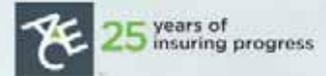


# The Daily

The official Airmic Conference daily

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## Welcome to Airmic 2011

Your official guide to the UK's biggest  
risk management conference

### Conference guide

Two recommended routes around the exhibition to harvest the best free gifts

### My day

Where I'll be and what I'll be doing at the conference today, by John Hurrell



### Risk quiz

Test your risk management knowledge with our brain tingling quiz



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**MYAIRMICMOMENT**

'I am really looking forward to meeting Sebastian Coe and hearing his observations on risk. Being involved in the Olympic bid and now in the ongoing organisation of such a massive event must have some fascinating and challenging risk issues'

Nicola Harvey,  
Christie's group risk  
director and Airmic  
chairman



'The moment I'm looking forward to most is seeing a full garden party on Tuesday evening, with evening sunshine following a terrifically successful first full day and experiencing the buzz of a great Airmic Conference in full swing'

John Hurrell,  
Airmic chief executive



Nathan Skinner,  
EDITOR,  
STRATEGICRISK

**My view** It's that time of year again. Time for the risk management industry to gather for one of the biggest events of the year. This will be my fourth (or fifth?) Airmic conference and the second time that I've been to Bournemouth for it. I remember the last time Airmic gathered the industry here. We couldn't have asked for better weather. My fingers are firmly crossed for the weather to hold out this year so we can make the most of Airmic's summer barbeque at the Royal Bath Hotel tonight.

Parties aside, for me the conference is a great opportunity to take a breath and catch up with a whole range of UK risk managers. I like to check that the work we're doing is hitting the right note with our UK readers. Make sure you come over to our stand (number 72) to say hello. I'd be delighted to have a chat about the issues you're facing and how we can help, whether it's exploring an issue journalistically (and asking some tough questions), researching in detail a particularly hot topic (we have some great resources here for that) or even launching an editorial campaign on behalf of our readers. You just have to ask – and we'll do our best.

One of the most exciting projects that I'm keen to talk about at the conference is our *Career Horizons* report (produced in association with Airmic and sponsored by ACE). Through detailed and candid one-on-one interviews with risk management professionals, *StrategicRISK* has produced a route map through the risk management career, from the very bottom right up to chief risk officer. In the report, we explore what steps professionals (young and old) can take to advance their careers in risk management. There are some really useful insights so make sure to pop along to *StrategicRISK*'s stand to pick up a copy (or download it here: [goo.gl/n54gp](http://goo.gl/n54gp)).

Make sure you visit **StrategicRISK** on stand 72



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**Opinion**  
**Airmic agenda**

# Three big issues

*Airmic has been working hard for the past year on a range of projects, many of them very ambitious, and they are starting to yield impressive results*



**NON-DISCLOSURE**



**PROBLEM**

Non-disclosure is an important topic, says Airmic chief executive John Hurrell. "At the 2010 Conference we announced our intention to produce a model clause to get around the shortcomings in the Marine Insurance Act 1906, intended to help members overcome the Draconian nature of UK insurance law, which makes it hard to fulfil disclosure obligations."



**RESULT**

"Making good the failings of a complex and entrenched 100-year old piece of legislation has taken a bit longer than we originally hoped," Hurrell tells *StrategicRISK*. "Nonetheless, in Bournemouth expect us to unveil our new clause, which has been drawn up by Herbert Smith for insertion into insurance contracts. For those that use it, there will be a greater degree of certainty that legitimate claims will be paid."



**MAJOR DISRUPTION**



**PROBLEM**

From the BP Gulf oil spill last year to the events in the Middle East this year, there seems to be a never-ending list of major problems causing businesses massive disruption. Airmic has been working on a research project, involving 18 case histories, to identify the qualities that make firms resilient (or not) when events take a turn for the worst.



**RESULT**

Another landmark at the conference will be the publication of the first part of the CASS Business School study into "major risk events, their impact and implications". This research has made significant progress over the past year and contains some valuable insights. "While there's no way to guarantee success in adversity, we believe that this publication will be of tremendous value to risk managers," says Hurrell.



**CAREERS**



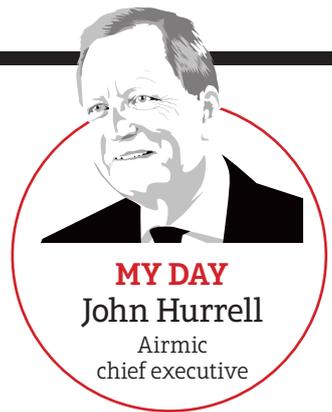
**PROBLEM**

It's hard for risk managers to demonstrate the value in what they're doing and therefore achieve recognition, making it difficult to advance their careers. For the first time, Airmic and *StrategicRISK* have identified different stages in the risk management career and profiled each through in-depth interviews with risk management professionals.



**RESULT**

*StrategicRISK's Career Horizons Report 2011*, launched at the Airmic Conference, maps out the risk management career path and drills down into the key characteristics of each stage. For each career band, it reports on the job description, key performance indicators, qualifications, salary expectations, experience required and the reporting framework. Pick up a copy at the conference today.



