THE VALUE OF RISK AND INSURANCE MANAGEMENT

An analysis of the views of risk and insurance managers on the sector's contribution to business

JLT airmic

Foreword by Airmic

As we all know, the world is set to change at an exponential speed and the risk and insurance profession is part of that change. At Airmic, we want to understand the nature of this transformation, so we can help to shape the future of the risk management profession for the benefit of our members and to inform our future research and knowledge and skills programmes.

We launched our largest ever survey in partnership with Longitude, provider of world-class expertise in thought leadership and research, to understand the nature of this transformation and its impact on businesses, the risk landscape and the roles and responsibilities of those in the risk management profession. The result is a differentiated and valuable insight that will make unique contributions to the 'profession debate'.

The results show risk and insurance managers are embracing change in a transformative business landscape – and that there are opportunities for all. We review a number of these opportunities in detail in three deep-dive mini reports:

- *The value of risk and insurance management* – how to demonstrate the value of insurance management and the strategic contribution members can make in a fast-changing business landscape, supported by JLT
- *Digital transformation* – how digitalisation is transforming business models while creating strategic opportunities for members, supported by Chubb
- *Is the insurance market fit for the future?* – an exploration of the changing risk and business landscape and the insurer's role in tomorrow's world, supported by Axa Corporate Solutions.

These mini reports are part of the larger survey report, *A profession in transformation*, which provides the bigger picture and further horizon-scanning analysis to inform today's risk and insurance managers as tomorrow's risk professionals.

It is clear from our research that risk and insurance managers are key contributors to the future success of business. Increasingly they should operate at a strategic level to provide perspective and understanding, to help organisations build resilience with sustainability and release opportunities and potential. Based on a foundation of specialised knowledge, skills and experience, the risk management role is about supporting decision-making and creating value.

Julia Graham, Deputy Chief Executive and Technical Director, Airmic

Inside...

Foreword

Come on let's be honest, risk and insurance management can seem so dull to our colleagues outside of the risk world.

How do we make insurance more interesting and, more importantly, how do we make it strategically relevant within an organisation?

We at JLT have been thinking about this conundrum for a while. In partnership with Airmic and following a comprehensive survey of a large cross-section of its members, conducted by thought leadership specialists Longitude, we conclude that, generally, risk and insurance managers find it challenging to articulate the value and strategic importance of insurance.

The fact is, insurance can be a strategic business enabler that can protect a company from unexpected and unfunded volatility; and it can also help facilitate exports, M&A deals and capex. It can even underpin the survival of a company in the settlement of a large claims

This study talks about how risk managers can articulate this value. One way to do this effectively is to translate boring insurance jargon into corporate language that is understood by the board, executive management, business units and joint-venture partners. Risk managers need to be 'multilingual' in corporate speak. This will help highlight the strategic value of insurance and the benefits on the organisations' risk financing approach.

We believe that having the right conversations with the right stakeholders, the value and importance of risk management will be recognised beyond buying insurance policies.

Hamish Roberts, Business Development Director, JLT Speciality

"How do we make insurance more interesting and strategically relevant within an organisation?

About this research:

This study is part of a wider survey project into the future of the risk management profession, entitled *A profession in transformation*.

While the main report summarises the full findings of the research project, this document is part of a three-part series that delves deeper into the three core themes within *A profession in transformation*.

The three mini-reports include:
The value of risk and insurance management Articulating the value of insurance in the face of an evolving risk landscape

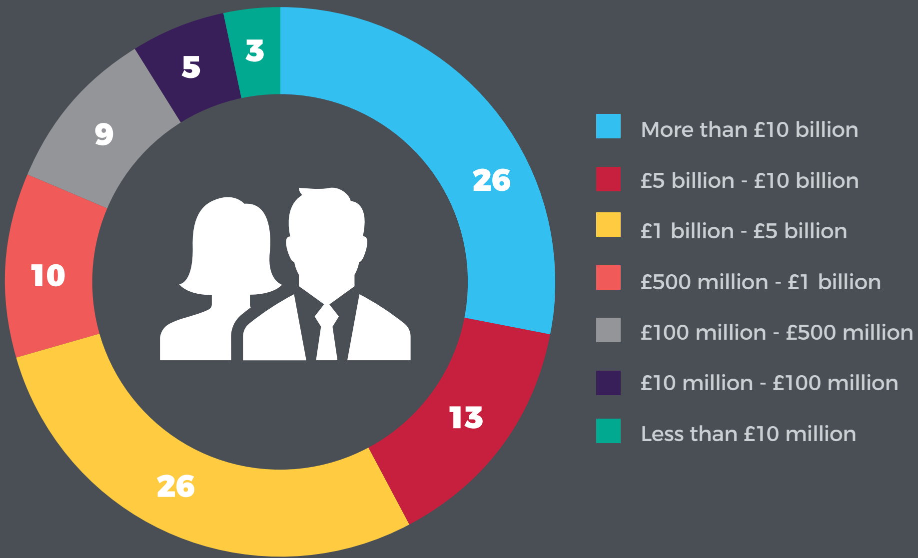
Digital transformation and the risk landscape The risks and opportunities for risk and insurance managers

Is the insurance market fit for the future? How this risk landscape is transforming the role of risk managers and the wider insurance market

The survey is based on the responses of 152 risk managers at companies of varying sizes and across a range of business sectors, as well as on a series of qualitative interviews.

