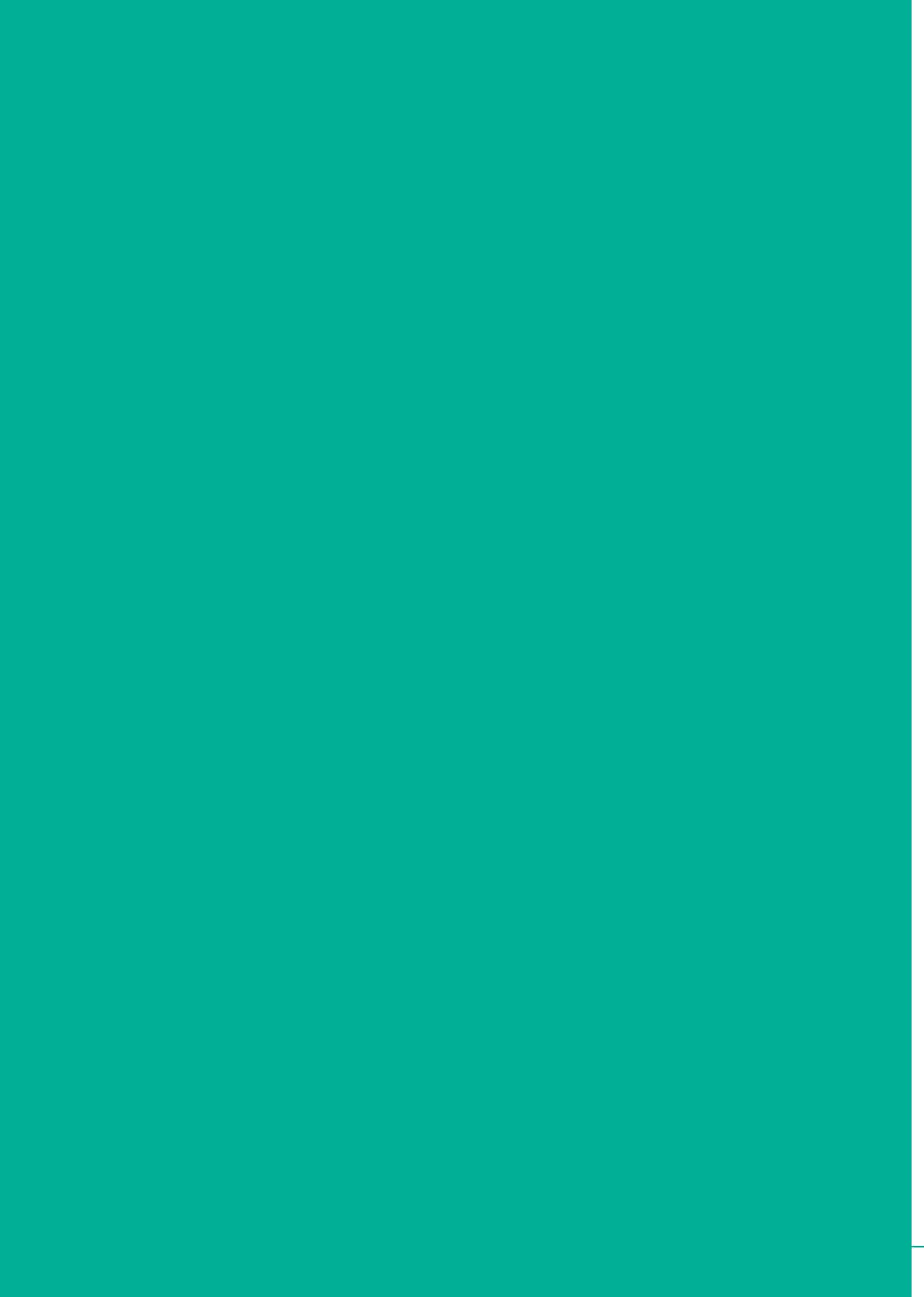


airmic

# Annual Review

2016





## Chairman's commentary



*Clive Clarke*

**Clive Clarke**  
Chairman

**It has truly been an honour and a pleasure being chairman of your organisation at such an exciting time for the risk management profession. Airmic is in its prime, with a vibrant membership, a strong board and significant influence within the wider market. As a result, its strategy and vision is bolder than ever before.**

Our events and training programme are a litmus test for the health of the organisation and attendance reached record levels in 2016. We were delighted to welcome 1692 delegates and exhibitors to Harrogate for a successful annual conference and we also held our second fastTrack Forum. It was fantastic to see over 120 young risk and insurance professionals so energised and committed to their profession. We have launched the Leadership Advisory Board to support and channel the expertise of some of our most experienced members, and have also created the Online Academy to improve accessibility to Airmic's training programme.