**MY DAY**  
**John Hurrell**  
Airmic  
chief executive

**6am:** It's a big day so I'll get an early start and have a hearty breakfast.

**7.30am:** Head down to the Bournemouth International Centre to check out the Exhibition Hall and the Plenary Hall. Meet Seb Coe, Ferma president Peter den Dekker and RIMS president Scott Clark, who will all be speaking before coffee. Catch Nicky (Nicola Harvey, chairman of Airmic) coming back from the charity fun run and co-ordinate final arrangements and sound check for the opening speeches.

**9am:** Spend 20 minutes in the Exhibition Hall and then assemble with the opening cast in Plenary Hall. Open the session and follow Nicky, Peter and Scott onto the stage. Make my remarks and hand over to Seb.

**11am:** Back to the Exhibition Hall at coffee break to meet members, exhibitors and sponsors for most of day. I'll also be standing duty on the Airmic stand throughout the event.

**1pm onwards:** I'll just weave into the day. I have press conferences in the afternoon and later I'll be preparing for Airmic's drinks party.

**9pm:** I'm off duty but I'll go to the best party I can find. Inevitably that means ending up at the RSA party for a late one.

# Three voices

The Airmic Conference is a great opportunity to meet with your peers and troubleshoot. StrategicRISK asked three conference delegates what they're most looking forward to at this year's event

*'Airmic is an opportunity for risk managers to build relationships and network with peers. They begin to think strategically rather than tactically. The conference allows risk managers to broaden their horizons and think about their work in a different way'*

John Ludlow,  
global risk  
manager at the  
Intercontinental  
Hotel Group



*'I see Airmic as an opportunity for dialogue. For us at Lloyd's, it gives us the chance to come face to face with other risk managers and find out what they're working on. I'm also looking forward to our 'Tracking and managing emerging risk' workshop'*

Neil Smith,  
emerging risks  
manager  
at Lloyd's



*'It's really good to get together, to find out what's new and see what's happening. It's a break from the day-to-day routine, which means that everybody is open to new ideas'*  
Scott will be co-hosting a workshop entitled 'Cutting through the fog', focusing on risk interconnectivity

John Scott,  
global risk officer  
at Zurich Global  
Corporate



**Don't miss**

## Cutting through the fog

### *A workshop on risk interconnectivity*

One of the most interesting events taking place on Tuesday is a workshop presentation by Zurich Global Corporate chief risk officer John Scott and Intercontinental Hotel Group global risk officer John Ludlow. Ludlow and Scott will aim to provide a structured insight into the complexity of global risks. So far this

year, the revolutions in North Africa, the Tohoku earthquake and the Playstation network security breach have demonstrated how interdependent and multilateral the modern world is.

As a consequence of globalisation, the effects of major political, social and economic events are quickly felt all over the world. Prospective risks are no longer limited by national borders or legal jurisdictions.

It will be interesting to see how Ludlow and Scott identify and deal with geopolitical and environmental threats. Ludlow told *StrategicRISK* that the workshop will represent "a move from general business risk to a more integrated approach to strategic decision making".

During the workshop, Ludlow and Scott will demonstrate software that can be used to visualise risks in an intuitive way.

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Don't miss ...

over 100 people have signed up for the cyber risk workshop on Tuesday at 11.45am.



# Meet the speakers

The speakers, their backgrounds and the insights that StrategicRISK expects to hear from them



**Lord Coe of Ranmore**  
*LOCOG chair*

Lord Sebastian Coe has had a diverse and successful career in athletics and politics. Coe excelled as a middle distance runner, winning four Olympic medals and setting various world records in the late 1970s and 1980s. He has a wealth of experience and insight into the tactics, rivalries and pressures that exist in the world of global athletics.

When Coe retired from athletics, he began a new career as a politician, and became a Conservative MP in 1992. His experience in high-level politics and global athletics combined to make him the perfect candidate to lead the London bid to host the 2012 Olympics.

The success of this bid demonstrated his ability to work in high-pressure situations, his capacity as an ambassador and his understanding of international politics. StrategicRISK believes Coe is likely to underline the importance of discipline, preparation and forging multilateral relationships. He may also comment on the importance of reputation and using the media to engage with the public.



**Ken Livingstone**  
*Politician*

Ken Livingstone began his political career in 1968, and 43 years later he is still involved in high-level British politics. In 1981, Livingstone became the leader of the Greater London Council and made a name for himself by staunchly opposing Margaret Thatcher's Conservative government.

During the mid to late 1990s, Livingstone fell out of favour with the Labour government, led by Tony Blair. As a result of the lack of support for his political party, Livingstone ran as an independent in the 2000 election for the mayoralty of London, which he won.

His successes in the 2000 and 2004 London mayoral elections demonstrate his independent spirit, his ability to lead a campaign and the positive relationship that he has managed to establish with the public.

The highs and lows of Livingstone's political career are highly relevant to risk management. StrategicRISK expects him to speak about the importance of engaging with individuals, resilience, conviction and the integrity of institutions.



**Steven Carver**  
*Cranfield School of Management*

Stephen Carver is a lecturer in project management at the prestigious Cranfield School of Management. Carver began his professional career in the oil industry and went on to work for various other large multinationals in the project management field. Carver is a managing partner at ALS Consultants as well as running his own project management consultancy.

Carver has worked and given lectures all over the world, giving him a global perspective on business management. One of his areas of expertise is that of management complexity – the study of the interaction between markets, management, projects and staff.

His experience in the business and academic worlds is highly relevant to risk managers. StrategicRISK expects an entertaining speech from Carver, discussing the key problem areas and benefits of planning and executing large international projects. He is also likely to develop the theme of management dynamics in the current economic environment.