Due to rounding, and the use of multiple-choice questions, some figures and charts in this report may not add up to 100%.

Respondents' business size (%)



Split of respondents by company size

About the respondents

Split of respondents by job title

Executive summary

Is the value of insurance understood?

Although 40% of respondents believe that insurance will become a more regular item on the boardroom agenda, challenges remain in demonstrating its value as a strategic business enabler. Only 43% of UK risk and insurance managers forecast an increase in its value in the next three years.

Raising awareness

One of the key challenges in raising the profile of insurance – and its benefits – across the corporate ranks is the difficulty in demonstrating its value in terms of meeting corporate goals and safeguarding the company's balance sheet. Some 39% of respondents find it difficult to effectively articulate this.

Widening the conversation

Insurance conversations need to evolve, both internally with the boss, executive management and business units, and externally with insurers, brokers and joint venture partners. Discussion should move away from cost savings to strategic benefits.

40% of survey respondents think insurance will become a more a regular item on the board agenda

43% say the value of insurance will increase in the future

39% find it difficult to articulate the value of insurance

Rising value

The vast majority of risk and insurance managers – 82% – say that the value of risk management within their businesses will increase in the next three years.

82%

proportion of respondents who say the value of risk management will increase

Measuring the benefits

Measuring and quantifying the tangible benefits of risk management activity (that is pure risk management, without insurance-related activity) are proving a challenge, which adds to the difficulty in explaining it. Some 47% of respondents find it hard to articulate the value of what they do.

47%

proportion of respondents who find it hard to describe the value of their work

Changing profile

Risk management must undergo significant change to keep pace with the changing risk landscape, according to 74% of respondents.

74%

proportion of respondents who believe risk management must change

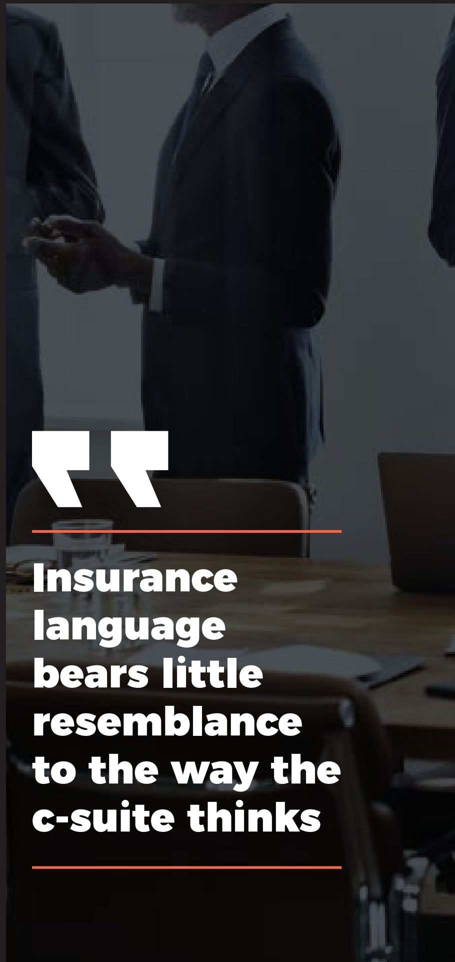
The opportunity

As part of an extensive study into the future of risk and insurance management – and the critical changes in role and responsibilities outlined in *A profession in transformation* – Airmic has taken the pulse of more than 150 risk and insurance managers across the UK to understand, among other factors, how the value of risk management and insurance is perceived and measured, both today and in the future.

All too often, corporations view insurance as an annual transaction – premiums out and losses in. Its value, however, extends beyond this binary activity. An insurance policy is one of the most financially significant contracts that businesses enter into – often amounting to hundreds of millions of pounds. This contract, if structured correctly, can protect a company from unexpected and unfunded volatility; the settlement of a claim can underpin the ongoing success or survival of a company; and, approached in the right way, insurance can be used as a strategic business enabler that can facilitate exports, mergers and acquisitions deals and capex.

Yet only 43% of risk and insurance managers project that in the near future the value of insurance to business will increase – which indicates that the value of insurance as an enabler is less well recognised.

However, two-fifths of respondents believe that insurance will become a more regular item on the boardroom agenda. This is likely to be linked to the revised corporate governance code from the UK Financial Reporting Council (FRC), which places greater



> **Insurance language bears little resemblance to the way the c-suite thinks**

onus on the board of directors to ensure the effective management of risk. Given the importance of insurance as a risk transfer and mitigation tool, it is understandable why a fair proportion of risk and insurance managers would forecast that the board will give greater attention to insurance.

But, when compared with the 82% who see risk management being a more regular item for boardroom discussions in the future, insurance, disappointingly, lags behind.

This disparity could be attributed to challenges in articulating the value of insurance, as indicated by 39% of respondents who find it difficult to do so effectively.

