



Don't rush to make more rules, FERMA to tell Commission

FERMA will express concern to the European Commission that it is trying to develop more regulations on corporate governance and risk management too quickly. Instead, FERMA believes the Commission should examine existing laws to make sure they are appropriate, and then enforce them, rather than rush to create new legislation.

There should be more emphasis on implementation of the 8th Company Law Directive, which is in effect, and appropriate harmonisation of existing national corporate governance frameworks, FERMA board member Michel Dennery has indicated will be one of FERMA's comments.

He and former FERMA Chairman and board member Marie-Gemma Dequae are leading the preparation of FERMA's response to the Commission's green paper on corporate governance published in April. The reply is in its final stages for submission later in July, but a flavour of FERMA's views emerged at a roundtable held on the eve of the general assembly in June.

Liaison uncomfortable – innovation and risk aversion

Leading MEP Malcolm Harbour, Chairman of the Parliament's Internal Market and Consumer Protection Committee, told the FERMA roundtable that making Europe more innovative will be the big European issue over the next 18 months, and that risk management had a role to play.

"Innovation is required to make Europe sustainable as a powerhouse of the global economy. We are pretty good, in many cases very good, at world leading research but we sometimes may not be so good at converting this into sustainable enterprises. We have to create the right sort of environment, and we are looking for financial instruments that will make it happen," he said.

Harbour also stressed that there should be changes in public sector procurement to stimulate the development of new ideas, but admitted that politicians were notoriously risk averse. Risk management, he said, could help public bodies take more courageous decisions without having the full financial impact of adverse consequences seized on by their political opponents.



Opening the event, the President of FERMA Peter den Dekker remarked that people expected businesses to do more to develop the economy, but with less risk than in the past. "People accept less and less risk, but they also expect companies to play an increased role in the economy," he said.

Speaking at the roundtable, Dennery pointed out that work to implement the 8th Directive, which deals with internal control, was not yet finished. "We are keen to see the Commission leave time to do that first before moving on to the next stage of regulation," he stated.

Marc Hertgen, Policy Officer, Corporate Governance and Social Responsibility Unit DG Internal Market, explained that the Commission wanted to start a longer term, cross-sector discussion on the evolution of corporate governance once the immediate emergency of the banking crisis was past.

The role of directors in managing risk is a key aspect of the green paper. "For us," said Hertgen, "risk management involves a flow of enough information for an effective challenge to executive management from the board or shareholders."

When it comes to the disclosure proposals in the green paper, Dennery explained that risk management in financial institutions is very different from risk management in industrial and services companies. All sectors must disclose close their financial risks, and there should be no question of risk taking with safety, security and technical processes, he said.

"Disclosing strategic risks, however, is very similar to revealing strategy. Companies have for a long time made a lot of effort to communicate their strategy clearly to stakeholders and shareholders to get financial support for their development. The share price of a company is directly linked to the trust in its strategy."

Dennery's comments at the roundtable indicated that FERMA's response to the green paper evolve from its work with the European Confederation of Institutes of Internal Auditing (ECIIA) on the risk management provisions of the 8th Directive.

FERMA has consistently stated that the board of directors has to approve and take responsibility for the company's risk appetite. Directors must make decisions on strategic opportunities and ensure that systems to manage downside risks within acceptable limits are effective.

In terms of future corporate governance requirements for smaller businesses and unlisted companies, FERMA follows its thinking on Solvency II: that although the principles of the regulation apply to all enterprises, their application should be proportionate to the size and risk profile of the business.

The EU consultation paper is available at:

http://ec.europa.eu/internal_market/consultations/2011/corporate-governance-framework_en.htm

The joint FERMA-ECIIA Guidance on the 8th Directive is available at:

http://www.ferma.eu/Portals/2/documents/press_releases/20100921-ecia-ferma-guidance-on-the-8th-eu-company-law-directive.pdf

Fresh faces on FERMA board

Three new members have been elected to serve on the FERMA board until June 2014:

Helle Friberg, vice-president of the Danish association DARIM

Igor Mikhaylov from the Russian association RUSRISK

Arnout van der Veer from the Dutch association NARIM



Helle Friberg



Igor Mikhaylov



Arnout van der Veer

Mikhaylov and van der Veer received the European risk manager of the year award from Strategic Risk in 2011 and 2010 respectively. Helle Friberg is a member of the planning committee for the 2011 FERMA Risk Management Forum, the first to take place in a Nordic country.

Cristina Martínez of IGREA and Carl Leeman, BELRIM, were re-elected to the FERMA board for a further three years.

