



EDITORIAL



Dear members,

The Federation has been recently through very important changes and is very pleased to have a new board of directors.

We welcome this new structure as it will help FERMA to continue developing its initiatives and services to its members, much needed in these times of world crisis.

We want to congratulate Thierry with his award (BIE Risk manager of the Year). As Thierry is giving a new direction to his career, we like to take the opportunity to thank him for his tremendous support during all these years, as president and as director of European Affairs.

Merry Christmas and Happy New Year.

Kind regards,

*Marie-Gemma Dequae
President*



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FERMA HIGHLIGHTS

FERMA: New Board of Directors and New bylaws

With the enlargement of the Federation up to 17 associations in 16 countries, the need for a revision of FERMA's administrative and financial governance structure as well as a redefinition of the strategic objectives and actions were felt. An evolution of the existing structure of the Board was proposed and agreed upon at the ordinary General Assembly of June 2008. Consecutively, the extraordinary General Assembly of the 2nd of October 2008 approved new by-laws and elected a new board of directors.

The Board of Directors is now composed of 9 members elected for three years by the General Assembly.

The current elected Board members are: MG Dequae (President), P. Taylor (Vice-President), S Sigulla (Vice President), F. Baron, P. den Dekker, C. Leeman, C. Martinez, N Nosova and T. van Santen.

P Sonigo remains the Secretary General and F De Winter the treasurer of the Federation.

Each of the new board members has received a specific assignment (European and external affairs, Projects, Forum, Seminar, Survey, Communication and liaison with national associations).

The new bylaws are available for download on the FERMA website (<http://www.ferma.eu/AboutFerma/Bylaws/tabid/95/Default.aspx>).

FERMA 2008 Seminar

With 150 delegates, the 2008 FERMA Seminar attracted more attendees than the previous years. Although the results of the FERMA - AXA Corporate Solutions – Ernst & Young Benchmarking Survey remains the main item on the agenda, the European Affairs, with subjects like Solvency II, the Business Insurance Sector Inquiry and the Environmental liability directive, were also deeply discussed. The impact of the financial crisis on risk management was also an important discussion topic between the participants and the press.

More information is available on the FERMA website (<http://www.ferma.eu/PressNews/Pressreleases/tabid/105/Default.aspx> and <http://www.ferma.eu/RiskManagersOnly/Library/Pre-scussions/tabid/166/DMXModule/496/Default.aspx?EntryId=628>).

The report of the Benchmarking Survey is available for download at the following link (<http://www.ferma.eu/AboutFERMA/Benchmarkingsurveys/tabid/137/Default.aspx>). A printed copy is available on request.



Business Insurance Europe Risk Manager of the Year: Thierry van SANTEN

Thierry van Santen, Executive Vice-President of Business Risk Management at Groupe Danone and Board member of FERMA, has been elected BIE Risk Manager of the Year at the Business Insurance Award Dinner on December 1st, 2008 in Paris.

As Former FERMA President and dedicated Board member of FERMA for many years, Thierry van Santen has been one of the pillar of FERMA's development, working hard at European Level, on the Solvency II regulation for example, with the other board members. Thierry presented his resignation to the board of Directors as he is leaving DANONE to take new challenges within the Allianz Group in France.

FERMA EUROPEAN NEWSLETTER nr.6, December 2008

The Newsletter reviews the latest EU regulatory developments with articles on Insurance (Solvency II and Captives), on Competition (Co-insurance and co-reinsurance; Cooperation among insurers) and on Liabilities (REACH: Price of Non-Compliance to Pre-register "phase-in" Substances; Consumer collective redress) and outlines FERMA's position and contacts on these different subjects.