The problem, according to interviews with senior risk and insurance managers for this report, is that insurance is often treated as a tactical purchase with perhaps too much focus on price. Cost, savings and premium reductions sometimes take centre stage in conversations about the value of insurance, rather than the quality of cover or how it can protect the long-term resilience of the company and its balance sheet.

Part of the solution, as JLT points out, is to translate the benefits of the insurance programme into the language used when speaking to business units, the c-suite and the board. To do this successfully, insurance – and how it is communicated about within businesses – needs to evolve to match corporate goals, as well as the changing risk landscape, says Adrian Donald, Partner at JLT Specialty.

"The challenge for risk and insurance managers is that they, and we as brokers and insurers, talk in insurance language, which bears very little resemblance to the way corporates, the c-suite and top management think and operate," he says. "Risk and insurance managers need to be the conduit that takes insurance and risk transfer information from the market and translates it into what it means for the business, its balance sheet and its future growth and success." And therein lies the opportunity.

The challenge

There is a perennial challenge in articulating the impact that good insurance has, according to the majority of respondents to Airmic's survey.

The main hurdle is finding measurable indicators that can help demonstrate the value of insurance at the point of purchase and before losses are triggered.

The performance of insurance can only be evidenced retrospectively, after a claim has been raised and settled. Up front, the main tangible indicator of value is found in cost.

But as JLT points out, insurance purchasing that focuses on price overlooks the real value of insurance – its benefits in protecting the balance sheet and building long-term and sustainable resilience.

Viewing insurance through a cost-saving lens has an influence on how functions outside the risk and insurance team – business units, the c-suite and the board – currently understand insurance, says Hamish Roberts, Business Development Director at JLT Specialty.

"We know from conversations we have had with some of our clients that business units are approaching the risk and insurance teams too late – often when an incident has taken place, not before.

"Other departments will regard insurance as a cost, viewing it as an annual transaction required to meet legal obligations. Others won't even know who the risk or insurance manager is and what he does.

"These are clear indications that the true value of insurance >

"Business units are approaching risk and insurance teams too late – when an incident has taken place

> is not well articulated, and therefore insurance is misunderstood outside the risk and insurance team."

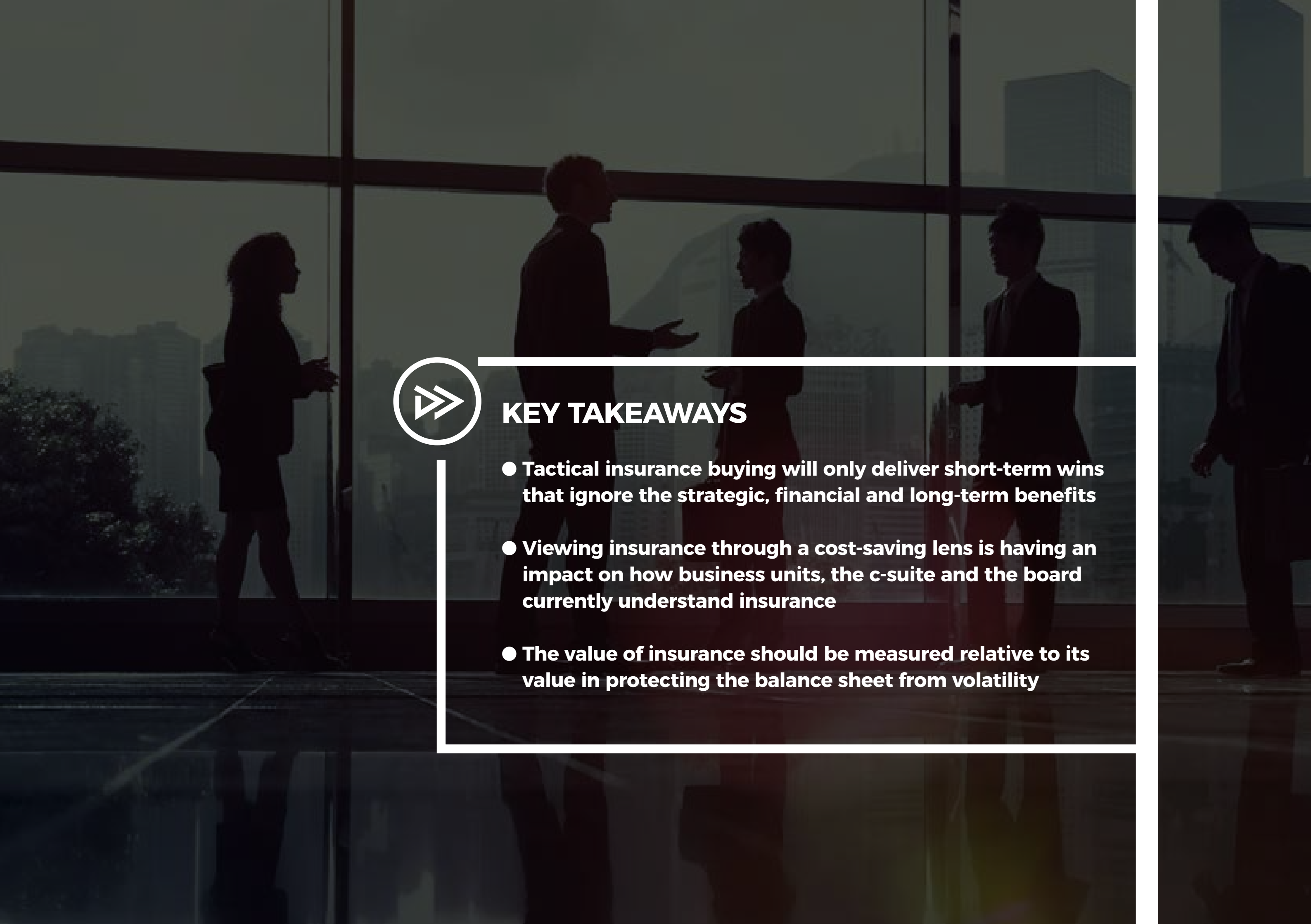
The insurance market has an important part to play in challenging these perceptions.

