

Institute of Risk Management

Solvency II Special Interest Group – Workshop 7

21st May 2010 9.30am – 12noon, IRM Offices, Lloyd’s Avenue

Solvency II – Talent Identification, Development and Retention

Views from the executive search and recruitment industry

Item	Details discussed and agreed
1	Alex Hindson took the chair in Phil Whittingham’s absence. There were about 15 people in attendance.
2	<p>Survey</p> <p>Alex Hindson summarised the survey results with 38 SIG members responding. A number of questions repeated the December survey to provide trending.</p> <p>Two thirds of participants had seen growth in their ERM teams, most organisations continuing to rely on recruitment consultants, although personal networking, recommendations and executive search where also used consistently. The first two options were reported as the most successful.</p> <p>Nearly 70% of organisations had no succession plan in place in for their ERM function; only 8% had a complete plan. This was surprising given the challenges of building and maintaining teams and the pressure risk functions exert on others to have success RM techniques implemented. Training and career development were seen as the key retention mechanisms. This has not changed since December.</p> <p>The toughest issue was releasing resources internally to redeploy and this has not eased since December.</p>
3	<p>Emma McConachie, Talent Partners</p> <p>Emma gave a personal and insightful presentation on some of the challenges to risk professionals in the market. Risk as a profession and function is transitioning from the back office and is becoming ‘sexy’. However this means risk professionals need to be able to sell the value of what they do. There is a splitting of the 1st and 2nd line of defence in large organisations, meaning line mgt needs strengthening as well as risk functions.</p>

	<p>The ‘missing skills’ amongst many risk professionals and that provide the missing magic to propel people into senior management are:</p> <ul style="list-style-type: none"> - consulting skills - ability to act as a business manager - taking responsibility for delivery (the ‘Goldman’ attitude) <p>CROs are being appointed from senior business managers. Actuaries and risk professionals in many cases do not have the high emotional intelligence and high political intelligence needed.</p>
4	<p>Carolyn Williams, IRM</p> <p>Carolyn outlined the role of the IRM in providing a strong technical underpinning of professionalism to risk practitioners.</p> <p>There is a core competency framework for risk professionals developed by RIMS, FSSC and others. She described in detail 5 key areas of competency. In reality many risk professionals do not maintain an effective balance of their areas.</p> <p>She presented an insightful short video which demonstrated both the value and pitfalls of risk management.</p>
5	<p>Loraine Sylvester, Kinsey Allen</p> <p>Loraine presented a structure framework for talent management. She referred to a recent Deloitte survey indicating actuarial interim resources are particular tight. Only 60% of organisations have fully resourced Pillar I/II project teams at this point.</p> <p>Key skills in demand are:</p> <ul style="list-style-type: none"> - hybrid risk and change management - actuarial - communication and influencing - challenge <p>Loraine discussed the benefits of interim versus permanent hires and some hybrid options. Look beyond the insurance sector into wealth management and commercial banks.</p>
6.	<p>Simon Crabb, Lutine Bell</p> <p>Simon presented an up to date view of the market in terms of ‘cost of hire’ and the fact their was a recruitment bottleneck approaching.</p> <p>Too much focus has been placed on Pillar 1. Key skills are change management, and there are many operational and behavioural issues in integrating and embedding Solvency II.</p> <p>Comparing the Meerkat is important particularly as there is a wealth of</p>

	'well priced talent' outside the insurance sector.
7	<p>Questions and Answers</p> <p>There was a robust and interesting debate throughout the meeting. Particular issues discussed included:</p> <p>Are organisations planning the shape of their risk functions for 2-3 years time?</p> <p>The broad answer is not really, many short term problems are intervening as well as organisations considering Solvency II to be a short-term bottleneck issue best dealt with with interim resources.</p> <p>There is real lack of mid to junior talent and there are challenges sourcing and competing. People are looking for untapped seams of talent. There is a need to develop skills and recruit balanced teams.</p> <p>The debate was wide ranging and highlighted to fact that organisations are often in the position of being interviewed by 'top talent'. They need to sell themselves also. One particularly successful approach is to ensure business managers are involved in the interview process for risk roles. This provides candidates with a strong sense of the culture but also they are often well versed at selling their organisations to stakeholders.</p>
8	<p>June meeting – Risk appetite. 30th June in IRM offices 9.30am to 12 noon To attend please email Alex Hindson</p>

Minutes taken by Alex Hindson
May 2010