

Arch Insurance International Pursuing Better Together Podcast: Julia Graham

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Hello, and welcome to the first Pursuing Better Together podcast of 2023. Today I'm talking to Julia Graham, CEO of Airmic, the Association of Insurance and Risk Managers, as well as former chair of the association. Julia is also former President of FERMA, the Federation of European Risk Management Association. One of the most respected figures in the risk and insurance arena, she has played a central role in the development of the risk management profession that exists today.

Julia, thank you for joining us.

Julia Graham

Thank you for inviting me, Nigel. I'm delighted to join you today.

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I think it's probably clear to our listeners from my introduction that you have reached significant heights in the risk and insurance arena, but I want to perhaps go back to the beginning, as it were, to explore why you first entered the sector. How did that actually come about?

Julia Graham

I really hate the expression I'm going to use, and that is that I sort of fell into the subject and fell into the profession. But I think going back all the years ago, when I did join the profession, it was a bit like that. And very few people deliberately planned to join either the profession of insurance, and even fewer plan to join the profession of risk management, because it didn't really exist in the form that it exists today. So, I started off taking an unusual career decision. When I left school with my A levels, I joined the Army. I had a commission, and I went to Sandhurst. And I had some great experiences. But I decided after a few months, and before I actually took up the commission that the Army life was not for me. Even though I was from an Army family and my family were delighted with my career choice. First lesson, by the way in life there is you should always pick what you want to do, rather than necessarily pick what others would like you to do. And I'd missed my university place which I'd secured and it was too late for me to go to uni that year. I took a job looking at the property portfolio for a building society, in the city that I lived in, which was in Portsmouth, and it was really very, very interesting. And from there, my first real job in the insurance industry, was with Zurich Insurance many years ago, and I worked with a number of people who answered questions on fire and business interruption policy wordings. So that's how I started off by accident. But a great accident because it's given me a career with much joy and interest ever since those very early days.

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During your career, and you mentioned there starting off at Zurich, and of course, also during your career, were working at Royal Insurance, and then royal Sun Alliance. And what I love about having done a little bit of research into your career is that you took on risk management roles, or you developed risk management roles at both of these organisations but you were essentially in a rather unique position because you were the first person to actually take on these risk management roles within these organisations. How challenging was this?

Julia Graham

Well, you're absolutely right. I started off after I left Zurich, I then fitted in a few years with what today is known as Aviva. And then I moved over to Royal Insurance. And after a number of jobs, I was asked by the then Managing Director of Royal Insurance to produce a paper on corporate governance and the role of risk management as part of corporate governance. And I produced a paper which went to the then Royal Insurance Board, and they said, we really like the paper, and the only recommendation that we disagree with you on is that we should look outside the company for the first person to take on this role, and that's because we want the first person to take on this role to be you. So, I got the first job at Royal Insurance, to be Head of Risk Management and I ran a role which was all about strategic risk, had an amazing time looking at some of the risks that organisations are still looking at today. And looking particularly at catastrophe risks, as they would affect the company rather than as they would affect our customers. Royal Insurance then joined with Royal Sun Alliance, and because Sun Alliance didn't have the role that I performed, my job was extended into the new organisation. And then I had the brilliant opportunity of growing that from a UK role into a global role. So, I became Head of Global Strategic Risk at Royal Sun Alliance and ran that job to start with, from

the head office down in London. The person who appointed me into this role, and then subsequent people that I worked for were people I really enjoyed working with, really enjoyed growing a role and knew that they were there to offer me their encouragement and support. And therefore, they allowed me to use my reputation for being somebody who liked and responded well to change, to use those qualities in the way that I developed and built the role. And the way that I was allowed to develop and build the team around the role. And that was critical, because I have worked and had an immense privilege of working with some great people over the term of my career, and to be given the opportunity to actually pick who you think will develop that new role with you is incredibly important.

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This is a profession that was evolving at that time, and you were integral to how that function developed. That career has spanned both the insurance and the risk management arenas. Given that dual perspective that you have, what have you learned about the relationship between what is risk management as a profession and what is the insurance profession? And in particular, how those two sectors do align, or should align?