I would like to personally thank all who attended the Airmic Dinner at the Grosvenor House Hotel, which raised a record £8000 for Market Field School, a specialist school for children with autism and learning difficulties. The charity is close to my heart and the school are extremely grateful for the generosity of our members, partners and their guests.

A highlight of the year was Airmic's inaugural ERM Forum, a one-day conference dedicated to enterprise risk management. The event is part of a wider strategy to expand Airmic's offering for pure risk management. We received extremely positive feedback from delegates and we plan to make it a permanent fixture.

In recent years, Airmic has called for risk managers to have greater access to key decision making in their businesses. Progress has been gradual, but 2016 was a tipping point, with the proportion of members concerned about lack of access to their board falling from 43% to 18%. Our members also reported greater support and leadership from the board on risk issues. This is work-in-progress, but it is clear that businesses are increasingly appreciating the value of risk management.

As a profession, we cannot be complacent, however. We are all aware that risk management is going through a period of unprecedented transformation, driven in part by the digital revolution. Global risks are more complex and interconnected than ever, and crises develop far faster and with greater transparency. Furthermore, business models are changing as the assets we seek to protect as risk managers are increasingly intangible.

Like all professions, we have to adapt to change to be relevant to our businesses, remain competitive and deliver value. Airmic's 2017 business plan is focused on helping our members do just that. We are particularly excited about the launch of our third part of the Roads research: Roads to Revolution, which will look at how to achieve resilience in the digital age.

We are also investing in the next generation. With the business world changing so fast, the skills required of a risk manager in ten years' time will be quite different to those required when I and my peers entered the industry. It is therefore vital that we inject fresh talent. Despite being a fantastic career, risk management and insurance are not high priorities for today's graduates. To address this, Airmic is pursuing a number of options for engaging graduates, including partnering with universities and business schools which offer risk and insurance degrees.

During my time as chairman, I have been struck by the quality and hard work of Airmic's secretariat. Once again this year they have produced an impressive array of thought leadership and technical guidance on topics including innovation, data protection and business critical insurance. I would like to thank them for their time and commitment, and also to welcome the newest members of the team, Olabisi, Matt and Kin. I would also like to thank the board for their wonderful support, with a particular mention to our newest members Claire Combes, Lesley Harding, Tracey Skinner, Fiona Davidge and Mark Dawson.

I would like to offer a sincere thank you to John Hurrell, who will step down as chief executive this June after nine years at the helm. Under his leadership, the association has grown immeasurably. John has done a huge amount to raise the profile and standards of the risk profession, and has also helped to influence the way commercial insurance is conducted in the UK. John can be confident that he leaves Airmic in an excellent position to continue its mission.

Finally, I would like to give a warm welcome to John Ludlow who will become the new CEO at the annual general meeting in June. John has a fantastic record as a risk professional and a real passion for the profession. Having worked closely with Airmic for years, he not only understands the needs of our members, but also has the experience and vision to support and promote the risk profession in these fast-changing times.



# Chief executive's report



A handwritten signature in black ink that reads "John Hurrell". The signature is written in a cursive, flowing style.

**John Hurrell**

*Chief executive*

**This is my ninth and final report to members as I shall be stepping down as chief executive in June. I have had a wonderful time at Airmic and I shall be handing over the reins at a time when your association is in excellent health and has a position of significant influence in the critical fields in which we operate. I want to use this opportunity to report to members the current very positive status of Airmic, as well as to highlight the challenges facing our profession. Risk management is going through a period of unprecedented transformation, and Airmic is completely focused on securing a positive future for our members.**

Most of our members have responsibility for their organisation's insurance programme. The market has been very positive from a buyer's perspective as we have experienced a long period of reducing premium rates across most commercial classes and additional capacity becoming available. However, there have been two problems which we have been seeking to address. Firstly, the lack of claims certainty of outcome, and secondly, a lack of innovation to reflect the changes in buyers' business models, including the move towards intangible assets. Let me take each of these in turn.

