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## International risk management complicated by transparency rules, growth



By Matthew Lerner



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NEW YORK — Building an international risk management program to protect both business and people involves conquering challenges ranging from increased worldwide regulatory enforcement to the increasingly global footprint of today’s corporations, according to experts speaking Wednesday at the *Business Insurance* Risk Management Summit in New York.

Operating in an era of “hyper-transparency” can lead to increased reputational risk, said Andrea Bonime-Blanc, CEO and founder of GEC Risk Advisory L.L.C. in New York, especially when companies are involved in corruption.

She referenced the Allianz Risk Barometer for 2015,

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which ranked reputation as No. 6 and corruption as No. 10 among the top 10 business risks for 2015.

Ms. Bonime-Blanc also noted regulatory enforcement trends being “up dramatically” in the U.S. with 755 enforcement actions in 2014 valued at \$4.14 billion, up from 686 actions valued at \$3.4 billion in 2013 while adding that there is a similar trend growing globally.

Reputation is based on expectations and disappointment, said Nir Kossovsky, CEO, director and co-founder of broker Steel City Re in Pittsburgh. When expectations are not met, there can be economic consequences, Mr. Kossovsky said.

Crafting an effective global risk management program involves being aware of national and local regulatory and contract requirements, said Alfred Bergbauer, New York-based head of multinational casualty for North America at XL Group P.L.C.

The past 10 years has seen an uptick in international regulatory enforcement as sovereign nations attempt to retain premiums and authorities seek to maximize tax revenue.

Counterfeit goods pose a threat to business and while luxury goods still dominate the practice, products such as pharmaceuticals are also being counterfeited, posing risks from business and supply chain interruption to liability and legal challenges, according to Juerg Schmid, Zurich-based senior risk engineer for Zurich Insurance Group Ltd.

The counterfeiting problem is growing, said Mr.



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Schmid, with fake goods projected to be worth as much as \$1.5 trillion produced in 2015 up from roughly \$650 billion in 2008.

### **Keeping employees safe**

In addition to addressing the needs of protecting a business, panelists also spoke about ensuring that workforces are properly protected, as well as the need to have a travel risk management program.

Keeping employees safe while traveling for business is a corporate responsibility akin to providing a safe and secure work environment, said Edward Levy, New York-based vice president of global security for MetLife Inc.

He suggested that a travel risk management program improves talent retention and morale, and that employees are often cited as a businesses' greatest asset and should be treated as such.

Global corporate expansion has given ever-more corporations an increasingly global footprint, which must be secured by a risk management plan focusing on people, facilities, supply chains and information, said Barbara Vitkauskas, Chicago-based vice president for partner development at iJet International Inc., Annapolis, Maryland.

One tactic being employed to keep employees safe while travelling is "geofencing," said Ms. Vitkauskas, whereby a GPS system is used to monitor an employee's location and keep that worker in a "safe zone."

A brokerage can provide clients with a host of services from risk assessments and travel briefings



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and advice to program development and auditing, said Hart Brown, Dallas-based vice president for organizational resilience at Hub International Ltd.

He added that as a broker, Hub spend a lot of time educating clients about the standards of care that must be provided for employees.



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