

airmic

Annual Review

2015



Chairman's Commentary



A stylized, handwritten signature in black ink that reads "Patrick Smith". The signature is fluid and cursive, with the first letters of the first and last names being prominent.

Patrick Smith
Chairman

It has been a great honour to represent Airmic members during what has been yet another record-breaking year for the association. Overall, membership levels continue to rise, as do attendances at our flagship events. We welcomed 992 delegates to our annual conference in Liverpool, and the signs are that we will have another exceptional turnout for this year's event in Harrogate. A similar number came to our annual dinner, whilst Airmic Academy attracted more than 677 people during the year.

Well over half our 1,250 members took part in at least one Airmic activity during the year, with 40% attending the annual conference alone. Such an exceptional level of involvement is the ultimate test of our relevance to the members we exist to serve. This was brought home to me in February when we sought three new board members. We were genuinely flattered at the number and quality of people who were willing to serve, which was unprecedented in my experience.

Airmic is not, however, a complacent organisation. We have spent much time this year seeking to ensure that we remain as relevant in the future as we are at present. With this level of support, it would be all too easy to rest on our laurels. Yet we know that associations must continually examine the services they provide, and how they do so, in order to keep up with changes in the business world. We are also well aware that, despite membership having increased by 50% over the past decade, there is still a significant number of potential members out there who have yet to join.

A key theme of the past year has been the continued segmentation of our activities to meet the needs of specific groups of members. The value of this approach was demonstrated at the second fastTrack seminar at the Willis building. This excellent event, which focused on helping those relatively new to the profession to develop their careers, attracted well over 100 people. The feedback afterwards was very positive.

We took this process of segmentation one stage further in March with the launch at the House of Lords of the Leadership Advisory Board (LAB) for the most senior risk professionals at organisations with at least four Airmic members. LAB is expected to provide a valuable networking opportunity for more experienced members, and will make it easier for them to increase their already substantial contribution to what we do.

At about the same time, we were able to announce that Airmic will be holding a one-day ERM Forum in November. With around 150 people expected to attend, this will be our biggest-ever event devoted to enterprise-wide risk, and reflects our growing status as thought leaders in this space.

The digital age gives us the opportunity, and the imperative, to review the way we deliver our services and communicate with members. To be 'best-in-class' we must continue to develop technology to provide a personalised service using digital methods that are routine in many of our member companies. We are currently working on a CRM (customer relationship management) project and a redesign of our website that should help us achieve these objectives, as well as making Airmic

Academy sessions more accessible by putting them on line.

In the meantime, our technical output continues to excel, both in terms of quantity and the quality of content, demonstrating the breadth of Airmic's capacity for thought leadership. We have published thirteen pieces of research and guidance this year. They cover a wide range of issues important to our members, including implementation of the Insurance Act, corporate governance and the Financial Reporting Council, reputation risk, business interruption and business-critical insurance. Several more guides and reports are in the pipeline as I write.

Of course, all this activity is only possible because of the work of our small, highly effective secretariat led by John Hurrell, who provide Airmic and its members with first-class support. We are especially fortunate to have Julia Graham on board now as our technical director and deputy chief executive; she has already made her presence felt in many ways.

I would also like to thank the Board for their support and guidance. I would like to recognise the contributions of Chis McGloin and Arnout van der Veer, who have stepped down, and to welcome Tracey Skinner, Lesley Harding and Claire Combes to the team. With people of this calibre coming through, Airmic's future is in good hands.

Chief Executive's Report



A handwritten signature in black ink that reads "John Hurrell". The signature is written in a cursive, slightly stylized font.

John Hurrell

Chief Executive

As the chairman has pointed out, it has been another very successful year for Airmic. We now have more members, more engagement with those members and more ways to support them.

I have been struck – even more than before – by the extent to which other organisations wish to work with us and seek our advice. The Insurance Act, which in August 2016 will introduce a new legal framework for commercial insurance, is the most high-profile illustration of the influence we are able to wield on behalf of our members. We were also instrumental in supporting a clause in the Enterprise Bill, which has now received Royal Assent and will allow damages for unreasonably late or withheld payments of insurance claims. In both cases we succeeded to a large degree because we had the support of other organisations in wanting change.

Lobbying is just one illustration of how Airmic seeks to co-operate with other interested parties to pursue its objectives. The guide to critical business insurance – published jointly with the Institute of Directors – is helping to raise the status of our members and their roles at board level. Our work with Tomorrow's Company on corporate governance provides valuable insights into an area of growing importance to risk managers. Our report on Reputational Risk, produced jointly with the Reputation Institute, addresses an issue that has long been near the top of our members' concerns. Other blue-chip collaborators this year have included PwC and CIMA, the Chartered Institute of Management Accountants, not to mention our official Partners who back us all year round. We thank them all for their valuable support.

Looking specifically at ERM, Julia Graham and I have been to several meetings involving top executives at FTSE 100 and 250 companies, a reflection of their growing appreciation of the strategic importance of enterprise risk. It is our intention to feed back some of the messages and implications for our members – for example, at the ERM Forum we are holding in November 2016 and also through the Leadership Advisory Board.

Looking ahead, we expect to maintain our already high level of technical activity. More than ten pieces of research and guidance will be unveiled at the annual conference alone, featuring reports that cover insurance, enterprise risk and a combination of the two. Of these I would especially highlight our research into scenario analysis, which will be supported by a members-only seminar at our annual conference. The Insurance Act makes this work even more important than ever, and it is an activity that can help our members gain influence within their organisations whilst mitigating risk and making policies more dependable.