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**Tom Cannon**  
*Liverpool University*

Tom Cannon is professor of strategic development at Liverpool University Management School as well as being chief executive of business consultancy firm Ideopolis. He was previously the director of Manchester Business School, and a former head of Stirling Business School.

Cannon frequently contributes to well-respected news agencies and has published an array of academic papers and books, including *How to Get Ahead in Business* and *The Ultimate Book of Business Breakthroughs*.

Cannon's current interests include the implications of, and developments in, the knowledge economy and entrepreneurial business. He is also interested in high-growth industries such as sport, and is considered an authority on sport finance.

His experience with business policy and legislation in an international context will be of particular interest to risk managers. *StrategicRISK* expects Cannon to broach the subjects of leadership, social entrepreneurship and the changing dynamics in the business world.

## RISK WEAKNESSES ARE COMMON



**Peter McHugh**  
Chief executive  
and founder,  
Covalent  
Software

Most organisations would claim to be focused on risk management and work to embed it into their daily workload, but weaknesses in risk management practices are still common.

The Icelandic ash cloud in March 2010 highlighted major failings in the UK government's identification and assessment of risks, resulting in millions of people being stranded throughout the world.

When the Icelandic volcano Eyjafjallajökull erupted and released an ash cloud over European airspace, causing the biggest shut down of European airspace since the Second World War, it was easy to dismiss the event as a risk that was impossible to predict.

This was not the case. Volcanologists had been monitoring the volcano for some time and warned that an incident was in the pipeline.

The Commons Science and Technology Committee later published a report describing the volcanic ash cloud as an example of poor risk assessment.

Despite the scientists' warnings and the existence of a significant body of incident data, the likelihood of the disruption risk had been discounted only a year earlier.

In the report, the government's chief scientific adviser, professor Sir John Beddington, said that ash should have been considered: "We didn't expect volcanic ash – that wasn't on our risk assessment. It probably should have been when you look at the relative frequency of volcanic events in Iceland. We should have had that on the risk register."

As a result of not monitoring the risk, the Civil Aviation Authority did not have an accurate plan in place for dealing with such an event and had to hurriedly carry out research to determine a course of action.

In addition, it is clear that the airlines had no real mitigation plans in place for dealing with a risk, which grounded their fleets of aircrafts for days. The majority of airlines were left fumbling without any apparent plan to guide them.

While black swan events like this are, by their nature, unlikely to happen very often, there are a number of lessons that can be learnt and applied. Incident tracking and mitigation planning should be at the forefront of every risk manager's mind.



## Bribery Act guidance

The Bribery Act 2010 was passed on 9 April 2010 with all-party support, making an offence of corporate failure to prevent bribery unless “adequate procedures” to prevent bribery can be proven. At the end of March this year, guidance was issued on what companies need to do to comply with the new law, which comes into force in July. It was met with a mixed response

*Point:  
Listen to what the guidance says. It’s clear corruption is high on the government’s agenda*

**Nathan Skinner,  
editor, StrategicRISK**



*Counterpoint:  
The guidance is deplorable and will weaken the Bribery Act. There is now a significant risk that bribery will go unpunished.*

**James Bray,  
reporter, StrategicRISK**



In Transparency International UK’s (TI) view, parts of the guidance strongly indicate that the government has surrendered to last-minute lobbying by some business groups, opening up loopholes that could allow dishonest companies to continue paying bribes.

TI executive director Chandrashekar Krishnan explains: “The Bribery Act is one of the best anti-bribery laws in the world, but the guidance will achieve exactly the opposite of what is claimed for it. Parts of it read more like a guide on how to evade the Act than how to develop company procedures that will uphold it.”

TI maintains that there are several loopholes created by the guide that weaken the Bribery Act.

“It is deplorable that changes made to the draft guidance since late last year, and now enshrined in the published version, depart from international good practice in several areas. This final guidance undermines the Act and will limit its effectiveness. There is now a significant risk that bribery will go unpunished.

“For instance, foreign companies could be listed on the London Stock Exchange, pay bribes and get away with it. This will disadvantage all honest companies and perversely turn on its head the government’s stated aim of creating a level playing field through the Act’s extra-territorial reach.”

In TI’s view, UK companies are able to ‘outsource’ bribery by building a chain of subcontractors sufficiently long to distance itself from bribe paying. According to its statement: “A non-UK parent company A with a large UK subsidiary B could pay bribes through subsidiary C based in a third country. If UK subsidiary B did not directly benefit from the bribes, the non-UK parent company A would not be caught by the Bribery Act – even if its other subsidiary C was competing unfairly with honest UK companies.”

**T**he fight against bribery is high on the Serious Fraud Office’s agenda and global businesses with even a footprint in the UK must be prepared.

The Ministry of Justice guidance should be heeded by UK corporates but the amount of effort they put into compliance will depend on how strictly the SFO enforces the new rules in the years to come, says Brent McDaniel, head of anti-bribery and corruption at KPMG.

“The guidance provides suggestions for good compliance, but precedents will be set, fines doled out, and culture shifted through the decisions made by the SFO and in court,” McDaniel notes.

“It is clear that the fight against bribery and corruption is high on the SFO agenda.”

But he continued: “The SFO are likely to have little interest in prosecuting over a bottle of wine or a ticket to the Olympics. The mandate is to stamp out grand-scale corruption in high-risk countries.