The 6th FERMA EU Newsletter is now available for download on the FERMA website at the following link:

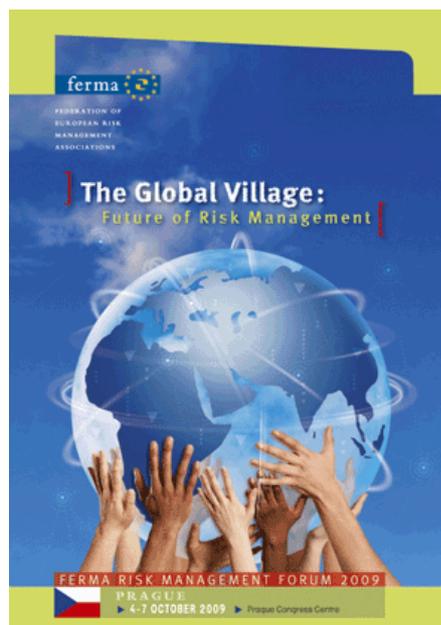
FERMA FORUM 2009 – Prague

The next FERMA Risk Management Forum, entitled: "Global Village: The future of Risk Management", will take place in Prague, Czech Republic, from October 4 until October 7, 2009.

The Forum Committee, composed of F. Baron, MG Dequae, J. Hurrell, G. Lancner, M. Micale, A. Fernandes, J. Bicanova, C. Leeman, H. Daugird, K. Flemming, G. Schlicht, L. Väisänen, P. den Dekker and V. Vereschchagin, is actively preparing the scientific contents of the Plenary sessions and workshops. We would like to express our thanks to all the partners who already have answered positively in supporting this event.

The registration website will open beginning of February 2009 and we hope that many of you will attend.

For more information on the FERMA Forum, please check the FERMA website at: <http://www.ferma.eu/Events/Conference/tabid/110/Default.aspx>



MEMBERS NEWS



AGERS – ASOCIACION ESPANOLA DE GERENCIA DE RIESGOS Y SEGUROS – SPAIN

XIX AGERS Risk and Insurance Congress theme was "Risk Management facing today's global financial turmoil". The 2008 association's annual congress took place in Madrid last 27 and 28 May hosting more than 350 participants of the Risk & Insurance sector.

AGERS keeps developing its training and educational programme by offering courses since April 2008 such as:

- Business Interruption
- Insurance Brokers: Management Model and Economic Analysis
- Transport Risks and Insurance.
- Enterprise Risk Management Models
- Insurance and Reinsurance Captives: Management Control and Economic Analysis Models.

While aiming for the highest standards of consistent approach to risk management by its training programme, AGERS also continues holding successful members workshop sessions, so called "Experience Lecture Rooms". This initiative contributes for the exchange of information, share knowledge and strengthen professional ties between risk & insurance sector peers.

Available on a limited basis at no cost, AGERS has already delivered the following sessions:

- Risk Management: M&A (two sessions organised per high demand)
- What should I be asking my broker for?
- Risk Management addressing the Environmental Liability Directive impact (two sessions organised per high demand)

AGERS is holding its "XIV Renewal Annual Forum" next 13 November in Madrid (Melia Castilla Hotel) and it will bring together more than 350 professionals of the risk & insurance sector.

AGERS is planning to organise at no cost the first "Risk Managers Only" session next 25 November to provide Risk Managers with interaction on ERM practices through an exchange of discussions and views on global crisis and market turmoil.

The "Julio Sáez Award on Risk Management Research" application materials must be received in the AGERS office by November 30th, 2008. The award is valued at 18,000EUR and awardees will be notified in 2009.



In the FERMA newsletter six months ago, we reported that AIRMIC planned to publish some unique research into the effectiveness of Enterprise Risk Management (ERM) during the summer. This has appeared, and it has already made a great impact.

Enterprise Risk management

The study, which was carried out by an independent consultancy, demonstrated that ERM reduces risk exposure in a measurable way, that it improves decision making and more than pays for its cost. These findings came, however, with an important qualification: ERM must be planned and executed in a thorough yet proportionate manner and have active support from the top. The research is based on analysis of 25 organisations that have implemented ERM, including five case studies.

