



FERMA GENERAL ASSEMBLY 2020

President's report

Introduction

It is my privilege to address the General Assembly for the first time as President of FERMA in exceptional circumstances. The theme of the 2019 FERMA Forum was “**Aim for the future: Entering a New Dimension of Risk**”. We have decided to carry forward that theme inspired by our heightened awareness of risks of unknown magnitude and impact.

The COVID-19 outbreak has caused much personal distress and disruption. It has been a hard time, too, at work for many of us. But by aiming for the future, we can use our knowledge and experience to strengthen the resilience of our organisations and our communities.

For FERMA, Aim for the Future means what we are committed to actively support the risk management profession to achieve its full potential in digital transformation and in a sustainable world.

In this new dimension of risk, the services of those who support risk managers, you, the associations, and FERMA at European level, will be more valuable than ever. Therefore I have great pleasure in welcoming a new member in our network: the Hellenic Association of Risk Managers or HARIMA ([H.A.RI.MA](#)). Its chairman Nicholas Gouzelos is with us today for the first time. Welcome to ([H.A.RI.MA](#)) and Nicholas.

Thank you, Nicholas. We look forward to collaborating with you and HARIMA Board and members. The FERMA network booklet has been updated to include HARIMA and the latest information regarding the other associations. You can find it on FERMA website.



I also take this opportunity to welcome two new association Presidents who took office this year: Gaëtan Lefèvre for BELRIM, who is also a FERMA board member, and Athina Pehrman from SWERMA.

In a few days, on 29th of June, we will be publishing the results of the **2020 European Risk Manager Survey**. The survey questions were sent to risk managers throughout Europe between the end of January and early March. We had 764 responses from risk managers in 34 countries. Because of the timing, however, only a handful of responses mention the threat of pandemic. But this does not negate the findings of the survey on the key risks. In fact, they have intensified as a result of COVID-19, as have the roles and responsibilities of risk managers.

The survey shows that cyber risks remain dominant in the minds of risk managers, and economic instability is a critical issue. Risk managers are also increasingly concerned about the sustainability of their organisations in the long term and the consequences of climate change and natural catastrophes. With the hardening of the insurance market, alternative forms of risk transfer and finance, including captives, are becoming more attractive.

As we emerge from the peak of COVID-19 in Europe, we see that:

- Digital transformation has accelerated with heightened digital risks including systemic cyber attacks.
- The economic damage resulting from the pandemic will have profound consequences.
- Businesses will change to adapt to the new circumstances with new risks and new opportunities.
- Sustainability will remain a key issue and source of opportunities as well as risks. Environmental threats and geopolitical disruption could lead to more crises in the near future.
- Insurance terms and conditions continue to harden and capacity is likely to be under pressure in some lines.

Perhaps as never before, risk managers can demonstrate their true potential as the co-pilot on risk and insurance for senior management and the board.



FERMA's activities over the last year are closely in line with the priorities highlighted in the survey findings and the need to support our members in their roles. You have a table which shows the specific actions we have taken and their outcomes, so I will give you more of the big picture.

I set three strategic priorities as the basis of my Presidency:

- The first is to increase FERMA's advocacy and visibility at EU level to promote risk management solutions in EU policies and achieve recognition of the profession at European level.
- Second, we will strengthen our network of European risk management associations.
- And third, we will strengthen the professional level of risk management in Europe to enhance the understanding and anticipation of risks.

I will explain what we are doing with respect to all three.

Advocacy

Our aim is to position FERMA as a strategic partner for the European Commission in achieving its relevant, headline ambitions between now and 2024. To do this, we have structured FERMA's priorities in a way that links to those of the European Institutions. So :

- For *A European Green Deal*, we have the FERMA Sustainability Committee
- For *A Europe fit for the digital age*, there is the FERMA Digital Committee
- And for the programme *An economy that works for people*, we have the FERMA Solvency II & Captives Committee.