The President of FERMA, Peter den Dekker, said: "The election of Igor Mikhaylov from RUSRISK shows that FERMA represents the risk managers of a very large part of the European business community. I am looking forward to working with the new team."

He paid tribute to the valuable contribution of two long-serving members who stood down from the board: Marie-Gemma Dequae of the Belgian association BELRIM and Paul Taylor of the UK association AIRMIC. Dequae served for four years as den Dekker's immediate predecessor as president of FERMA, and Paul Taylor is this year's president of Airmic.

FERMA will choose a new president to succeed Den Dekker in September. He will have completed his two year term at the end of the FERMA Forum in October, when his successor will take office.

FERMA networking goes virtual

Networking is at the heart of the FERMA Forum, so it's not surprising that FERMA is using social media to stimulate interest in the event. Led by Secretary General Pierre Sonigo, FERMA has gone from a standing start to a LinkedIn group, videos on YouTube, presentations on Slideshare and a twitter account, plus a regular blog to be launched shortly.

Using these social media, according to Sonigo, will build a community of followers for FERMA's activities and increase visitors to the FERMA website, which is itself in the process of a redesign. It is a way of bringing news about the Forum to a wide new audience, including younger risk managers.

The most important point about these new media is that they are social, so Sonigo urges all FERMA members to get involved - by joining FERMA Risk Talk on LinkedIn and by tweeting (the act of posting a short message known as a tweet on twitter) and retweeting (forwarding tweets that you think others should see).

For a quick and personal introduction to FERMA and the value of attending the Forum, you can also email links to the short videos on YouTube by FERMA President Peter den Dekker or the slides on Slideshare.

During and after the Forum, these new media will allow the networking to go virtual and reach thousands of interested people all over the world.

The project has the support of Forum sponsor Lloyd's Register Quality Assurance and Carve Consulting. For any questions, contact Silke Huber at silke.huber@ferma.eu.



- Follow @FERMAFORUM2011
- twitter.com/#!/FERMAFORUM2011
- Use #fermaforum whenever tweeting about FERMA and the Forum



- Group "FERMA Risk Talk" and sub-group "FERMA Forum 2011"
- Post Discussions and Comment
- Invite your connections to join



- www.slideshare.net/FermaForum/



- www.youtube.com/user/FermaForum

Global database makes progress

FERMA President Peter den Dekker was among the risk managers and insurance market representatives who met at the end of June at the offices of Airmic in London to discuss an idea he has promoted: the creation of a worldwide database of regulations and tax laws for global insurance programme compliance.

All those involved in the discussion were willing to go to the next stage of dialogue. The next step is for the Airmic team, led by Helen Hayden with support from a number of the meeting participants, to put together a consultative draft of what the scheme could look like at the next level of detail. The plan is for this to be distributed in August with a view to

having the next meeting in September prior to the FERMA Forum in October.

Den Dekker draws a distinction between the collection of information from around the world on local tax and regulatory issues, which are matters of fact and in the public domain, and, the work of market professionals in interpreting the data, giving advice on insurance programme design and the administrative work in compliance.

The meeting concentrated purely on the issue of the database and whether a co-operative approach was likely to result in more comprehensive and up to date information at lower cost to each of the parties involved than individual efforts.

More than IKEA



The iconic Swedish colours of blue and yellow are recognised around Europe thanks to IKEA, but the flat pack furniture and home store, founded and still owned by Ingvar Kamprad, is only part of the Swedish business community. Many Swedish companies and joint ventures have grown wealthy thanks to a national trait for innovativeness, including Volvo, Ericsson, ABB, Tetra Pak and AstraZeneca.

It's not obvious today in a country that has one of the world's lowest levels of poverty and high life expectancy, education and standards of living, but Sweden was once a poor agrarian country. The foundation for its 20th century transformation into one of the world's most developed economies was natural resources, enormous forests, ore and hydroelectric power, combined with engineering and technical skills. Swedish inventions include the ball bearing, the adjustable wrench, the cardiac pacemaker and more recently Skype, the free internet call service.

Sweden invests about three percent of its GDP in research, one of the highest rates in the world. The government invests heavily in research and development, and there are several government agencies that fund and coordinate research. Their efforts currently focus on medicine and bioscience, technology and the climate.



Sweden also encourages innovation elsewhere thanks to the annual prizes endowed by the Swedish chemist and engineer Alfred Nobel, the inventor of dynamite. Presented each year in Stockholm by the Swedish king, the Nobel prizes recognise important discoveries in physiology or medicine, physics and chemistry, as well as achievements in literature, economics and peace. They are regarded as the most prestigious awards in the world of science.