Adrian Donald, Partner at JLT Specialty, says: "The broking community needs to evolve its advisory approach, moving from being product and cost-driven to being solutions-based.

"This means extending conversations about policies and premiums to topics on risk appetite, and how insurance can be aligned to a company's financial model and corporate objectives."

This can be achieved, in part, by measuring the relative cost of insurance and the size of potential loss against key financial metrics – such as operating profits, shareholder equity or dividend – or by assessing the financial consequences of not having cover (read article on pp24, 'Value it').

"The broking community needs to evolve its advisory approach from being product and cost-driven to being solutions-based



KEY TAKEAWAYS

- Tactical insurance buying will only deliver short-term wins that ignore the strategic, financial and long-term benefits

- Viewing insurance through a cost-saving lens is having an impact on how business units, the c-suite and the board currently understand insurance

- The value of insurance should be measured relative to its value in protecting the balance sheet from volatility

Talk the talk

Positive messages about insurance must be clearly communicated and in a language that everyone can understand

To unlock the full potential of insurance and ensure that the opportunities are widely understood within businesses, risk managers need to be 'multilingual' in corporate speak. Conversations internally and externally need to evolve and align with the goals of each stakeholder.

This means discussions with the executive management and board need to be targeted, as do those with business units, joint venture partners or insurers and brokers (360° stakeholder management diagram, page 20, details the language and issues likely to interest stakeholders).

The first step is to shift the insurance conversation away from the calculations and objectives against which many insurance teams benchmark themselves – price of cover or year-on-year premium rate reduction, for example – onto the interests of stakeholders.

CHANGE THE CONVERSATION

The head of insurable risk at one of the UK's largest energy and services companies, who is keen for the insurance department to be recognised for being a 'business enabler' says: "We articulate the value of insurance by focusing on protecting our company's balance sheet. Premium rates and cost of coverage are insular indicators of value that only make sense to the insurance-buying department.

"The c-suite, joint venture partners and business units will care little about whether you secured a better rate than last year."

He continues: "Many insurance departments don't get the airtime they deserve because they talk about these particular metrics.

"You cannot apply a one-size-fits-all approach to the insurance discussion. For a company like mine, which is big and complex, I have multiple lines of communications. To ensure all stakeholders are engaged, I tailor my conversations."

CHIEF FINANCE OFFICER

One important point of contact in the multiple lines of communication – whether direct or through another line manager – is with the chief finance officer (CFO).

Metrics such as year-on-year premium savings, reduction in the total cost of risk (cost of retention plus cost of premium) or the ultimate cost of risk (a calculation that includes the total cost of premiums, retentions and professional fees, such as broker and engineering fees) would highlight added value if discussed in the context of the impact on profit and loss volatility.

Consider how your total cost of risk and annual savings will affect the balance sheet or share dividend, operating profits, cost of free capital or earnings per share within your organisation – the issues that are front of mind for most CFOs, says Hamish Roberts, Business Development Director at JLT Specialty.

"Articulating the value of insurance in terms of its contribution to protecting operating profits, dividend or earnings per share will hammer home the value of your role as a risk >

"You cannot apply a one-size-fits-all approach to the insurance discussion

CASE STUDY: STRATEGIC PARTNER

What we do in the risk financing function is much more than building an effective and cost-efficient insurance programme that meets regulatory obligations. We provide strategic business support.

My role in the risk financing function has been pivotal in helping business units to secure new contracts and forge close and collaborative relationships with clients, and in sustaining and elevating my company's reputation.

Product liability claims can become opportunities. For example, when my company suffered a difficult and complex liability claim involving a client, I stepped in and, with the support of the insurance market, we settled the claim quickly and efficiently. This enabled the company to maintain business with the client and, in fact, enter into a bigger contract with them. All because the risk financing team helped to demonstrate that the company was a trustworthy and reliable partner.

From the client's perspective, it didn't matter how the claim was financed – it could have been financed by the insurance market, by a captive or by group retention. What was absolutely vital to the client, however, was how we managed the crisis.

CASE STUDY: LONG-TERM RELATIONSHIP

A few years ago, we suffered an accidental release of chemicals at one of our manufacturing plants. The chemicals severely stained and damaged 150 cars belonging to our employees.

