

100 YEARS  
INSURING AMERICA



# Protecting American Businesses from Risk

## *A revolutionary change to make C-suite the first line of defense*

### **Media Web event**

January 20, 2012, 10 to 11 a.m. Eastern

Mike Foley

CEO Zurich North America Commercial and Regional Chairman of the Americas for Zurich Financial Services

Angelia Herrin

Editor for Special Projects and Research for *Harvard Business Review*

Mike Kerner

CEO Zurich Global Corporate North America

Zurich HelpPoint

# Speakers & Agenda



- 10 a.m. Eastern: Moderator opens call
- 10:02: Mike Foley
  - Welcome, introduction of speakers and setting the stage
- 10:05: Angelia Herrin
  - Breakdown the data
- 10:20: Mike Kerner
  - Insights
- 10:25: Mike Foley
  - Insights and conclusion
- 10:30 a.m. to 11 a.m.: Questions from the press



**Mike Foley**



**Angelia Herrin**



**Mike Kerner**

# Mike Foley

CEO Zurich North America Commercial and  
Regional Chairman of the America for  
Zurich Financial Services



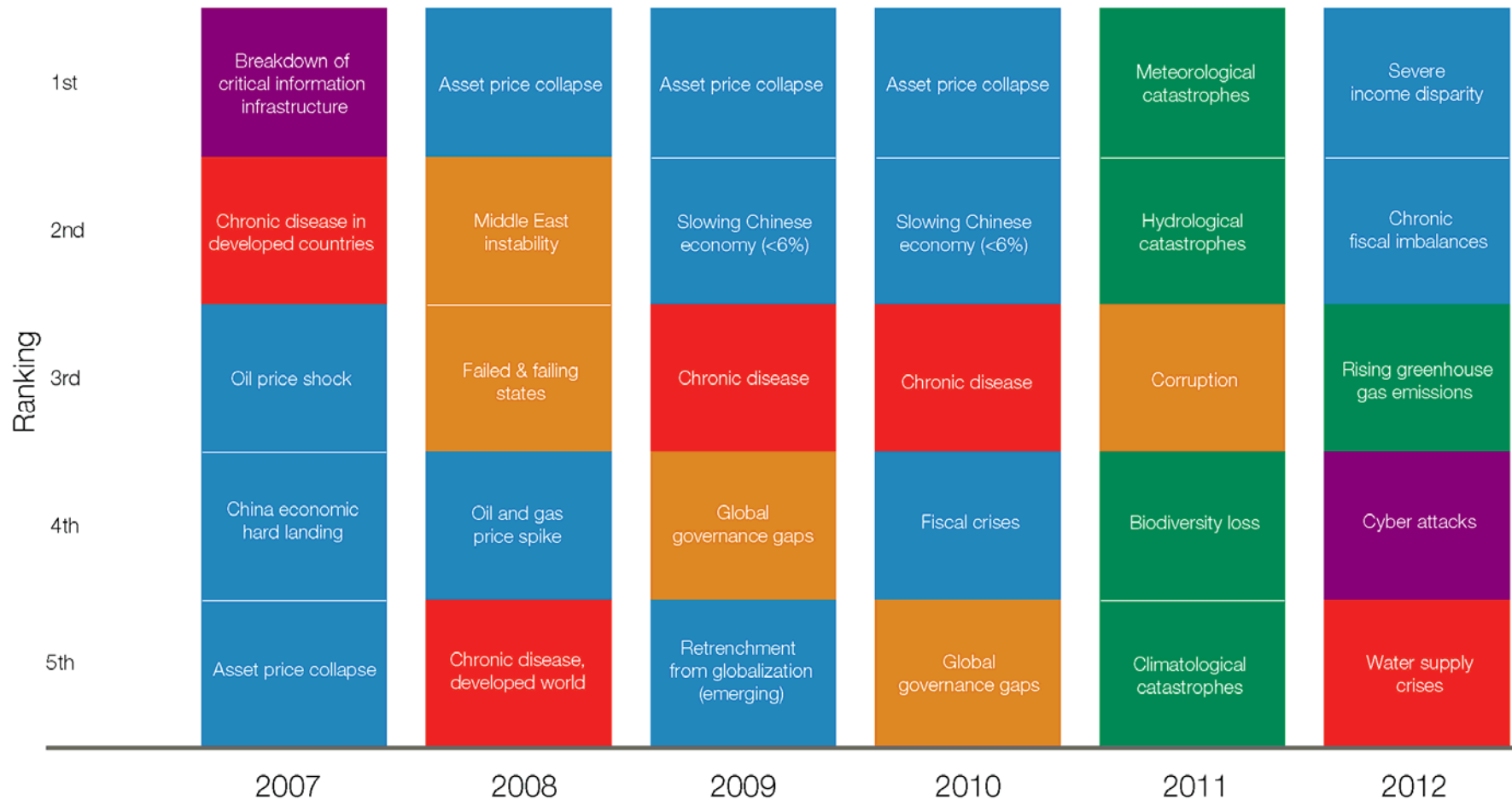
# Businesses need to proactively manage risks in a time of global uncertainty



- New survey, “Risk Management in a Time of Global Uncertainty”
- Conducted in collaboration with Harvard Business Review Analytic Services
- Interviews with 1,419 business executives
- Additionally in-depth interviews with a cross-section of executives
- Findings reveal corporate leader’s believe their companies have a long way to go in building an effective, risk aware culture
- And the risk landscape keeps evolving . . .



