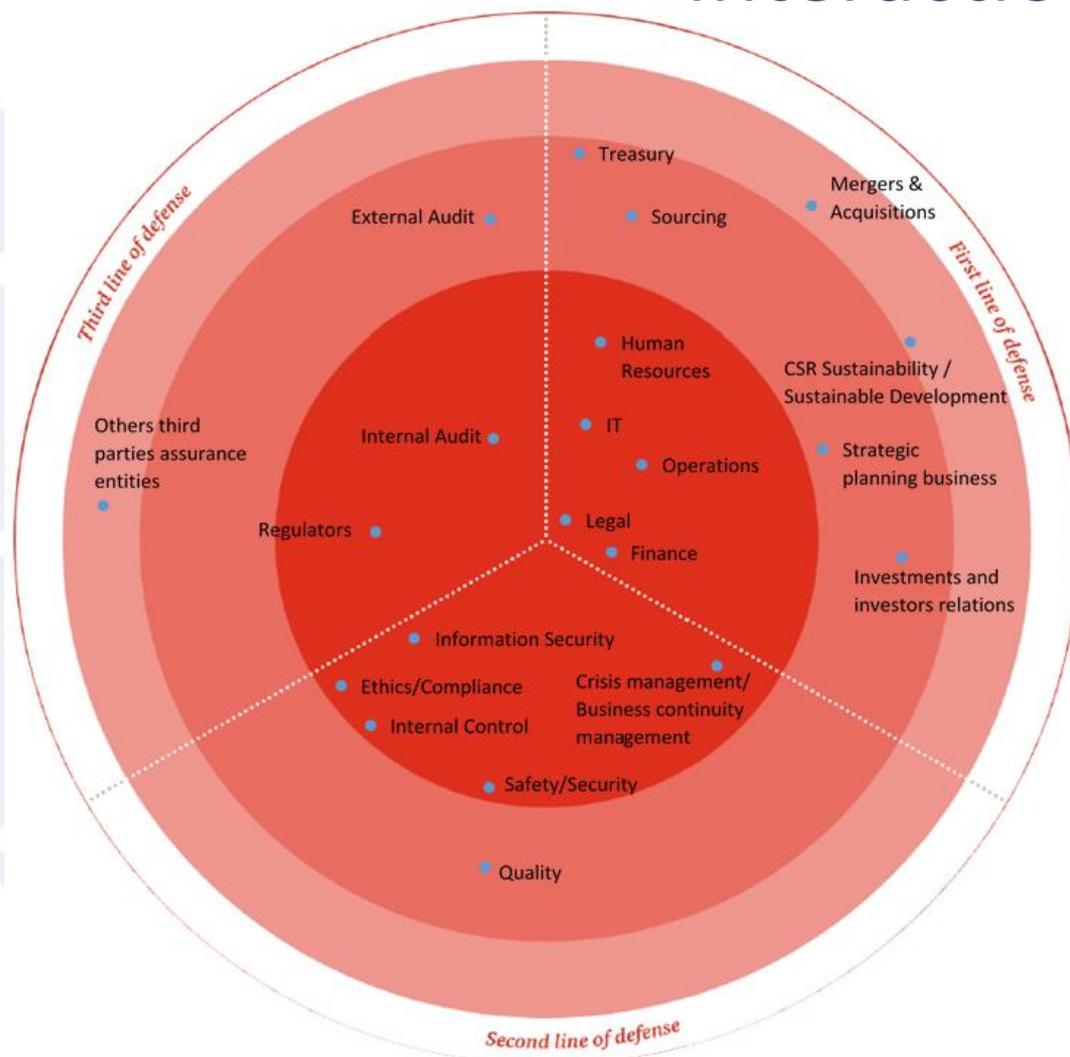
**65% of risk managers interviewed act as a risk conductor within their company consolidating information from other risk-related functions to give a clear and comprehensive view to the top management**

Impact of the development of other risk related functions (compliance, data, cybersecurity, safety and security, etc.) on the risk manager's role





## Interactions



- **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.

