



2nd Annual CPD Conference 2009

# Charting the Future



*The  
Insurance Institute  
Of Ireland*

PROMOTING PROFESSIONALISM SINCE 1885

## Sean Coleman Risk Consulting Practice Leader Marsh Risk and Crisis Management

The Insurance Institute of Ireland, Thursday 19<sup>th</sup> November 2009  
Burlington Hotel, Dublin 4

A photograph of a blue bus on a wet street, pulled by a brown ox. A person is visible in the driver's seat. The bus has a sign that reads 'VAN THAN CHUEN' and 'mayhan mayxay'. A yellow callout box points to the bus with the word 'Aspirations'. Another yellow callout box points to the ox with the words 'More Resources'.

Aspirations

More Resources

**Risk Management: a constant battle between aspirations and resources**



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## What is risk management?

- Management of uncertainty  
(The effect of uncertainty on objectives)
- Learning from our mistakes and better still the mistakes of others
- Balanced decision making based on **sound** evidence
- Ideally a structured system see ISO 31000
  
- How crisis management fits into RM?



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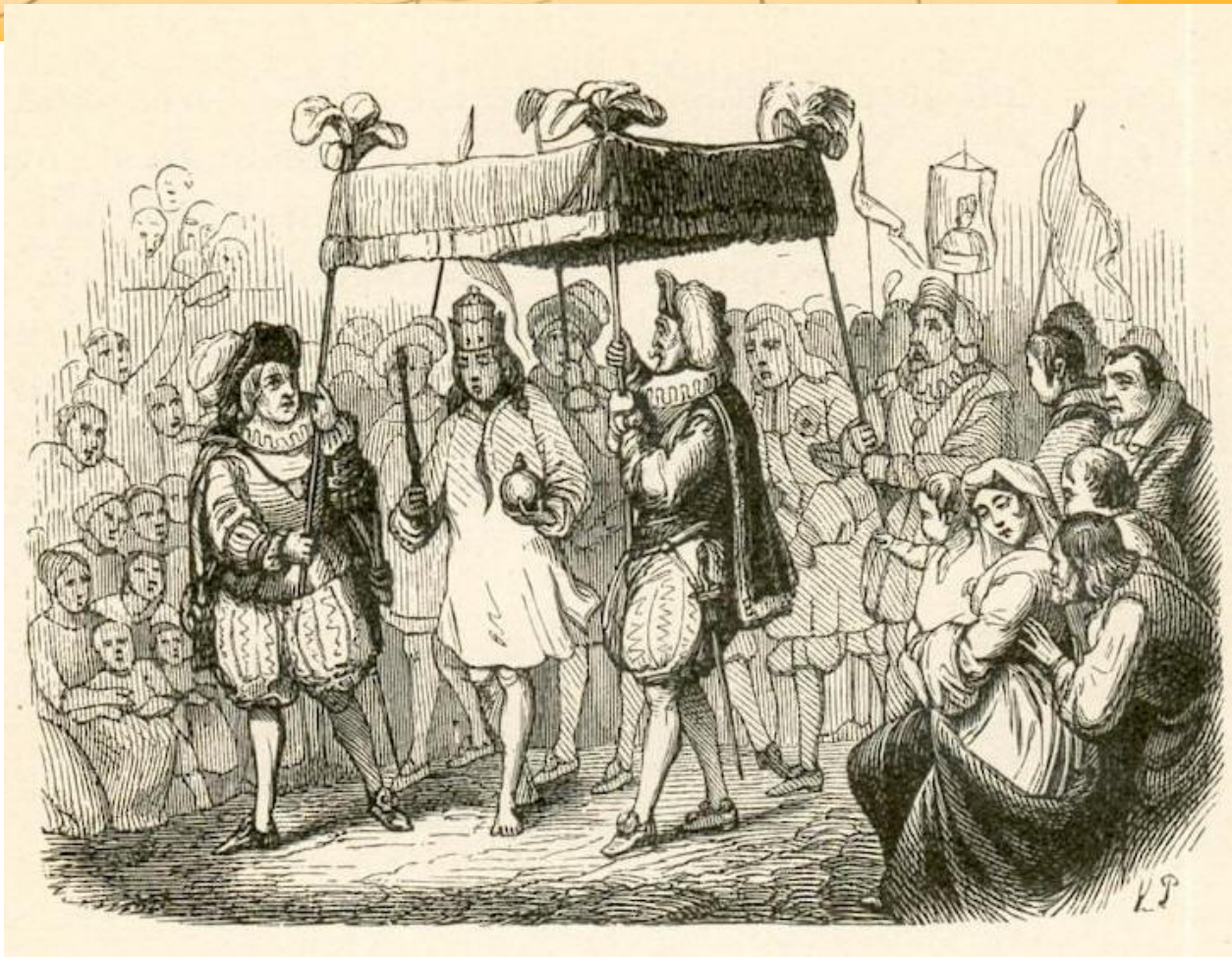


