

No. 56 December 2015

CRO Forum

by Eberhard Mueller¹

It was in Vouliagmeni (Greece) in October 2003 when during the Annual Round Table of Chief Risk Officers (ART of CRO's) the idea was born to create the CRO Forum. The ART of CROs was part of The Geneva Association's Chief Risk Officer Network for a couple of years when the idea—sponsored by Raj Singh (then CRO of Allianz)—was to have a voice for Europe's leading CROs. In the nice environment of one of Vouliagmeni's luxury hotels the following companies were the so called "founding members":

Aegon, Allianz, Aviva, AXA, Converium, Fortis, Generali, ING, Hannover Re, ING, Munich Re, Prudential PLC, Swiss Re, Wintherthur, and Zurich.

It is interesting to compare this with the current "full member" list:

Achmea, Aegon, Ageas, Allianz, Aviva, AXA, Generali, Groupama, Hannover Re, NN, Munich Re, Prudential, Swiss Re, Unipol, and Zurich.

The only "surviving" CROs in their original role from the very beginning until the end of 2015 were Tom Grondin from Aegon and Eberhard Müller from Hannover Re. Both will give up their CRO positions by the end of 2015: Eberhard retires and Tom will change position.

Apart from the 15 "full members" there are 10 associate members (no voting rights on governance issues):

ACE, AIG, Legal & General, Lloyds Banking Group, Lloyd's, Old Mutual, RSA, SCOR, UNIQA, and MAPFRE.

It was decided to restrict the current number of members to 15 (full members) and 10 (associate members) in order to maintain the very effective and productive working environment—especially for the quarterly full day meetings, but the entry hurdles are high anyway: EUR 10 bn net earned premiums or EUR 50 bn in assets for full members (half these amounts for associate members), a CRO or comparable position with representation power, a fully implemented economic internal model and in case of full members activities in at least five countries.

In 2014 the CRO Forum celebrated its 10th anniversary in Bologna with a very special highlight: a visit to the Ferrari factory and a presentation of Ferrari's Formula 1 team risk management. Our keynote speaker for this meeting was Karel von Hulle—the "Godfather of Solvency II". And what we appreciated all over the years was the very clear voice of Karel: he always made clear his "likes" and his "dislikes". When I dared to ask him about the status of Group Supervision after a while his answer was: "Well ... Group Supervision ...".

There are three workstreams of the CRO Forum:

1. championing best practice in risk management to advance business
2. alignment of regulatory requirements with best practice of risk management
3. providing insight into emerging and long-term risks.

In each category several topics are addressed through working parties composed of volunteers from members and/or their delegated. Usually these activities lead to publicly accessible publications under www.thecroforum.org (publications section).

Throughout the years there are meanwhile 88 pieces contributing to the publication list. The topics addressed from the very beginning (2004/2005) were: Model Benchmarking (Allianz, AXA, Swiss Re), Diversification and Fungibility of Capital (Aviva, ING) and Risk Mitigation (Munich Re, Wintherthur, Zurich). Also the Emerging Risk Initiative (ERI) of the CRO Forum regularly contributes papers, e. g. on Climate Change (2006), Terrorism (2007) and Pandemics

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(2007). Meanwhile nearly every “hot topic” is addressed: Critical Information Infrastructure (2008), Carbon Nanotubes (2010), Work-related Stress (2010), Environmental Liabilities (2010), Longevity (2010), Nanotechnology (2010), Power Blackouts (2011), Endocrine Disruptors (2012), Country Risk (2013), Food Supply (2013), Cyber Risk (2014).

One of the miracles of the CRO Forum is the ability to overcome company specific views and to collaborate as “one voice”—be it for arguing with regulators or for setting a common ground for best practice.

Recently we started to monitor the download activity for our published papers.

The “all time high” is claimed by “Establishing and Embedding Risk Appetite: Practitioner’s view” (published December 2013), followed by “Principles of Operational Risk Management and Measurement” (September 2014) and “Cyber Resilience: The cyber risk challenge and the role of insurance” (December 2014).

Over the years we have grown to such a respected partner in risk management discussions that we finally decided to incorporate ourselves as an association under Dutch law, situated in Amsterdam, Netherlands.

While this was a sometimes “funny” legal exercise (I never had heard about an “apostille” before, which is some sort of legal certificate for your legal certifier...) it finally was successful. On 30 November our current chairman, Unipol’s Renzo Avesani advised us that on this very day at 16:07 the CRO Forum Association has been incorporated and became operational. This undoubtedly will create the foundation for a brilliant future out of a brilliant past!