Reservation of rights

We have gained a wide measure of support from insurers for the idea of a protocol on reservation of rights. This follows complaints from some risk managers that insurers are reserving rights whenever they receive a large claim regardless of the merits of the individual case. The details of our plan have still to be finalised, but the key point is that insurers would agree to a 90-day delay before reserving rights to enable informal discussion to take place. We expect to have the protocol in place before the end of the year.

Claims index

Our efforts to produce a method of assessing insurer claims performance moved to the next stage during October when we hosted a highly productive convention to develop our plans. We expect to produce a document outlining claims best practice by the end of the year. It will then form the basis of our comparisons of insurers, to be published in 2009.

EU Block exemption

We have also made two submissions to the EU Commission, on the block exemption and on Solvency II, both of them supporting FERMA's positions on these topics.

We believe the exemption to be pro-competitive and in the interests of buyers as it makes it easier for insurers to participate in large risks and so increases the amount of choice. Because it involves the sharing of wordings, it also encourages consistency.

Solvency II and captives

Whilst we support the risk-based principles of Solvency II, we have been urging the EU to take into account the special characteristics of captive insurers. We welcomed, therefore, recent indications from the EU that they had listened and responded positively to these concerns.

John Hurrell, Chief Executive, AIRMIC. November 2008



This year's DVS Symposium took place from September 8th to 10th in Munich and attracted around 450 participants. The two days' programme was opened by Dr. Werner Schnappauf, Executive Director and Board member of the Federation of German Industries. Further topics dealt with on the first day partly in the plenary and in parts in parallel sessions included the risks to biodiversity, art insurance, a panel on D&O, insurance of terror risks, the South East Asian markets and company pension arrangements. The first day ended with a gala dinner. The dinner speech was given by the CEO of ACE, Evan Greenberg.

The second day started with a keynote speech by Michael Diekmann, the CEO of the Allianz Group. Peter Ingenlath from Atradius talked about credit insurance in difficult times, and a representative of the European Commission explained the present status of Solvency II. The Symposium closed with a panel discussion chaired by Herbert Fromme. Market experts discussed whether the insurers are "afraid of risk".

The conference was chaired by the recently elected new DVS President Dr. Stefan Sigulla; Siemens, who could inform participants that next year's Symposium will again take place in Munich from September 8th to 10th.

The new DVS President also invited the DVS Committee for its regular October meeting to Erlangen close to Nuremberg where Siemens has a number of industrial activities. Prof. Materne from the Insurance Department of the Cologne Professional College delivered a speech on the regulatory and market conditions as well as trends in reinsurance. Representatives from Siemens introduced and explained the online subscription procedure for insurance contracts and programmes as practiced by Siemens. Finally participants entered in a first discussion of next year's Symposium. On October 24th the meeting closed with a visit of the Siemens health care production activities in Erlangen.



NARIM
NEDERLANDSE
ASSOCIATIE VAN RISK
EN INSURANCE
THE NETHERLANDS

Claims Management

There has been made progress on the follow up from the Claims management workshop at the NARIM-conference. In September the Panel, consisting of Peter de Koning (Willis), Peter van Rensen (Cunningham Lindsey), Michiel van Houten (Allianz), Ad Westerhof (Troostwijk) and Yvar van Weenen (NARIM), got together and discussed the way forward after reviewing the various input from the two workshop sessions. It is clear that there is a wish for a transparent process description as well as a party in the 'value chain' that takes ownership of the process itself and thus makes sure proper follow up takes place.

During the meeting a common process and flow diagram were drafted on which we intend to build further. Currently the main focus is on developing a process that covers on smaller to medium size claims, as this represents the major part of all claims together. The second step will be to focus on the large (multinational) claims. Before year's end the Panel will get together to finalize the draft documentation and in Q1 of 2009 it is the intention to have 2 separate engagement sessions. One session will be with a selection of NARIM-members and one session will be with representatives of the VNAB. The input and feedback from these sessions will help fine-tuning the draft documentation.