# Top 5 Global Risks: Likelihood



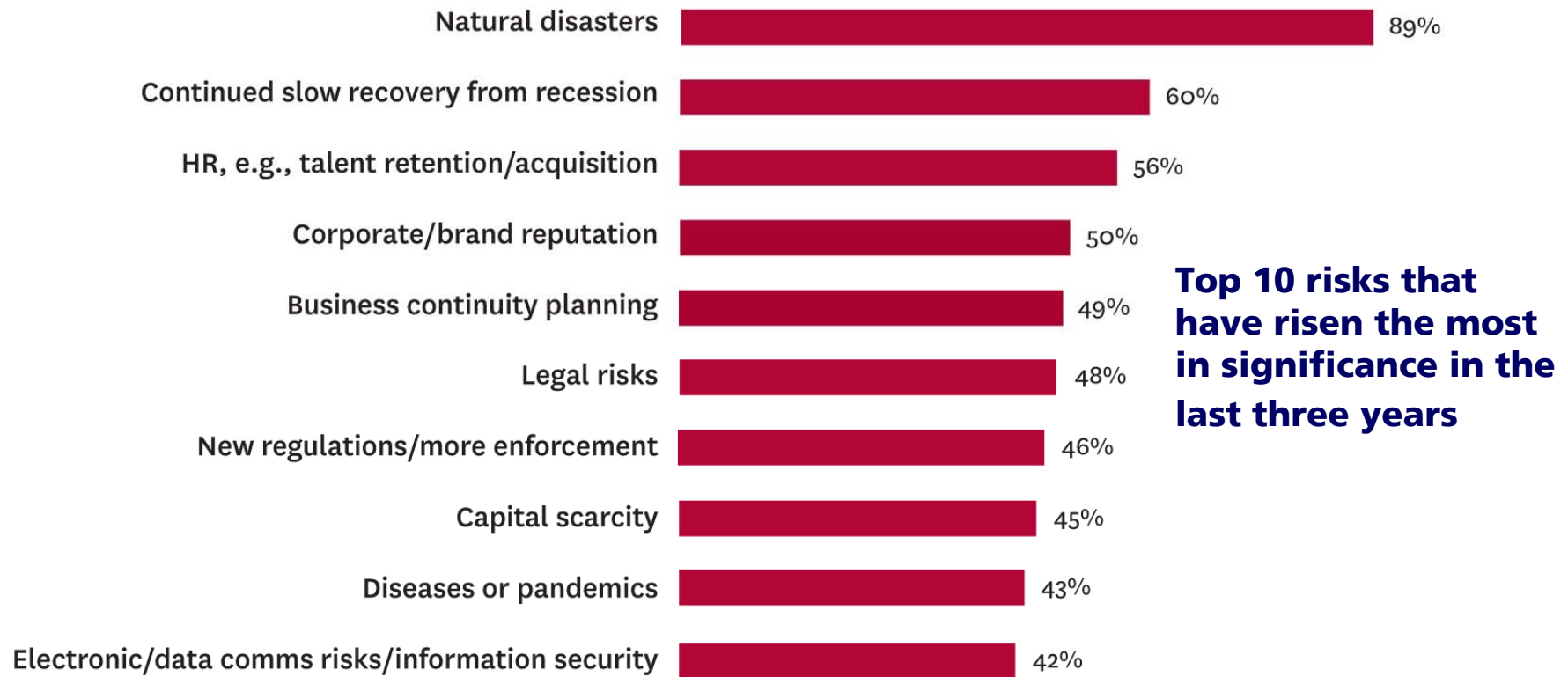
Source: World Economic Forum 2012

# Angelia Herrin

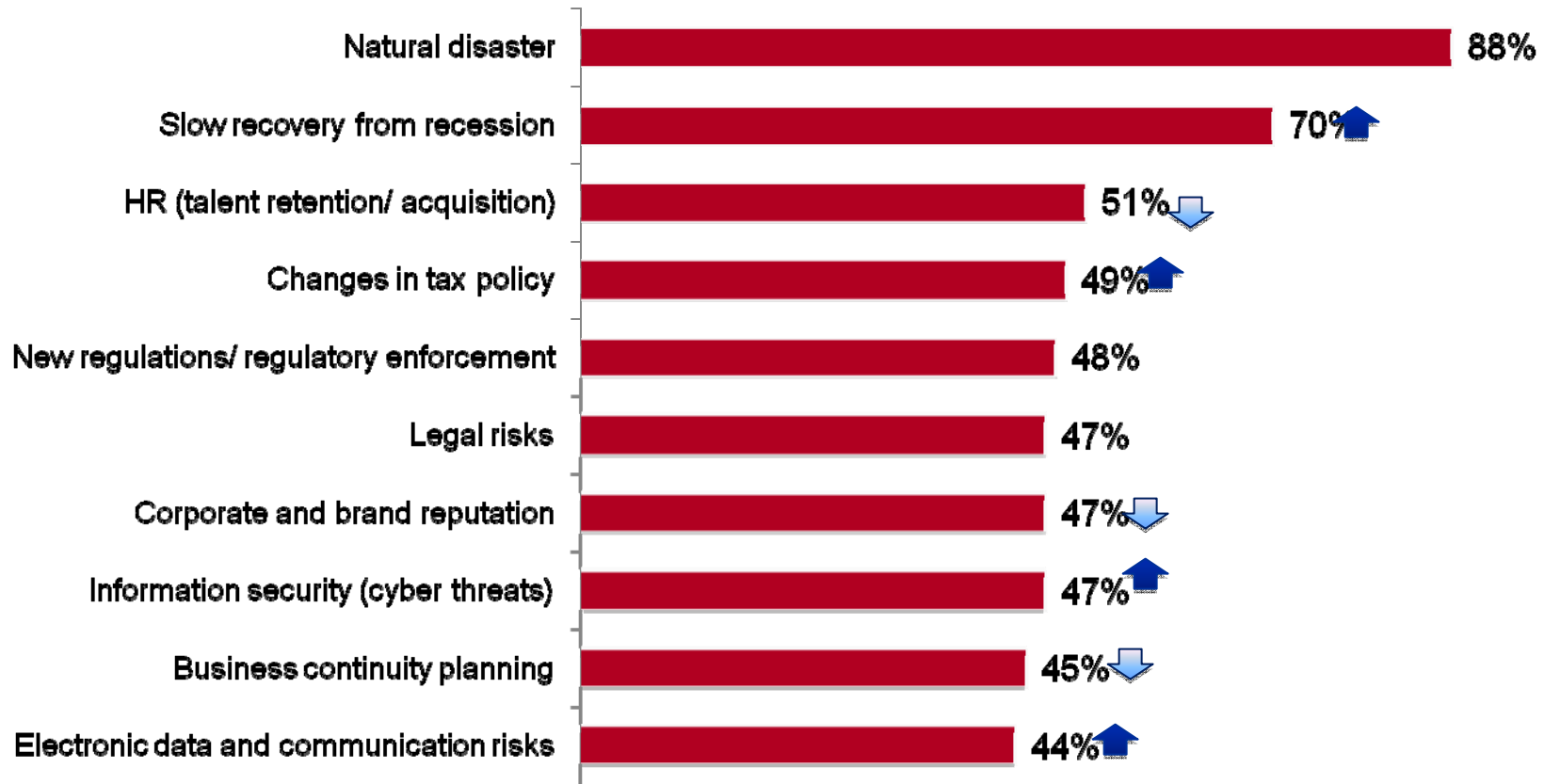
Editor for Special Projects and Research for  
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# Natural disaster and recession fears have changed risk perception