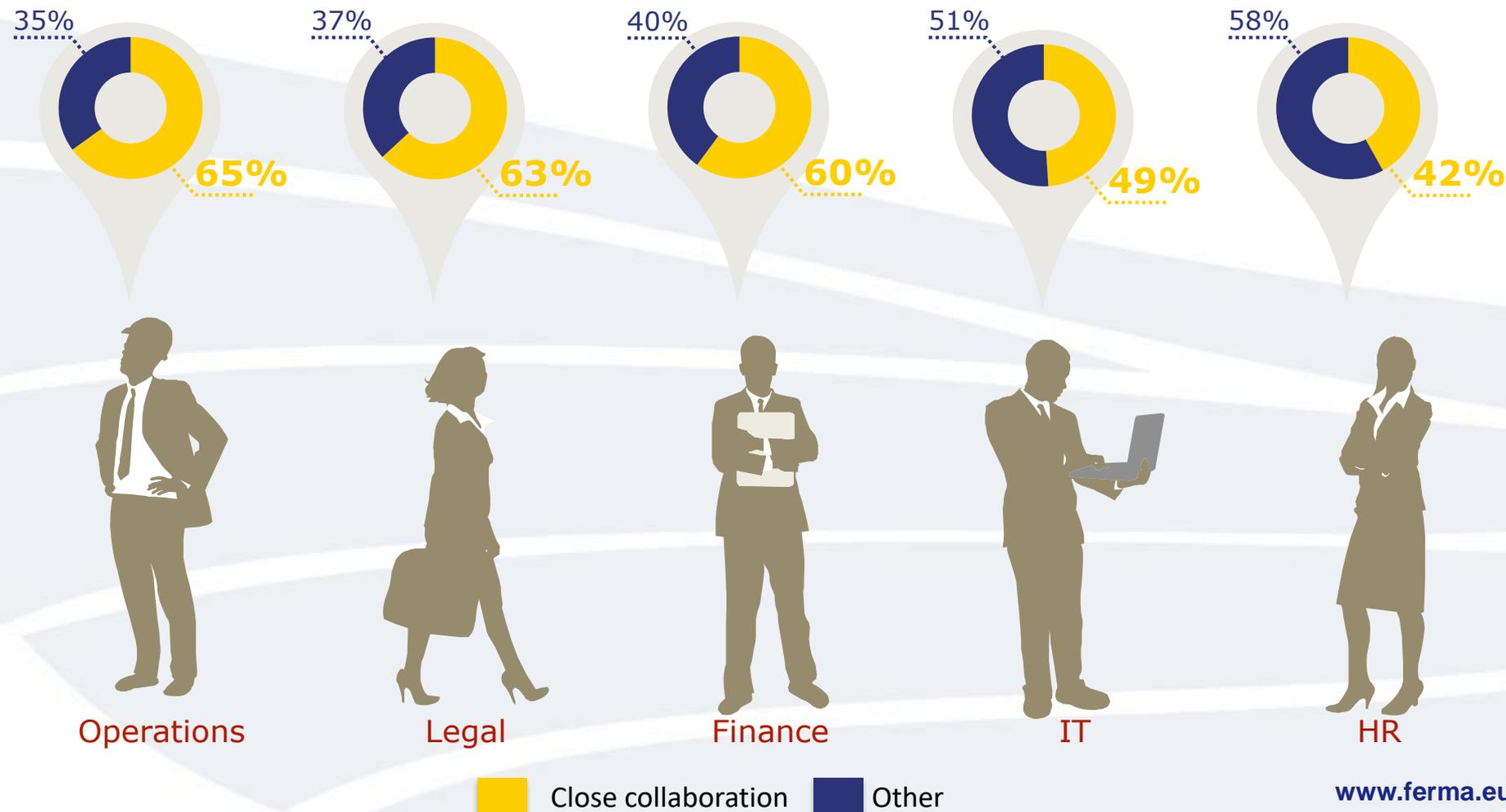


# FERMA



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## Collaboration with the 1<sup>st</sup> line of defence