no control when encountering the possessions of others  
Complacency and Greed

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Herd Mentality

The lone voice



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Short termism -v- he who plans wins



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## **Crises or disasters in general**

Its not just the banks

PMPA

ICI Ireland

Independent

The levy



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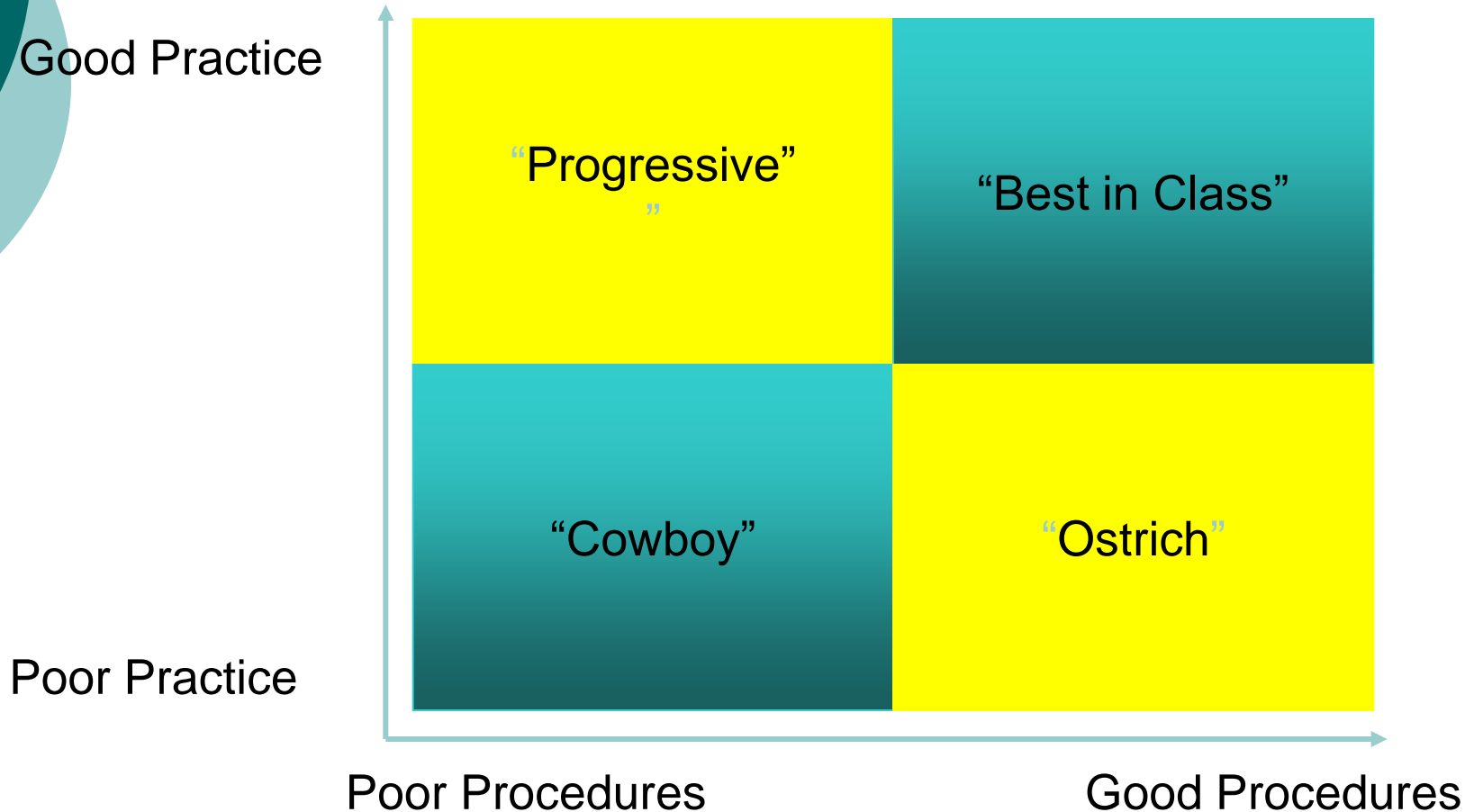
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Corporate Governance Internal Audit Risk Committee Policies	Inflated and ever upward trends Short termism rewarded
External audit Regulator Insurance review Customer Audit	Herd Mentality Modelling and Documentation masks