# Top ten risks that have risen in significance the most in the last 3 years – N America



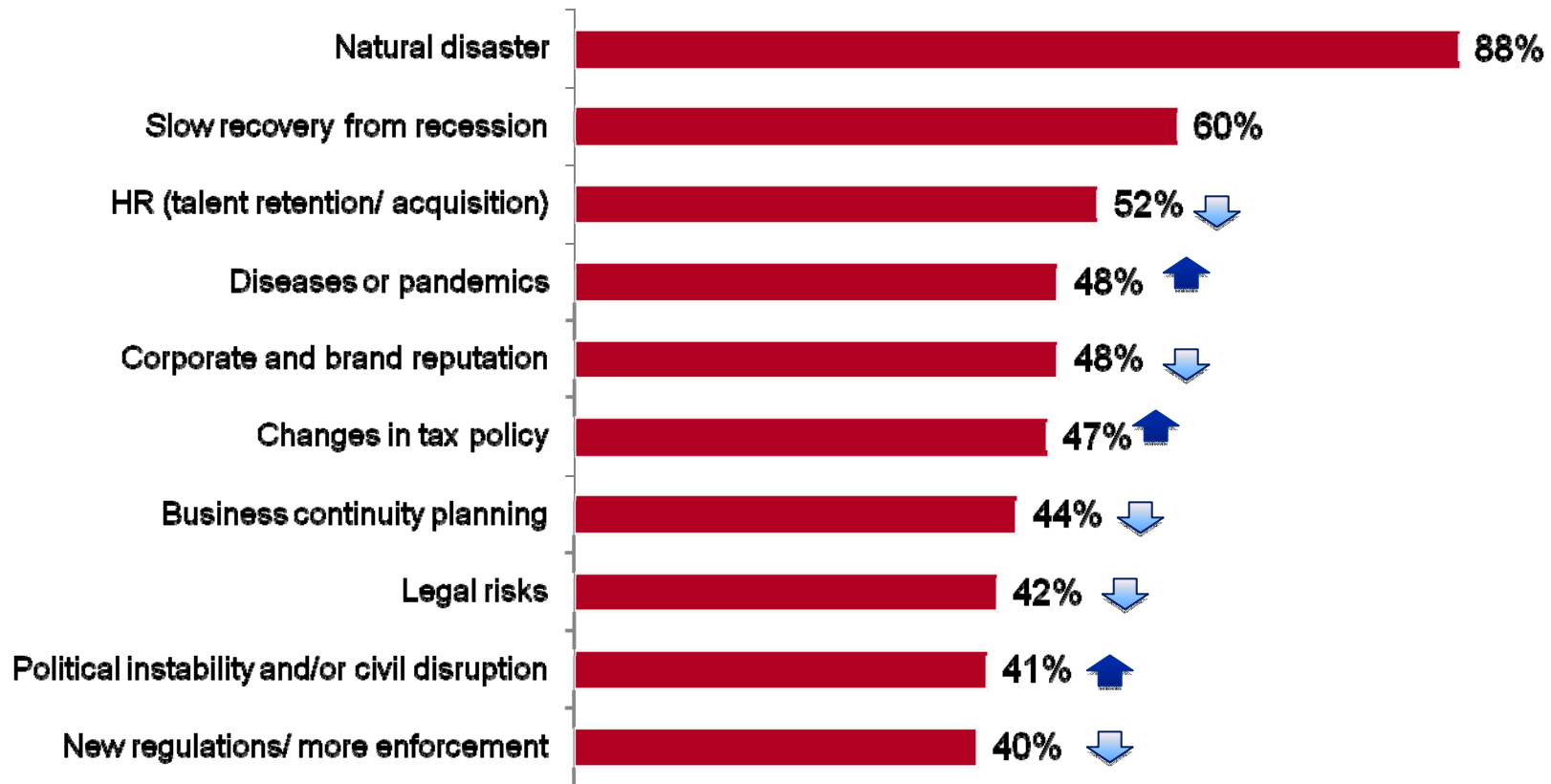
Q16b. Which areas of risk have risen most significantly in importance during the past 3 years – Financial and Market risks? Base: All answering n=1,201

Q17b. Which areas of risk have risen most significantly in importance during the past 3 years – Strategic and People risks? Base: All answering n=1,315

