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Risk Roundtable

RISK MANAGERS TAKE ON THE FUTURE

We gathered a distinguished group of practitioners to get their opinions on a series of subjects that seem likely to shape the risk manager of the new millennium. Sponsored by Zurich U.S.

Mary Daniels, ARM, is director of risk management and employee benefits for World Wide Facilities Inc. in Garden City, New York.
Charles Dougherty, ARM, is manager, risk management & insurance, for the Union Carbide Corporation in Danbury, Connecticut.
Louis Drapeau, ARM, is manager, risk management, for the Budd Company in Troy, Michigan, and a former president of RIMS.
Jackie Hair, ARM, is the corporate risk manager for Cisco Systems in San Jose, California.
Harvey Lermack is an independent consultant and trainer in Philadelphia, specializing in risk management and professional skills consulting and training.
Christopher Mandel, ARM, CPCU, is senior director, risk management department, for Tricon Global Restaurants in Louisville, Kentucky, and RIMS vice president, external affairs.
Susan Meltzer, CRM, FCIP, is assistant vice president, Insurance and Risk Management, for Sun Life Assurance Co. of Canada in Toronto, and the current president of RIMS.

Paul Feldman. How have your responsibilities changed over last five years or so, and what has driven those changes?
Meltzer. My responsibilities encompass more risks than in the past. We are establishing a more global approach to risk management and I am part of the team looking at how to manage our risks more effectively.
Daniels. In my previous organization I had asked to be given responsibility for employee benefits in addition to risk management because I felt that there was tremendous risk there. When my present firm found out that I had employee benefits experience they eventually said, "Let's put it all in her hands."
Mandel. My responsibilities have grown geographically, and broader in terms of additional subsidiary growth, but have narrowed functionally.
Drapeau. My responsibilities have become much more global in nature. The driver in my case was a large merger by our German parent.
Hair. We have completely changed our responsibilities over the last few years, specifically because we're high-tech. In traditional companies, risk management has the reputation of being the control mechanism—the people who say *no* to everything. That's not our philosophy. We believe that risk is an opportunity. So we help the business units find ways to exploit those opportunities.
Dougherty. I do not think that basic responsibilities have changed much over the last few years, but the bar has been raised in terms of measurement of performance. It has become a requirement that not only will we identify, measure and finance risks, but we will find ways to contribute to the overall financial performance of the corporation. I believe that this has been driven by the expectations of our shareholders and the financial community.

PF. How has technology changed the way you do your job, and in what ways can it improve?

Daniels. Technology does a tremendous job for me, particularly for claims handling. I am very happy with what I have. It can improve in the amount of time it takes to get into the system. It's a question of dependability.

We believe that risk is an opportunity. So we help the business units find ways to exploit those opportunities. —Jackie Hair

Meltzer. Our department is in the midst of selecting a risk management information system, so we have not yet maximized the role of technology internally. However, the advent of e-mail has been a huge boon to me, personally. I am more efficient and effective in my communications. When I am away from the office, messages and mail do not pile up because I can deal with them remotely.

Mandel. Sophisticated RMIS is central to getting our jobs done. The Web is increasingly a source of information and expertise as well as sharing amongst practitioners. We need much work in terms of risk management Internet capabilities and organization though.

Drapeau. Technology has the potential to make great changes in the way we do our jobs. The problem as I see it is that we are not taking advantage of the technology available to us. The chain is only as strong as it's weakest link.

Lermack. I don't think I could manage a job like this without having the information available to me on the Internet. When you're dealing with, for example, environmental issues, you can get to the EPA; you can deal with those groups that impact you. I need to have updated information on environmental health, safety and training technologies. That's an enormous amount of information. I think that by having this information available, once we learn how to sort and prioritize it, it will allow us to expand our perspective. I've made some contacts in Europe, and their perspective is obviously a lot different on some of these issues than ours. So technology is not only allowing me to get more information; it's also allowing me to tackle a wider perspective.

There are two other issues: computer-based training technologies and the ability to share real-time information. I might have two hundred people out providing training materials; if I get feedback that there's a problem, I can immediately broadcast it. That's been extraordinarily valuable up and down the line.