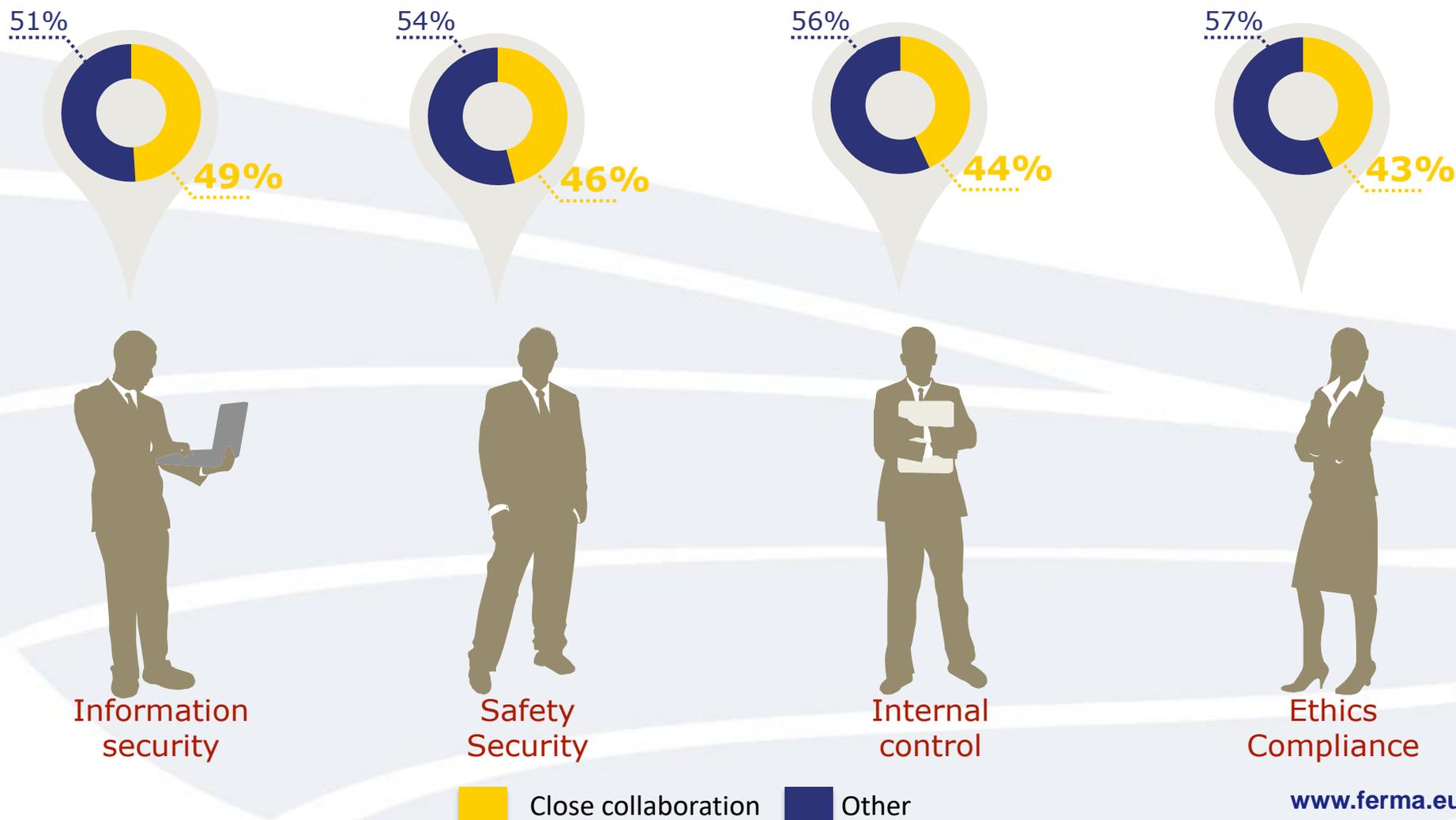


# FERMA



# pwc

## Collaboration with the 2nd line of defence



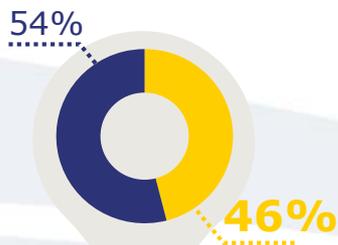


# FERMA

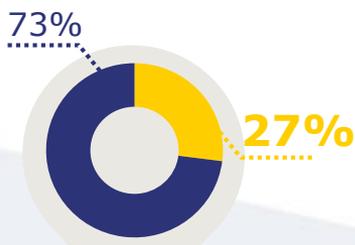


# pwc

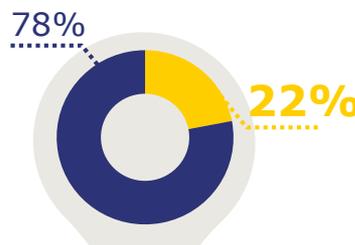
## Collaboration with the 3rd line of defence



