

Estelle Jonkergouw, Achmea:

“Not enough risk is also a risk”

Interview: Lucien Albers van der Linden, Client Service Director, RGP

Risk managers would do well by being a bit more daring, in the opinion of Estelle Jonkergouw, originally from South Africa, Head Integrated Risk Management and Model Validation with Achmea, a cooperative insurer and the Netherlands' largest non-life and healthcare insurer. “We are pleased to lead the change in the financial sector.”

Estelle has been working in the Netherlands for a number of years. The transfer to a country unknown to her may be best described as exceptional. “In South Africa, I had a challenging job as a statistics and econometrics professor. I migrated to the Netherlands to gain international experience in the financial sector.” Before joining Achmea, Jonkergouw was employed with Rabobank, where she was also involved in new initiatives in risk management. “This huge assignment was fully related to the new Basel II legislation and regulations.” With Achmea, she is currently responsible for setting up a new department named Integrated Risk Management and Model Validation. “I had the pioneering role before. It suits me. It has become one of my specialisations in the course of the years. I thrive in an environment where things are not yet fully defined.”

Better service

Why does she feel an integral approach of risk management is required? Jonkergouw: “As a cooperative insurer, we aim to serve our customers even better. We are mainly focusing on fulfilling customer agreements in the long term. This is more important than short-term profit. During the past few months, we introduced many initiatives that underline our focus on customer interests. Integral risk management is part of that effort.” In her perspective, the integral risk approach continues to develop, as she indicates. “This is about more than just integral review of risks, also in the light of Basel II, Basel III and Solvency II. It is also about thinking in the context of developing the company's strategy.”

This is where Estelle's exploratory nature and her challenge, shaping Integrated Risk Management, converge. “Risk management is a concept well beyond just measuring and reporting risk. The challenge is embedding it in the organization's strategic and tactical processes. Much benefit can be gained in that respect. Risk management can improve the strategic and tactical processes, and can add much value to corporate government supervision. In order to realize improvements, it is essential for us as risk managers to remain robust professionals. If the risk is too high, we must challenge the business, we must be strong enough to say no. On the other hand, we must remain alert. Which risks are involved in our operations? This focus on identifying risks must be leading. How can we limit and manage risks?”



Pity

Not taking enough risk is a risk in itself, Jonkergouw stresses. No risk still means no return. No guts no glory. That is not always a prominent perspective of risk management. "Risk managers are sometimes regarded with pity. They are no-men. Police officers not helping you with growing the business or further development of that one business model. They are obstacles rather than facilitators. This persistent bias is very black-and-white, but based on a core of truth." Estelle provides a definition of her task interpretation. "We monitor the cohesion and the consistency of identification and limitation of risks across the divisions of our company. We developed an integral framework. We assess and validate both new and existing risk models. We always do this in consultation with the business." In order to find the connection, we need understanding of the business, the entrepreneurial side of the company. Estelle: "In addition to the downside, the risk manager must also be able to outline the upside. Were all risk aspects of that one capital market transaction identified? What can we do to mitigate the key risks? Which factor should we designate to which risk type? This type of questions are asked by the risk manager to increase the quality of decision-making."

The risk manager must be a partner in business, is Estelle's conclusion. "However, to fulfill that role, the risk manager must be tough on content, soft in relations. And that is sometimes a bottleneck. The risk manager must be able to deal with resistance by using his knowledge, experience and more importantly, senses. He knows what is going on in the market. He likes to be invited by the management of the business, because of his added value. He specifies assumptions, enhances models and builds the strategy together with the management." According to the South African, the challenge lies in mutual communication. "As far as I am concerned, risk managers should more actively contribute to change in the organization, provided that they have the elements I have outlined. The world is changing. The risk managers must follow. Show some courage. Stand for who you are. Having guts is having the courage to stand for who you are. On the other side, you have to be able to proactively think along in the business. Your environment can have a major impact on you and exert pressure. You cannot be yourself in all situations. You really need guts to have a different opinion or to take risk in the face of the crisis. Support entrepreneurship in that context."



Potential risk

Identifying risks in developments initially takes place in the first line, with the management of the business. Jonkergouw: "Risk managers can take their role and give advice at this point. You need communication skills for such advice, in addition to the hard quantitative facts. Think about how to get the message across. That is important if you want to be a partner in business, and if you want to instigate changes in the field of risk management within the organization. This way, you ensure an adequate risk culture in the organization. You can be right for 100%... but if you cannot sell your point of view, this does not give you great results." In many organizations, it is not always clear where the first line (business) and second line (risk management) responsibilities lie. Estelle: "If the separation line is unclear, consultation is important. Integral implementation of risk management requires an active work attitude."

The risk manager must ask essential questions, in Jonkergouw's opinion. "Where are we going as a company? Ask this type of questions complete with the associated risk descriptions. What happens if we take path a, b or c? In that sense, we are pleased to lead the change in the financial sector." In the same light, Estelle also makes her knowledge, skills and experience available to a micro-insurance project of Achmea and its partners to farmers in Burundi. "I am not a person who likes everything specified in full detail. As soon as I know where I want to go, I get going. Just start, is my motto. Take that first step. Sometimes you will have to adjust the planning a little. But that's fine - pioneering is good. As long as you eventually reach the envisioned goal."