Julia Graham

I've never really understood how the two subjects could be divorced. And certainly, if you're arranging insurance, and for the companies I worked for, my role has always involved in buying their own insurance, but if you don't understand the context of the company, how the company ticks, how the company works, and how the company is organised, and its risks, how on earth can you start about trying to organise insurance portfolios for it? So for me, risk and insurance have always naturally belonged very closely with one another. So much so that I can remember when I started to put forward some of the original risk registers, and my views on risk registers have changed a lot over the years, but back in those early days, when risk registers were some of the only tools that you had, I used to align next to the risk register the insurability of the risks. And it was always a really powerful thing to give to a board to say, don't think that you can rely on insurance to protect you for all of the risks that you've got. And I used to sort of show a grade between yep, I can probably buy insurance to cover this risk, right through to the other end of the scale, where there were certain risks, well, actually, they're just not insurable. Because the focus in those days was very much more on the managing of the insurance side of things. And risk management was a bit of an unknown discipline and something you did when you had a few spare minutes at the end of a board meeting.

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That greater collaboration between what is insurance and what is risk management, fits in very nicely with what is our theme today, this idea of pursuing better together. How important that relationship is between insurance and risk management to the ability to pursue better together. Would that be a fair point?

Julia Graham

Yeah, it is. And I'll just come back to the title because it's great to sort of circle back and remind ourselves what the subject is, and better together applies to both risk and insurance. Risks don't live in silos. They are connected, they are often one risk having a domino effect on another risk and connected risk is talked about a lot today, but it's not really a new concept. The difference today is the speed and the velocity of which change occurs and the complexity of the world that we live in that makes those connections much more complicated. I never really thought about the fact that there should be silos. I always assumed that it was my role to look at all risks, to look at risks at an enterprise level. And that's become part of the language of risks these days, enterprise risk management, but it's absolutely true. It does what it says on the tin, that you have to look at everything as an integrated portfolio. Equally, when you come to look at insurance, you should be looking at insurance in the same way. There are often no neat boundaries between the different classes of insurance, and therefore better together for me applies to both looking at risk, and to looking at insurance.

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You've become so integrally involved in the associations and the bodies. Before we talk about the specific works of Airmic, and some of the things that you've been heavily involved in, I just wanted to first of all, find out how you became involved in the association itself and, and why then you chose to take on a full-time role within Airmic?

Julia Graham

Oh, gosh, that process there covers quite a few years. But let me just go back to the characteristics of why people go into managing risk, because I think the specific characteristics, and psychometric profiles that certain people suit that role. I'm very curious, ergo you can read nosy, for that. I'm a bit of an octopus. In other words, I've got an attention span that means I like to move around and look at new things. And I think curiosity and imagination are two of the really important characteristics for somebody who's good at and enjoys managing risk. Because for me, the career of managing risk and buying insurance is really a career that offers something for everybody. So, it did put me at the intersection of two communities when I was managing risk and buying insurance. And what I was looking for was a community that I could be part of that could help me grow, help me expand my network, help me expand my learning, help me expand my technical knowledge to a level that I felt I needed it to be. And I came across Airmic when I worked up in Manchester, and some of my colleagues used to say, 'Oh, we're going down to Arimic this week', and I thought what is this thing Airmic they keep talking about? And then I realised that it was an association and they were actually talking about going down to London to go to the Airmic dinner. But I realised very early on that Arimic had an awful lot more to offer than going to a dinner each year, it was a wonderful community of people who were just like myself. So, I joined Airmic, to be part of that community. And I've been part of that community now for very, very many years. It's a very different vibrant organisation today, which has moved with those times and is still offering people the chance to learn and to network and to grow their knowledge as part of differing sector or group communities. And it was when I retired that I actually ended up working with Airmic which was like a dream come true, really, because it's a job I loved. And I ended up doing it full time. So how lucky was I.

