

THE B I E I N Q U I R Y

Welcomed into the wider community

Poland's risk management association, PolRisk, was accepted this month as one of two new members of the Federation of European Risk Management Associations based in Brussels. PolRisk's board president Rafal Rudnicki, risk and insurance manager at Raben Group in Poznan, Poland, talked with Business Insurance Europe about joining FERMA and what is next for his association.



Rafal Rudnicki.

how. And point three is risk management education. The education programs we have in Poland are limited mostly to financial sectors, insurance-related sectors, and information technology-related areas. The rest I would say is a desert. What we want to do is have at least two or three universities that offer a very good professional course on enterprise risk management as a starting point. We hope to be able to get some support from the Institute of Risk Management in London for this.

Q: What is your reaction to becoming a FERMA member?

A: This is a fortunate finale of a lengthy process that started more than two years ago with an informal meeting in Warsaw—attended by several Polish risk managers invited by FERMA... a tremendous amount of effort, interaction with Polish authorities, and organizational work, as well as the support of New York-based Marsh Inc. and Hamilton, Bermuda-based ACE Ltd.—then our partners, now our sponsors—contributed to forming an association that today has around 50 members.

Q: How will joining FERMA benefit PolRisk members?

A: We believe that joining FERMA will supply Polish risk managers—PolRisk members—with direct access to top quality know-how and live exchanges with other European risk managers, which is the asset we have been missing most in Poland. We are looking forward to a smooth and fruitful cooperation with FERMA, and other national risk management associations in Europe.

Q: How do you intend to build on this milestone?

A: We are currently preparing our 2008 budget and this great information arrived at the best possible moment. We will most certainly integrate the cooperation with FERMA into our budget and our development plans for the next 12 to 18 months.

Q: To what extent is risk management practiced in Poland?

A: There is no single answer. You have the whole range of companies, from high-level multinationals with well-developed risk management to local Polish companies, where managers are learning while doing—and then there is the whole range in between.

Q: What are some of PolRisk's objectives?

A: There are three steps that we need to take. One of those first steps is to make businesses in Poland more aware of risk management. The next step is that our members should be able to find within our association very strong support and know-

Q: What are some of the major risks companies face in Poland?

A: We are not facing it yet, but an emerging risk that is almost guaranteed to bring some impact is the adoption of the Euro 2012 football championship (which is jointly run by Poland and Ukraine). This is a great opportunity for the whole economy and for some industries in Poland, but it is also a threat on various levels.

Coming back to today's reality, there is environmental risk and the impact of the European Union's Environmental Liability Directive (2004/35/EC). It seems to me that Poland was quite ambitious about the transposition of the directive. We are going to be a whole year ahead of the United Kingdom, which I am not sure is a good thing, and it looks like we are going to be stricter than other richer countries. I am not sure if that was a wise decision, because then [companies] need to invest a lot into technology and they need to invest a lot into high-level insurance. The average company in Poland can not afford that.

Q: The former state-run insurance monopoly, the Capital Group of Powszechny Zakad Ubezpieczen S.A. (PZU Group) dominate the local market. What impact does this have?

A: It makes life difficult for other underwriters because it is very difficult to compete if you have 5% of the market and PZU has more than 60%... That means that you have no power; you cannot compare with someone who has 60% of the market share. So the number one [insurer] is setting the price level. [PZU] has been driving prices down, especially in motor insurance, which is usually killing other insurers.

Q: How does this effect risk managers?

A: Now that we are in the European Union, we have access to the whole European market, so actually we don't need to buy insurance from Polish companies. We can buy it in the United Kingdom, France, Germany, from anywhere. The truth is that, in many products, Polish underwriters are cheaper than in Europe and that is why, in many situations, we choose to stay with the local market because you can find quite good cover and much cheaper than in the United Kingdom, for example.