Any review should mention the continuing success story of our Academy programme under the leadership of David Gamble – fifty five sessions this year, with demand for places as high as ever. I would also like to congratulate fastTrack. It has maintained the tremendous momentum it achieved in its first year, and is proving to be one of the most important of the association's recent initiatives.

Although the secretariat has been fortunate to acquire the services of Julia Graham, we were sad to say good-bye to Katie Moore, who has

taken up a top risk job at a FTSE 100 company. We thank her for all she has done for us. However, we are delighted to have secured the services of Kin Ly who is Editor of Strategic Risk, who joins the Airmic team in July 2016. We were pleased to welcome two new official Partners, QBE and FM Global. Indeed, we thank all our Partners and other sponsors for the support they have given us and for the opportunity to work together to the benefit of the market as a whole.

Financial Report

As shown in the extracts from the 2015 financial statements, Airmic continues on a firm financial footing having achieved a surplus of £166,000 after tax. The growth in levels of activity described in this review were achieved whilst keeping the increase in total expenses to just 6.7% against an increased turnover of 9.5%. We invested nearly £140,000 in capital spend, primarily in developing our new website and CRM system, which continued into the current year, also including a refurbishment of the offices following the renewal of our lease. The allowances associated with these investments resulted in a significant reduction in the tax bill.

The Association's reserves now stand at nearly £1.2M. Our reserves policy is set within the context of our risk management and strategic planning processes. Reserves mitigate financial risks and provide funding for future projects to be identified through the strategic planning process. The Finance Committee and the Board review the policy annually to ensure that it meets changing needs and circumstances. The level of reserves at 31st December 2015 falls within the parameters set by the policy and a recent benchmarking exercise showed that our reserves: turnover ratio is significantly below that for comparable organisations within the sector.

Our plans for 2016 include two new events, the LAB Forum and the ERM Forum for which we have made financial provision in our 2016 budget.

In view of our plans to make continued investments in member facing services and resources, the Board have approved a small increase in membership fees this year.

Extracts from the 2015 Accounts

Independent Auditor's Statement to the Members of Airmic Limited.

We have examined the summary financial statement for the year ended 31st December 2015.

Respective Responsibilities of the Directors and the Auditor

The Directors are responsible for preparing the summary financial statement in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement with the full annual financial statements.

We also read the other information contained in the summarised financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of Opinion

We conducted our work in accordance with Practice Note 11 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summarised financial statement is consistent with the full annual financial statements of Airmic Limited for the year ended 31st December 2015.



Kingston Smith LLP

Devonshire House, 60 Goswell Road,
London, EC1M 7AD
Date: 31.05.2016

Extracts from the Financial Statements

Income & Expenditure Account for the year ended 31st December 2015

	2015 £000	2014 £000
Income (1)	1,867	1,705
Direct expenses	(580)	(543)
Other operating expenses	(1,118)	(1,049)
Operating Surplus	169	113
Interest receivable	8	6
Surplus on Ordinary Activities Before Tax	177	119
Tax charge	(11)	(22)
Surplus on Ordinary Activities After Tax (2)	166	97

Balance Sheet as at 31st December 2015

	2015 £000	2014 £000
Fixed Assets (3)	128	13
Current Assets	2,603	2,556
Current Liabilities	(1,541)	(1,545)
Net Current Assets	1,062	1,011
Total Assets Less Current Liabilities	1,190	1,024
Reserves		
Income & Expenditure Account	1,190	1,024

(1) Increase in Turnover: mainly due to increases in sponsorship and annual conference revenues.

(2) Surplus on Ordinary Activities after Tax: turnover increased by 9.5% and direct expenses by 6.8%. The growth in levels of activity described in this report were achieved whilst keeping the increase in operating expenses to just 6.6% (mainly staffing and IT costs). Taxation reduced significantly as a result of capital allowances associated with the increased capital spend described below.

(3) Increase in Fixed Assets: the 2015 figure comprises intangible assets (mainly the development of a new website and CRM system £92K); and tangible assets (office refurbishment £36K).

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 2015, which may be downloaded from the Airmic website www.airmic.com or requested in PDF or hard copy from the Airmic office by email to accounts@airmic.com.

Airmic Board & Committees (May 2016)

Airmic Board Members

Colin Barker	Bayer Public Limited Company
Clive Clarke	Lloyd's Register Group Services Limited
Claire Combes	Intu Properties plc
Jane Davey	Old Mutual Group
Paul Goulding	Heathrow Airport Limited
Tim Graham	GlaxoSmithKline plc
Lesley Harding	BP plc
David Hertzell	
Nicholas Hughes	Holman Fenwick Willan LLP
John Hurrell	Airmic Limited
Lynda Lucas	Fujitsu Global Business Group
John Ludlow	InterContinental Hotels Group
Tim Murray	Shell International Limited
Xavier Mutzig	Johnson Matthey Plc
Helen-Clare Pope	Tesco PLC
Tracey Skinner	BT Group plc
Patrick Smith	
Kathryn Wallin	Marriott Hotels International Limited

Airmic Committee Chairmen

Audit Committee	Lynda Lucas	Fujitsu Global Business Group
Events Committee	Nicola Harvey	Eight Roads
Executive Committee	John Hurrell	Airmic Ltd
Finance Committee	Tim Graham	GlaxoSmithKline plc
Insurance Steering Group	Clive Clarke	Lloyd's Register Group Services Limited
Learning, Leadership & Development Committee	Kathryn Wallin	Marriot Hotels International Ltd
Membership Committee	Patrick Smith	
Risk Management Steering Group	Claire Combes	Intu Properties plc

Airmic Secretariat (May 2016)



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Technical Director
& Deputy Chief Executive

Julia Graham

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Airmic Sponsors (May 2016)

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