“In these global times, this UK-based law is geographically omnipotent and doesn’t just apply to UK companies doing business overseas. Non-UK companies conducting

business in the UK will also be a focus, in an attempt to level the playing field for domestic companies.”

And companies must be particularly vigilant when they enter into joint ventures or acquire other businesses overseas. “The key is to do your homework and know exactly what you’re buying,” McDaniel says. “Due diligence lies at the heart of the Bribery Act. In the eyes of the court, if you buy the house the skeletons occupying the cupboard come with it too. Not only will the value of the deal drop if bribery allegations are made but your corporate value will suffer too.

“Anti-bribery and corruption culture needs to permeate through entire portfolios, irrespective of location or intended investment period. Short-term investment can bring long-term reputational issues if not done right.”

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# The guide

**Don't miss ...**

the champagne reception ACE is holding at its stand (28 and 29) on Tuesday at 3.30pm.



# The best routes around Airmic

8

## Route 1

**Start at** Standard & Poor's at stand 3 and enter their competition to win a bottle of champagne. **Continue** browsing until you reach GAB Robins at stand 4. **Pose** for a souvenir portrait by the company's caricaturist and enter their prize draw.

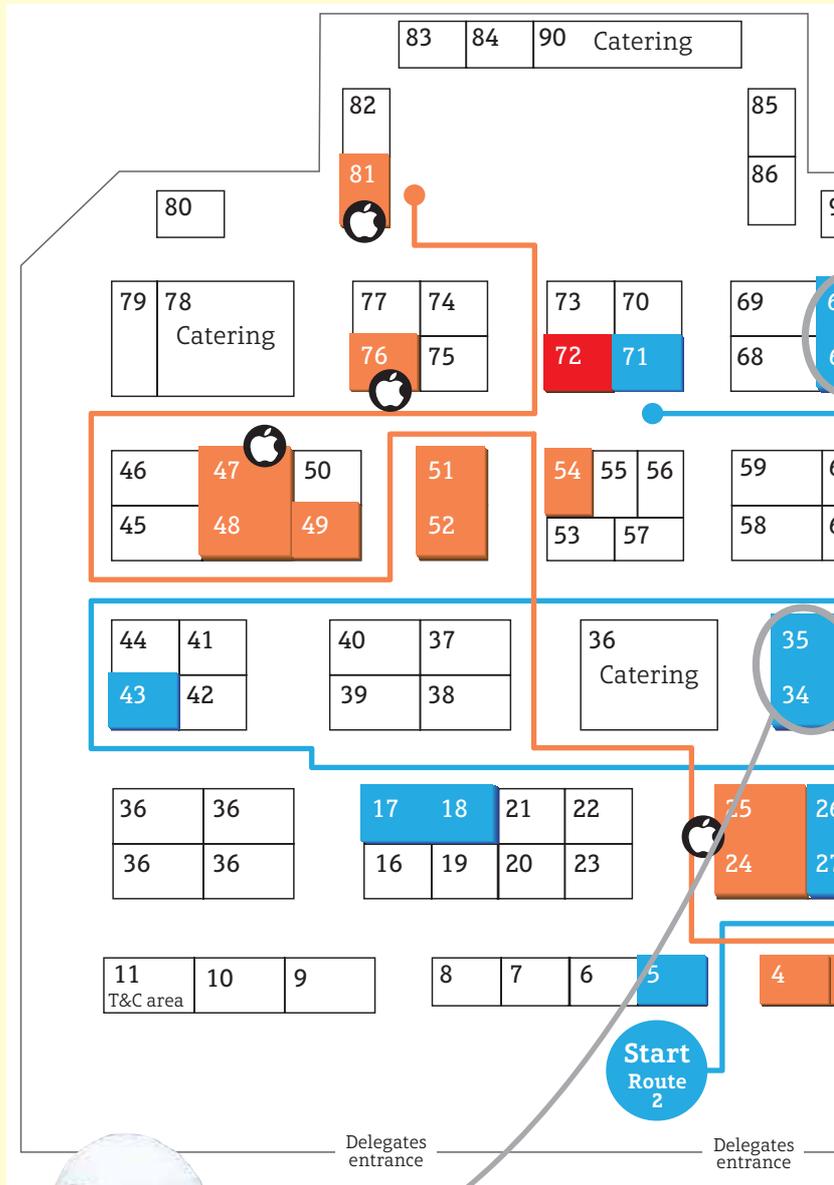
**Head right** into the adjacent row where you'll find XL Insurance (stands 24 and 25). Enter their competition to win an iPad 2. **If you're thirsty**, ask for one of their fresh smoothies.

From XL, **skip across** the centre of the exhibition area towards the far end of the building. **Pop in** to see Guernsey Finance at stand 54 and have a go at winning a weekend break to Guernsey by dropping off your business card.

**From here**, move towards the eastern wall of the building, past stands 51 and 52 where you'll find HDI Gerling at stand 49. Try to win one of their three Kindles. **Directly behind** HDI, Lloyd's are exhibiting in stands 47 and 48. Down a shot of espresso and use the time to enter their iPad2 competition.

**Opposite** the Lloyd's stand, you'll find Miller Insurance Services at stands 75 and 76. Enter another iPad2 competition and **make your way** to Edward Symmons at stand 81. Enter your final raffle to win an iPad2.

**Now settle down** and enjoy some lunch **but don't forget** to come find **StrategicRISK** (stand 72) and collect all your reading materials.