# Performance Documentation v Practice

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## Reality check

- Conventional Wisdom coupled with innovation and risk taking
- Face facts not delusion
- Honesty
- Seek views widely (not siloed)
- Validation

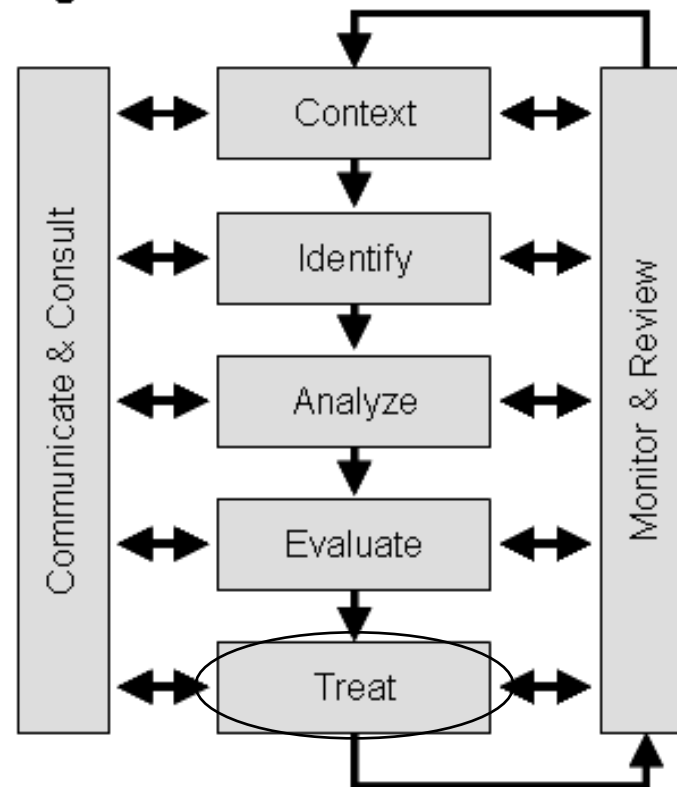
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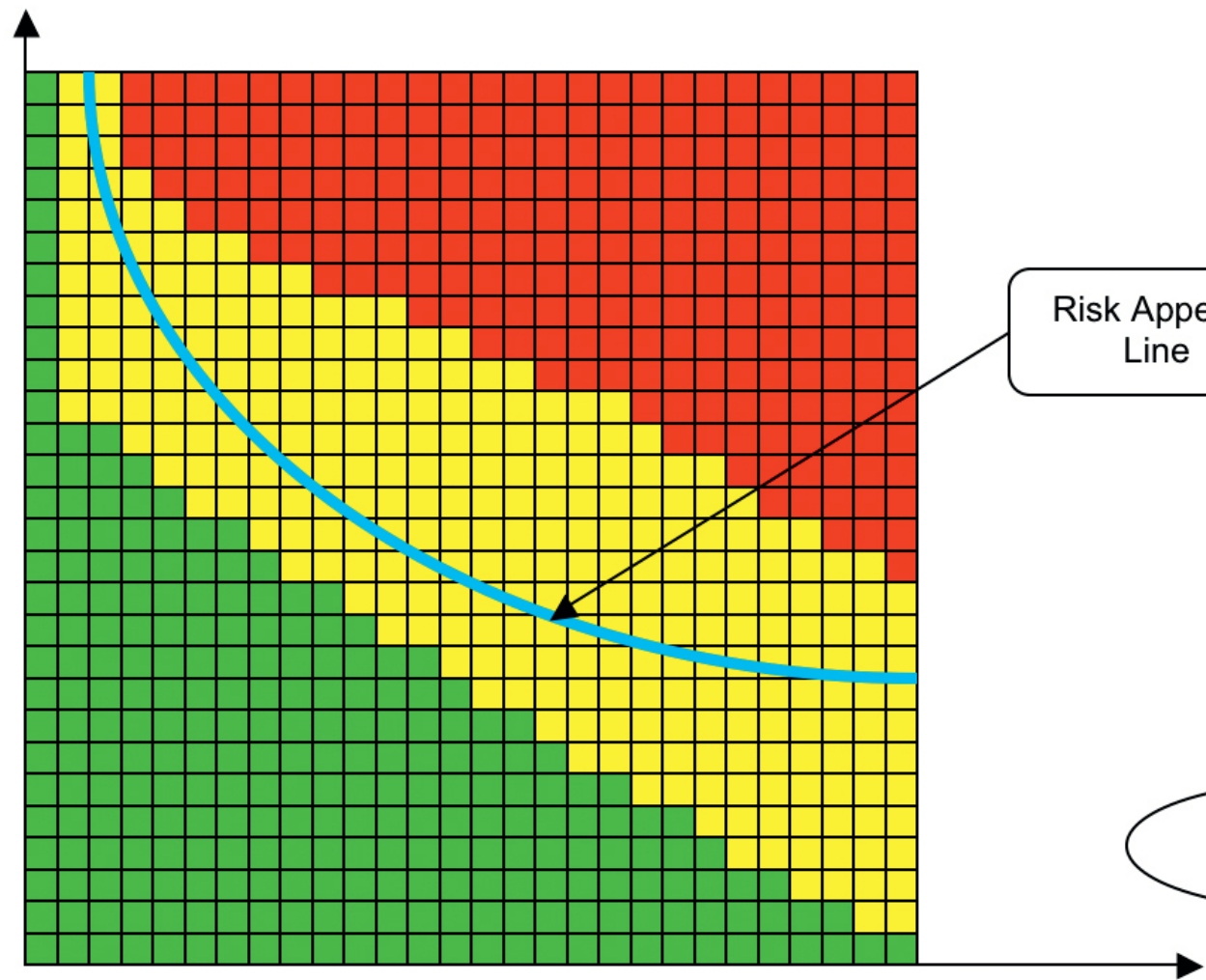
## RM Process 31000