Q18b. Which areas of risk have risen most significantly in importance during the past 3 years – Political risks? Base: All answering n=971

Q19b. Which areas of risk have risen most significantly in importance during the past 3 years – Other? Base: All answering n=546

# Top ten risks that have risen in significance the most in the last 3 years - Europe



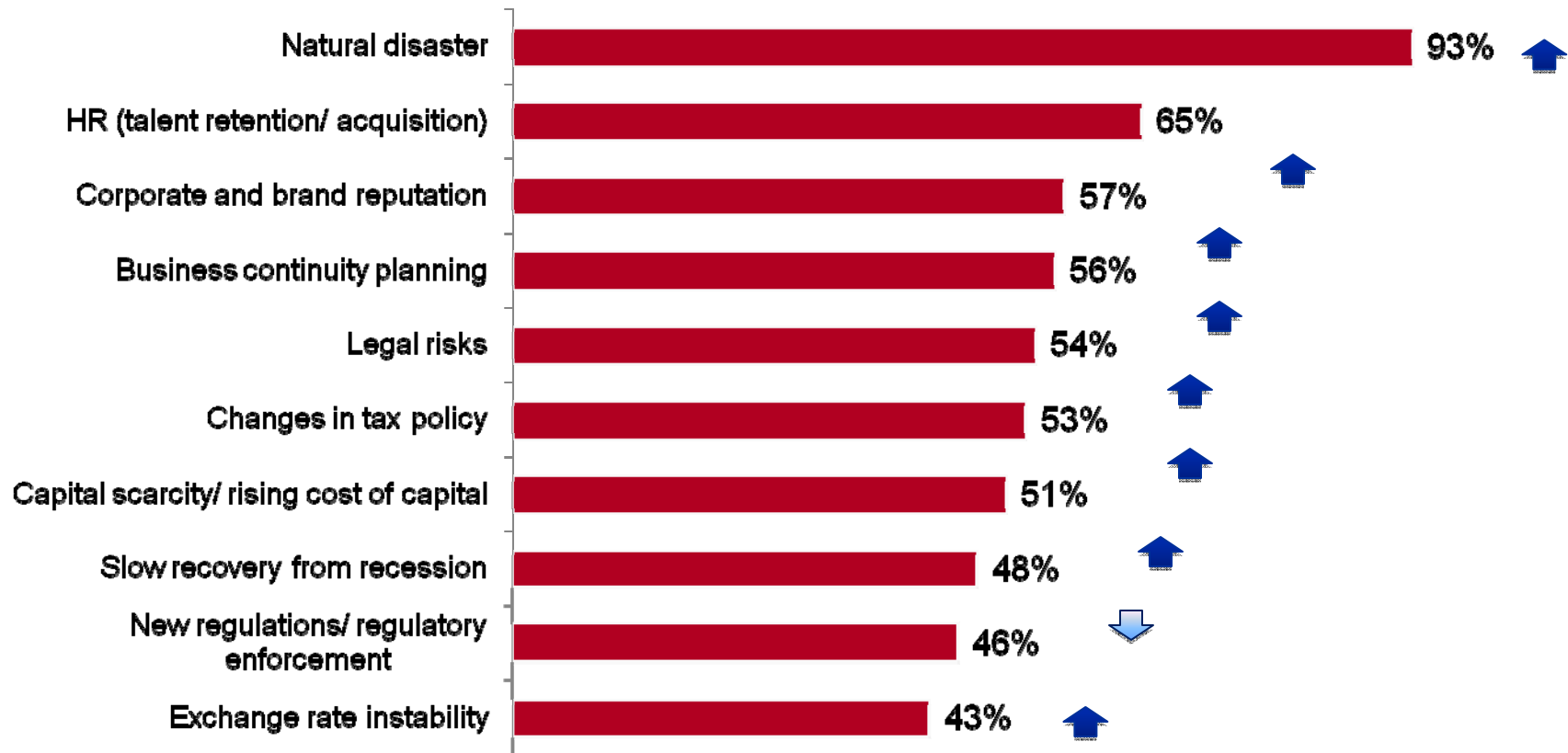
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# Top ten risks that have risen in significance the most in the last 3 years - Asia



