

PRESIDENT'S REPORT

2017 Activity Report and Outlook

Dear Presidents, Dear Members, Dear Friends,

It is my privilege to address the General Assembly for my second mandate as President of FERMA and to welcome you to Brussels.

I take this opportunity to welcome two new association Presidents, who took office this year:

- Adri van der Waart, President of NARIM
- Petri Ana, President of FINNRIMA

Today is also a great time for me to show my appreciation to our 11 active, dynamic and dedicated Board members for all the time and effort they devote to FERMA and the network. Thank you for all that you do.

I will now present my report of our activities during 2017 and our outlook for the next year. We will find a more detailed version of FERMA activities in the document "Achievements and Outlook" that you have received by email. A copy is at your disposal on each table.

As you will hear, I have put our activities over the last year and plans for the future into the framework of three continuing ambitions that we have for FERMA and our members:

- An ambition to raise our visibility through reciprocity
- An ambition to create a European risk management community
- An ambition to provide European thought leadership

Our first ambition is:

1. TO RAISE OUR VISIBILITY THROUGH RECIPROCITY

Reciprocity is at the heart of our new approach to our common goal of raising awareness of the risk management profession both locally and globally.

Last year in June, I ended my activity report emphasising the importance of communication as a crucial driver of visibility, cooperation and engagement. I also stressed that FERMA, as a federation of associations, must offer an organisational framework in which we are all happy to participate.

For this reason, the board and the management team have adopted and implemented a new approach to our activities based on the following principles:

- Stay close to our members' interests and concerns
- Recognise differences, and

- Prioritise local context

Three highlights of the year illustrate this shift:

1.1. European Risk Management Survey

Data about risk and insurance managers in Europe are important to better serve the profession and raise its visibility, and data are even more valuable if they can be used as a benchmark at European country level.

Therefore, FERMA has put back at the centre of the Risk Management Survey what it is that makes this project unique: local results in a European context. It will highlight national specificities in comparison to the European results and identify trends for the future of the risk management function. Country profiles will be developed providing valuable data for each association that they can reuse locally.

To ensure a high response rate per country, the deployment of the survey has been organised hand in hand with each association. Associations conducting their own surveys have also been contacted to ensure complementarity and coherence. For the first time, we have been able to offer local support to promote the survey, thanks to the partnership with PWC.

The survey ran from mid-April and will close early July. We've had a good reaction so far with 582 responses. We need more to get statistically representative data per country and provide a great foundation for the report which we aim to distribute in October. So please encourage any of your colleagues who haven't taken the survey so far to do so – especially your board members!

We will compile a profile for each country in cooperation with the association and support the organisation of local events or other initiatives to disseminate the results.

1.2. FERMA rimap certification

Our European professional certification scheme **rimap** is another example of reciprocity. It is now fully operational. In 2017, we moved the examination online. We have finalised the four sets of learning materials, and the CPD system is running.

A lot of effort has gone into this ambitious project and I'd like to thank all of those who played a role in it. It has been a collective adventure and we should be collectively proud of the achievement so far.

FERMA European certification is a tool that supports recognition of the profession. It also provides an opportunity for our members to be involved in education, develop training courses and raise their profile in the local risk management community.

Eight associations have received accreditation for training programmes that they have developed internally or in cooperation with a university, for the period 2018-2019.

- AMRAE for the ARM and CEFAR
- ANRA for its programme ALP
- AGERS with the University of Barcelona
- BRIMA for its programme in risk management
- FINNRIMA with the University of Tampere
- MARM with the University of Malta
- RUSSRISK for its programme in risk management
- SWERMA with the Stockholm School of Economics

In addition, three associations AGERS, FINNRIMA and GNVW have rimap preparation courses in the pipeline. They are following the path of ANRA, which in May launched a FERMA Rimap Fast Track course or RIFT, for rimap candidates. This three-day course ends with the rimap exam supervised by ANRA.

Furthermore, I am proud to announce that today FERMA and the Latin American risk management association ALARYS, represented by Jorge Luzzi, will sign a memorandum of understanding for the development of a preparation course for the rimap examination for Latin American and the Caribbean Islands risk professionals.

