



# Annual Review

2018





## Chairman's commentary



A handwritten signature in black ink that reads "Lynda Lucas".

**Lynda Lucas**  
Chairman

**It has been a privilege to represent our members as chairman for the past 12 months. Airmic is at a key phase in its evolution as it consolidates its position in the enterprise risk management space and deepens the career support available for members via its hugely successful Professional Journey.**

This is happening against a challenging economic backdrop, but the financial results for the year once again demonstrate the effort of the executive team to grow income and manage costs in order to support Airmic's ambitious programme of activities.

A major achievement during 2018 was the publication of the third report in the "Roads to" series, "Roads to Revolution". The report provides pragmatic advice to those trying to ensure that risk management, resilience and digital transformation are harnessed to protect brand and reputation in a cyber-driven age. The conclusions of this report, which include the need for cyber governance, continue to be woven into Airmic's member programme and also influence the Airmic board agenda. For example, we refreshed our purpose and strategy as recommended in Roads to Revolution and I am delighted that the four new directors who joined our board in 2019 will bring a different perspective to our deliberations and decisions.

The Airmic Professional Journey, which provides training and support at every stage of a risk manager's career, continued to develop throughout the year and is now a central pillar of the membership offering. 2018 saw the first Business Excellence Programme delivered in Partnership with XL Catlin overseen academically by Glasgow Caledonian University. The Business Excellence Programme was highly acclaimed by those who attended, and it is already fully subscribed for 2019 indicating that it is likely to become an annual offering. The programme is designed to bridge the gap between the ever-popular fastTrack programme and the Airmic Risk Leadership Programme delivered in partnership with Cass Business School.

The Airmic member experience was enhanced in other ways too. Deep dive Academy Forum days complemented the usual Academy sessions, with the first covering technology. The first ever Airmic Learning Hub at the annual conference in Liverpool proved highly popular and will be back in 2019, along with a cutting edge Tech Hub, focused on innovation. New Special Interest Groups for construction and enterprise risk management got off to a promising start.

At the beginning of 2018, Airmic was focussed on helping members prepare for the General Data Protection Regulation coming in to force in May, via Academy sessions and practical advice. In the second half of the year, attention shifted away from GDPR and onto Brexit. The Leadership Group held a summit to discuss the measures being taken by the insurance market to mitigate Brexit disruption and Airmic teamed with FERMA to produce a Brexit newsletter for risk managers across Europe.

A personal highlight for me in 2018 was the annual Airmic business networking dinner which raised £10,000 for my chosen charity, the National Literacy Trust, which helps schools and communities give disadvantaged children the literacy skills they need to succeed in life.

As we are now half way through 2019, I am already due to hand over the chairmanship to Tim Murray and I wish him every success in the coming year. I am grateful to the Airmic Secretariat for their support during my term of office and I am honoured to have worked with the Airmic board.

# Chief executive's report



A handwritten signature in black ink, appearing to read 'John Ludlow', written on a light-colored background.

**John Ludlow**

*Chief executive*

## **Overview**

Airmic is providing leadership and support for our members and partners during a period of unprecedented change. Political, economic, technical, social changes and regulatory developments are reshaping our environment today.

This presents a dual challenge for our community: on the one hand, these changes give rise to unprecedented risks that we could not imagine five years ago. But on the other hand, the biggest risk of all is not to embrace technological innovation. We must all adapt to stay relevant and become more successful tomorrow.

In 2018, Airmic set out on a journey to deliver the refreshed vision: our purpose, mission and culture, as developed in the autumn of 2017. A wide range of operational objectives were delivered to prepare every aspect of Airmic for greater strategic change in 2019/20, and also to enable us to weather the changes in our business environment that we foretold and are now experiencing.

Performance is impressive despite the disruption to our sponsor partnerships. Support for Airmic is building and stakeholders are keen to see us do more. Our strategy is working well and will gain the benefits of consistency of purpose, and be developed further as team resources grow.

Despite the rapidly changing environment, the core needs of our members remain the same: delivering networks, thought leadership, education, recognition and influence for our professions. The way we service these needs may be changing, but these fundamentals will remain at the heart of our membership organisation.