Our initial plan was to repaint the cars, asking members of staff to manage this with local garages and invoice us for the repair work. With hundreds of invoices to assess and process manually, the turnaround time would have been slow, potentially taking several months before funds were reimbursed. And the cost of this option amounted to hundreds of thousands of pounds. All 150 employees were distressed and unhappy.

I contacted my insurer and they suggested a more time-efficient and innovative way of repairing the damage, which amounted to one-tenth of what we would otherwise have paid had we gone with our original plan.

Our insurer kept up communication with us and the claimants and, in the end, all 150 claims were settled in a matter of weeks.

We partnered and worked closely to turn a bad situation into something positive. I believe that the support and efficient service I was given by my insurer was helped by the strong, transparent and long-term relationship I had built with them over the years.

and insurance manager, as far as the CFO or the board are concerned.

"Learning your company's corporate language and translating the old 'premium spend tale into a story that will keep the attention of executive management and the board."

BUSINESS EMPHASIS

For the business functions, joint venture partners and insurers and brokers, however, the added value is in viewing insurance as a strategic partnership tool that will enable business opportunity and growth.

Trust and transparency, collaboration, regular contact and careful use of language are key to sustaining engagement, according to the energy company's head of insurable risk.

"The words 'risk' and 'insurance' can turn departments off," he says. "They also give colleagues the impression that my role is simply to buy insurance – and that is wrong. My role is to mitigate risk, of which insurance is one option.

"In fact, I feel I play a much bigger role than this. I form a strong partnership with all stakeholders, both internally and externally, and in doing so I have a deep understanding of my company's risk exposures.

"That means I can help stakeholders make informed decisions that have a real impact on the business, such as product launches; bringing in new business, and traditional insurance matters such as claims settlement."

The factor that will lead to success and help risk and insurance managers get to this position is having the right conversations with the right stakeholders. As Roberts points out: "Risk and insurance managers are the translators that can turn boring insurance jargon into relevant and business-transforming information."

See 360° stakeholder management conversation starters

CASE STUDY: BUILDING TRUST

Over the years, I have built a strong and collaborative relationship with several business units, who recognise that I do more than buy corporate insurance.

I am often the first point of contact when product and business development teams are planning to launch a new service or product in the near or distant future. I stay close to the product development team to assess and map out the risks, determine the cover we currently have, the threats that should and should not be transferred to the insurance market, and build an insurance programme around the new product for a successful launch.

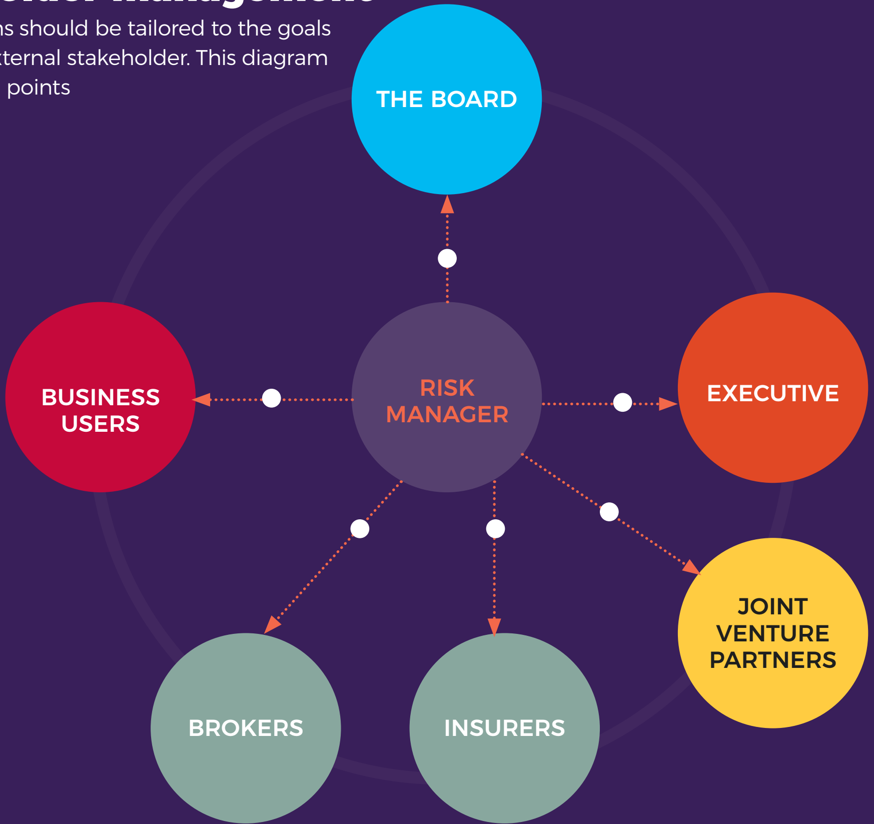
Forming these relationships requires insurance teams to be approachable, adaptable, and strong communicators and story tellers. They must demonstrate that they are trustworthy and reliable. These soft skills can't be taught; they come with experience and practice. But it is these skills that help position insurance as a value-added business partner and not just a back-office department seen as a 'cost' because all it does is buy insurance.

Risk and insurance managers are the translators that can turn boring insurance jargon into relevant and business-transforming information

How might the conversations go?