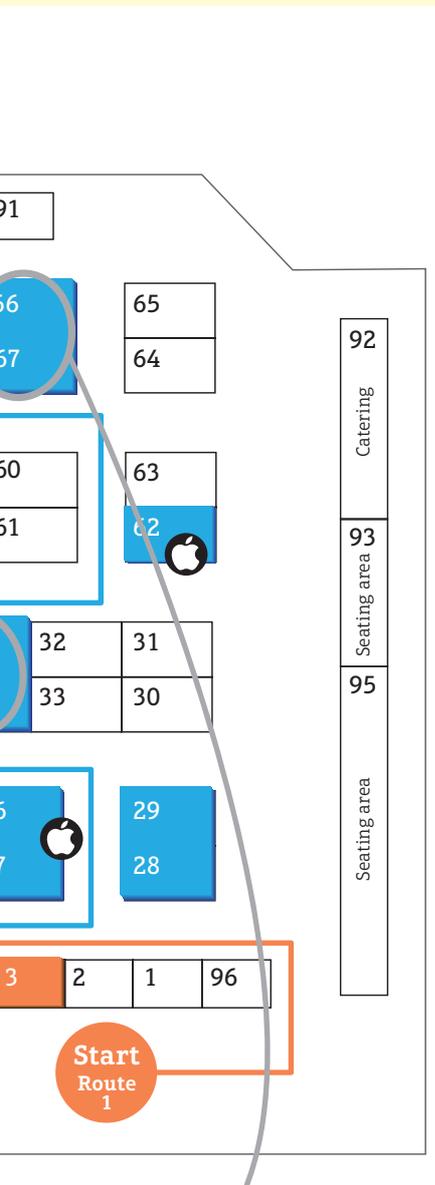


Zoom to JLT Specialty Ltd's stands 34 and 35 for your chance to race against *Top Gear's* the Stig and win a super car experience

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*Pssst ... Fancy winning an iPad? See our map for the stands where you see*



**Route 2**

For a slightly more laid back meander around the exhibition, take this second route. **Start with** Bee Insurance at stand 5, where you can enter a competition to win a weekend break in sunny Malta. Fittingly, Bee Insurance is also handing out honey jars, as well as key rings and business card holders.

**From here, move on** to ACE European at stands 28 and 29. This booth is on the far right as you come in, on the second row of exhibitors. Visitors can win a mixed case of prestigious wines. Plus, don't miss the champagne reception ACE is holding at its stand on Tuesday at 3.30pm. For those in need of a morning pick me up, grab a bacon sandwich and a glass of OJ here on Wednesday morning.

**From here,** stroll next door to Zurich at stands 26 and 27. Play a driving game for your chance to win an iPad2, plus grab a ubiquitous USB stick and mobile phone charger. **Just opposite** at stands 34 and 35, JLT will be giving visitors the opportunity to beat the Stig on the *Top Gear* test track. The Stig (look-alike) will set a lap on the racing car simulator on Tuesday and Wednesday morning. If you can beat him, you'll have a chance to win a super car experience, which includes driving the Ariel Atom.

**After all that excitement,** you'll need a rest so pop along to see Crawford & Company at booths 17 and 18 and fill out one of their surveys for a chance to win a bottle of champagne. **Take a short walk** to the west wall of the building to visit Swiss Re at booth 43. Enter a dip to win lunch for two at the top of the Gherkin or an iPod touch, and grab one or two Swiss chocolates before you leave.

**Peruse the other exhibitors** down the centre aisle on your way to Rushton International's at stand 62. Enjoy a cocktail toast and enter their iPad2 competition.

You're reaching **the final leg** of your journey now. If you're a rugby fan, visit QBE at stands 66 and 67, where you can try your luck at winning four tickets to a premiership rugby match. **Pop in next door** to see AXA Corporate Solutions at stands 68 and 69. Put your feet up in a relaxing airline seat and enter a draw to win up to £250 in holiday vouchers.

**Turn to your left** and you'll see HSB Engineering at booth 71. Grab one of their solar-powered torches. Then you're only a few steps from **StrategicRISK** at stand 72, where you can pick up some reading for the train journey home.

**List of exhibitors**

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Advisen Ltd	96
Airmic	11
Allianz Global Corporate Speciality	58, 59
Alternative Risk Management Ltd	8
American Appraisal UK Ltd	16
Aon Ltd	51, 52
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Tokio Marine Europe Insurance Ltd	33
VPS UK Ltd	91
vrs VeriClaim UK Ltd	77
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Zurich	26, 27

QBE are giving away four tickets to a premiership rugby match. Head to stands 66 and 67 for your chance to pocket them



## Feature Conference

# Looking ahead

StrategicRISK spoke to two members of Airmic's board, Christie's group risk director Nicola Harvey and DLA Piper chief risk officer Julia Graham, and asked them about this year's conference agenda, as well as what the association is doing to improve the lot of its members

**L**ooking ahead to the conference, Airmic chairman Nicola Harvey, who is also group risk director at Christie's, explains that one of the key goals of the conference is to get feedback from members: "We're going to be taking a look at our strategy and making sure that we're delivering what our members are looking for."

Harvey believes that one of Airmic's key roles is to ensure that risk management is relevant at a senior board level. And this is something that the association has successfully lobbied on over the years, although events in the wider world have also had their impact on the credibility of the risk profession.