Hair. I couldn't live without technology. We're such a small department—three people to serve 18,000 employees in over 400 locations on a worldwide basis—that it's not physically possible for me to travel to all those locations to spread the word. I have to have more efficient ways of doing things. By putting everything on our intranet, I can reach all 18,000 employees. Employees who have problems with repetitive stress-type injuries can go to Web sites that we're linked to and determine how to deal with their injury. If it's a workers' comp claim, they can find out how to go about filing a claim and how to manage their recovery. Let's say you have a hundred employees that are suffering symptoms. How could I possibly have a hundred conversations with all those people, and do them justice and walk them through the process? It's not possible. So we put everything on the Web. It's effective and it's key to our being able to manage the functions of such a large organization with such a small staff.

The other part of technology that is critical is being able to do research. All the information that you need on any particular topic, you should be able get off the Internet.

How can it be improved? There's so much information out there, that it's now come down to the point where I no longer have the time to go out and look for it. So I would like to see the information I'm most interested in come to me. I would like to see information on the Internet catalogued so you can drill down to specific areas rather than just broad, general areas.

Dougherty. The single most important technology helping me to do my job is e-mail. It is far easier to communicate with people within the company and with our vendors. We now have the ability to share a wealth of information with e-mail attachments and access to internal server sites.

PF. *Enterprise* and *holistic* risk are terms that have been bandied about quite a lot recently. What do these terms mean to you, and do they have application in your jobs?

Meltzer. These terms to me are just 1990s ways of saying *risk management*. The only difference is that these concepts have assisted the risk manager by having the corporation recognize the array of risks that face them. Unfortunately, a lot of the material on enterprise risk management emphasizes identification, assessment, reporting and monitoring of risks. It does not focus on risk solutions.

In my industry, we have learned about financial risk management and in our case, it is primarily credit and market risk. What the financial services industry has not been adept at is the application of operational risk management: transaction risk, product design and product distribution are a few examples. If you look carefully at this, the solution is traditional risk management.

Daniels. Those terms really mean "putting everything in one basket." It's just new terminology people use to make it sound sophisticated. As far as I'm concerned, it's all risk management. It's not that new.

However, I do think the risk manager has to be more encompassing of finance, taxes and accounting, and understand how they function within the corporation. Because you're not getting the whole picture if you don't understand that process. Risk management is a lot more than just insurance today. It's a lot more than slips and falls and D&O. You have to understand finances and taxes. You need to be able to talk that language with the CFO and treasurer. If you don't understand the language, you can't be as convincing in describing the risks.

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— Mary Daniels

Mandel. To me, *enterprise-wide* means looking at all risks to the balance sheet or the ongoing concern of an organization. *Holistic* has been viewed similarly, but in my opinion, it includes leveraging opportunities as well as mitigating risks, for instance, making a captive a profit center.

Drapeau. Enterprise risk is an interesting concept, but it has to overcome many obstacles in most organizations. Ultimately, managing pure risk is one thing, but eliminating speculative risk also eliminates the entire reason for being a success or failure in your line of business.

Lermack. I believe in a risk management focus regardless of the function, and of integrating that into people's daily work. Risk management will be successful when there are no risk management training courses. When people are trained how to do their work properly, they learn how to assess and manage all the risks associated with their work.

When we looked at risk management at Conrail, we tried to take a holistic approach. So we looked at environmental, health, safety, damage prevention and hazardous materials, all with as little a line between them as possible. Traditionally, *environmental* in our case meant anything that the railroad does that has an impact on the community, our customers or our employees. So that, for example, hazardous waste is generally thought of as an environmental issue, but it also has a real safety application. You don't want to be handling hazardous waste incorrectly. So what we have been trying to do is move all those issues together, to get people to take a look at the risks involved in their job. In learning the hazardous waste rules, we might say, "All right, you've got this material here, what can happen with that material to impact your health, to leak out into the community and impact the community, to have an impact on the environment as specified by the EPA?"

Hair. Those terms meant a lot to me in my prior position. We could go about mapping out what risks the organization faced and organize them and quantify them, and do something with the information that we collected. In a company like Cisco, we're changing so rapidly that by the time I could identify all the various risks the organization faces, they would have changed and the information would be meaningless. If we were to stand still that long, we would no longer be what we are. This may be unique to high-tech companies. When I think about enterprise and holistic risk management, they don't mean the same things to me now that they did five years ago.

Also, we do twelve to sixteen acquisitions per year—that's one a month. So within thirty days, any information that I had would be out of date.

PF. How do you deal with these acquisitions?