The population is still small. Sweden has less than 10mn inhabitants although it's the third largest country in Western Europe by area. While Swedes still pay high taxes to maintain their prized social welfare system, they no longer hold the record as the highest-taxed people in the world, and private provision is growing in healthcare and education.

For more information about business in Sweden, see <http://www.sweden.se/eng/Home/Business/>

More than meatballs

Test your knowledge of Sweden in a not too serious pre-Forum quiz:

1. What does a Swede normally bring when invited home to a friend?

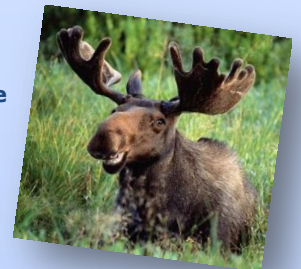
- a) A bottle of vodka
- b) Flowers
- c) A sleeping bag

2. Which year was the Swedish King Carl XVI Gustaf born?



- a) 1936
- b) 1946
- c) 1956

3. How fast can a moose run?



- a) 36 km/h
- b) 46 km/h
- c) 56 km/h

5. On how many islands is the city of Stockholm built?

- a) 25
- b) 14
- c) 3



6. Who is playing the main male character in the Hollywood movie of the Swedish thriller "The Girl with the Dragon Tattoo"?



- a. Daniel Craig
- b. Stellan Skarsgård
- c. Pierce Brosnan

Solutions see on page 4

A more volatile world

The political risk climate has probably changed more this year than at any time since the fall of Communism in the late 1980s, and two Forum workshops will provide timely guidance for risk managers on political risks and looking after staff who may get caught up in political unrest or other upheavals.

In the meantime, FERMA is looking to find out how members see the current situation. According to FERMA board member Michel Denney, for example, country risk has changed completely, and there is a material increase in counter party risk.

He also points out that there is still a great deal of uncertainty over the governments that will eventually replace the old regimes, and companies have to strike a balance between the dangers and the opportunities for development.

At the Forum, ACE Political and Trade Credit Risk Stephen Capon and Wolfgang Piccoli, Director Europe/Eurasia, Eurasia Group, will explain how the insurance market assesses political and economic risks for multinational business with such topical questions as to what extent China remains a reliable source of growth for global business and whether the Eurozone will remain intact.

From the perspective of European clients, Capon says the main effect of the changing political environment has been increased discussion of credit risks.

He draws attention to the need to distinguish between "long term risks and short tactical considerations". Generational change has yet to take place in some major Middle Eastern countries, he comments, and when it does, there are likely to be knock-on effects in the whole region. "Picking the way through that is one of the biggest long term challenges."

The risks for business travellers and foreign based staff also require delicate assessment. "It depends on the situation whether it is better to move people or for them to sit tight and keep their heads down," says ACE Product Head Accident and Health Corporate & Major Risks, Jeff Dowling.

In February 2011, the Danish turnkey cement factory builder, FLSmidth, decided to evacuate their employees from Egypt because of the political turmoil. Mette Bonde, the company's Travel Security Manager, will describe in her workshop at the Forum why they made this decision, the challenges they faced during the withdrawal of employees and the lessons from the event. She will explain how they benefited from having a travel security system in place before the event.

"Business people are travelling to a much wider range of territories than ever before and so they are more exposed to flash points. It has been a very active year," comments Dowling.

Dowling acknowledges that there are often opportunities for business in less settled environments, so accident and health insurance policies for multinational businesses have to cover the exposures that company travellers face in these places, such as civil unrest. However, he also points out that political violence can occur in developed as well as emerging markets, considering the Madrid train bomb in 2004 and attacks in London the following year.

For more details of these and other workshops at the Forum, see <http://www.ferma-forum.eu/site/-Programme-Committee,1978->

Record early Forum registrations

Around 450 participants from 25 countries have registered to attend the 2011 Forum by the end of the first early bird period on 1 July. Two-thirds of them are risk and insurance managers.

The majority of all delegates registered to date come from the Nordic countries Sweden, Denmark, Finland and Norway (28%), followed by the Netherlands (12%), Belgium (12%), and France (10%).

By industry sector, 45% of all registered participants work in banking and financial services, followed by energy (25%), chemistry and pharmaceuticals (11%), retail (10%), transport (5%) and aerospace (4%).

The Forum is important to me because...

