THE FUTURE OF RISK

VISION REPORT

The Ohio State University
Fisher College of Business
A Note from the Directors

Businesses across the country and around the world are changing the way they look at risk management. They are systematically moving from risk transfer (i.e. insurance) to comprehensive enterprise risk management solutions. The future of risk management is here.

The Risk Institute surveyed 500 risk management professionals to get their take on what they’re seeing in their departments and firms as it relates to risk. In our recent survey, the data revealed some compelling findings:

- 29% of firms surveyed expect to see an increase in the functional staff within risk management departments.
- 39% of firms are expecting to outsource all or a portion of their risk management function.
- Human Resource professionals identified training, key roles being filled, and quality of work as the leading indicators in building an effective risk culture in an organization.

Our survey highlights the changes happening across the industry, particularly the rapid changes happening today.

We’ll be unpacking more on what these findings mean for the future of risk management throughout the coming year, so be sure to follow us on Twitter and LinkedIn and on our website at fisher.osu.edu/risk.

This past year has been full of action, changes and learning. To our members, thank you for your support and vision for the future of risk management. We couldn’t do any of this without you.

Onward!

Philip S. Renaud, II
Executive Director
The Risk Institute

Isil Erel
Academic Director
The Risk Institute
Our Mission
The Risk Institute at The Ohio State University Fisher College of Business operates at the intersection of risk research and risk management practice. We focus on an integrated, interdisciplinary approach to risk management.

Our goal is to build connections — across the university, across industries and across the nation. We want to get the word out about the future of enterprise risk management.

The Risk Institute is comprised of three main pillars:

Rooted in Research: We fund and distribute leading edge risk research in order to leverage risk as opportunity.

Committed to Collaboration: We partner with academics, students, and executives from a broad cross-section of industries.

Dedicated to Education: We equip students and executives with the knowledge to lead their companies through risks, threats and opportunities with confidence.

BY THE NUMBERS

Research Proposals and Projects

- 5 funded research projects
- 4 countries represented
- 4 class projects facilitated
- $65,000+ in research funded

Outreach/Collaboration

- 11 events hosted
- 120+ collaborating organizations
- 550+ attended an event
- 200 million+ media impressions
- 1,500+ engagements on social media
- 100+ students involved with the institute
- 100+ average attendees at each event
- 11 countries represented
- 4 countries represented

Numbers based on 2019 projects
Numbers based on annual averages

Outreach/Collaboration

Numbers based on annual averages

Research Proposals and Projects

Numbers based on 2019 projects
COMMITTED TO COLLABORATION

Events

The Risk Institute is committed to bridging the gap between academia and practice. We do this by hosting numerous events — Risk Series, Annual Conference, and others — that bring practitioners and academics together to discuss the latest happenings in risk.

RISK SERIES VII: 2020

January 23, 2020
Adapting to a changing climate & the downstream impact on business

February 27, 2020
Our aging infrastructure’s effect on supply chain

April 22, 2020
How COVID-19 impacts workers’ compensation

May 13, 2020
Business interruption in light of COVID-19

June 10, 2020
Cyber risk in today’s changing environment

June 23, 2020
Business Resilience and COVID-19

September 22-23, 2020
Seventh Annual Conference: Geopolitical Risk

Visit go.osu.edu/riskseries for more information
Looking Forward

This year we are focused on continuing to build connections within and outside of the university. Join us for one of our many continuing professional development opportunities, including our Annual Conference and Risk Series.

RISK SERIES VIII: 2020-2021

October 6, 2020
Returning to the workplace in times of COVID-19

November 10, 2020
How the fresh surge in inequality impacts your business

January 27, 2021
Change management in today’s evolving business landscape

February 17, 2021
Business data ethics management

March 17, 2021
Managing the exacerbation of mental health issues

April 27, 2021
How COVID-19 has impacted the labor market

May 19, 2021
Exploring the changes in business and consumer behavior

June 16, 2021
The effects of the wave of bankruptcies and consolidations

September 2021
Eighth Annual Conference

See you there – learn more and register for our upcoming events at go.osu.edu/riskevents
Each year, The Risk Institute awards funding to several research projects. Researchers from around the world submit proposals on risk-related topics. The research committee carefully evaluates each proposal and makes their final selections based on established criteria, such as a focus on risk management topics within the field that are relevant and applicable for industry professionals.