Hair. I look at them as opportunities to be exploited. If I tried to insert risk management into the process on a pre-acquisition basis, I would be doing a disservice to the organization. There may be driving forces out there or competitors trying to bid on the same company, and you have to make quick decisions. If I said, "Wait, we've got to look at all their liabilities and we've got to look at all the risks that we're assuming, etc.," we wouldn't make the decision on a timely basis, and we might miss a key opportunity for access to a key market.

Now, that doesn't mean I don't take steps to make the process a more beneficial one. Internally I'm very close to the business development people. When we acquire a company, we talk about some of the things we could have looked more closely at. So the next time around, they will look more closely. I try to help them make better-informed decisions. And I think that's really the key that we can bring to the table. If their decisions are better and more informed, then the impact on the organization is going to be all the greater.

PF. Chris, how does the enterprise risk concept apply in your company?
Mandel. We are slowly leveraging both concepts. We have been treating reputational and employment-related risks along with traditional p/c risks for a few years. These have been identified through an environmental committee that looks at all the issues that affect our core operating environment. We have just set up a captive that is being used largely to offset capital gains from our selling of stores while also providing traditional risk financing arrangements for standard risks.
Dougherty. Enterprise risk to me is the overall measurement of the success or failure of a business or operation; in effect, whether or not you should have started the operation. Holistic risk management is somewhat different in that the focus is on risks that can be quantified and managed as a group. This group breaches the historical separation between insurance, foreign exchange, human resources and others. They really apply to any type of operation. We are just getting started in this work. This is an area where technology should be of value in allowing the detailed and sophisticated calculations to be made quickly and at low cost.

PF. Recently there was a major development in the risk financing arena. A Japanese company issued two catastrophe bonds for its earthquake risk. This was reportedly the first such deal transacted by a noninsurance company. What affect will this type of deal have on the industry, and would you consider such a deal?
Hair. I think it's a very interesting concept. We've had conversations with the capital markets and we're keeping our options open. I think as more and more companies find that they need to be more flexible with how they do business, the capital markets will support that flexibility. I think the capital markets are going to wind up driving insurance carriers to look at how they do business and change their business model. In the short term, I think it's going to drive them toward more of a middle market mentality, where they can dictate the terms. It is becoming very clear that larger companies want the flexibility to do business that they see as in their best interest. And then they want to partner with somebody who's going to let them get there. In a company like Cisco, where we embrace risk and the opportunity to do business differently, our interests are going to be best served by working with a partner that shares that philosophy.
Dougherty. We would certainly consider the alternative approach for large event loss potentials.
Drapeau. We would do it if the right pure risk situation presented itself.
PF. How do you think the increasing use of alternative risk financing, securitization and the like will affect traditional insurers?
Meltzer. There are some insurers in our business who have a distinct advantage in this area. Not only do they have the expertise in underwriting catastrophe, but they have the financial understanding and wherewithal to compete with the capital markets. The capital markets are used to a substantial rate of return (unlike insurers). I don't know that they would be interested in this business subsequent to one catastrophe. Insurers have a higher threshold.
Mandel. If we were to structure such a deal, we would look to our banking partners today, but hopefully our insurance company partners equally so in the future.
Drapeau. Insurers are theoretically the best positioned to assume such risk.
Hair. For insurers to stay in the business they have to be more flexible and more competitive. Already you're starting to see some changes. I think they're starting to embrace technology and they are changing their products so that they are not as constrained as they have been in the past.
Dougherty. If risk managers access the capital markets, insurers will likely become less assumers and spreaders of risk and more transaction and service companies—*if* they are able to make the transformation.

PF. It seems likely that the government will deregulate commercial lines. How do you think this will affect the alternatives open to you?
Mandel. H.R.10 should facilitate the integration of insurance and banking, blurring the lines between them and making more choice available to finance a broader array of risks.
Dougherty. H.R.10 removes barriers that prevent affiliation among insurance companies and other financial providers such as banks, and if successful will open up significantly more choices. The potential combination of some of these companies could spawn new products that better meet our needs and get us closer to holistic risk management.
PF. How important is education to your success as a risk manager, now and in the future?
Dougherty. Formal education is absolutely vital, as you must have at least the basic

knowledge to understand the risks that you deal with and the traditional tools that are available. The process of education also gives you practice in using skills that are part of everyday business life, such as problem solving, research and communication. Just as important is the feedback that you receive on your efforts. We must also be experts in educating ourselves on a nonformal basis, particularly about our employer's operations, because if we do not understand them well, we cannot hope to effectively manage the risks that they present.