Airmic has a long track record of addressing specific issues affecting claims certainty, such as the successful campaign against basis clauses. However, the ultimate aim was always to address the root of the problem which was the unfair and unbalanced legal framework in English and Scottish insurance contract law embodied in the 1906 Marine Insurance Act. The long campaign for reform was successful and we were thrilled to see the new legislation finally come into full force in August 2016. We believe this will have far-reaching benefits for all commercial policyholders, not only in terms of certainty of outcome of claims but in terms of the overall level of professionalism in the market. Throughout the campaign, we were struck by the level of influence Airmic had with the insurance market, the Law Commission and the Government. We achieved our main aim which was to ensure the buyers' interests were at the heart of this watershed legislation.

In terms of innovation, we have seen many key players in the market state publicly that they are determined to maintain the strategic relevance of insurance products to businesses through the development of new approaches to cyber risks and intangible assets. Although it is early days, our research in 2016 revealed a very significant commitment to finding innovative solutions to our members' risk problems, but to date very few of those deals had been closed. Airmic will continue to work with the insurance market to support innovation, but our findings also revealed the need for our members to engage with their C Suite decision makers early in the process to ensure there is a market for new products.

It is in the field of enterprise risk management where Airmic has had the most impact. Our two major publications, *Roads to Ruin* (2011) and *Roads to Resilience* (2014) have been highly influential and are regarded as the most significant contribution to risk management

thinking in recent years. This has enabled us to develop closer relationships with bodies such as Tomorrow's Company, a leading corporate governance think tank; CIMA, the association that represents management accountants; the FRC, the governance regulator; and the Chairman's Forum, a body which represents FTSE Chairmen.

With this latter group, we held five breakfast meetings throughout 2016 purely on the subject of risk. The output from these discussions was both fascinating and encouraging, and revealed a high level of concern about risk governance among FTSE chairmen, and a real desire for support from the risk community. We were very pleased to be at the heart of these discussions at such a critical time in the development of the risk profession. The key findings formed the basis of a major report published to coincide with our lecture from Stephen Haddrill, the CEO of the FRC.

All of the feedback from these initiatives goes into the planning of our programme of further research, training and lobbying. In this regard, we have two major projects which are currently underway. The first of these is the long-awaited and eagerly-anticipated third part of the Roads Trilogy! This will focus on the critical elements of corporate resilience in the digital age. It is called Roads to Revolution and will be published in 2018. The second project is a deep dive into the nature of the transformation of the roles of our members. It will be undertaken by an independent research firm, Longitude, and the first findings will be published at the 2017 conference. By the way, we have currently over 20 technical projects, all of which have been initiated by member expressions of needs through our committee structure.

I have been truly fortunate during my time at Airmic to have been able to work with an absolutely terrific team in the secretariat and with so many members on our board or on committees who give freely of their time, knowledge and experience to support the wider membership. However, I shall be gratified to be able to hand over to my successor a vibrant and successful body which is making a difference!

### **Financial report**

We closed the year with a pre-tax surplus tax of £112,000, after delivering all our objectives for 2016, including the inaugural ERM Forum, two events for the new Leadership Advisory Board and the new website and CRM system. This outcome was more favourable than expected, primarily due to the Harrogate conference, our most profitable to date.

Our Corporation Tax bill for the year was £20,000 after claiming Annual Investment Allowances on asset purchases (website and CRM development costs). Additionally, the Finance Committee chose to charge an additional £22,000 to the accounts as provision for deferred tax to smooth the effects of the allowances from year to year. With tax charges totalling £42,000, the surplus after tax amounted to £70,000.

The Association's reserves now stand at £1.26M. Our reserves policy is set within the context of our risk management and strategic planning processes and is benchmarked against other professional

bodies. Reserves mitigate financial risks and provide funding for future projects 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 policy permits reserves to be drawn upon to fund deficit budgets with the proviso of a return to break-even within a two-year period. This enables Airmic to continue investing in new initiatives whilst selecting from a range of conference locations with different profitability potentials, without having to balance the P&L every year.

# Extracts from the 2016 accounts

## Independent auditor's statement to the members of Airmic Limited.

We have examined the summary financial statement for the year ended 31st December 2016.