We are delighted with these initiatives. Clearly, there is no “one size fits all”, and each association will find its own way to develop rimap.

Another important development in cooperation with you, FERMA members, is the European continuing professional development, programme, or CPD, launched earlier this month. We believe that success in our profession requires life-long learning; FERMA rimap starts with a certification exam but it doesn't stop there. By participating at events, seminars and trainings organized by the risk management community, rimap holders gain knowledge and earn CPD points to maintain their certification.

So far, **21 associations** have licensed their activities for the CPD programme. This means that there are already **116 days** of courses, conferences and other activities throughout our network that will grant CPD points this year.

This is a vibrant demonstration of the collective strength of the FERMA network in terms of producing risk management content in Europe.

Because risk management has no borders, FERMA has also agreed mutual recognition of CPD activities with the US risk management association RIMS, the Pan-Asia Association PARIMA, ALARYS in Latin America and IRMSA in South Africa.

Further sources of CPD points include the FERMA-Lloyd's training programme, now in its fourth edition, and for the first time the AIG Academy. We are in discussion with other

insurers and brokers, which shows that the project is attractive and can have value for the whole risk management community.

As regards the exam, we have received 118 applications since September and have 53 FERMA rimap certified risk professionals with more to come. This shows the power of the FERMA network.

Our objectives now are to:

- Raise awareness and attract candidates
- Support associations wishing to act as supervisors for exam sessions or develop training courses
- Monitor the quality of the exam

1.3. Panorama of the Risk Management Information Systems

Reciprocity works on all sides. Thanks to the support of the FERMA network, 233 European risk managers responded to the Panorama of Risk Management Software Survey produced by AMRAE. This was an increase of nearly 400% compared to the previous edition. This joint work contributed an international dimension to the survey and thus increased visibility of a technical aspect of the risk management profession. Thank you to all the associations which took part in the initiative.

Now I would like to turn to our second ambition which is:

2. TO CREATE A EUROPEAN RISK MANAGEMENT COMMUNITY

Nurturing the European risk management community has been and will continue to be high on my agenda during my second mandate as President of FERMA.

2.1.1. Forum 2017

“Risk Manager in Pole Position” was the title of the Forum 2017 in Monaco: a dynamic title for a content of high quality. The plenary sessions had a stellar line up of speakers from varied backgrounds.

- Swedish’s former Prime Minister and Foreign Minister, Carl Bildt;
- NATO Deputy Assistant Secretary General for Emerging Security Challenges, Jamie Shea;
- Formula One’s Mark Gallagher
- Hugues Le Bret, Chairman of Nickel Account and former head of communications at BNP Paribas
- Curtis Scott, Head of Insurance, Uber.

We had good workshops and successful masterclasses. The exhibition space was sold out. Financially it was very successful, as we will see later with the presentation of the financial statement for 2017.

At the same time, in the interests of transparency, I will say that we did not attract as many risk managers as we wanted. We are taking the feedback, including on the choice of venue, into our planning for future events.

There is no magic spell to ensure a good level of participants, but by working together we can bring more risk managers to the Forum 2019 in Berlin. In this respect, I'd like to thank GVNW and its President, Alexander Mahnke, for their support and enthusiasm to host the Forum in their country. Berlin is an innovative, entrepreneurial and booming city.

We are working hand in hand with the association to make the event next year a success. I am grateful to Dirk Wegener, FERMA Vice-President and Chairman of the Forum Committee, for his determination to bring something new to the attendees and provide a broad, European point of view for each topic.

We want the Forum to be an event focused firmly on the future. The risk management community needs to embrace change as never before. The theme we have chosen for the 2019 Forum, therefore, is : AIM for the future – entering a new dimension in risk.

2.1.2. Seminar 2018

FERMA's mission is to act as an international platform for the exchange of knowledge, best practices and innovative approaches to risk management in Europe.

With this in mind and based on the feedback we've received, we have adapted the concept of the Seminar to make it an educational event with no exhibition area. The programme is now:

- short and intensive
- focused on 2 issues facing businesses today: cyber and sustainability
- practical and interactive

The Seminar will take place in Antwerp, right at the door step of many countries and easy to access. Antwerp is the Europe's second largest harbor after Rotterdam. In the Antwerp's diamond district end up 84% of the world diamonds. Antwerp has the 2nd largest number of nationalities (164) after Amsterdam (177) and before New York (150).