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# What has changed: new risk reporting lines, direct link to company strategy

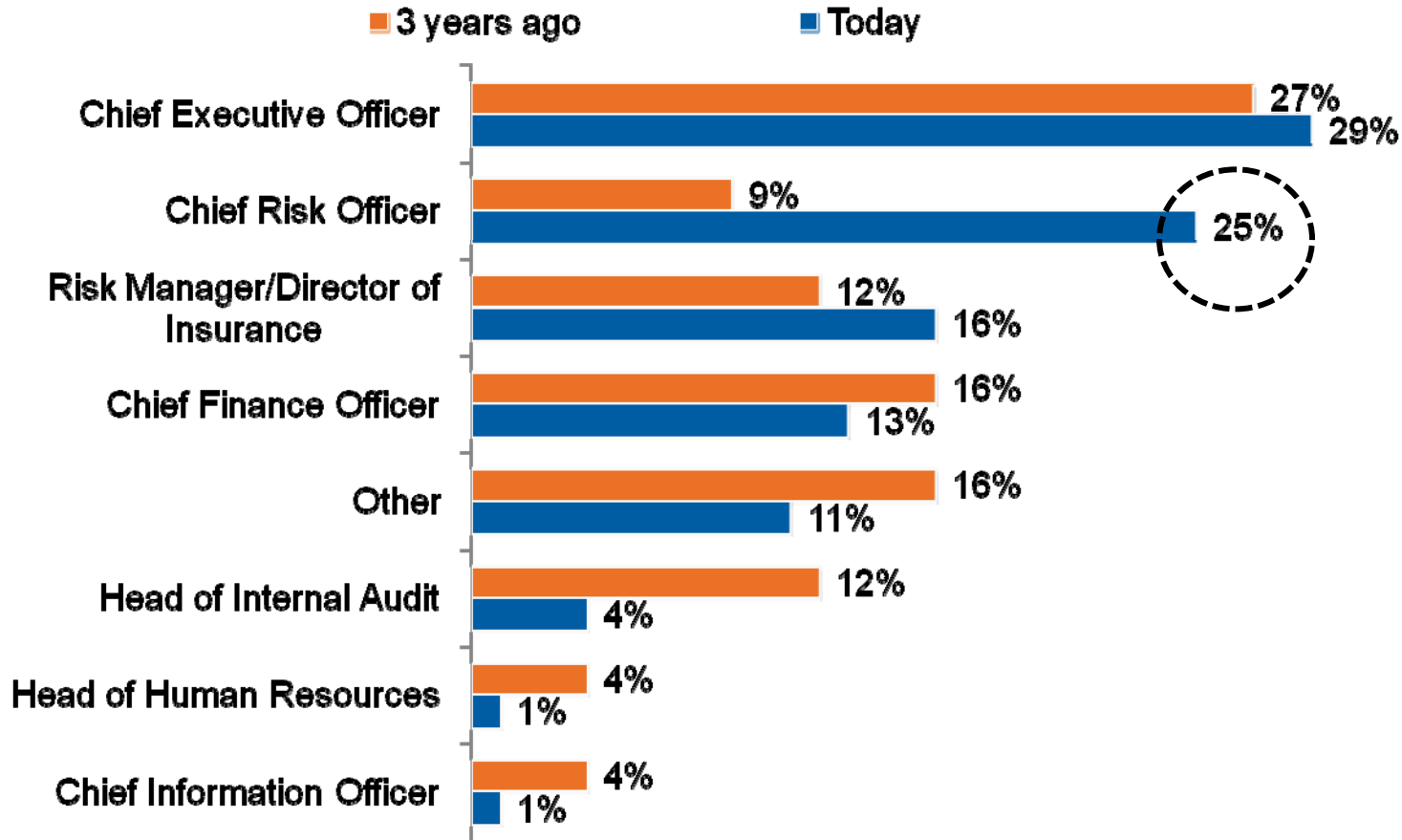


**Risk management process improvements over last three years**

# Who “owns” risk management today?

## CROs are far more likely to be in the drivers’ seat

(Organizations that had seen changes in responsibility for risk)