The third and final step is to engage all stakeholders (insurers, brokers, loss adjusters and risk & insurance managers) and get the process embedded. A first attempt for stakeholder engagement will be during the NARIM conference on 11 and 12 June 2009 (see also www.narim.com and/or www.narimcongres.com). A dedicated workshop will allow a wider audience to take notice of achievements and the revised process. Other initiatives to make sure the process is adopted and eventually used by stakeholders will be developed in close coordination with the VNAB.



SIRM – SWISS
ASSOCIATION OF
INSURANCE AND
RISK MANAGERS –
SWITZERLAND

Following established practice, the Swiss Association of Insurance and Risk Managers (SIRM) opened its **annual Forum** to the partners of the Swiss industry insurance market, on 4 and 5 November 2008, at the south side of the Zurich Lake (Pfäffikon SZ).

In preparing the Forum, the SIRM Committee had opted for «**Reputation Risks**» as general topic of the talks and debates, without imagining that reality would upgrade its significance in unprecedented manner, in the financial and economic world at present time.

Prof. E. Fragnière gave the first talk from HEG-University of Geneva, outlining the relevance of **networking** in the management of entrepreneurial risks like reputation. Starting with the diagnosis that firms and organisations suffer today from of an obesity of formal procedures, rules and information overload, he pleaded for more direct human relationship in the working relations. Instead of degenerating to technocrats, risk managers should make efforts to behave as ethnologists inside companies and be sensitive to risks not only as they exist but also as they are perceived. In view of reputation risks, prevention of threads is more helpful than detecting existing problems, but such detection is still more efficient than repairing occurred damages. An internal survey conducted among SIRM members prior to the Forum had also confirmed that risk managers would like to rely much more on networking, especially through informal channels, as well as to be more listened when they propose prevention strategies for reputation risks.

The SIRM Forum 2008 turned out to a great success thanks to the moderator, Prof. R. Boutellier from ETH Zurich, who presented tangible insights and lessons on reputation losses and management. According to him, reputation and governance strategies are too often not more than cost reduction programmes, showing the embarrassment of top managers to deal with reputation risks. However, companies are committed to **more efficient management of reputation risks**, as public opinion is very powerful and condemns companies as unethical in a very short time. While taking into account the real scope of damages, companies must settle them with due regard to the different culture and mentalities prevailing in the countries concerned. What is clear, reputation losses can never be fully avoided, and even, history tells us that scandals and protests push society forward. The moderator was pleased to quote Bernard Shaw: While the reasonable man adapts himself to the world, the unreasonable one always tries to adapt the world to himself, from which follows that all progress depends on the unreasonable man... The entire question is to find the adequate mix of prevention measures (risk management) and repair solutions (crisis management).

Mr G. Bühler, President of 'economiesuisse', the Federation of the Swiss economy branches, demonstrated in his exposé the need of cultivating the **dialogue between politics and economy** and to promote communication not only on the basis of economic facts, but also taking largely into account social values. Such open dialogue is indispensable to safeguard the reputation in the economic system and to develop harmoniously the Swiss economy. While recognizing that the dialogue is under pressure in the present financial crisis and that government measures to assist the banking sector

meets adversity in the public opinion, he underlined that the reputation will be restored only when the government measures will be brought to an end as foreseen and without undue burden for the taxpayers.

Mrs B. Bos-Portmann, President of the City of Laufen, presented an interesting case of **crisis management of public communities**. In a natural disaster occurred in August 2007, the river Birs had flooded the town, putting the population and their houses in precarious situation. Among the manifold duties of the public authorities, the public utilities had to be restored and the persons in need to be assisted. All the tasks were performed by the officials with a lot of extra efforts and, as far as information needs were concerned, with the indispensable help of communication professionals. This case has shown that crisis management must rely not only on prompt and adequate technical measures, but also on efficient and open communication, to mitigate the reputation risks.