Figure 2





Impact



Risk Appetite Line

Likelihood



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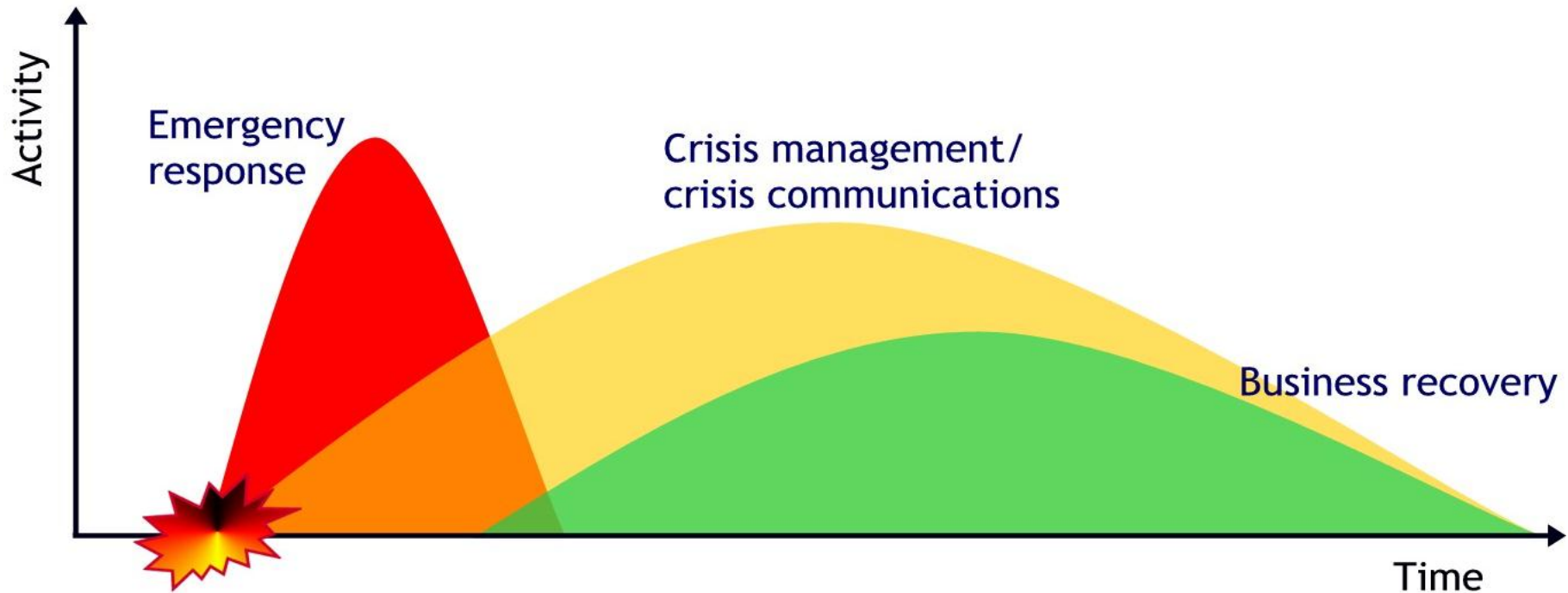
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## Business Continuity Management British Standard BS25999 ?





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- Look for preventative opportunities
- A crisis generally relates to unplanned events not expected events
- Plan for the crisis and it probably won't happen or escalate
- Fail to plan = plan to fail

*T5' ...serious questions raised over mismanagement of resources and failure to plan adequately for contingencies which were far from unexpected, let alone inconceivable.*  
(House of Commons Transport Committee, 2008, HC 119, p.18)



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## **British Standard BS25999**

*No Definition*

*If an incident is managed well it might not develop into a crisis. However, some events will cause such a profound disruption to the organization's objectives as to be considered a crisis immediately.*



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## Consultant Speak Its easy to give advice

- **“The benefits are compelling. To create exceptional value in today’s business environment, companies need to take risk. To succeed, they are not required to take greater risk than others – they simply need to have a better understanding of what risks they can handle and how best to handle them. Occasionally they will fail. But companies with a best practice risk management process are likely to fail less often”**
- Arthur Anderson
- Positive Risk Management