360˚ stakeholder management

Insurance conversations should be tailored to the goals of each internal and external stakeholder. This diagram outlines key discussion points



THE BOARD

Risk exposures: analysis of known and unknown exposures that could have a financial impact on the balance sheet and what is and isn't insured

Directors' and officers' cover: outcome of insurance renewal, premium versus claims, improving breadth of coverage and analysis of any additional risk exposure

Premium: reductions relative to prior years

Key takeaway: educate the board about the most significant exposures that could have a costly impact, and break down this information into high-level summaries – loss and impact – to help boards make informed decisions

THE EXECUTIVE

Risk exposures: analysis of known and unknown exposures that could have a financial impact on the balance sheet, dividend, operating profits, cost of free capital, earnings per share

Risk mapping: present a risk map that details how the insurance programme compares against the corporate risk map and develop a strategy to address gaps where possible

Insurance coverage: new and additional coverage, premium spend

BUSINESS USERS

Business plans: discussions with all business units to determine short- and long-term plans, changes in their business and future challenges. Identify any significant activities or change in activities

Perception of risks: what internal and external factors are changing the perception of risk and do these factors affect the business?

Coverage: review of effectiveness and benefits of current insurance and transparency. Coverage assessment to determine what risks are covered. Review of insurance programme and loss mitigation plans – should they be revised between renewals?

Claims: education on the process of making a claim and the claims-handling process, and premium allocation

Key takeaway: regular contact is key to determining common risks between departments that need to be addressed. Material risks can then be elevated to the c-suite and the board.

Trust and transparency: where insurance teams arrange cover for joint venture projects, partners must be kept engaged by maintaining open and transparent dialogue about what is and isn't covered, premium allocations and how to make a claim, and by providing clear documentation

BROKERS AND INSURERS

Strategic partnerships: long-term relationships with insurers and brokers will help them develop an in-depth understanding of the business. Discussions about the company's long-term plans and the associated risks will shed light on how insurance can support business plans and on forming long-term insurance strategies

Business plans: regular meetings and transparent communications about changes in business activities and future challenges

Premiums and cover: new and additional coverage, premium spend, premium versus coverage and improving breadth of coverage, claims handling

JLT CASE STUDY: INDEPENDENT 360° STAKEHOLDER REVIEW

Hamish Roberts, Business And Development Director, JLT Specialty

The 360° stakeholder management model was tested with the insurance department of a large UK energy company. It proved very effective in showing that insurance is a valuable long-term strategic spend.

This insurance department hadn't evolved since privatisation in the 1990s. Six years ago it underwent a major restructure – strengthening engagement with business units, joint venture partners and insurers; updating its insurance programme; articulating how it is measured, its cost benefit and applicability.

JLT was asked to conduct an independent review of the restructure, so it devised the 360° stakeholder management model to evaluate the benefits to external and internal stakeholders (insurers and brokers, joint venture partners and business units). The review consisted of:

- **Analysis of viable data and records from the insurance division**
- **Peer review and benchmarking against anonymous equivalent peers**
- **Interviews with internal and external stakeholders – 100 questions focused on insurer engagement, broker engagement, internal engagement, programme design and approach, data quality and claims management. Stakeholders were asked to give a score – 1 very poor; 2 poor; 3 OK; 4 good; 5 very good.**

After six weeks of interviews, we found evidence of vast improvements. Of the 100 questions asked, 99 were positive. Policy terms and conditions and premiums showed the greatest improvements but so did communication, with the establishment of a robust communication channel and solid relationship management strategy.

This is reflected in the evolution of the team's objectives, which went from 'haphazard' with a focus on individual objectives, to having a clear value proposition for the whole team. They now have a strategy of further developing internal and external relationships and on building a sophisticated insurance programme more in line with the risk appetite of the businesses.

The summary of this report gave the risk and insurance manager licence to pursue greater strategic activity. The insurance team was then asked to be involved in employee benefits.

The exercise proves that focusing on annual spend does not tell the full story.

Value it

Helping the board to understand the full financial benefits of insurance

When it comes to making significant business decisions – whether signing off on a product launch or entering new markets – boards of directors and chief executives will consider the opportunity and risks of these decisions on key financial metrics: earnings per share, operating profit or dividend.

Aligning insurance to these metrics will undoubtedly highlight its value to the board, propelling it up the boardroom agenda.

There is more than one way of doing this, such as quantifying the impact of an uninsured loss on, for example, operating profits. Another approach is to assess the cost of insurance against other financial hedging that removes potential P&L volatility.

These calculations can help identify when a loss could exceed the company's financial tolerance and better direct strategic decision-making based on where insurance is most effective in protecting the company's P&L.

By understanding the key financial metrics and what might compromise these, risk and insurance managers can assess whether it is more cost-effective to retain or transfer insurable risks, or fund these risks through other vehicles, and explain why to their stakeholders (see example on p26).

It may also be possible for them to help their business include insurance in the wider, treasury considerations of how the company hedges the broader range of financial volatility, such as foreign exchange, interest rates and commodity price risks.

Adrian Donald, Partner at JLT Specialty, says: "A company's financial priority might be to protect cash flow. If the company suffers a fire and explosion that impairs its main factory, its cash flow may be severely compromised. So, business interruption insurance will be critical to protecting its cash flow.