Since the financial crisis, "risk management has become more challenging and more complicated", says Airmic board member Julia Graham, also chief risk officer at DLA Piper. "It's demanding a new breed of risk managers. The profession of risk management has developed a great deal of visibility and prestige over the past few years, which improves the prospects for young graduates."

Harvey also thinks that external factors have contributed to the advancement of the profession. "Investors and regulators are asking questions about risk management, so it tends to be higher on the board's priorities. The industry is moving forward," she says.

Graham adds: "We're living in a faster and more complex world. Nothing happens in a vacuum." As a result, risk managers need to be agile and able to respond quickly to new

developments. Complex strategies and procedures can be put in place to mitigate risk but risk management plans must be dynamic enough to react efficiently, she says.

Graham also emphasises the importance of risk managers acting as a mediator between a business's short and long-term goals. "Businesses like to focus on the immediate horizon and they are more reluctant to focus on the long term. This is especially the case when they are under financial pressure."

### *Supporting the profession*

One of the key initiatives that Airmic is launching at the conference is its mentoring scheme, which aims to support young risk managers in their fledgling careers. Harvey says: "We'd love to hear from any experienced risk managers who would like to volunteer as a mentor." She says the initiative is a means for successful risk managers to "give something back to the industry and encourage young professionals".

Education has always been a priority for Airmic and Harvey goes on to underline the importance of Airmic's Academy, a programme of educational workshops and seminars for members.

"All of the skills that risk managers will learn in Bournemouth will allow them to go back to their organisation and deliver the role that they could and should be doing," Graham says.

By equipping its members to do their jobs better, Airmic can help to increase the influence risk managers have at board level, explains Harvey. She says that this in turn will improve the standing of the industry in the business world.

Airmic helps its members to improve as risk managers, add value to their companies and progress in their careers, says Harvey. The association facilitates this by giving risk managers the necessary technical skills. But she also emphasised the importance of soft skills such as negotiation, presentation and general communication. "Risk managers often don't focus enough time and energy on these skills, and that's one of the things Airmic is very keen to do."

"Be positive and try to learn as much as you can," Harvey suggests. "The Airmic conference is a really good opportunity for this. You can network, think of new ideas, meet new colleagues and take that back to your organisation and make a difference." A positive and proactive approach, then, will allow risk managers to get as much as possible out of Airmic 2011 and develop those essential skills.

**'The skills that risk managers will learn will allow them to deliver the role that they could and should be doing'**

**JULIA GRAHAM,  
DLA PIPER**

**'Be positive and try to learn as much as you can. The conference is a good opportunity for this'**

**NICOLA HARVEY,  
CHRISTIE'S**

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**Secure the value you create**



# Five top tips ... to defend against cyber assault

*You might think your intellectual property is safe, but cyber crime is a fast-growing threat. Here are five steps you can take to protect your company's deepest secrets*

It's your company's most valuable asset: a technological breakthrough, a unique database, a list of important clients, a project under development. Whatever it may be, it has taken years or decades of work and investment. Yet it can be taken in a moment by cyber criminals.

Commercial cyber crime is growing at an exponential rate around the world. In the UK, the combined loss

to businesses of intellectual property and industrial espionage alone is £9.2bn (€10.3bn) a year, although "the real impact of cyber crime is likely to be much greater", states a government-commissioned study by Detica.

Commercially useful ideas, designs, methodologies and trade secrets are all on the hit lists of cyber criminals. "If a product is attractive to somebody on the outside, it's under threat," says chief

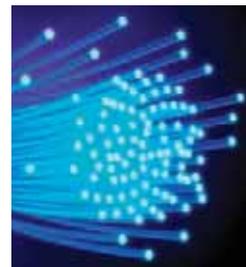
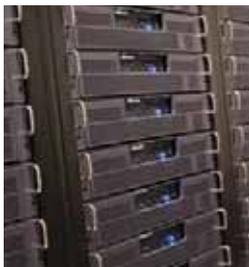
executive of risk specialist KCS Group, Stuart Poole-Robb.

No business with saleable intellectual property is safe, says 4Secure director Will Thomson. "Companies ask: 'Why would anybody come after us?' I tell them to look at what they've got that somebody else might want."

The utilities, medical, pharmaceutical, media, software, financial, electronics and telecommunications sectors are particularly at

risk. But the fact is that any intellectual property-rich organisation, where transaction volumes are high, may be considered a target for professional, IT-savvy cyber criminals working from anywhere in the world.

And although industry professionals say there's no single solution – "all organisations are different" points out Thomson – there are several simple measures that can and should be taken.



1

## Value your assets

Conduct an audit of the company's intellectual property and assess its external value. KCS Group managing director Massimo Cotrozzi says: "Many companies have no idea what their level of risk is." Typically, even those that do attempt to put a price on such assets make the mistake of undervaluing those they may not consider important.

2

## Draw up a budget

Draw up a protection budget that bears a sensible relationship to the value of the property. "Many companies have ridiculously low budgets that are not comparable to the importance of the business involved," Cotrozzi says. "Obviously it makes no sense to protect a £1bn formula with a £100 piece of software."

3

## Get tech savvy

Don't think the company is safe just because it's got the latest firewalls. "Anti-virus software can't defend itself against viruses it doesn't know about," Poole-Robb notes. "The best gateway into a company is an email address." The big danger may not be inward traffic anyway. As Thomson says: "Companies focus too much on what's incoming instead of what's outgoing."

