



## STUDENTS REPORTS

**Name: Magdalena CIAK**

**Association: POLRISK, Poland**

### Forum Report

#### 1. FERMA FORUM

The Federation of European Risk Management Associations brings together the national Risk Management Associations of 16 countries. Each National Association could choose one student to attend the FERMA RISK MANAGEMENT FORUM 2009, entitled "Global Village: The Future of Risk Management", which took place in Prague.

All students were invited to participate in pre-conference course, which presents an introduction to risk management. During the course, we learned about historical background evolution from traditional, operational risk management to financial risk management and then recent development focusing on strategic issues and corporate governance requirements.

After pre-conference course the proper conference started. We were able to participate in the highest quality educational and networking experience available for risk professionals. We had the opportunity to participate in selected workshops, which correspond to our interests.

One of the workshops that I chose was "Sustainable development" moderated by John Hurrell, Chief Executive, AIRMIC, UK. Future-thinking businesses are now consolidating their positions around

environmental risk management, climate change and corporate responsibility. Risks to critical infrastructure and changes in geographical patterns of supply will affect how business will need to operate in the future and how their risk management process will need to respond to critical events. This session looked at how business are expected to respond to the changing environment in the future and how companies are managing their environmental impact mitigation responses through the development of comprehensive risk management framework.

Furthermore we could listen very interesting plenary sessions. In my opinion, the most interesting was "Risk Managers on the Grill". During the panel discussion selected risk managers were cross-examined by journalists and colleagues.

During the breaks, between the plenary sessions and workshops, we could visit Exhibition Area. There we had a chance to talk with exhibitors about their products and services. Exhibitors demonstrated us how their products and services fulfill requirements. In addition, we could learn on an individual basis about risk and insurance professionals' needs. As special recognition for exhibitors support and excellence, FERMA organized the "Best Exhibition Awards". The winner of the Risk Management Forum 2009 was XL INSURANCE.

After very busy day spend at Congress Centre we could relax on special events. For the first time organized FARMA Night to celebrate FERMA's 35th birthday. The event took place in one of Prague's most exclusive place- DUPLEX Lounge Club and everyone had a great time.

The conference brought together some of the most successful, resourceful and innovative risk professionals in the industry. During workshops and educational sessions, receptions, lunches and visits to the exhibition area, we had the opportunity to meet risk managers, insurance professionals, treasurers, brokers, insurers and others.

The Forum was an ideal opportunity to network and to improve our skills and knowledge. Furthermore during Forum we had the possibility to discuss and exchange our views with practitioners, risk and insurance managers, and with numerous service providers.

## **2. RISK MANAGEMENT**

### **RISK**

Risk is the possibility of the unplanned diminution of present and future assets by fortuitous events. It is also any event that could endanger the result of the company. Risk is the threat of actions with the specific intention of causing damage or disruption.

### **RISK MANAGEMENT**

Risk management is the rational handling of a risk situation in order to protect the present and future assets of a given entity. It is planning for the best, including preparing for the worst. Risk management has set itself the objective of:

- Ensure the security and financial stability of companies
- The protection of assets, operational capacity and company's reputation against the risks that can damage it or breakdown

- Improve the organizational culture, skills and awareness of managers and employees
- Increase the ability of companies to take more risks in a controlled manner- and thus increase its competitiveness.
- Setting policy and strategy for risk management
- Primary champion of risk management at strategic and operational level
- Establishing internal risk policy and structures for business units
- Designing and reviewing processes for risk management
- Co-ordinating the various functional activities which advise on risk management issues within the organization
- Developing risk response processes, including contingency and business continuity programmes
- Preparing reports on risk for the board and stakeholders.

### **THE RISK MANAGEMENT PROCESS**

Risk management consists of the following main processes:

- Risk identification

Risk identification sets out to identify an organization's exposure to uncertainty. Risk identification should be approached in a methodical way to ensure that all significant activities within the organization have been identified and all the risks flowing from these activities defined. All associated volatility related to these activities should be identified and categorized.

- Risk evaluation

After risk identification process it is necessary to compare the estimated risks against risk criteria, which the organization has established. The risk criteria may include associated cost and benefits, legal requirements, socio-economic and environmental factors, concerns of stakeholder, etc. Risk evaluation therefore is used to make decisions about the significance of risks to the organization and whether each specific risk should be accepted or treated.

- Risk control

Primary objective of risk control is to avoid the occurrence of losses and if possible, to reduce the probability of an occurrence and of its probable effects and consequences. To avoid the occurrence of losses should be made training of staff, audit and control procedures, company should follow the statutory rules, etc. To reduce the probable effects and consequences should be made emergency planning and catastrophe plans, alternative solution and reconstruction planning, etc. The worst thing is to left risk uncontrolled.

- Risk financing

Objective of risks financing is to help the company to face increased costs following an unexpected event. Financing techniques are provisions of risks, insurance, non-insurance, retention, alternative financing, and reinsurance captives.

- Risk monitoring

The monitoring process should provide assurance that there are appropriate controls in place for the organization's activities and that the procedures are understood and followed. Changes in the organization and the environment in which it operates must be identified and appropriate changes made to system.

## **MISSION AND VISION OF RISK MANAGEMENT**

Mission and vision of risk management is to protect the realization of the strategic goals of

the company. It is also to protect persons, materials and immaterial assets against every damage that puts the company in difficulty opposite her stakeholders, clients, and environment. Likewise, it is to take all opportunities to realize the growth of the company.

Operational goals within risk management are to optimize the global cost of risk, to optimize risk transfer, and to determine the level of acceptable risk for the company.

The purpose of the risk management is not in any way tying the development potential of the company or the competence and managerial decisions. Functioning risk management system, based on a culture of "risk awareness" enables the Board to focus on building a development strategy, value and competitiveness of the company. Certainly, companies can manage risk in a controlled manner to take higher risk than the average company in the industry. Thus, achieve higher profits and be more competitive. Because no risk no value.