Last but not least, the attendees of the SIRM Forum 2008 listened with great attention to the report of Mr B. Fruithof, Head of Corporate and Institutional Clients of Credit Suisse, under the heading: **«Reputation and Finance industry - linked to each other at all time»**. The exposé was brilliant in presenting the current situation of the bank, as well as demonstrating that reputation is fundamental pillar of the banking sector. Reputation is not only appreciated in function of the various customers, but also with regard to public opinion. According to long experience, reputation risks may have different causes – misconduct like staff discrimination, fiscal fraud, but also deficiencies in IT, poor customer information – but they almost produce the same consequence: loss of confidence. Regarding the current financial crisis, the speaker admitted that the banking sector had given in the past too much credit to – the upwards trends of the economy – the risk models – the rating agencies – the stock exchange – the innovative, complex products. At the outcome, we now live a threefold loss of confidence – between the banks and their customers – between the banks themselves – and between the economic system and the banks. Particularly regarding risk models, 'Basel II' had proved to be insufficient, not taking enough care about liquidity risks. Chain reactions had taken place, starting on the US mortgage market, and persisting now world wide in the real economy systems. Liquidity problems still go on, and the fact that customers changed banks did not help to find new liquidity. Government aid measures like the one decided by Switzerland are necessary and appropriate to the banking sector and bankers do not exclude that they can produce later on win-win solutions. The measures must now come fully into effect, and the mass media have also a responsible role to play in this context. However, if inter-bank liquidity cannot be restored within a very short period, the recession may turn into a depression. Anyhow, the financial crisis will have long-term effects world wide, also in emerging countries. The private and the public sector are condemned to work long-term strategies, to rebuild reputation and confidence.



SWERMA – SWEDISH RISK MANAGEMENT ASSOCIATION - SWEDEN

During the last months SWERMA has had a lot of activities to offer it's members.

There has i.e. been a basic Introduction Seminar regarding Security, another one in Strategic Information Security as well as Corporate Governance and Control.

A number of "Focus groups" have been started for members with the same type of specific interest, for instance a Captive Group and an ERM group.

All these sessions have been appreciated and have had a lot of participants.

Solvency II has of course also been a "hot" topic.

We all look forward to the beginning of December at which time we will visit Volvo in Gothenburg.

A guided tour including a discussion regarding RM and Insurances is on the Agenda.

IN SHORT:

ASPAR CR – Czech Republic

The Association of Insurance and Risk Management of the Czech Republic o.s. Czech, ASPAR CR, hosted a member meeting on 16 December 2008.





Focus on a Member



Cristina MARTINEZ
 Head of Risk & Insurance
 IBERIA LINEAS AÉREAS, Spain
FERMA Board Member

1. What is your favourite expression?
If you want to, you can. Why not?
2. Which talent would you like to have?
To be more patient when I believe something could be done different
3. What do you fear the most?
Isolation, I think what makes human being different is our capability to learn from socializing with others
4. What do you like the best in life?
Having fun with family and friends
5. What is your biggest challenge?
To remember what really matters in life
6. What is your biggest weakness?
Chocolate
7. What is your biggest quality?
Turning challenging situations into part of the learning experience
8. What is your preferred hobby?
Travelling around the world to discover other people and cultures
9. What lessons have you learned from your experience?
Drawing positives from any situation
10. What is your best souvenir in Risk Management?
Colleagues I have met on the way
11. What is your favourite book on risk management?
Breaking news on daily papers
12. What movie inspired you?
"La vita é bella", because it reminds me of the complex duality in life and the elegant symmetry of its joys and hardships

AGENDA

December 2008		January 2009		February 2009	
1	FERMA Board meeting, Paris, France	28-30	Les Rencontres de l'AMRAE, Strasbourg, France	3	2009 Forum Ctee Meeting, Prague, Czech Republic
2	Business Insurance Europe Executive Forum, Paris, France			4	Board of Directors' meeting, Prague, Czech Republic