If there's one course at a university that I think would be critical to any risk manager, it's business strategic planning. It strikes me that anybody who is in a staff position needs to better understand the strategic planning processes of business.

— Harvey Lermack

Hair. I'm a strong proponent of education and career development. I have an MBA and I do think that makes a difference in your credibility. It also allows you to talk the same language with your CFO, with your treasurer, with all the key finance people throughout the organization. It also keeps you on top of what's going on technology-wise, and what's available in the marketplace.

If you've done the same thing for the last twenty years and you've done nothing to really improve your education, then I think that you are going to be left behind. And as we talk about the capital markets, the people that deal in this world are extremely bright and they are extremely quick. They talk the talk; they have the buzzwords. If you're not able to keep up, it reflects not only poorly on you, but it also reflects poorly on your organization. So it's really critical. And I don't think, in all honesty, I would be as effective at my job if I wasn't willing to keep up the education side as well.

Lermack. Education is very important to me from a couple of standpoints. First of all, I'm an MBA and strategic management, strategic planning teacher, and I want to find ways to specifically and explicitly bring those kinds of issues into my courses. I think that it's critical that we are more active in doing that. I'm a member of the RIMS education committee and I hope that we can find a way to link that better.

PF. Do you think there would ever be a place for a risk management requirement along the lines of what lawyers and doctors have?

Meltzer. Absolutely not! RIMS is an organization of corporations with internal risk managers. We believe very strongly in the efficiency of internal risk management. This is not a third party practice. As a matter of fact, if a corporation wishes to hire an internal lawyer, he or she would not have to be admitted to the bar or the law society. They wouldn't even necessarily have to have an LLB. We cannot impose discipline or requirements on internal corporate functions. In addition, risk management is very different depending upon the corporation. One corporation may require significant expertise in financial risk management, another in chemical loss control, another in defense of claims which could require an MBA, an engineer or a lawyer. How do you standardize that?

Daniels. I would love to see a requirement for practicing, but I think it's too late to make that kind of demand. I don't think it would ever happen. How would you tell a firm that they have to hire someone with a designation?

Mandel. The FRM program is the beginning of such a move, though frankly the CPCU never really developed the discipline to the point of becoming a profession, even as the CPA did for accountants. Nevertheless, we need more standardized education that broadens the discipline to the enterprise scope and gives treasurers and CFOs the ability to understand more clearly what they need, who they should hire and how they should develop wannabes.

PF. If you were able to take a full-semester course, what subject would you study?

Meltzer. Strategic leadership and planning.

Daniels. If I were to take a semester-long course it would be in finance, because I think that's the wave of the future. And human resources—if you don't have the ability to work with people and get them to perform, you're not going to be very good. You may not get accurate information, and people who want to respond to you in timely fashion. I could not do the job I do here if I did not have the support of many of the brokers and many of the insurance companies, who help me tremendously.

Mandel. I would choose an enterprise-wide risk financing course as well as advanced finance generally. This is the biggest area of opportunity for most risk managers.

Drapeau. Finance.

Lermack. If there's any one course at a university or college that I think would be critical to any risk manager, it's business strategic planning. It strikes me that anybody who is in a staff position needs to better understand the strategic planning processes of business and the new business realities. By that I mean such things as globalization and the global impact of technology on the way that we do business, and the changes in the workforce. The workforce is not stagnant anymore; it's totally mobile and outsourced. I think many risk managers don't think through those issues the way they could if they had a better understanding of the overall business strategy. They need to understand the direction and the strategy of the company as a whole and, specifically, external forces that are really causing change in the business. Because if you're building a risk management strategy or focus on the way the business is established now, if your business is not thinking through appropriately or on the cutting edge, well, you're going to be building a poor strategy at best. At worst, you're going to be left in the dust. I think it's really critical that risk managers are out in front both from a personal career standpoint, as well as from an application standpoint for their businesses.

Hair. Finance is one of the critical things that risk managers should understand well. If nobody does anything more for their education than take a semester-long class in finance, it would be to their advantage. They need to understand thoroughly how decisions impact their organization.

Dougherty. I would take a course that simulated the running of a business. This would broaden my ability to see the risks that I have not yet identified and how we could impact a business in a positive sense.

There are risks facing the corporation today that have not been identified or assessed, or even imagined in the past. The best approach I know is to keep working with the business and operations units to ensure that I am made aware of emerging risks.