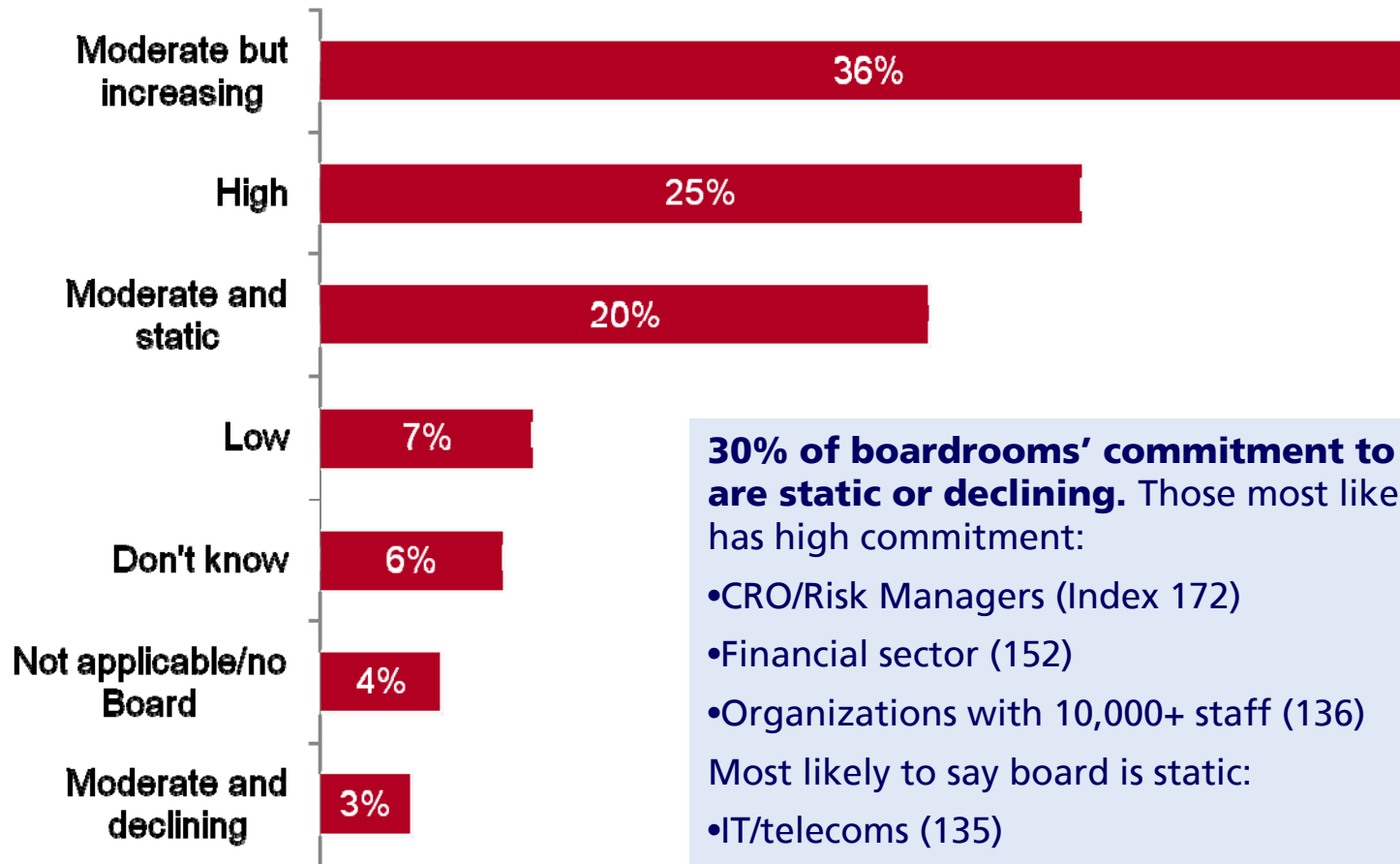


Q10. Which of the following job titles best describes the person with direct day-to-day responsibility for risk management three years ago? Base : All those saying designation of who is responsible for risk had changed in last 3 years n=285

Q7. Which of the following job titles best describes the person with direct day-to-day responsibility for risk management in your organization? Base : All respondents with an identifiable person for managing risk n=749

# How companies analyse & manage risks that they face in the post-crash world

## Board level commitment to RM activity



**30% of boardrooms' commitment to risk initiatives are static or declining.** Those most likely to say board has high commitment:

- CRO/Risk Managers (Index 172)
- Financial sector (152)
- Organizations with 10,000+ staff (136)

Most likely to say board is static:

- IT/telecoms (135)
- Organizations with <100 staff (135)

# Who "owns" risk management by company profiles



	Board of directors responsible	Split responsibility	No one area responsible
All (ex others)	28%	59%	7%
<100 staff	40% (Index 142)	41% (69)	13% (186)
100-999 staff	26% (93)	65% (110)	4% (57)
1,000-9,999	25% (89)	62% (105)	6% (86)
10,000+ staff	20% (71)	70% (119)	5% (71)
Asia	29% (103)	60% (102)	6% (86)
Europe	41% (143)	50% (85)	4% (57)
Mid East/Africa	33% (118)	55% (93)	7% (100)
N America	17% (61)	66% (112)	10% (143)
S/Cent America	32% (114)	57% (97)	5% (71)

**\*Note does not add up to 100% - excludes other**

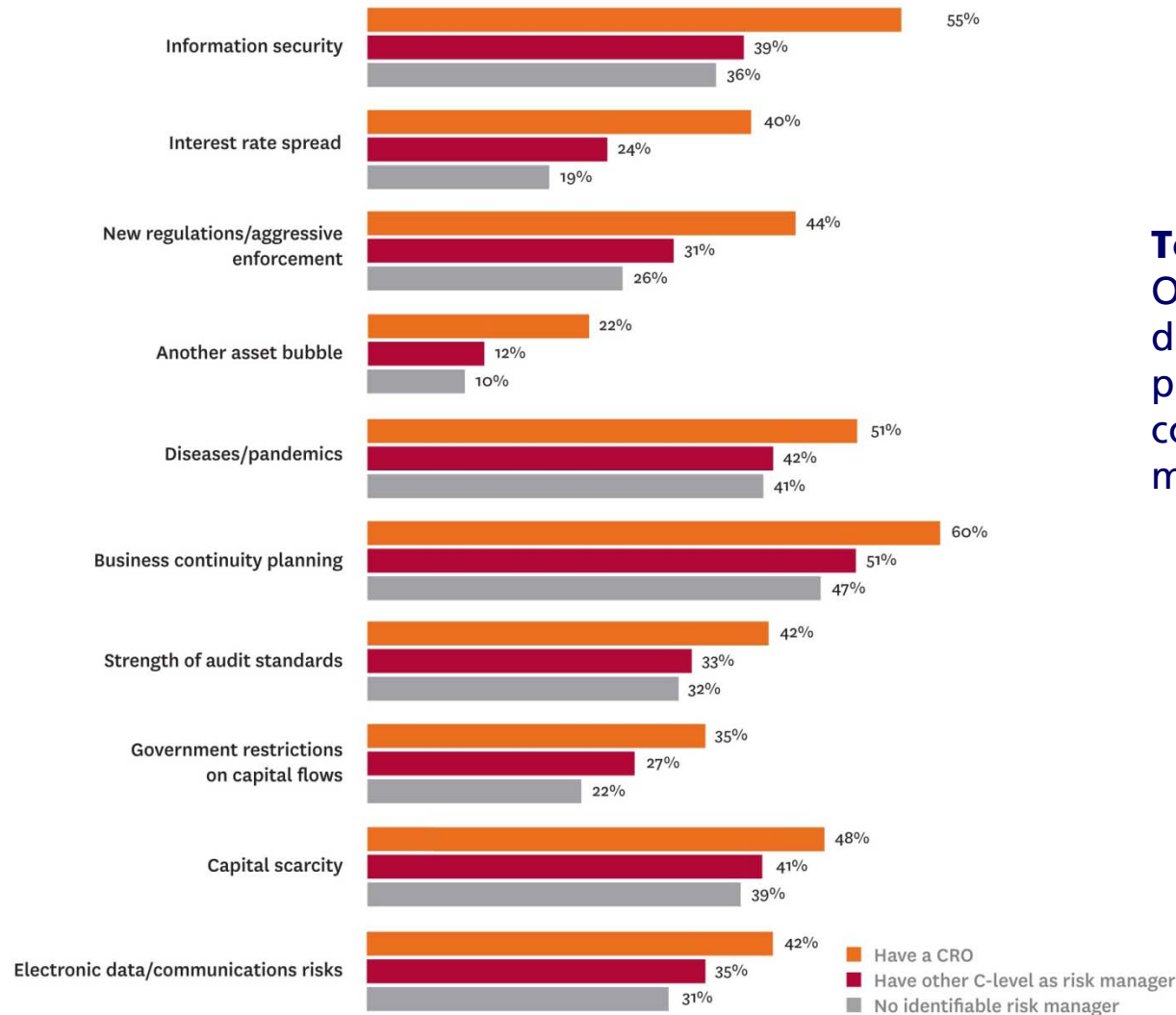
Q5. What area of the organization has specific strategic responsibility for risk management? Base : All answering n=1,411