Since the devastating implications of the COVID-19 crisis emerged, FERMA has been advocating strongly for you our members – and for your members – on the European stage.



On the 30th of March we urged brokers and insurers to find ways of supporting clients who are struggling to pay premiums on time or in full. We followed a week later with a call for enhanced understanding of the insurance needs of European businesses to help them get through the pandemic and recover afterwards.

On the 16th of April, FERMA wrote to the Europe Commission and urged the Commission help reduce the impact of future pandemics by

- Sharing lessons from the current pandemic across the EU;
- Developing the use of risk management tools at organisational, national and European level and
- Supporting public-private funding initiatives

As we discussed the pandemic with our members and with the board, our concern grew: not just about future pandemics but also other systemic losses, such widely distributed cyber risks and events resulting from climate change. We needed a way to address the severe shortage of protection for non-damage business interruption losses and create resilience for business. Neither the private market nor national pools, even in Member States where they exist, were offering solutions.

Therefore, on 5 May, we launched our Resilience Taskforce and added it to our third workstream. The Task Force started work immediately with members from AMRAE, AIRMIC, AGERS, IGREAA, ANRA, DARIM and GVNW. On 26 May, FERMA wrote to the European Commission urging the creation of an EU Resilience Framework for Catastrophic Risks. The letter was accompanied by a position paper prepared by the Task Force.

The paper sets out FERMA's vision for a layered public-private partnership that could respond to a range of catastrophic risks. A mixed public-private insurance-based solution, based on a sound foundation of risk management, would increase the resilience of the European Internal Market to pandemic and other severe catastrophic risks by making NDBI available. We argued that



- The solution needs to start with good risk management at business level, including assessment of exposure and impact risk.
- It should be available to companies of all sizes and business sectors.
- Private sector (re)insurers will provide a significant element of capacity.
- National pools must be involved, but the coverage offered must go beyond national boundaries.
- The EU should provide a catastrophe level guarantee for the scheme.

Even more recently, we responded to a questionnaire from EIOPA setting out our ideas in more detail.

FERMA aims to deepen discussions with the EU to develop solutions for both crisis management and business resilience, and we will use our network of partners for support. The expertise and experience of our members and individual risk managers in the field of business interruption can be a valuable contribution to the future resilience of European business.

The Resilience Task Force is continuing its work. It shares information about initiatives to deal with the current crisis and about existing catastrophe insurance schemes. Thank you to the members who are already participating. I am pleased that some of you are already actively engaged in similar discussions in your country and I invite you all to join this collective effort.

In terms of our other priorities, the EU Institutions have remained active despite the crisis, and our advocacy has not lost pace.

Sustainability linked to the Green Deal is an important example. We all agree that sustainability must be part of our recovery from the pandemic. We set up a Sustainability Committee chaired by Valentina Paduano (thank you, Valentina for your commitment and work) and has members from Airmic, AGERS, AMRAE, ANRA, BELRIM, BRIMA, FINNRIMA, NARIM and SI.RISK. It is a very active committee with 11



members. We focus on those aspects of sustainability where we feel that we can have the most impact as a European risk management federation.

One of these is the reporting of non-financial risks, which the European Commission believes will boost investment in the most sustainable companies. On 11 June, FERMA submitted the committee's response to the Commission proposal for increased disclosure of climate and environmental data under the Non-Financial Reporting Directive. Underpinning our position is a belief that non-financial reporting should be linked to a risk management approach so that it is proportionate to the exposures. We also argue that there should be a standard disclosure structure and a common European reporting standard.

The committee is now working on a response to the European Commission consultation on Sustainable Finance with an emphasis on climate-related risk data for use by corporations. We also want to see support for improved resilience to climate and environmental risks, which links to our proposed EU Resilience Framework of Catastrophe Risks.