— Susan Meltzer

PF. Does anyone have any thoughts on the direction of the market, and what affect a hardening might have?

Meltzer. I am not sure if the market is going to harden any time in the near future, primarily due to the overcapitalization of the property/casualty insurance market specifically, and the capital markets in general. We have used the soft market to formalize long-term insurance programs and do not expect to be overly impacted by a swing in the market. I don't know if it will drive innovation as usually hard markets are a short-term spike in the cycle and don't last long enough to drive innovation.

Daniels. I've been saying for the last year that it's going to harden a little bit. I haven't seen that, really. But it has to. The loss ratio is too high. So eventually it's going to harden.

Mandel. I think there are viable arguments for both sides. I do feel that year 2000 implications could facilitate a change. If it comes, there will be a great move to integrate more quickly with treasury views and the use of capital markets, although many will still resist and try to weather the storm.

Drapeau. A downturn in the economy may trigger a turn in the insurance marketplace and then risk managers will have to avail themselves of alternative market solutions.

Hair. I think it's starting to harden a little bit, mainly on the property side. There's a lot of concern on the insurers' part about what's going to happen with year 2000, regardless of this new legislation that just passed. I think we're going to see further hardening because insurance carriers are going to get very concerned that they're going to be sued for a lot of expenses that they didn't count on paying for.

Dougherty. There are weak signs of the market hardening and I think that it can best be seen in the resolve that many insurers have in imposing year 2000 restrictions. I do not believe, however, that we will see a significant rise in premiums; I think that we are at or near bottom. Broad scale hardening will likely be a result of overall trouble in the economy, especially in the stock markets, and this will overshadow the higher premiums that may occur.

Daniels. If the market hardens, there will be more people looking into captives, rent-a-captives, self-insurance. Otherwise, there's going to have to be some real safety and loss control. But safety and loss control takes a year or two before it has an effect on premiums. You really need to be looking at that all the time.

PF. Assuming you've done a good job, you've paid attention to the things that need attention, are there still issues out there that keep you up at night, things that can appear out of your control?

Dougherty. Mass tort litigation. As we have seen all too often, allegations of a product harming many people can be very costly even when there is no scientific basis for the allegation. We have to trust and support our efforts in product stewardship, which is the process of thoroughly understanding how and where our products are being used to assure that they are being used responsibly and with proper hazard communication.

Meltzer. What keeps me awake is the necessity to identify more risks in an ever-increasing

continued on page 67

risk environment. There are risks facing the corporation today that have not been identified and/or assessed, or even imagined in the past. The best approach I know is to keep working with the business and operations units to ensure that I am made aware of emerging risks so that we can construct risk management techniques to handle them.

Mandel. The speed of change in organizations, structures, functions and the implications that the Internet may turn most things on their heads—these are challenges. I have no solutions, but only strive to learn and understand as much as possible to keep up with the changes. I try to look ahead to see how these issues will impact my day-to-day position and my future, ten years out.

Drapeau. New exposures that are created by our rapidly changing world that we haven't thought of yet—hopefully we will recognize them before the plaintiff attorneys do.

Lermack. The possibility that someone is injured or worse, and that there was something that I could have done to help—to identify that risk or help *them* identify, assess and manage that risk.

I've come to believe that only the most well-rounded and broadened thinkers will survive the new order.

— Chris Mandel

PF. Is that a thought that drives what you do?

Lermack. Absolutely, every minute of every day. And it's a frustrating thing being located at headquarters, and putting together programs that are delivered by two hundred people, and trying to know what the hot issues are. The critical thing I always try to tell people is: Don't teach them safety rules, teach them how to understand and assess the risks for themselves. So that if there's a rule that we missed or something we didn't identify—and there always will be—they'll be able to draw on that education. That's really strong in my mind. Every time somebody gets injured or worse, it's always something we hadn't thought of, it's always something different.

Hair. What I'm concerned most about is that we can scale with the organization. We need to partner with the business units to be a part of the solution rather than a part of the problem. Making sure that the approach we take is the appropriate approach for the right reasons and not falling back into the more traditional risk management, which is to say *no* just because something's risky.

PF. Any thoughts on where the next decade will lead us in risk management?

Dougherty. Risk management has its first challenge the moment the year 2000 arrives; hopefully our preparations will meet the test. I see risk managers developing their skills to more precisely identify and measure all types of risks to the point that the traditional ones that can currently be covered by insurance will become a minor part of the portfolio.