What we do in Airmic, we do segment out the different things that we try to focus on. We've already mentioned the fact that networking is incredibly important. Love networking, we're very keen to provide a platform to our members to allow them to network with peers and others, who can be a value to developing their own careers. And that might be people in their shared industries or sectors. It might be people who are in other industries and sectors, but a developing knowledge that can be relevant to them. And so we network members with each other, but we also network members across different sectors. And we also network them to a number of organisations who are Airmic partners, and particularly in the world of insurance, that could include reinsurance insurance brokers, consultants, and because they also have some wonderful knowledge to share, based on the fact that they're much bigger organisations than we are, and they've got a wealth of knowledge and information. And we go looking for what our members would like to understand. The learning side of things, we have what we call the professional journey. I'll just take a second there because it's really key because it starts off with working with universities. We're very keen to work with a selected number of universities, we've got about nine or 10 that we've got close relationships with, who run a variety of programmes educationally which are very relevant for people moving into the world of risk or insurance. And we work with those universities to demonstrate what a powerful career working in either of the professions of risk or insurance can be. We also then look at, well okay, you come out of university and you may find yourself with all sorts of different degrees, going into the world of law or perhaps into the world of pharmaceuticals or food, but then you're taking your first step on the ladder to qualify professionally. Airmic members typically are incredibly professionally well qualified. Over 90% of our members have post-graduate professional qualifications. Not all in insurance but many of them in insurance through organisations like the Chartered Insurance Institute, and on that first step, when people are qualifying, we provide a programme we call fast track, which is a series of lectures and an annual forum to bring people at that particular stage of their journey together. We then move on to what we call Business Excellence, which is where people are moving then into perhaps their second job, or they've qualified and moving up the ladder, maybe leading a team, maybe managing a team. And then we move forward through that sort of mid part where we've got very many of our members into people who form leadership roles. And ultimately, then people who may go on to become an Arimic board member, and you're at the stage in your career, where you turn the coin over, and rather than taking out of the association, that's the stage when people are very much giving back. So, we follow people all the way through that journey, and we try to wrap around that journey, the learning that you need along the way, the technical expertise that you need along the way. And also the events and the physical experiences of either meeting people face to face, or the virtual experiences. So that professional journey is really if you like the Airmic DNA, I think is how I could describe it.

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One other area that you've been focused on within the association, you highlighted when you took on the role of CEO of Airmic, was to make the organisation more diverse, both in terms of its offering and also its membership as well. I just wanted to touch on that if I can just to find out how those plans have been taking shape?

Julia Graham

I think we like to hold ourselves out as a bit of a role model for diversity in both risk management and insurance. Certainly, both professions have become a lot more diverse, particularly managing risk. There are a lot of women in very senior jobs in managing risks, probably more than in managing insurance across the whole of the industry. What we try and do at Airmic is to hold ourselves out to working to particular targets and standards. We can be a bit of a nuisance when we're dealing with some organisations, because when we're putting panels or events together, we might go back to some of our partners when we're organising those events saying, look, you've put some really great speakers up, but can we improve the diversity of what you're asking us to do? And that requires quite a bit of courage to go back and say, can we try and make some improvements here to make sure that we've got a more balanced approach? But we do take the subject incredibly seriously. And we do put ourselves under our own microscope. In 2022, we set ourselves a very tough diversity target, about how we wanted to go out and approach our events and our learning to make sure that we gave as diverse a learning experience as we possibly could.

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Do you think there's perhaps more of an onus on people, particularly people in senior positions within the industry, who are female, or from different ethnic backgrounds that have achieved those senior positions, to get involved in the events, for example, that Airmic puts on itself to demonstrate and to show what is possible and to encourage people to see this as an industry where, where they can enter and they can build careers?

Julia Graham

I do think we have a responsibility. And I know some senior women, particularly in the world of insurance, who've got senior positions, and they do step up. And they do act as role models, and they do a great job. Years ago, you would never have seen, for example, some of the awards that we see for initiatives like Women in Insurance. And I'm talking to one of our big broker partners at the moment about what we can do to create opportunities for younger women coming through the insurance profession, and giving people peer and working groups to help progress their careers. But you do step up, you must be a role model. Not just in gender, though, I think other role models are also there.

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Would you say that a more diverse and more inclusive workforce, plus with a greater emphasis on workplace wellness and a more effective ESG strategy, do you think all of that contributes to essentially what is a more resilient and a better risk managed organisation? Is that a fair point?

Julia Graham

I think it's a very fair point. And, and I could go so far as to say, well risk managed businesses, if you want to be brutal about it, well risk managed businesses make more money, they're more successful. There's a load of research around that you can read to back up a statement like that. It's absolutely the case. And this is one of the reasons we've been great promoters, with the insurance industry, that they should reward well risk managed businesses, for paying attention to managing risk and being able to demonstrate that they pay attention to managing risk, so that they don't treat all risks the same. And when you've had tough market conditions, as we've been living through for the past couple of years, it's in those situations where well risk managed businesses should shine. But you've got to show it. You can't just pitch up and say, well, trust me, we do these things well. It's all about how you tell the story.