FERMA has made the ongoing digital transformation a priority for our advocacy work for several years now. In addition to commenting on European proposals, we published two reports on the occasion of the FERMA Forum in November. They are:

- The first thought paper on Artificial Intelligence applied to Risk Management, and
- A report on the implementation of the EU General Data Protection Regulation (GDPR) and the role of the risk management function. This was a contribution to the 2020 review of the GDPR by the European Commission.

Since February, we have had a new **Digital committee** with members from AGERS, BELRIM, Brima, GVNW and MARM. It is chaired by Philippe Cotelle (thank you Philippe for your renewed commitment to lead this topic). Its first meeting took place two weeks ago. One of the priorities of the committee is to apply the proposed EU Resilience Framework for Catastrophic Risks to digital systemic risk.



Our third work stream, **FERMA's Solvency II & Captives Committee**, is linked to the European Commission's aim of creating *An economy that works for people*. Thank you to Laurent Nihoul, who chairs this committee, and its six members from AMRAE, APOGERIS, BELRIM, NARIM and SIRM. The key issue for this committee is to strengthen the proportionality principle in the application of Solvency II to small insurance entities, including captives. FERMA successfully brought proportionality for small insurance entities high onto the agenda of the European Insurance Authority, EIOPA, which is now reviewing the Solvency II Directive. FERMA has taken the initiative to propose a concrete method to harmonise the way national supervisors evaluate the need for proportionality measures for their supervised insurance entities. Our proposal was well received by EIOPA and is in discussion.

Strengthening our network of risk management associations in Europe

My second priority as President is to strengthen our network of risk management associations in Europe. Today, it is more important than ever that we find ways to stay connected and share knowledge, expertise and best practices in our community. We are stronger together, in good times and challenging ones.

The Board has set up a **specific working group of board members** to enhance communication about risk management and insurance with our members and among our members. Some initial ideas were presented at the Presidents' Summit in March. Jo will give an update after the Board election. We would like to know your views on the proposals, which have been discussed with me and Typhaine. We are sympathetic to them.

That is why we have put in place several initiatives:

- A **monthly COVID19 monitoring report** is now included in the Member Bulletin. It provides high-level summary of initiatives at EU level to mitigate the effects of the crisis and a brief description of national lockdown and recovery measures in each member state. This is a **collaborative**



project: FERMA is contributing with EU-level updates, while you are invited to share news from your countries.

- Members of the FERMA Committees and the Task Force receive a **weekly summary of the EU news related to digital / Sustainability or COVID19 issues.**
- We held our first COVID19 **webinar** in partnership with ANRA. It was a great initiative in line with the BREXIT newsletter which we have done together with AIRMIC. We shall continue this cooperation which allows us to share our efforts and welcome ideas from other members.
- We initiated peer-to-peer **Virtual Roundtables**. The first one took place in May on how you are communicating and supporting your members. The second one will be on 30 June on the organization of virtual events. Given their success, we will continue such monthly discussions.

Strengthening European professional risk management understanding and anticipation of risks

Professional education and qualifications for risk managers have never been more important. It's essential that our network offers new educational opportunities. We must – and have started to – **adapt** the way we provide our education and training to fit the way we work these days.

This is not just a duty – but an exciting task that has been accelerated by the pandemic crisis. Many of you, including FERMA, have held webinars, online discussions and virtual events. FERMA has been able to build on success of the webinars on strategic topics that we began more than two years. In doing so, we have been able to reach more people in more places. We are showing our capacity to reinvent ourselves to serve the risk management community.

Events have always been at the heart of FERMA's network. Last year, we took a risk and decided to make the **2019 Forum in Berlin** free for risk managers to attend. It proved a good decision. It was a huge success. We had 1.676 participants and 556 risk managers. This is the highest number of risk managers ever at a FERMA Forum.



Numbers alone, though, do not tell the whole story. What also counts is the quality and breadth of the discussions between risk professionals. They came from all over Europe and beyond, from as far away as Oman, South Africa, Japan, and the United States. The new features such as the leadership pitch and industry stream were highly appreciated.

