

T H E B I E I N Q U I R Y

Finnish association opts for European approach

FinnRiMa—the Finnish Risk Management Association based in Helsinki, Finland—became a full member of the Brussels-based Federation of European Risk Management Associations last year. Lassi Väisänen, chairman of FinnRiMa and chief risk officer at TeliaSonera Corp., a Helsinki-based telecommunications company, believes both sides have something to gain from the partnership.

Q: How did FinnRiMa get started 20 years ago?

A: FinnRiMa started as a working group under the Central Chamber of Commerce in Finland in 1984, and in 1987 it was established as its own separate association. The companies that established FinnRiMa were basically the big paper and pulp companies and steel industry working together with insurers and, later on, with the brokers. In the beginning, members were interested in issues around heavy industry, but during the last five to 10 years, the profile of the members has changed. Now we have not only risk managers and directors from the basic industries, but also people from the legal profession, auditing firms and consulting companies who provide enterprise risk management consultation. So the association is much more heterogeneous than it was years ago. Also the topics during the years have changed and we now spend a lot of time on discussions on corporate governance issues. We have four to five seminars per year and recently the number of attendees has been about 50 to 70 people.

Q: What are some of the major achievements of the association over its 20 years?

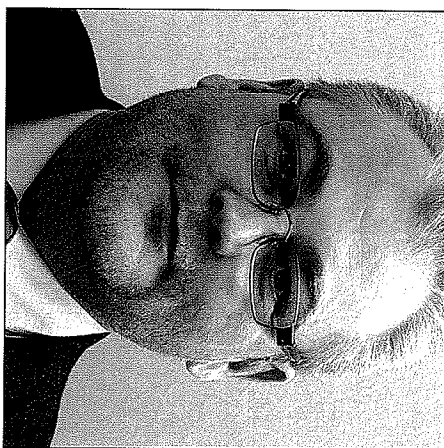
A: The position of risk managers within Finnish businesses has changed. In the beginning, they were only the people who were looking after the insurance, but at the moment I believe there is a great number of chief risk officers in businesses. So one major achievement has been that the risk manager role has developed in a way that it is really something more than insurance. For that reason the transition to enterprise risk management has been much easier for most Finnish companies. The maturity level of the companies, not only the risk managers, has been increased in that sense and I believe this has been one of our biggest achievements.

Q: Would you say risk management in Finland is more advanced than other European countries?

A: Hard to say—maybe we do it in different ways. We started to discuss enterprise risk management back in the 1990s, so we have been thinking about these issues for a long time.

Q: What are your objectives going forward?

A: We carried out a survey last spring of risk managers' expectations. The trend shows that we are really changing from the traditional practices to integrating risk management into the business decision-making processes of companies. We are addressing how risk management can become more of a process,



Lassi Väisänen.

rather than function. That means people in the risk management area need to be much more business minded and that seems to be a big objective ahead of us.

Q: Why did the association decide to join FERMA just this year?

A: We are members of the International Federation of Risk and Insurance Management Associations and the Risk and Insurance Management Society Inc. and we did have a lot of discussions internally about what benefit we could derive from membership of FERMA. Finally, we made the decision to join. There were some issues that were restricting us as well, because FinnRiMa is more of a heterogeneous association, so we do have all the brokers, insurers and all the players that need to be around the same table when we are discussing issues. It is not a closed group only for risk managers, because we look at the process and the role of the insurers versus risk managers and the other service providers when we analyze the business risks.

Q: Do buyers in Finland have sufficient access to insurance products and capacity?

A: There have been some discussions on that. The insurance market in Finland has been a little bit different and it is a challenge for Finnish insurers to provide international packages. Last spring we had a meeting with insurers and brokers, and we were going through the European Commission report on competition in the business insurance sector and we raised a lot of issues from the customer's point of view. That debate will continue. I believe the structure of how the insurance business is run in Finland will change in the future, but there are similar worries. Insurance business is still very much product oriented, so they are the tail wagging the whole dog. The customer's needs have not been taken into much consideration.

Q: What was your reaction to the European Commission's report on competition in the business insurance sector?

A: The issues that need to be addressed are how to improve transparency and how to improve competition. Another major issue is how to handle insurance-related taxes, because there is such different legislation, so there are difficulties in terms of dealing with those taxes.

Q: What can Finnish risk managers teach their European counterparts?

A: We believe that openness within associations is a critical way to build long-term relationships with not only insurance companies, but also other service providers, such as in implementing enterprise risk management. Separation is not a good thing. We need to understand the roles of various players and what they are good at.