

*Today risk management is ever more a priority: the issue will be discussed during the
ANRA Annual Convention, in Milan on November 7th-8th 2013*

RISK MANAGEMENT: WHAT ARE THE PRIORITIES?

According to the latest survey sponsored by FERMA – the Federation of European Risk Management, of which ANRA is a member – at 35% of organizations either a Chief Risk Officer or a Risk Manager has direct responsibility for risk management; at 27%, either the CEO or the CFO has direct responsibility, while the board itself is responsible at 14%. As far as the areas of risk that are considered most relevant, 63% of respondents cited the strategic area as an area of concern, 55% mentioned the financial area, 44% the IT/data privacy area, 44% the legal and regulatory compliance area, 42% brand reputation, 42% the market/competitive, 41% the technology area.

The time for risk management has arrived, and indeed, European companies, which are still dealing with the pressure of a financial crisis that shows no sign of ending, have confirmed that they consider supervision and risk management a priority. This was revealed by the latest survey on leadership in risk management, which was carried out among the Risk Managers who are members of FERMA, the Federation of European Risk Management which ANRA is a member of*. The study portrays the phenomenon at European level and will be presented during the **Annual Convention organized by ANRA** titled ***There Always Comes a Time When There's Nothing Left to Do but Risk.***

In their answers, more than 200 executives from major European organizations emphasize how top management and Boards of Directors are increasingly geared towards greater control of the risk management process, while incorporating it into the company's overall strategy and embedding it deeper into corporate culture.

*"The European survey that we'll present during our Annual Convention indicates that at 35% of organizations either a Chief Risk Officer or a Risk Manager has direct responsibility for risk management - says **Paolo Rubini, President of ANRA.** At 27%, either the CEO or the CFO has direct responsibility, while the board itself is responsible at 14%. More than half of the companies surveyed, 56%, said they had increased over the past three years the resources devoted to education and training for Chief Risk Officers.*



* Source: FERMA, PRIMO (The Public Risk Management Organisation), Harvard Business Review Analytic Services, Zurich (available at <http://www.ferma.eu/wp-content/uploads/2013/08/leadership-and-risk-management-executive-summary.pdf>)

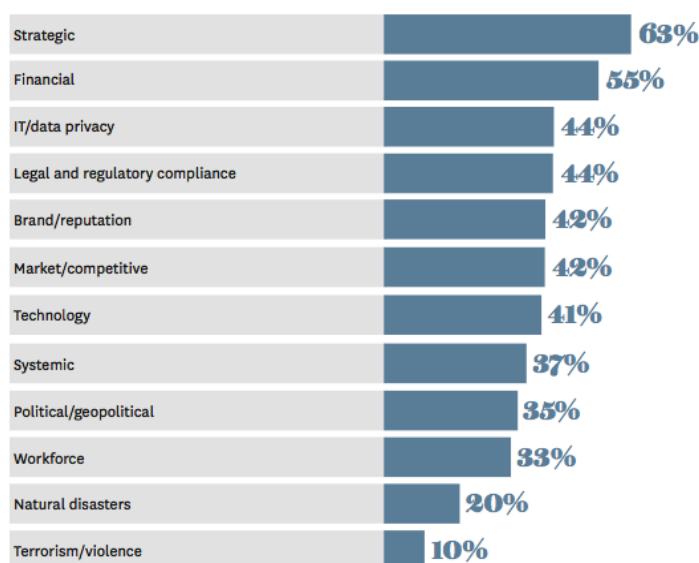
*In any case, companies stress the importance of direct board involvement. And it is clear that without the board's support, the risk management process can't work. The majority of European companies declare that they have education and review processes in place that keep the board and the C-suite informed about their risk exposures: key risks are communicated to the C-suite at 70% of organizations. Evidently, building effective processes of this kind requires an information channel for risk-related issues. 75% of respondents cited the risk function as a channel through which the C-suite gathers information, intelligence and advice on risk - continues **Paolo Rubini, President of ANRA** . However, only 17% of respondents described communication between the C-suite and the CRO as being "comprehensive or nearly so;" more than one in four, 29%, expressed concern about the "good news culture," due to which management receives "revised" information on the reality of risks. 40% of CROs said that their organization has not yet set up a broad-based, cross-functional risk committee, despite the crucial role that this kind of committee plays in making sure risk data are discussed thoroughly and passed on to the board."*

The survey has also found that companies have been slow to adopt risk-based incentives as part of compensation: only 12% of respondents said their organization aligns risk management with executive pay. Companies aspire to forge closer links between risk management and strategic planning. About half said their risk management process is closely or very closely aligned with the overall strategy and budget. At the same time, companies are making less progress at bringing the risk function's resources to bear on transformative business projects, such as mergers, acquisitions and divestitures: only 20% described the risk function as a tool for making more effective strategic decisions and investments.

Main areas of risk according to the FERMA survey; these are the risk categories that the respondents consider most relevant:

Level of Concern Over Areas of Risk

QUESTION: PLEASE RATE YOUR LEVEL OF CONCERN ABOUT EACH OF THE FOLLOWING AREAS OF RISK.
Percentage indicating some level of concern by rating 7, 8, 9 or 10, where 10=extremely concerned



WHO IS ANRA

ANRA is an association that since 1972 has been bringing together Risk Managers and Corporate Insurance Managers. As of today, the association has over 150 members and plays an important role in Italy in spreading the knowledge pertaining to corporate risk management and to the most appropriate ways of insuring against it. ANRA represents both Risk Managers and Corporate Insurance Managers: the former monitor and examine all – that is, both ordinary and extraordinary - business-related risks, they share them with the company's top managers and, once they've gained their approval, they'll formulate a risk management operational plan; the latter, instead, lay out, implement and manage the company's insurance plan. ANRA is part the IFRIMA (International Federation of Risk and Insurance Management

Associations), an organization, whose activity can be traced back to 1930, that brings together several international risk management associations: it represents 23 organizations and 30 countries around the world. ANRA is registered with FERMA (Federation of European Risk Management Associations), an organization that currently brings together the national risk management associations belonging to 20 European countries. It represents over 4.800 professionals working in various fields, from industry to finance to health, for state or privately owned agencies, or for charities.

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