## **Finance**

Airmic is in a financially strong position, despite a challenging environment.

The 2018 Business Plan recognised that the Airmic team was facing a step change in terms of workload and complexity. A deficit budget of £28,000 was approved in order to allow for moderate team growth, but with an aspiration to close the deficit by raising additional partner income.

This target was met by the introduction of the education partnership (The Institutes) and the technology partnership (Fujitsu) part way through the year. Other variations meant that we closed the year with a surplus of £60,000 after tax. This is nearly £90,000 better than budgeted, the biggest contributory factor being gaps in the team structure.

We ended the year with reserves of £1.3m, against the £1.2m which was chosen as the 'minimum' level by the finance committee and board in July 2018.

## **Membership**

Airmic membership grew during 2018, mainly due to an increase in individual members in existing corporate memberships. This has been good for membership diversity and scale; however, the challenge remains to grow the number of member organisations and to reduce the level of dependency on partner revenue.

It pleases me greatly that member engagement – the litmus test of any membership organisation – has strengthened. Airmic events grew in quality, number and attendance. The Academies – which I noted as a concern in last year’s report – saw a particularly strong recovery in both number of sessions and attendance.

## **Partners**

In recent years, we have flagged high levels of M&A and a persistent soft market as a challenge for our partnership structure, and indeed 2018 saw mergers among four of our partners. Our strategy of diversifying partner relationships has therefore come into fruition and kept the association on a sound financial footing. As well as fostering partnerships with new insurers, we have developed relationships with risk-centric businesses, while our education and technology partnerships are developing well.

We have introduced a more formalised structure in the way we manage our partner relationships to ensure that the value they bring to our partners and members is maximised at a strategic, tactical and operational level.

## **Events**

The events programme remains a core part of the Airmic offering. The annual conference in Liverpool was a success, with a record number of registrations. Feedback suggested that the quality of the networking, education and the exhibition were our best yet.

Attendance at the ERM Forum, now in its third year, reached capacity and is now an established feature on the risk management calendar. The Forum has significantly contributed to Airmic positioning itself in the field of enterprise risk management.

The fastTrack Forum, supported by Willis Towers Watson, returned to the Airmic calendar and was, despite the wintery weather, a success.

The Annual Dinner at the Grosvenor House Hotel is being repositioned from an almost purely market event, back to an Airmic event to celebrate and thank our most engaged members and partners.

## **Thought leadership and the technical agenda**

Publication of Roads to Revolution at the annual conference heralded the third report in the ‘Roads to’ series, and provides a huge depth of research and practical advice for our members on how to build resilience in the digital era. With articles featuring in The Economist, The Times and the professional and trade press, it has further underwritten Airmic’s position as a force in risk management. The findings of the report have supported our education programmes, technical agenda and events programme. Work continues with our sponsors to maximise opportunities this research presents.

The quality and quantity of the technical agenda output remains extremely high. A new guide on D&O risks and liabilities, growth of publications in our successful EXPLAINED series and more than a dozen white papers adopting a new, sharper format were published. These have been positively received by our members, evidenced by the number of guides and papers that have been viewed and downloaded online and requests received for hard copy re-prints.

Airmic successfully contributed to the review of the UK Code of Corporate Governance. Following a roundtable meeting attended by twenty senior Airmic members, we were delighted to see the inclusion of our recommendation for boards to consider emerging risks alongside principal risks.

### **Education**

The formal education programmes are developing in alignment with our member Professional Journey. The Business Excellence Programme sponsored by AXA XL, which aims to broaden members' knowledge of other business disciplines was launched in 2018. Attendance levels have been excellent and early feedback has been very positive. Meanwhile, the first Risk Leadership Programme delivered with Cass Business School concluded in 2018 with the assessment of student dissertations. The quality of these is outstanding, and extracts will be published for other members to read.

The Academies have seen a strong recovery, thanks to better marketing, more attractive content and enhanced personal contact. Webinars continue to prove popular although they are less favoured by our partners who like face-to-face contact time; however, we continue to employ this format to satisfy member needs.