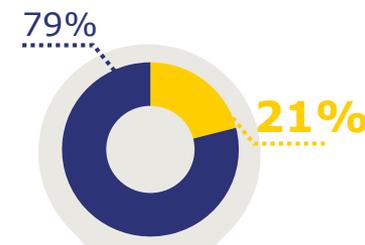
Internal audit



External audit



Regulators



Third parties assurance entities



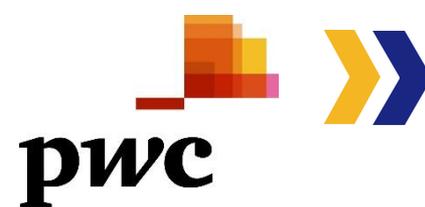
Close collaboration



Other



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## Reporting lines

### ERM



Chief Executive Officer / Managing Director  
**41%**



Board of Directors / Supervisory Board  
**26%**



Chief Financial Officer  
**22%**



Audit Committee  
**16%**

### IM



Chief Financial Officer  
**36%**



Head of treasury  
**24%**



General Counsel / Head of Legal Department  
**22%**



Chief Executive Officer / Managing Director  
**16%**

### ERM/IM



Chief Financial Officer  
**42%**



Chief Executive Officer / Managing Director  
**26%**



Board of Directors / Supervisory Board  
**23%**

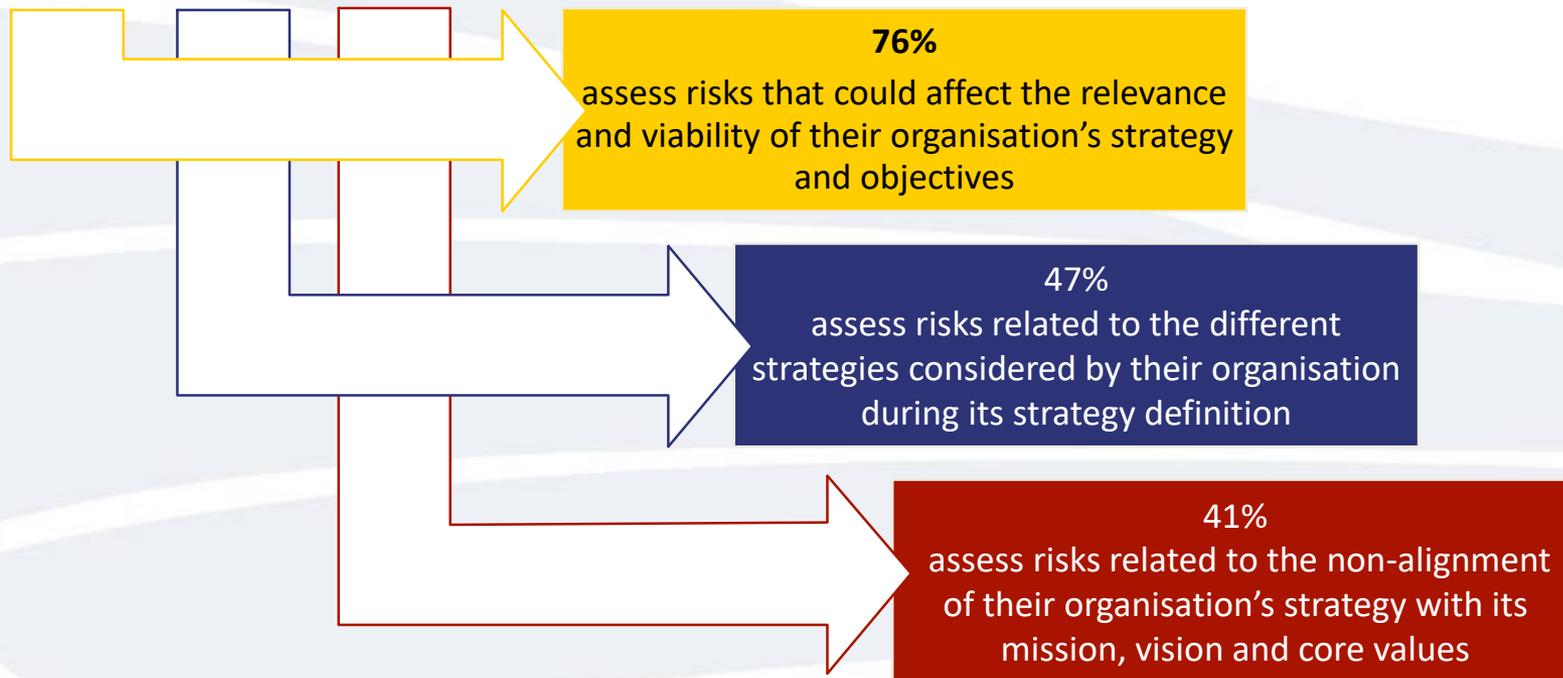


General Counsel / Head of Legal Department  
**17%**



## Risk manager & strategy

**Risk managers are taking more strategic responsibilities with the development of ERM**

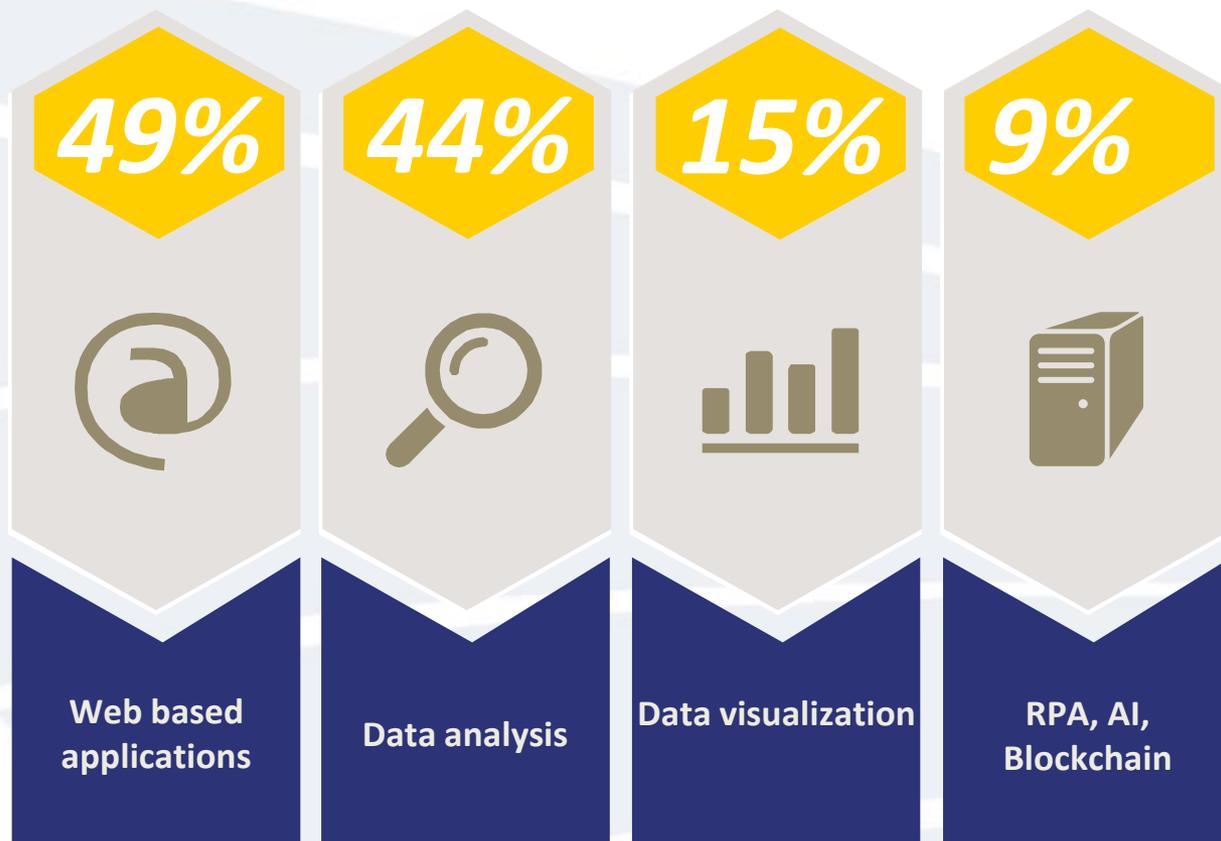




# FERMA



## Risk manager & new technologies

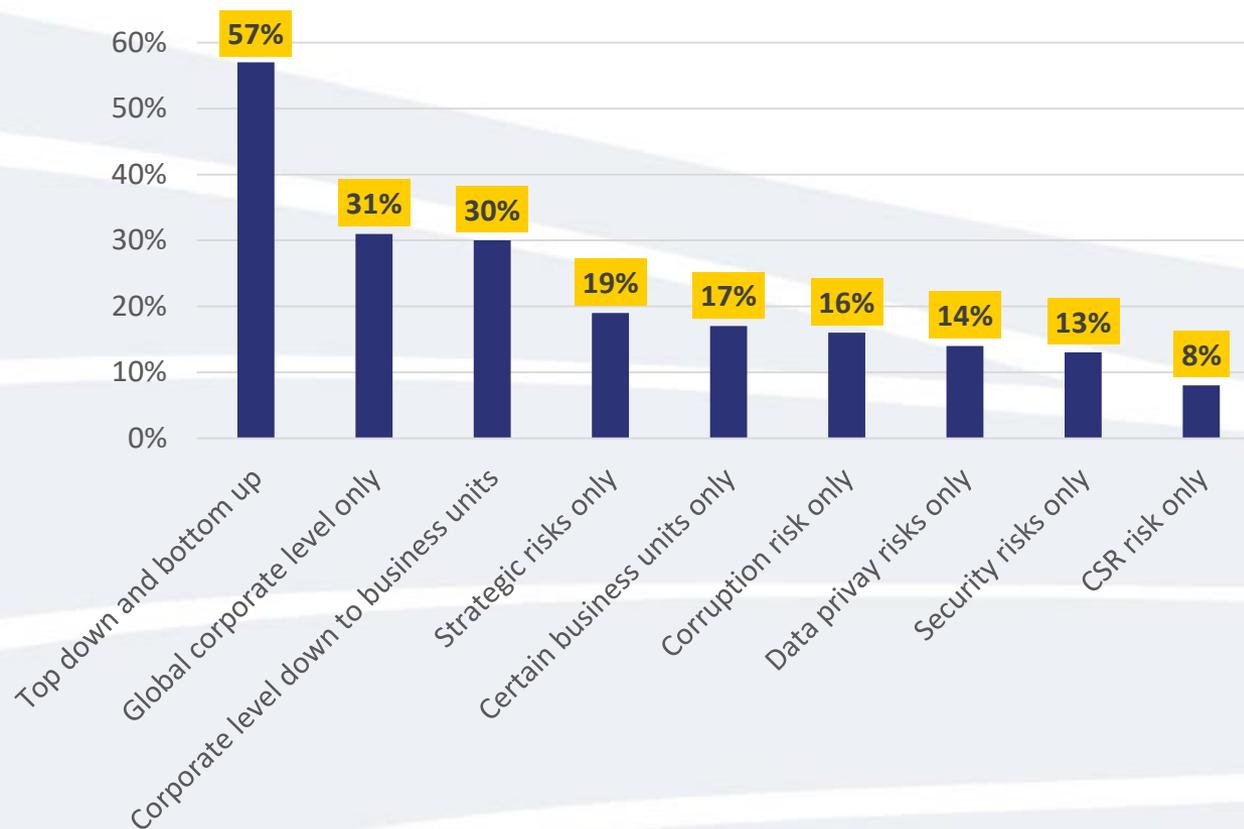


- **37%** identify and assess risks prior to adoption of new technologies by the business
- **36%** identify and assess emerging technologies used by the business
- **24%** analyse and remediate any insurance coverage gaps

**Technologies used to perform risk / insurance activities**

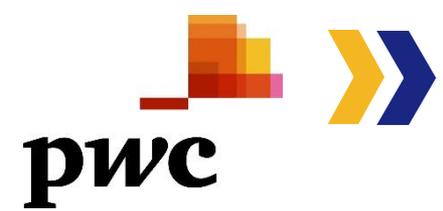


