

Risk management in 2020 and beyond



As the changing world throws up a host of new risks, the need to be resilient has never been greater. **Generali's Anthony Wong** talks about the challenges faced by modern risk managers, and how going back to basics could be crucial to addressing complex problems.

The world is filled with uncertainties, from trade wars to currency volatility, from Brexit to Middle East tensions, as well as the rising number of natural disasters. It is not difficult to understand why many feel apprehensive about the future.

The modern risk manager

Over the past few years, the status of risk managers has risen substantially within the corporate structure. They are no longer part-time insurance executives who only interact with companies once a year or part-time procurement executives with a keen eye for the most competitively priced insurance product. Rather, they are full-time professionals who provide advice and insights on a wide range of topics, many of which are taken extremely seriously by management when they are making strategic decisions.

Regardless of an individual business' nature, a risk manager's remit still touches almost every aspect of the business. Interactions with different stakeholders can be daunting, especially if risk managers are wrongly perceived to be overstepping their professional role.

Another major challenge for risk managers is to provide value to the various stakeholders while improving the overall risk profile of the organisation. Other factors contributing to the overall complexity of managing risk include the digitisation of internal processes, the growing reliance on electronic transaction platforms, increased regulation and compliance requirements, as well as the uncertainties brought about by the

current global political landscape.

Growing threats

Among the emerging threats, cyber is becoming one of the greatest concerns of the risk managers. But there is no need to worry because there are several readily available resources in the industry for clients and there are risk consultancy firms offering cyber risk protection packages to corporations which include phishing simulations, cyber security protocol reviews and cyber awareness training materials.

Such offerings can be extremely beneficial to SMEs and even larger corporates as they look to review cyber security readiness. From an insurance perspective, the use of these resources can lead to an enhanced risk analysis, meaning that, from a broker perspective, it might be easier to find cyber risk cover for the client.

From an industry point of view, it is not only a matter of making their offerings more marketable, but they must also be more aware of their clients' needs and be prepared to be a bit more creative sometimes. Finding the right angle to advise clients and to assist them in making informed business decisions goes a long way in truly adding value to the service offered and enhancing the reputation of our industry.

Getting the fundamentals right

Often, being more relevant does not mean we have to reinvent the wheel, but rather it involves doing basic things well. Sophisticated product offerings with enhanced coverage and competitive pricing are always eye catching, however, we should

not allow ourselves to overlook the importance of servicing clients.

A local insurance placement will typically involve the client, the broker and the insurer. On this basis, a multinational insurance programme covering five countries will involve 15 parties. From programme structuring, to understanding local insurance regulations, to premium allocation to policy issuance, premium collection, loss prevention surveys, and claims management, the level of servicing required with the high number of parties involved can easily turn into an administrative nightmare if it is not properly planned and executed.

Placing an emphasis on servicing capabilities may not be a game changer, but it should nevertheless be considered as a differentiator, as well as a means for providing a solid platform to facilitate interactions between various stakeholders.

As businesses face growing uncertainties, the rising profile and importance of risk managers within the corporate structure, along with the increased reliance on the resources and resourcefulness of industry and the continuous engagement of stakeholders, will lead to greater interdependency between clients and the various service providers within the industries. This interdependence will evolve into an interesting ecosystem where risk professionals share insights, exchange ideas and, together, try to tackle issues of great concern. ■

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