4

## Erase data

Recovery specialist Kroll Ontrack says that over half of all firms leave commercially useful information on old computers and hard drives. A Ponemon Institute study in March 2011, sponsored by Symantec, found the average data breach incident cost UK organisations £1.9m (€2.13m), or £71 per record.

5

## Protect your data

Push data protection disciplines throughout the company. For example, by forbidding employees from using obvious passwords because hackers always work their way through a disciplined system based on our human foibles. And – it sounds ridiculous but it happens – don't leave passwords in obvious places.

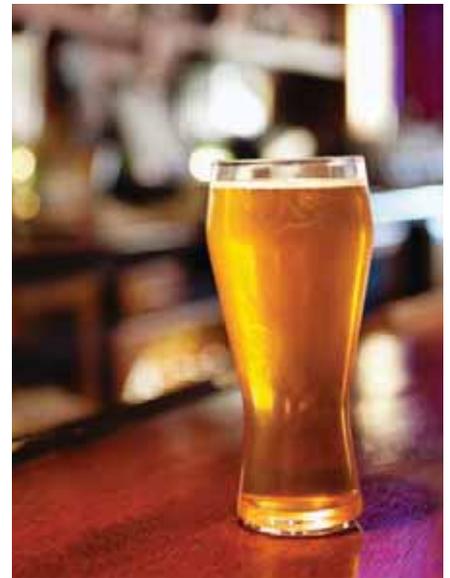
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## Around town Outside

### Things to do ▶

Bournemouth has seven miles of award-winning beaches, but if you don't feel like walking along the beach or the pier, there is still plenty to do in town. Bournemouth Gardens will make for a relaxing break from the conference. Beginning with the lower gardens, which are adjacent to the sea and behind the Bournemouth Pier Theatre, these parks rise into the town centre and beyond. The gardens have beautiful flower displays all year round, which take advantage of the local microclimate. For a cultural trip out, you could visit the Russell-Cotes Art Gallery & Museum, which has significant works by Dante Gabriel Rossetti and Albert Moore. The museum is located in a historic house on Russell-Cotes Road.



▶ **Bournemouth** Bournemouth has a population of over 163,000, making it the largest town in Dorset. The town is best known for the sandy beaches and piers that are found along its idyllic coastline. Bournemouth adjoins Poole to the west and Christchurch to the east. This conurbation represents the retail and commercial heart of Dorset. The architecture in Bournemouth town centre is mostly Victorian, with a notable example being the Town Council offices, which are housed in a building that was previously the illustrious Mont Dore Hotel.

▶ **Pubs** For a quiet pint after a hectic day, try The Goat and Tricycle on Westhill Road. For an alfresco drink with sea views, go to the Harbour Lights pub on Pier Approach. Alternatively, there are plenty of other welcoming bars on Old Christchurch Road.

# Out and about

*The Airmic Conference is a highly anticipated industry event, and after all the seminars, talks and networking, you're going to need a breather. Here's a brief guide to making the most of Bournemouth*

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**▲ Restaurants** There are plenty of smart restaurants in Bournemouth. Among the best are 1812 at the Royal Exeter Hotel and Beaumonde at the Lampeter Hotel. If you're looking for a restaurant specialising in seafood, try The Crab, which is conveniently situated opposite the International Centre. Other notable restaurants in town include Ciao on Old Christchurch Road and L'Assiette on Belle Vue Road.



**▲ Shopping** For shopping, the Westbourne district of Bournemouth – known as The Village – is full of boutiques and specialist shops. Boscombe is another area of Bournemouth known for its unique shopping and can be found along Christchurch Road. For a more conventional shopping experience head to The Square, which is a fully pedestrianised commercial area marking the centre of Bournemouth.

**BEFORE YOU GO ...**



**Phil Sharpe**  
Director of  
casualty and  
major risks,  
ACE European  
Group

**Q: What is your clients' number one fear?**

Their fear is that insurance companies will not always deliver on their promises to pay claims – they come to us to transfer their insurable risks onto our balance sheets but the real acid test is when an event takes place.

**Q: How are you helping your clients overcome this?**

We identify issues up front. Two years ago, ACE appointed a claims relationship manager in the UK to work closely with our clients on claims protocols, realistic disaster scenario planning and a 'what happens if' model. This enables us to understand our clients' concerns better and prepares them to understand what to do from a claims perspective when an incident occurs. The role has been extremely well received by our clients and has been adopted by our colleagues in Europe and in ACE USA.

**Q: How can risk managers raise their own professional profile?**

I think Airmic is doing a really good job under John Hurrell of raising the profile and professionalism of the risk management community. I would like to see risk managers championing issues around better pricing stability across all their service providers, including insurance companies and

brokers, by involving their financial decision makers more comprehensively in the risk transfer process.

**Q: What is your greatest professional achievement?**

My appointment to a board of directors. After 27 years in insurance, it was a great reward for the hard work of working in the industry. It was the pinnacle of my career at that time but I hope the greatest achievements are still to come!

**Q: What's the biggest risk you've ever taken?**

Being an avid Liverpool FC supporter, in light of working for an insurance company that sponsored Manchester United. No family inheritance for me!