GVNW, its President Alexander Mahnke and its many members, who kindly joined us in Berlin, made us very welcome and supported us in many ways. Thank you all.

We have now the challenge to be as good for the **2021 FERMA Forum in Copenhagen** as we were in Berlin. I am confident that the programme committee chaired by Charlotte Hedemark will take up the challenge.

Before Copenhagen, we have the Seminar in Antwerp in October this year. Pencil your calendar: 12-13 October 2020. Our theme is **“Corporate and Finance, Financing the ever growing universe of risk”**.

Chosen before the pandemic, this theme is more relevant than ever. Translating strategic risks into financial terms, quantifying emerging risks and communicating about risk with the CFO and CEO in their language are essential skills for the risk manager in the post-COVID-19 world.

The programme committee chaired by Laurent Nihoul is working hard to deliver a technical and practical event which supports the risk management profession in achieving its full potential in this challenging period.

This will be the first gathering of European risk managers since the COVID-19 crisis, so it will be the perfect time to exchange and share experiences– and it will be possible to attend in person or remotely. Because the travel situation remains uncertain into the autumn, the Board decided to take this as an opportunity to innovate and launch the first European hybrid Seminar.

What does it mean concretely? It means that we will hold the Seminar in Antwerp for those who can travel and give the possibility to others to take part using a virtual platform. This online platform will allow



individual participants or groups of risk managers gathered in a same meeting room in different European cities to listen to the speakers and contribute to the discussions. I encourage your association to seize this opportunity to host a European cluster and actively participate in the Seminar from your workplace. The details of the organization will be explained at the next FERMA Virtual Roundtable on 30 June.

Now, it is my pleasure to announce that Madrid will host the **2023 FERMA Forum**. Thank you to AGERS and IGREA and their Presidents Juan Carlos Porcel and Daniel San Milan.

The **annual Risk Management Awards** is a comparatively recent addition to our events calendar. The 2020 Awards have been updated with the introduction of new categories. We have a new and improved online nomination platform, dedicated website and new selection process. Thank you to the members of the jury. The Gala Dinner had to be postponed, but it will now take place in London on 8 December 2020. I hope to see you there to celebrate the profession.

As you know FERMA launched **Rimap** in 2017. We have a growing number of certified risk professionals (203 in total and 84 for the year 2019). This year we also have new partnerships with the broker network UNIBA and Club Franco Risk.

As Rimap was an entirely new qualification built from the foundations, it needs to evolve. A Working Group of FERMA Board members, led by Marisa, has reviewed the strategy of Rimap and investigating routes for development. Thank you to the working group for their dedication. The action plan for 2020-2021 was presented at the Presidents' Summit in March, and Marisa will now give us an update on the roadmap.

MARISA TO PRESENT

Thank you, Marisa.



Conclusion

Before we finish, I wish to thank you, our members, and my colleagues on the board for your support and contributions. Thank you also to Typhaine and her team, Véronique, Laëticia and our intern Martin who have continued to work hard on our behalf from their own homes while the office was closed.

I have no doubt we will reflect a great deal on the experiences and lessons of this extraordinary period of our lives. Questions arise about the capacity of ERM to identify relevant risk scenarios and the ability of insurance to support us in managing catastrophic risks. We strongly believe that it is also an opportunity to heighten awareness of the value of sound risk management. What the 2020 Risk Manager Survey shows us – and this would be the same today – is that the risk manager is increasingly well qualified to participate in the discussions and contribute to the resilience of his/her organisation.

Our mission as FERMA has not changed. It is to serve you in supporting your members, advocating your views with the European institutions and reinforcing the standing and standards of the risk management profession. The way we do this will evolve as we adapt and innovate.

Please be assured that knowledge sharing and networking with our members remain the pillar of our activities in this time of trouble and will continue to be FERMA's top priority.

I wish you all peace and good health in the coming months and hope to meet you in Antwerp in October.