Meltzer. Risk management is becoming more of a core issue for corporations and as such is becoming recognized as a strategic business practice within the organization. Risk management will become a conduit for identification and reporting of risks, and risk managers will become technical advisors to business units on efficient manners of managing risks. These will include innovative risk control programs as well as risk financing.

Drapeau. We are constantly changing toward what we have always argued risk management is: Big picture management of risk as opposed to insurance buying. It's only taken us thirty years to get there.

Daniels. I think workplace violence is going to be a big problem. It's going on now, but people don't talk about it.

Mandel. I've come to believe that only the most well-rounded and broad thinkers will survive the new order. That means those who are willing to take risks and step out, rather than hide and hope for the best. Risk management departments will increasingly be integrated into treasury and finance operations, and be expected to do more with less. FRM will become as close to the CPA of risk management as we make and market it. Quality in education will rule the day and the risk manager's ability to talk equally well with bankers as with insurers and brokers will be the defining threshold for moving ahead.

Lermack. I would just reiterate that we have to learn how to help people understand how to assess and manage risks on the ground, because that's where things are happening. And you can't do it by rules, and you can't teach it by memorization. You have to teach it using the latest and best educational techniques to reinforce that among people.

Hair. The old-world way of doing business is not going to provide the means necessary to sustain a company's competitive advantage. Risk management must become the driving force internally to encourage managers to exploit opportunities more quickly and efficiently. Using technology, understanding technology and embracing technology is going to be critical for the risk management function to be able to serve that role going forward. ➢

Another View

John Ormerod, senior vice president of Zurich U.S., gave us some insight of his own on trends in risk management. His company conducts surveys of risk managers in order to assess whether they are providing the kinds of services and products managers need to do their jobs. "We do as much research as we can in order to keep our fingers on the pulse of the way the market is changing," says Ormerod. "In our most recent research, we see a clear trend toward a change in the risk management function—and it's stronger than we've ever seen it before. Risk managers are looking for total risk solutions, rather than just at what we referred to as insurance risk in the past."

The most recent study, in which over four hundred risk managers took part, came up with some interesting numbers:

- 21% percent of the risk managers use the Internet frequently for business transactions
- 48% rely heavily on information technology in handling their day-to-day responsibilities
- Over 50% are interested in developing enterprise risk-type solutions
- 17% deal with credit risk
- 10% are involved in currency hedging
- 70% are responsible for the assessment of total risk on an organization-wide basis

"When we asked risk managers what they would like included in their enterprise risk solutions," says Ormerod, "these were some of the specific risks they included: credit risk, unauthorized trading risks, international currency, interest rate risk, Internet commerce exposures, pollution and weather risks." To keep up with this seemingly exponential increase in exposures, risk managers need information support and they need it quickly. "There's clearly a trend toward greater use of the Internet for increasing efficiency, both in communication and reducing paper-based transactions," notes Ormerod. To keep up with risk managers' needs, Zurich's RiskIntelligence, available on their Web site, offers preformatted and customized loss data for customers. Risk managers can then drill down into another system called Access Online, where they can retrieve individual claims. "We've had a completely paperless claim environment for two years. It's been tried and tested—and it's not a gimmick."

Alternatives

What about the possibility of their risk management customers seeking to access such nontraditional solutions as securitization? "We work closely with the Zurich capital markets group on financing risk," says Ormerod. "So we're prepared to offer support." Such deals actually work to enhance Zurich's ability to serve customers. "The best way to build a relationship between the different units in our own organization is to do some deals. Then we can use that internal strength to help our clients find the best solutions."

There are other issues that promise to alter the face of the risk management landscape. Barriers between the banking and insurance industries continue to fall, clearing the way for increased competition. "I believe that our market is moving so quickly that we've got to start being much more proactive in product development," observes Ormerod. "Otherwise we're going to find that there are other solution providers who will move into our market. Our efforts are designed to make sure that doesn't happen."

And while he supports the notion that his company needs to be flexible and active, Ormerod also stresses the need for risk managers to move with the times. "Risk management is changing radically; and those that embrace this change will be successful. The worst thing they could do is resist it. New business needs new capabilities, and a much more holistic view of risk. The risk managers that are buying these enterprise risk packages are forward-thinking and in the vanguard of their profession."

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