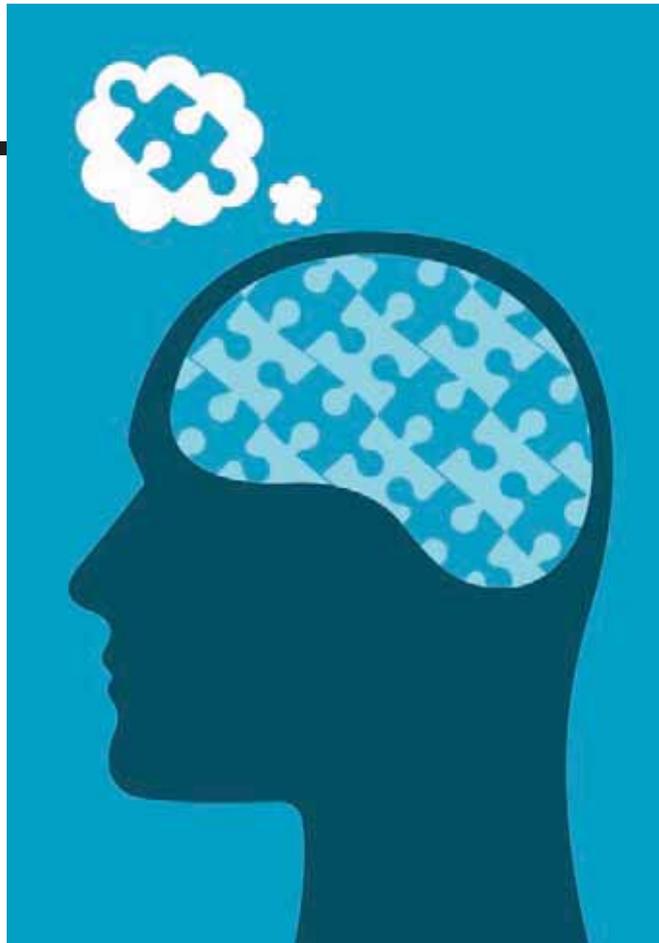
**Q: Who do you most admire in the industry?**

With my casualty background, it has to be David Constable, who rose through the ranks at the MWP and RJW syndicates to run his own DAC business at Lloyd's. David seems to be universally liked and he is one of the most knowledgeable, personable and generous people I have met.

**Q: Tell us a story?**

Well, first of all, I am not Max Bygraves! However, I have always looked at life with a 'glass half full' mentality – a can-do approach, if you like. And so it reminds me of a story I heard about two salesmen being sent abroad by a British shoe manufacturer to investigate and report back on market potential. The first salesman came back saying: "There is no potential here – nobody wears shoes." The second salesman reported back: "There is massive potential here – nobody wears shoes." I know which salesman I would have been.

## Mind bender Quiz



**1** Thomas Bignold, founder of Norwich Union (now Aviva) in 1797, started his insurance company because:

A. He could find no one to insure him against highwaymen  
 B. He was a wine merchant and needed to insure his stock  
 C. He discovered no one in Norfolk had any idea what insurance was  
 D. He needed to fund his idea of making revolving heels for shoes

**2** Which is the European domicile with the greatest number of captive insurance companies?

A. Sweden  
 B. Luxembourg  
 C. Guernsey  
 D. Ireland

**3** As from February 2011, what is the maximum (compensatory plus basic) award that can be granted in normal unfair dismissal cases in the UK?

A. £69,900  
 B. £76,700  
 C. £77,600  
 D. £80,400

**4** What does TUPE stand for?

A. Transfer of Undertakings (Permanent Employees)  
 B. Transfer of Undertakings (Protection of Employees)  
 C. Transfer of Undertakings (Provision of Employee Protection)  
 D. Transfer of Undertakings (Protection of Employment)

**5** The 'Dutch book' argument sometimes arises in discussions of Bayesian probability. A Dutch book is when an astute gambler can guarantee a winning payout,

no matter the outcome of the bet. What is it named after?

A. An English racehorse, The Flying Dutchman (foaled 1846)  
 B. Dutch statistician Jan Visman (b.1914), notable for his work on sampling theory  
 C. 'Dutch' Schultz, a New York gangster  
 D. The Dutch auction (where the auctioneer begins with a high asking price and gradually lowers it.

**6** The Localism Bill is currently going through the Westminster parliament. Which one of the following proposals is NOT in the Bill?

A. The right to veto excessive council tax increases  
 B. The setting up of an Infrastructure Planning Commission  
 C. The ability to choose whether or not to have a local mayor  
 D. A community right to build

**7** The 1978 Love Canal disaster in New York State was a result of...?

A. Toxic leakage from a landfill site leading to sickness and birth defects  
 B. Inadequate safety procedures on a fairground ride, with 15 deaths  
 C. Failure in crowd control at a music festival, with three deaths and over 300 injuries  
 D. Unsafe electrical products manufactured by Love Canal inc, which resulted in more than 200 disfiguring burns and a total product recall

**8** The Bank for International Settlements is based in which city?

A. Zurich  
 B. Geneva  
 C. Basel  
 D. Frankfurt

**9** Who said: "The fact that people are full of greed, fear, or folly is predictable. The sequence is not predictable."

A. Donald Rumsfeld  
 B. Donald Trump  
 C. Warren Buffet  
 D. Mervyn King

**10** The Fukushima nuclear crisis involved the release of the dangerous isotope Iodine-131. What is the half-life of this isotope?

A. 8 days  
 B. 28 days  
 C. 30 years  
 D. 80 years

# The Risk Management Quiz

Think you know your stuff?  
 Test your risk management knowledge with our 10 question quiz

Answers in tomorrow's  
**The Daily**



# 1

*One thing, if you want to understand risk, you need to get out from behind your desk.*

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