"But other long-term liability risks may not threaten the P&L in the same way. And these risks may be funded by other means – for example, with debt that the treasury department may be able to raise. Insurance premium spend can then be allocated elsewhere – to the risks that will have a direct impact on P&L."

He adds: "Instead of sitting down with the CFO and saying 'We have five policies to renew; they cost more or less than last year', the risk and insurance manager can instead say,

If a company suffers a fire and explosion that impairs its main factory, its cash flow will be severely compromised. Business interruption insurance will be critical to protecting cash flow

‘I understand that cash flow is our main financial objective. I am recommending that we spend our insurance premium allocation on the following three policies, which will protect our cash flow by giving coverage to this risk and that risk.

“These two policies, for example, don’t protect against any of the key financial objectives we promised that we would deliver. They are important but we can fund them through other means.”

The other consideration is putting forth the cost argument. Donald says: “If the case is that a risk or insurance manager is spending more on insurance this year, but that premium spend reduces more potential volatility than the cost of hedging other risks (eg FX-related risks), then risk or insurance manager has helped demonstrate the cost-effectiveness of insurance.

“But if insurance is more expensive than hedging the FX-related risks, then the company may elect to adjust its portfolio of hedges (by retaining more insurable risk) to limit expected volatility as efficiently as possible.

“This then becomes a conversation about value and the relative cost of taking risk out of the P&L, instead of focusing just on the annual cost of insurance.”

In other words, risk and insurance managers can create value in insurance by turning financial metrics into opportunities.

KEY TAKEAWAYS

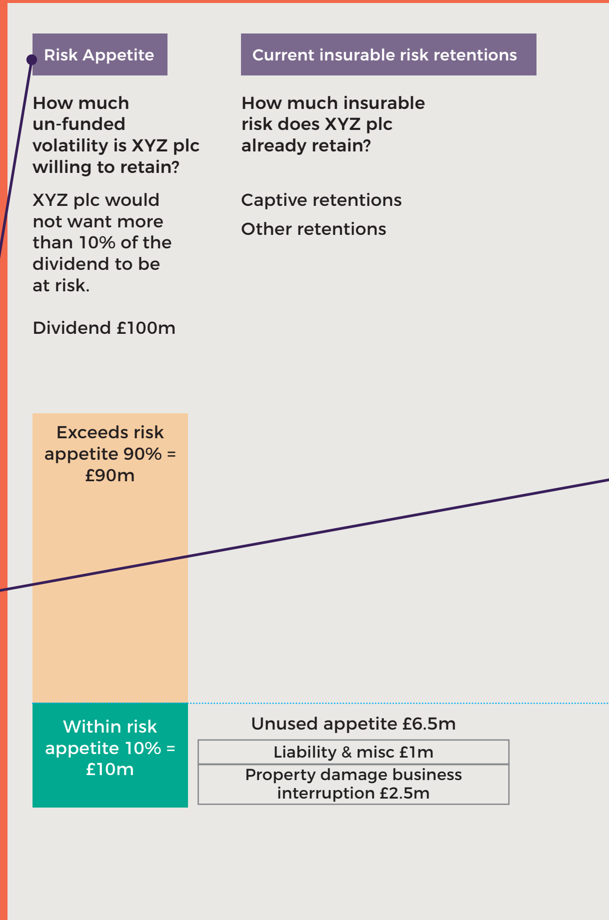
- Aligning insurance to financial metrics such as dividend, operating profit and earnings per share will get board attention and increase the value of insurance
- There is more than one way of measuring insurance against financial metrics, including calculating the financial impact of uninsured losses on the balance sheet
- Insurance can be used as a hedging strategy that can help demonstrate its cost-effectiveness

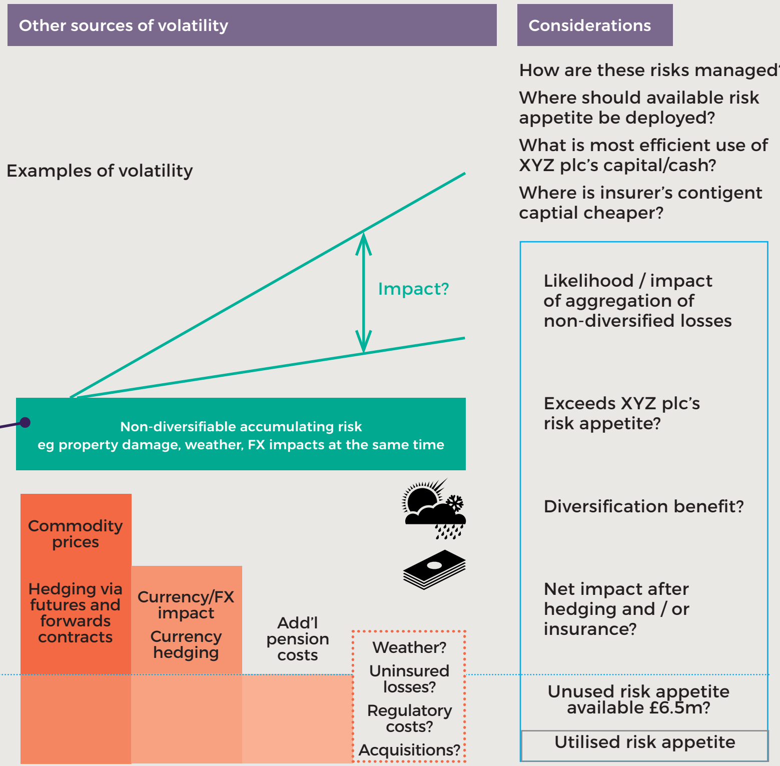
Insurance hedging

This chart provides an example of how companies can map out their known and unknown volatilities, risk appetite and insured risks to determine whether insurance hedging is a cost-efficient method to protecting the company's balance sheet