## 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 31<sup>st</sup> December 2016.

## Kingston Smith LLP

Devonshire House, 60 Goswell Road,  
London, EC1M 7AD  
Date: 05.2017



# Extracts from the financial statements

## Income & expenditure account for the year ended 31st December 2016

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| <b>Income</b>                                    | <b>1,926</b> | <b>1,867</b> |
| Direct expenses                                  | (585)        | (580)        |
| Other operating expenses                         | (1,236)      | (1,118)      |
| <b>Operating Surplus</b>                         | <b>105</b>   | <b>169</b>   |
| Interest receivable                              | 7            | 8            |
| <b>Surplus on Ordinary Activities Before Tax</b> | <b>112</b>   | <b>177</b>   |
| Tax charge (1)                                   | (42)         | (11)         |
| <b>Surplus on Ordinary Activities After Tax</b>  | <b>70</b>    | <b>166</b>   |

## Balance Sheet as at 31st December 2016

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| <b>Fixed Assets</b>                          | <b>121</b>   | <b>128</b>   |
| Current Assets                               | 2,731        | 2,603        |
| Current Liabilities                          | (1,592)      | (1,541)      |
| <b>Net Current Assets</b>                    | <b>1,139</b> | <b>1,062</b> |
| <b>Total Assets Less Current Liabilities</b> | <b>1,260</b> | <b>1,190</b> |
| <b>Reserves</b>                              |              |              |
| <b>Income &amp; Expenditure Account</b>      | <b>1,260</b> | <b>1,190</b> |

(1) Corporation Tax due on taxable profits in 2016 amounts to £19,869 after claiming Annual Investment Allowance on the year's fixed asset additions (mainly the website and CRM system). Deferred tax provision of £22,280 has been made in order to reflect the different treatment of fixed assets in the accounts and in the tax calculation; this will be released in future years, reducing the overall tax charge to the accounts in those years and smoothing the effect of the allowances. Annual Investment Allowance was also claimed on fixed asset purchases in 2015 but no deferred tax provision was made.

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 2016, 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 2017)

## Airmic board members

|                         |   |
|-------------------------|---|
| <b>Colin Barker</b>     | Bayer Public Limited Company            |
| <b>Clive Clarke</b>     | Lloyd's Register Group Services Limited |
| <b>Claire Combes</b>    | Intu Properties plc                     |
| <b>Fiona Davidge</b>    | Wellcome Trust                          |
| <b>Mark Dawson</b>      | Thomas Cook Group                       |
| <b>Paul Goulding</b>    | Heathrow Airport Limited                |
| <b>Tim Graham</b>       | GlaxoSmithKline plc                     |
| <b>Lesley Harding</b>   | BP plc                                  |
| <b>David Hertzell</b>   |   |
| <b>Nicholas Hughes</b>  | Holman Fenwick Willan LLP               |
| <b>John Hurrell</b>     | Airmic Limited                          |
| <b>Lynda Lucas</b>      | Fujitsu Global Business Group           |
| <b>John Ludlow</b>      |   |
| <b>Tim Murray</b>       | Serco Group Plc                         |
| <b>Xavier Mutzig</b>    | Johnson Matthey Plc                     |
| <b>Helen-Clare Pope</b> | Tesco PLC                               |
| <b>Tracey Skinner</b>   | BT Group plc                            |
| <b>Kathryn Wallin</b>   | Marriott Hotels International Limited   |

## Airmic committee chairmen

|   |               |   |
|---|---------------|---|
| <b>Audit Committee</b>                      | Lynda Lucas   | Fujitsu Global Business Group           |
| <b>Events Committee</b>                     | Nicola Harvey | Eight Roads                             |
| <b>Executive Committee</b>                  | John Hurrell  | Airmic Ltd                              |
| <b>Finance Committee</b>                    | Tim Graham    | GlaxoSmithKline plc                     |
| <b>Insurance Steering Group</b>             | Clive Clarke  | Lloyd's Register Group Services Limited |
| <b>Membership &amp; Marketing Committee</b> | Xavier Mutzig | Johnson Matthey Plc                     |
| <b>Risk Management Steering Group</b>       | Claire Combes | Intu Properties plc                     |

## Airmic secretariat (May 2017)



**John Hurrell**

Chief executive



**Julia Graham**

Technical director  
& deputy chief executive



**Lesley Davies**

Finance manager



**Georgina Oakes**

Research & development manager



**Kin Ly**

Research & development manager



**Susi Ozkurt**

Events & marketing manager



**Elin Johannisson**

PA to CEO and technical director



**Matt Goldsmith**

Digital marketing manager



**Olabisi Porteous**

Membership coordinator



**Jess Titherington**

Public relations



**David Gamble**

Principal of Airmic academy



**Natalia Selter**

Accounts assistant

## Airmic sponsors (May 2017)

### Airmic partners



### Airmic associate partners



Airmic preferred service providers



Airmic MarketPlace sponsors











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[www.airmic.com](http://www.airmic.com)