Three risk managers who are attending the Forum explain why it is important to them to be there this October:

"I am looking forward to the opportunity to talk about European aviation market issues with my peer group in the specialist industry stream discussions and continue the discussion of market solutions for the compliance of international insurance programmes.

I am also delighted at the chance to see Stockholm properly as the only time I have previously been there was whilst I rushed through as a 'refugee' from St Petersburg during the volcanic ash cloud incident in April 2010."

Nicholas Bailey, BBA Aviation, deputy chair of Airmic

"As a relatively junior risk manager, attending the FERMA Risk Forum is a great occasion for me to extend my professional network, especially with colleagues from outside Sweden. I also appreciate the broad choice of workshops offered at the Forum, and will try to attend as many as possible.

As for Stockholm, I think the city offers a very good mix of beautiful nature and entertainment, which few other capitals can meet. I am French but would not move to Paris so easily!"

Claude Zambeaux, Electrolux

"FERMA is the perfect platform for me to meet people from the industry in a single place, and the beautiful city of Stockholm is a very good choice for that."

Hannes Überbacher, Red Bull

GOOD NEWS

for those who have not yet registered for the
FERMA Forum 2011,
2-5 October 2011 in Stockholm:

WE HAVE EXTENDED THE EARLY BIRD DEADLINE!

- For Risk Managers: to July 31
- For other participants: to July 17
- For group registration requests: to July 31

www.ferma-forum.eu

Around FERMA's members

AGERS (Spain)



AGERS held its 22nd congress in Madrid on 9 June under the theme of managing catastrophe, political and structural change risks. The following day, a session for risk managers included the following topics: supply chain breaches, reputational risk, and regulatory pressures, cuts and internal issues which risk managers encounter in their companies.

The AGERS general assembly elected as President of AGERS Ignacio Martínez de Baroja of Hispasat and two Vice-Presidents: Miguel Ángel Zarandona Alburquerque of El Corte Inglés and Ubaldo Llorente Fernández of Seur Gerencia De Riesgos.

A forum for associates on the subject of the management of intangible assets, an opportunity for enterprises, risk managers and the insurance market took place on 21 June.

Airmic (UK)



Airmic welcomed new record numbers to its annual conference held in June at the seaside resort of Bournemouth. It used the opportunity to publish its guide to help members ensure that their insurance programmes comply with international regulations and tax rules. The guide, drawn up by board member Helen Hayden and technical director Paul Hopkin, sets out the questions that insurance buyers should ask about their programmes, and what to look for. It's available on registration from <http://www.airmic.com/research/guides/airmic-guide-compliance-multi-national-insurance-programmes>

Long-serving FERMA board member Paul Taylor was elected chair of Airmic for 2011-2012. The deputy chairs are Nicholas Bailey of BBA Aviation and Chris McGloin of Invensys.

AMRAE (France)



Gilbert Canameras of Eramet Group has been elected President of AMRAE. He replaces Gérard Lancner of Yves Rocher, who headed the association for the past four years. Lancner has now taken on the role of part-time CEO of AMRAE.

Registration is now open for AMRAE's 2012 annual conference, "les Rencontres" in Deauville in February. It will be AMRAE's 20th such event.

ANRA (Italy)



The ANRA annual meeting will take place in Milan on 9 November with a theme of "back to insurance." The association is also holding a study day on a model for enterprise risk management on 28 September and presenting a workshop at an event organised by Lloyd's on 29 September. On 13 October, ANRA will join with Swiss Re for a seminar on captives.

APOGERIS (Portugal)



APOGERIS is an active contributor to the Portuguese Technical Committee for Risk Management, which has recently issued the DNP ISO Guia 73 Gestão do Risco – Vocabulário. This is the Portuguese version of the international standard ISO Guide 73. The other ISO 31000 series is currently under way.

The association also maintains close relationships with other organisations that can have common goals, and it is currently involved with Portuguese Internal Auditors organisation (IPAI), a scientific research centre at Porto University and a Portuguese association for quality.

Currently APOGERIS is developing members' study groups for the exchange of best practice. The next meeting is on loss prevention and health and safety – corporate strategy.

ASPAR (Czech Republic)



Members had an interesting lecture on legal defence insurance in June.

bfv (Germany)



Hans-Jörg Schill of Fraport is now First Chairman of bfv in the place of Hans Otto Geiger of KSB Frankenthal who retired. The Vice Chairman is Reiner Siebert of Lufthansa. Isabella Pöchmann from Behr was appointed as Secretary, and Dirk Wegener Daimler was confirmed as Treasurer.