Registration is now open. I personally count on you to promote this great opportunity among your members. It is participation from all over Europe that will make the Seminar a true learning experience.

2.1.3. European Risk Management Awards

Two years ago, we launched the European Excellence in Risk Management Awards with the publisher CRE as an experiment. It turns out that these awards are a real means of improving the visibility of the profession and helping individual risk managers raise their profile within their company. The inaugural awards dinner in Brussels drew 250 risk managers and insurance professionals from across Europe. The second awards took place in London in November last year and attracted 350 people.

The Awards will now alternate between Brussels and London. In coordination with BELRIM, the next ceremony will take place in Brussels on 21 November. There is still time for the associations to submit candidates for the risk manager awards. FERMA is considering how to move this successful concept forward and may launch a consultation for this purpose.

Our third ambition is:

3. AN AMBITION TO PROVIDE EUROPEAN THOUGHT LEADERSHIP

FERMA has been working with members and partners on a number of very successful initiatives in 2017 that I'd like to showcase here, with the intention of encouraging European action, promoting best practices and helping reinforce national agendas by collaborating for greater impact.

A clear example of how joining forces can bring concrete achievements is European Captive Award that FERMA received for its guidelines for BEPS on captive (re)insurance arrangements. The judges of the BEPS initiative award said: they "were impressed by the extensive work completed by FERMA to produce a substantial series of captive guidelines for national tax authorities to consider when implementing the OECD recommendations on BEPS. FERMA has provided strong and vocal leadership on BEPS and has seemingly established a constructive relationship with the OECD."

Building on this success, we launched FERMA Perspectives. These are technical reports which will give risk managers material for discussion with senior management on topical issues. The first was "Captives in a Post-BEPS World", which was based on the award winning paper, and we plan to issue a further FERMA Perspectives later this year.

In 2017, FERMA worked on a cyber risk governance framework to address the challenges of cyber risk identification and quantification within the organisation. We were all present in June last year at the European Parliament for the launch of the report. Since then, FERMA has participated in many conferences to present our model. We even crossed the Atlantic Ocean to explain our recommendations to American risk professionals at the RIMS conference.

This year, we are focusing on cyber insurance as it remains difficult for an organisation to benchmark cyber insurance offers. For this project, FERMA has a partnership with the European insurance federation, Insurance Europe, Marsh and Aon. The project started in April and its objective is to produce guidance for risk managers on preparing underwriting

information and improve the comparability of offers. The report will be presented at the FERMA Seminar in Antwerp on 9 October.

Meanwhile, our collaboration with the OECD has strengthened. OECD has identified risk managers as the relevant population for a pilot survey on the measurement of cyber risk management. Thirteen associations volunteered to take part in the initiative. The survey will be launched in July for a period of 2 months. OECD will come to our Seminar to present the initial results.

Together with cyber, climate change is now at the forefront of business risk. FERMA responded to the public consultation on the evaluation of the EU's 2013 Strategy on Adaptation to Climate Change. We advocated for a professional corporate risk and insurance management, which we argued represents an untapped resource to better support organisations in adjusting to climate change. We also called on the EU to foster much wider access to climate-related risk data.

We have succeeded in establishing a trustee relationship with DG Climate on these issues. FERMA will organise a workshop for European Commission representatives in September to explain the role of corporate risk managers and use of nat cat insurance. FERMA's recommendations are being considered by the European Commission for their report on the state of implementation of the Adaptation Strategy to be issued in October.

These achievements would not have been possible without the involvement of the FERMA board members who are taking responsibility for the themes agreed by FERMA and the active participation of the members of the various working groups and committees.

There is a great expertise among our network. By fostering such international collaboration, we can collectively extend and broaden the risk management culture in Europe.

In conclusion, you can see throughout this report that leadership, communication and education remain the drivers of my second mandate to achieve our ambitions for European risk management: increased visibility, community development and thought leadership.

Thank you

Jo Willaert
FERMA President