## Risk mapping practices





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# Part III: A challenging environment



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## The 2018 Risk Radar



## Top 5 risks

### Top 5 risks in 2018

-  **Cyber-threats** 
-  **Uncertain economic growth** 
-  **Geopolitical uncertainty** 
-  **Over-regulation** 
-  **Changing consumer behaviour** **NEW**

### Top 5 risks in 2016

- *Economic conditions*
- *Business continuity disruption*
- *Political, country instability*
- *Non-compliance with regulation and legislation*
- *Competition*

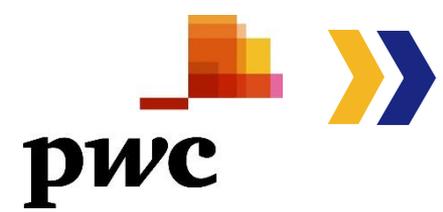


## Ranking by sector of activity





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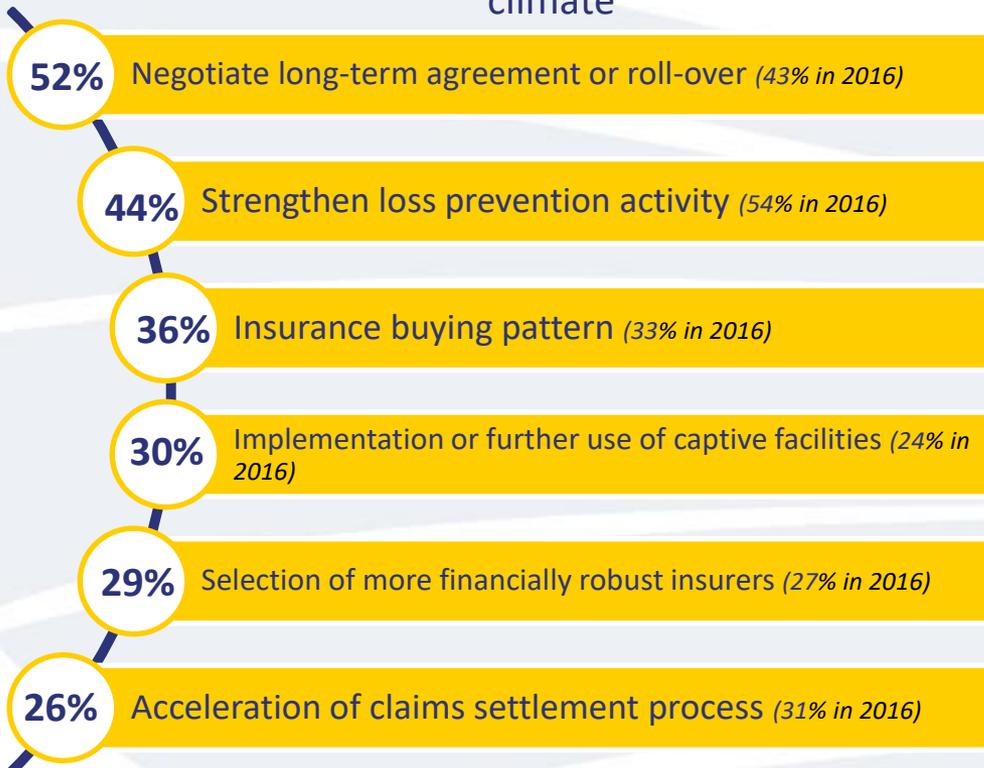