The next bfv members' meeting will take place in Bremen on 13-14 October.

DARIM (Denmark)



The annual general assembly of DARIM took place in Copenhagen in June, and re-elected Charlotte Enggaard as Chairman.

On the DARIM calendar are the traditional Christmas meeting for its members on 6 December 2012, and a celebration, already in preparation, of the association's 25th anniversary on 2 February 2012.

DVS (Germany)



Klaus Greimel of E.ON Risk Consulting, has been confirmed as President of DVS. He had been acting President since the departure last year of Stefan Sigulla to join a leading Germany insurance company as a main board member. Jurand Honisch of Bertelsmann is the Vice President.

The annual DVS Symposium will take place on 6-8 September in Munich with an emphasis on industrial insurance issues. More information is available from the DVS website.

ERMA (Turkey)



The entire association assembled in May to discuss corporate governance elements of the new Turkish Commercial Code (New Law), including risk management. The New Law will affect ERMA members from next year. They say it has a reformist approach and see it as an important transformation project for Turkish companies.

Later in the year, ERMA is planning to organise a special conference about the enterprise risk management (ERM) principles within the New Law, so senior managers and executives can hear expert opinion on the changes.

ERMA held a roundtable meeting in cooperation with SAP on governance, risk and compliance in the real world with about 40 participants in Istanbul in April.

The association's AGM took place in March when Alper Uğural was elected as its new President.

IGREA (Spain)



The most recent events organised by IGREA are a seminar on ISO 31000, held in Madrid in June, and a meeting in May of the working group developing a code of best practice in claims management. The working group considered alternative methods of resolving disputes on issues such as policy interpretation and claims valuation.

NARIM (Netherlands)



The Dutch association can look back to another successful congress in 2011, with more participants than ever before. The central theme was branding, which in addition to its English meaning is also a Dutch word for "breaking waves", a nice reference to the congress coastal venue at Noordwijk aan Zee.

The annual NARIM Award went to the project Ladies@Risk. More than 100 women working in the risk and insurance management community have joined this group, which meets at least three times a year.



FEDERATION OF EUROPEAN RISK MANAGEMENT ASSOCIATIONS - FERMA AISBL

This Newsletter is produced by FERMA. If you have any questions concerning this Newsletter, please contact Florence Bindelle at FERMA on +32 2 761 94 32 – email: info@ferma.eu

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RusRisk (Russia)



The international professional forum organised by RusRisk has become an important event in the risk management calendar, a platform for exchange of opinions and fierce disputes, according to the association. This year, it was held in Moscow in May with the theme of risk management in Russia and the CIS: new standards. It brought together experts in industry, fuel and energy, insurance, telecommunication and consulting companies, Russian and international banks, professional national and international associations and a number of government bodies.

The programme was extremely full. As the President of RusRisk Victor Vereshchagin said, the financial and economic crisis has posed put new questions about the theory and risk management practice in Russia and in the world. For this reason, development of new approaches to the management of risks in industrial, financial and insurance sectors of economy became the main forum task.

For the rest of 2011, RusRisk has planned a seminar for risk managers "Modern best practices of risk management: the South Africa experience" with Gert Cruywagen, in October; a roundtable discussion on ISO 31000 implementation at Russian enterprises in November 2011 and the annual meeting in December.

SIRM (Switzerland)



Almost a year ago SIRM put itself on a fitness regime. To avoid sliding into routine programmes with gradual loss of its eminent role, the association launched an initiative to review its structure, functions and outreach. Its first milestone in this exercise was the conclusion of a widespread inquiry and an update to its statutory rules at its general assembly in April 2011 in Biel/Bienne. The participants

- reformulated SIRM's objectives to better share hot topics on insurance and risk management with market players,
- consolidated the membership status to make SIRM a truly representative association of insurance buyers and risk managers,
- reinforced the role of its committee and working groups to equip SIRM with a better platform for the defence of members' professional interests and lobbying.

In line with this new spirit, SIRM is preparing its annual forum on 8-9 November 2011 to consider the burning question of cyber crime.

SWERMA (Sweden)



SWERMA's main preoccupation at the moment is the FERMA Forum 2011 which is taking place in Stockholm in October. Its own annual risk forum was in Stockholm in March when approximately 100 members attended with additional representatives from other Nordic risk management associations.

Highlights of the discussions were:

- Risk management at Citybanan - a rail tunnel project below Stockholm
- Recruitment profile for a contemporary risk manager
- Debate "What lies behind the continued soft Nordic insurance market?"