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It's interesting, that this idea of a better risk managed business is probably more important than it has ever been, when you consider the global volatility, and that the expanding breadth, the depth severity of risks that that companies face. And I just wanted to get a sense from you on the role of the insurance in the risk management sector in this context, and also the work of Airmic, and how they're from a resilience perspective, helping to contribute to what is the pursuit of better together?

Julia Graham

Well, resilience has always been a high-profile subject for Airmic. We, a number of years ago, wrote a thought leadership paper called Roads to Ruin, which was why some organisations failed. And as a result of that, we wrote a follow up thought leadership piece called Roads to Resilience, which even today, the five pillars of resilience in there, I often see them repeated in other work because it was a really well written and researched piece of work developed with one of the top universities. And then we moved on and said, Well, okay, if that's resilience, what does resilience look like in the digital world? And we added three additional pillars of resilience and came out with eight. The new ones being that you've really got to keep re-examining the purpose of why your organisation exists, and to have that re-examination at a pace of change, which matches the pace of change that's going on in the world and in the sector that you're in. It can actually be one of your biggest risks. If you don't keep looking at your purpose, you don't keep re-examining how much risk you want to take and what the culture and your risk appetite is in that environment. If you don't do those things, they can actually act as a lag in the way that you run your business. You've got to review everything that you do at the pace of change. It's all about dynamism. The whole process these days, and you mentioned the word yourself, not only volatility, but the pace of change. And therefore the pace of complexity demands that risk management and crisis management and everything that goes with it is a continuous and dynamic process.

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Given as you say, this pace of change that we're seeing, how important is it to look beyond your organisation as well and look at collaboration with bodies, with organisations, with competitors? How important is that network in that connected approach to addressing the fast-paced evolution of risk?

Julia Graham

It is massively important actually, because if you're looking at peers within your organisation, and that might be your people who head up technology or the people who head up people or human resources, or people who head up internal audit or the business processes themselves. The organisations that those individuals are often members of are also the organisations that we should be collaborating with. So, we have a great relationship with the Business Continuity Institute, and I'm personally hugely involved in the British Standards Institution, and I chair the British Standards Risk Committee. We collaborate with various government offices, we're very keen on working with organisations like the Chartered Institute of Internal Auditors, who we're doing some work with at the moment on geopolitics and geo-economics. Who would have thought that a few years ago that we would be so closely working with each other? But the lines between what we do, the more the world moves faster, and the more integrated and connected it becomes, the more those lines get blurred. So, you can't have neat demarcation lines between, as they typically say, the first, second and third line of defence. You have to work in a collaborative way, and so collaboration is definitely the name of the game. And I see only more collaboration with peer organisations in the future.

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From a personal perspective, what does this concept, this idea of pursuing better together mean to you?

Julia Graham

I think in a nutshell, how I'd sum it up in a few words, is that there's no space for silos. They don't belong in a world that is increasingly connected. I think if people look at what we've lived through in the past couple of years, and I wrote a retrospective of what Airmic had done in the past year, and when I look back on it, I thought, wow, I could not have imagined that we would have had that level of activity, of innovation and of change, even just a few years ago. So, no silos, silos are banned. We have to work together. That is the way the world is operating. And we have to respond to it. And I think Airmic is incredibly well set up for the future. We have a fabulous team, a really talented team of hugely motivated and hardworking people. We also know how to have a bit of fun as well. But we're really looking forward to 2023 as being a great year. It's our Diamond Anniversary, 2023. We celebrate 60 years, this year. And we're really looking forward to celebrating those 60 years and moving forward and continuing to make some great achievements.

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I think that's a lovely point at which to end our conversation, Julia. I think we've covered an incredible amount of ground in a relatively short conversation. I think so many topics that we discussed could

and should be podcasts in their own right. But I think at this stage, it probably just falls to me to bring our conversation to a close just by saying thank you very much on behalf of Arch Insurance International for speaking to us today.

Julia Graham

Thank you very much indeed for inviting me