The key financial measure for company XYZ plc is dividend payment. XYZ plc is prepared to have at risk no more than 10% of its dividend. XYZ plc has £100m in dividend, of which it is prepared to put £100m (10%) at risk or, in other words, place £100m within its risk appetite for volatility.

XYZ plc has identified several areas of potential financial volatility that could impact its financial results, (including insurable risks) that it has (or is considering) hedging of funding options.





With only £100m worth of risk appetite, company XYZ plc is unable to retain all its known risks. Its options are to consider hedging some of its FX and commodity risks to investment banks, or hedge to an insurer.

Risk and insurance managers working with for example treasury can assess whether it is more cost-efficient to retain insurable risks and hedge the FX risks or whether to buy insurance to minimise insurable risks and retain the FX risks.

By doing this exercise, the value of insurance can be measured relative to the cost of managing volatility on the balance sheet. Risk and insurance managers who happen to spend more on insurance this year can demonstrate that insurance is cheaper than hedging the other risks or, if insurance happens to be more expensive, they can make the case of retaining the insurable risk and hedge the FX-related risks.

Communications

In today's dynamic business environment, insurance matters and its value is only set to increase as more complex risks begin to threaten a company's balance sheet. It is even more important now to demonstrate the value of insurance, and internal marketing can be an effective method for increasing visibility and informing stakeholders of what you do and how you can support them. Here are our top steps for how you can market your role:

INTRANET

Further develop intranet presence with live case studies

INSURANCE BLOG

Relate corporate updates to risk management and insurance

DESK DROPS

Update staff on pertinent issues through engaging campaigns

LUNCH AND LEARN

Hold short, engaging and focused seminars about completed, ongoing and future projects and their benefits

360° DEGREE REVIEW

Produce a summary on how insurance has helped its stakeholders achieve critical goals and objectives

and marketing

CASE STUDY: MARKETING EFFORTS

We do a lot of work to market the risk management function internally. We send regular newsletters, including updates on what we are doing, which is further supported by our intranet page. We keep in touch with our overseas risk managers and risk owners via social media, adding another dimension to our internal risk community.

In addition, we've recently published our first ever training pack. Over 40 pages, it explains what we do and how, and the benefits of our work, illustrated with case studies to emphasise our achievements to date.

We provide a dedicated section for risk owners, detailing the top things they need to know, a section for oversight committees, informing them of what to look out for in their line of sight report, and we provide space to explain how we measure risk.

This can be adapted for insurance managers, with sections on what they do, the benefits and achievements, and how the value of insurance is measured.

By marketing my department internally, we've increased our visibility and the company's understand of the value we bring to the organisation.

INTERNAL NEWSLETTERS

Provide regular updates on what the risk and insurance team is working on

SOCIAL MEDIA

Create a corporate community to maintain engagement with key stakeholders

Key takeaways

- Insurance is one of the most financially significant contracts that businesses enter into and, if placed correctly, this contract can protect a company's balance sheet from unexpected and unfunded volatility

- Insurance purchasing that focuses on price and premium spend overlooks the real value of insurance – its benefits in protecting the balance sheet and building long-term and sustainable resilience

- For the true value of insurance to be recognised, insurance – and how it is communicated within businesses – needs to evolve to match corporate goals and the changing risk landscape. Risk and insurance managers must adapt their conversations and modernise the language used when speaking to business units, the c-suite and the board

- Calculating the the cost of reducing P&L volatility can help risk and insurance managers demonstrate the true value of insurance

JLT Specialty

Why? Because in the world of insurance broking, risk management, claims consulting and settlements, the only way we can develop solutions, which really deliver, is to fully understand all of the different challenges our clients face. And we know the answer does exist, no matter how difficult the question is.

Our success comes from focusing on sectors where we know we can make the greatest difference. On using insight, intelligence, and imagination to provide expert advice and robust – often unique – solutions. And on building partner teams to work side-by-side with clients, our network and the market to deliver responses, which are carefully considered from all angles.

Because of this approach, our clients trust us. They have total confidence in knowing the vital elements of their operations are covered, enabling their businesses to be even more ambitious and surpass expectations.

We place over £3.2 billion of premium into the global insurance markets every year, giving us leverage to secure the best deal for our clients. This is not at the expense of the relationships with our markets though, and because of this, insurers are keen to underwrite our risks, develop new products with us and push the boundaries of possibility. We know how we work makes us different. It's quite a claim but we're driven to deliver on it every single day.

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