# Seriously managing risks changes way of doing business



## Business benefits of enterprise risk management

# IT security and business continuity top risk planning concerns



**Top 10 risk planning gaps**  
 Organizations with a CRO do more extensive advance planning than other companies in almost every major risk area

# The missing link of risk information to strategic decision making



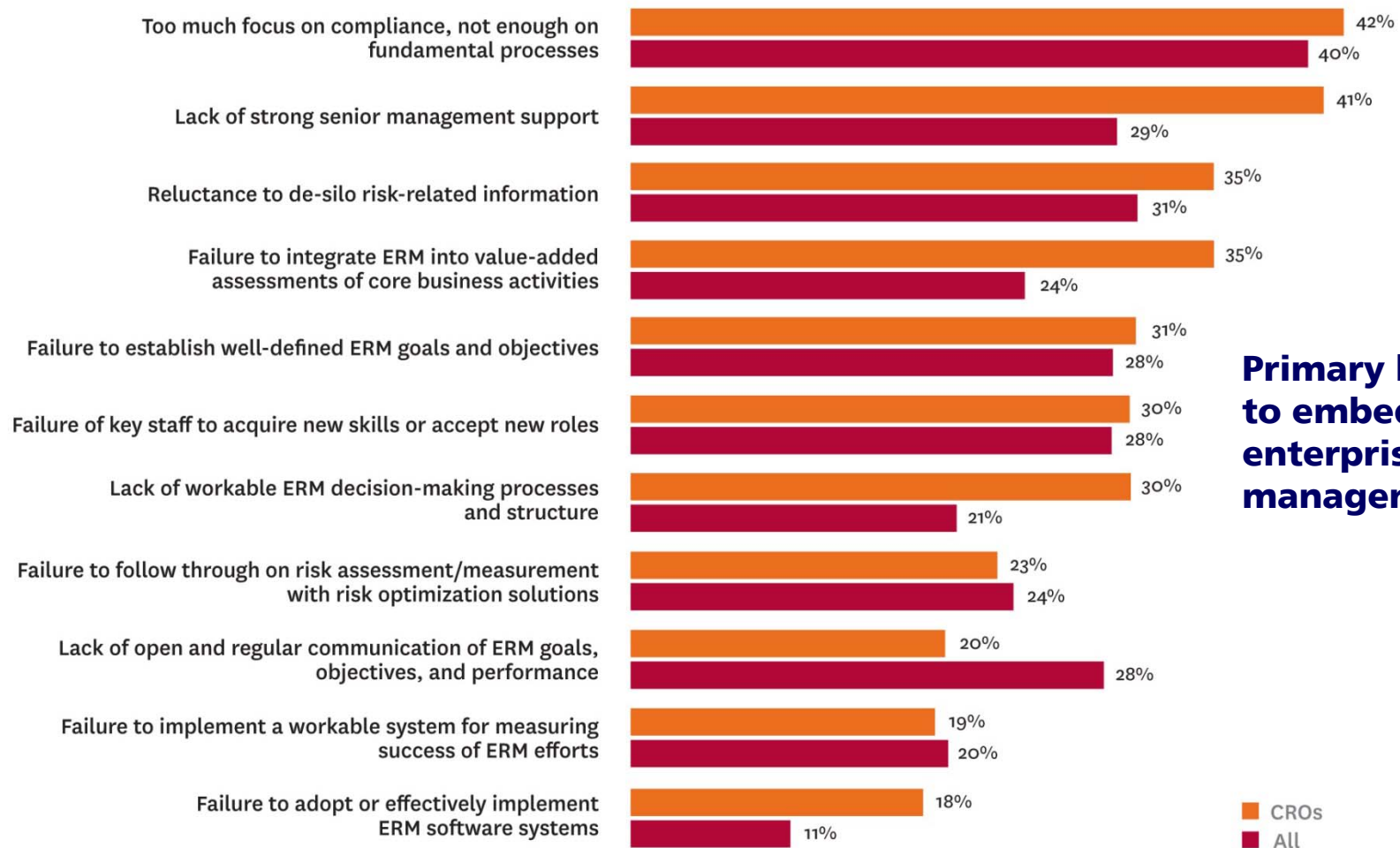
**The gap between risk management activities: importance vs. performance**

■ Performance  
■ Importance

# Focus shift to fundamental processes instead of compliance and management support



ZURICH®



**Primary barriers to embedding enterprise risk management**

■ CROs  
■ All

# Mike Kerner

CEO Zurich Global Corporate North America



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# Insights and conclusion



- Companies must manage risk proactively
- Companies must look deeper and wider to determine what their most serious risks will be in the long run
- Risk Management and corporate goals must be integrated
- Risk Management needs to have a clear “owner” to be effective
- Companies must break down silos and managerial bottlenecks (focus on fundamental processes)

## Q&A



**Mike Foley**



**Angelia Herrin**



**Mike Kerner**

Watch the video archive of this event and download the slides at  
<http://www.zurichna.com/media>

To learn about Zurich's 100 year anniversary of insuring America, go to  
<http://www.zurichna100.com>

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