The first full day Academy Forum focussed on technology and was hosted by AVIVA at their Digital Garage. The blend of influential plenary speakers, panels and discussion was voted a success and more are planned for 2019.

### **Airmic team and infrastructure**

The Airmic team is engaged, well regarded and productive. Indeed, Airmic punches way above its weight for a small team.

The gaps in the team structure that were noticeable in 2018 have been filled, leaving the team in a strong position to deliver on the 2019 agenda. These include appointments of Richard Cutcher as R&D Manager and Eleanor Bounds as Training and Networking Administrator.

The growth of the formal education offerings, and the success of the Academies will necessitate the addition in 2019 of an education manager.

Our office lease at 6 Lloyd's Avenue expires at the end of July 2019 and work is ongoing to move to a new office, on Lloyd's Avenue over the summer.

# Extracts from the financial statements

## Income & expenditure account for the year ended 31st December 2018

	2018 £000	2017 £000
<b>Income</b>	<b>2,204</b>	<b>2,047</b>
Direct expenses	(695)	(642)
Other operating expenses	(1,441)	(1,430)
<b>Operating Surplus / (Deficit)</b>	<b>68</b>	<b>(25)</b>
Interest receivable	6	6
<b>Surplus / (Deficit) on Ordinary Activities Before Tax</b>	<b>74</b>	<b>(19)</b>
Tax charge (1)	(14)	8
<b>Surplus / (Deficit) on Ordinary Activities After Tax</b>	<b>60</b>	<b>(11)</b>

## Balance Sheet as at 31st December 2018

	2018 £000	2017 £000
<b>Fixed Assets (2)</b>	<b>820</b>	<b>268</b>
Current Assets (2)	2,289	2,672
Current Liabilities	(1,800)	(1,691)
<b>Net Current Assets</b>	<b>489</b>	<b>981</b>
<b>Total Assets Less Current Liabilities</b>	<b>1,309</b>	<b>1,249</b>
<b>Reserves</b>		
<b>Income &amp; Expenditure Account</b>	<b>1,309</b>	<b>1,249</b>

(1) Corporation Tax due on taxable profits in 2018 amounts to £21,175. The 2016 accounts included deferred tax provision of £22,280 reflecting the differing treatment of fixed assets between the accounts and the tax calculation to smooth the effect of Annual Investment Allowances claimed on the website and CRM system. Of this, £13,161 was released in 2017 and a further £7,135 in 2018. This results in a tax charge of £14,040 in the 2018 accounts and leaves £1,984 deferred tax to be released in 2020.

(2) Bank deposits maturing in 90 days or more are classified as fixed assets. The 2018 figures reflect an increase in the proportion of longer term deposits compared with 2017, with the resulting increase in fixed assets therefore reflected in a similar reduction in current assets. The overall total cash investments increased by nearly £125,000 between the two year end dates.

This is an extract from the audited financial statements prepared for members, for which an unqualified independent auditor's opinion under the Companies Act 2006 was issued. The signed statutory financial statements are contained in the Annual Report & Accounts 2018, which may be downloaded from the Airmic website [www.airmic.com](http://www.airmic.com) or requested in hard copy from the Airmic office on 020 7680 3089 or by email to [accounts@airmic.com](mailto:accounts@airmic.com).

# Airmic board & committees (May 2019)

## Airmic board members

<b>Colin Barker</b>	Bayer Public Limited Company
<b>Clive Clarke</b>	Willis Towers Watson
<b>Claire Combes</b>	Intu Properties plc
<b>Fiona Davidge</b>	Wellcome Trust
<b>Mark Dawson</b>	Thomas Cook Group
<b>Tim Graham</b>	GlaxoSmithKline plc
<b>Lesley Harding</b>	BP plc
<b>Alison Hill</b>	Amazon Logistics
<b>Nicholas Hughes</b>	Holman Fenwick Willan LLP
<b>Emily Jenner</b>	Standard Chartered Bank
<b>James Kelly</b>	Pearson plc
<b>Aileen Lowe</b>	KPMG LLP
<b>Lynda Lucas</b>	Fujitsu Global Business Group
<b>John Ludlow</b>	Airmic Ltd
<b>Tim Murray</b>	Serco Group Plc
<b>Xavier Mutzig</b>	Johnson Matthey Plc
<b>Tracey Skinner</b>	BT Group plc
<b>Kathryn Wallin</b>	Marriott Hotels International Limited

