



RISK MANAGEMENT UNDER THE MAGNIFYING GLASS

For corporate treasurers, risk management is an enormous area. It enters into every aspect of their daily lives, starting with the safeguarding of cashflows, liquidity and profitability, and ranging to the management of exchange and interest rate exposures and funding risks. For many treasurers, these risk management roles have been added to, in recent times, with corporate governance. Sarbanes-Oxley has brought multiplied reporting requirements and a greater responsibilities in the identification, implementation and testing of financial controls. At the same time, corporate treasurers have been singled out as well-qualified to play an increased role in enterprise-wide risk management.

In this special report, we investigate the role for treasurers in corporate governance, as well as looking at some of the wider risks they face and the tools available to mitigate such risks.

In the first of six articles, **Malcolm Stokes**, Head of Zurich Strategic Risk, explains how enterprise-wide risk management (ERM) can be deployed to manage functional, operational and cultural risks. How can an effective ERM process be embedded into an organisation's culture, will it help it ensure regulatory compliance and what are the benefits to be derived?

Then, in light of recent suggestions that corporate internal controls in the UK should be brought more closely in line with

Sarbanes-Oxley, we talk to **Nigel Turnbull**, author of the Turnbull Report (1999), and ask him whether the UK and Europe should follow the prescriptive corporate governance regime being adopted in the US.

For treasurers of US-listed companies, there has been little choice as they now prepare themselves for compliance with Section 404 of Sarbanes-Oxley. On page 52, we talk to some of them about their experiences, the new system and control processes required and whether or not they believe this really represents a step forward.

Spotlight then looks at the different tools available to treasurers today to mitigate certain risks. **Matthew Lee**, Senior Consultant of IRMG, looks at the benefits of using captives to provide insurance coverage in a tougher insurance market, while **Philippe Gouraud**, Vice President of AIG Risk Finance, examines some of the other Alternative Risk Transfer solutions now available.

We conclude with a special report by **Rachel Adams** and **Andrew Beechey**, Vice Presidents of Marsh Global Markets, on political risk insurance and how its deployment can reduce the risks faced by exporters in an increasingly politically-fraught world.

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