# Part IV: Insurance management



## Insurance market trends

Expected changes to insurance programs as a result to current financial and economical climate



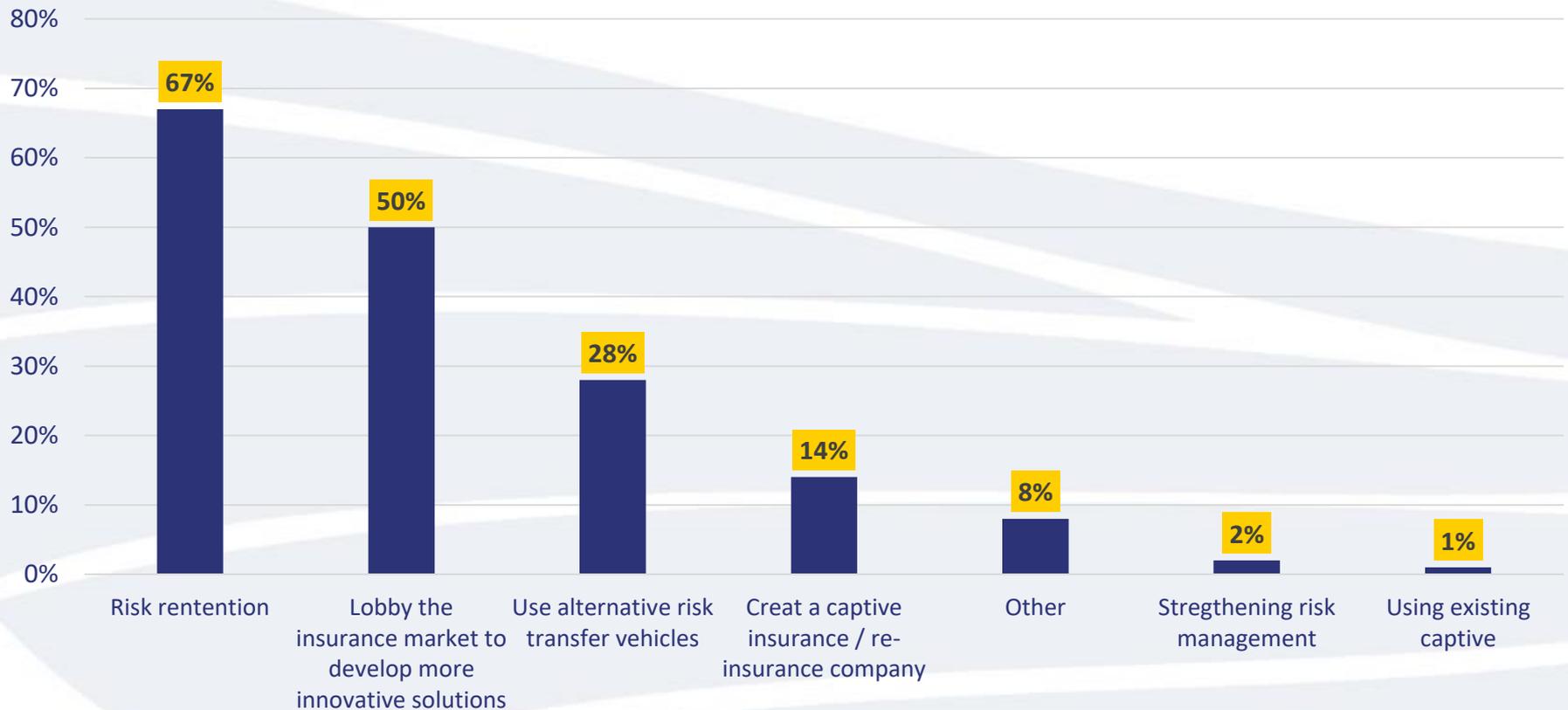
Insurance market topics of concern to risk managers :

- **85%** : limits and exclusions of emerging/specific risks
- **80%** : new insurance-related regulations