## Airmic committee chairmen

<b>Audit Committee</b>	Colin Barker	Bayer Public Limited Company
<b>Education and Development Committee</b>	Kathryn Wallin	Marriott Hotels International Ltd
<b>Events Committee</b>	Tracey Skinner	BT Group Plc
<b>Executive Committee</b>	John Ludlow	Airmic Ltd
<b>Finance Committee</b>	Tim Graham	GlaxoSmithKline plc
<b>Insurance Steering Group</b>	Mark Dawson	Thomas Cook Group
<b>Membership &amp; Marketing Committee</b>	Fiona Davidge	Wellcome Trust
<b>Risk Management Steering Group</b>	Claire Combes	Intu Properties plc

## Airmic secretariat (May 2019)



**John Ludlow**  
Chief executive



**Julia Graham**  
Deputy CEO & Technical director



**Lesley Davies**  
Finance manager



**Georgina Wainwright**  
Market development manager



**Richard Cutcher**  
Research and development manager



**Susi Ozkurt**  
Events manager



**Yogini Patel**  
PA to CEO and deputy CEO



**Matt Goldsmith**  
Digital marketing manager



**Olabisi Porteous**  
Membership coordinator



**Jess Titherington**  
Public relations



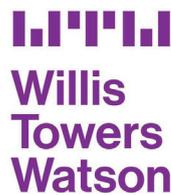
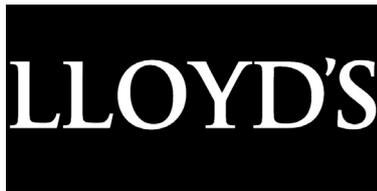
**Natalia Selter**  
Accounts assistant



**Eleanor Bounds**  
Training and networking administrator

## Airmic sponsors (May 2019)

### Airmic partners



### Airmic associate partners



Airmic preferred service providers

Arthur D Little

**BELFOR** (●)  
PROPERTY RESTORATION

**BLM**

**btvk advisory**

**cfc**

**Control Risks**

DUFF & PHELPS

HERBERT SMITH FREEHILLS

INTERNATIONAL SOS

sedgwick®

**SOVOS**

**ventiv** ▶

Airmic MarketPlace sponsors

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ASPEN INSURANCE

**AUSUM**  
SYSTEMS™

**AVC**

**Balkerne** **BARNETT WADDINGHAM**  
beyond the expected

**brandformula**

brownjacobson

**CBRE**

**clearview**  
Making the Complicated Simple

**clements**  
WORLDWIDE

**COVINGTON**  
COVINGTON & BURLING LLP

**DAC BEACHCROFT**

**EVERSHEDS**

**eviid**  
secure visual confirmation

**FENCHURCHLAW**

**forbessolicitors.**

**GEOSPATIAL INSIGHT**

**Griffiths Armour &**

**Hawkins**  
Leaders in forensic investigation

**iAuditor**

**JFIC**  
FORENSICS

**JCAD**

**K&L GATES**

**Kennedys**

**Keoghs**

**Liberty Mutual**  
INSURANCE

**LONGDOWN | EIC**  
Risk Consulting

**Mactavish**

**McLarens**

**MDD**  
FORENSIC ACCOUNTANTS

**Michelmores** **m**

**MILLS & REEVE**

**mulberry risk**

**NTT DATA**  
NTT DATA Figtree Systems

**O'CONNORS**  
CLEAR THINKING

**ORIGAMI RISK**

**PROTECHT.**  
Leadership in Risk Solutions

**R&Q**

**RiskBusiness**

**riskconnect.**  
Integrated Risk Management Solutions™

**RUSHTON**  
INTERNATIONAL

**SelectaDNA**  
Advanced Forensic Marking

**TMF GROUP**  
Global reach  
Local knowledge

**TrackMyRisks**®

**TYSERS**  
SINCE 1820

**Van Ameyde**

**Verisk**

**Weightmans**  
Law is our business



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