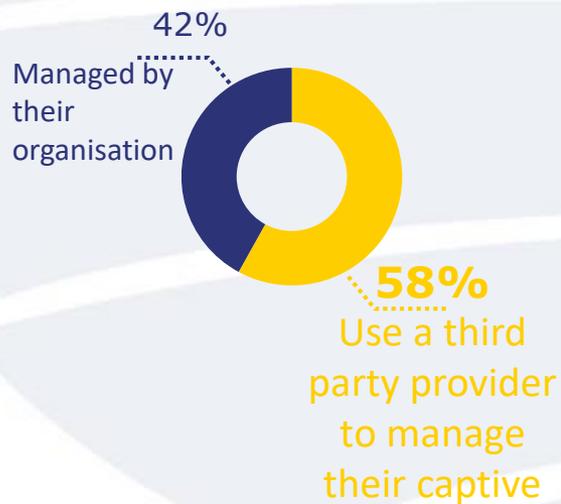
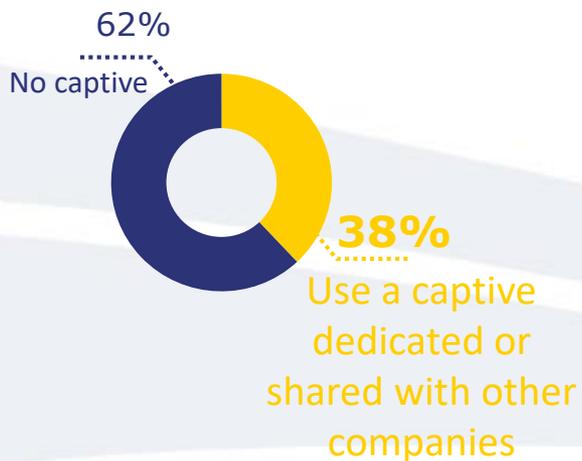




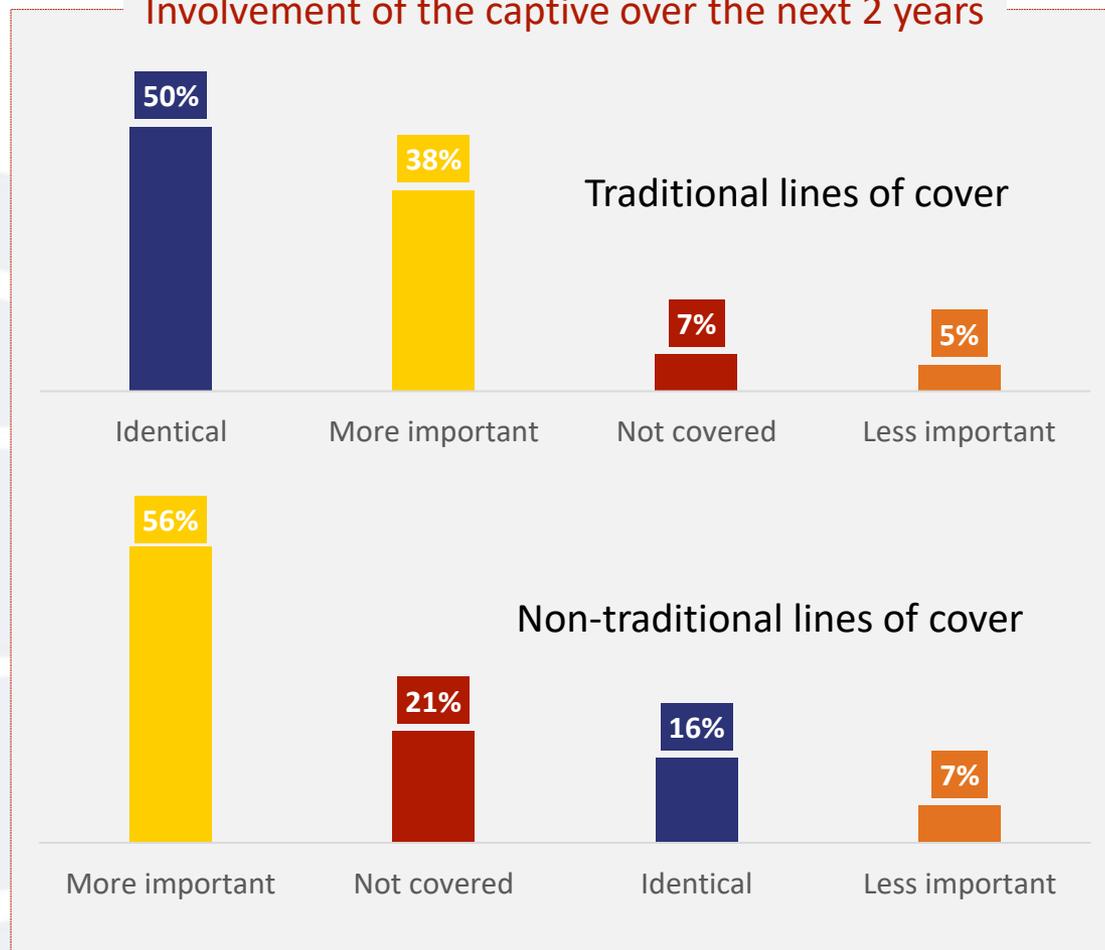
## Strategy regarding risks that are difficult to insure



## Captives



### Involvement of the captive over the next 2 years





## Insurance brokerage practices