Focus on Integrated Risk Management

Our annual survey on integrated risk management represents one of the ways The Risk Institute leads the risk management conversation with risk professionals. The data reveals over the past few years, financial firms and public firms have stabilized at 80-90% of them allocating a corporate function to risk management practices, though on average 39% of firms expect to outsource all or a portion of their risk management function.

Among the other findings:

1. When asked why risk management is not more involved into the HR function, over 40% indicated that HR has other priorities that prevent them from focusing on risk management.
2. Almost 30% responded that the risk management team does not reach out to HR sufficiently.
3. About half of firms indicated that HR is at least moderately involved in the ERM activity planning and execution.

Almost all surveyed firms will be somewhat impacted by baby boomers retiring.

Survey Topics

- Organizational Structure and Tone at the Top
- Integration of Risk Management into Decision Making
- Scope of Risk Management
- Risk Management Process
- Human Resources View of Risk Management

Legal/Compliance is the business unit with the highest involvement in identification, qualitative or quantitative measurement, and management of major risks impacting the firm.
Collaborative Research at The Risk Institute

The Risk Institute provides value to its member community by facilitating and participating in collaborative research. We rely on top business experts at Fisher as well experts at a broad range of other colleges and departments, allowing us to delve into topics including:

- Weather and Climate Risk to Businesses
- Cyber Risk Management
- Third Party Risk
- New technologies to assist with safe vehicle operation, particularly in relation to fleets

Recent Research

**Business Data Ethics: Emerging Trends in the Governance of Advanced Analytics and AI (2020)**

Dennis Hirsch, The Ohio State University
Timothy Bartley, Washington University – St. Louis
Aranvind Chandrasekaran, The Ohio State University
Davon Norris, The Ohio State University
Srinivasan Parthasarathy, The Ohio State University
Piers Norris Turner, The Ohio State University

**Does FinTech Substitute for Banks? Evidence from the Paycheck Protection Program (2020)**

Isil Erel, The Ohio State University
Jack Liebersohn, The University of California - Irvine

**Paid Leave Pays Off: The Effects of Paid Family Leave on Firm Performance (2020)**

Benjamin Bennett, Tulane University
Isil Erel, The Ohio State University
Lia H. Stern, University of Washington
Zexi Wang, Lancaster University

**Coordinated Engagements (2020)**

Elroy Dimson, University of Cambridge
Oğuzhan Karakaş, Cambridge Judge Business School
Xi Li, London School of Economics

**Real Effects of Climate Policy: Financial Constraints and Spillovers (2019)**

Söhnke M. Bartram, Warwick Business School
Kewei Hou, The Ohio State University
Sehoon Kim, University of Florida
Distracted Driving Initiative

The Risk Institute launched the Distracted Driving Initiative in February 2017. This is a nationwide initiative comprised of dozens of companies, government entities, and researchers seeking to combine leading-edge research with industry expertise in order to predict and curb distracted driving behaviors. The consortium identified a four-tiered approach: behavior, legislation, technology and environment/urban planning. The Risk Institute has partnered with Ohio Department of Transportation (ODOT), Ohio Department of Public Safety (DPS) and the Ohio State Highway Patrol on several distracted driving research projects. ODOT and DPS have funded over $500,000 to date for these research projects. Partnering with researchers at Ohio State, our work dives deep into the following topics:

- Frequency and severity of distracted driving related crashes nationwide
- Survey of local and state law enforcement, documenting challenges of enforcing Ohio’s distracted driving laws
- How to effectively tailor messaging to reach young drivers
- Exploration of law enforcement’s use of technology and equipment in vehicles

Learn more about how we’re putting the brakes on distracted driving at go.osu.edu/itcanwait

PREVALENCE OF SPECIFIC DISTRACTED DRIVING BEHAVIORS

Participants reported the percentage of trips in which they drove and did each behavior. Behaviors are ordered from most to least reported:

<table>
<thead>
<tr>
<th>Men</th>
<th>Women</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjust music</td>
<td>47%</td>
<td>25%</td>
</tr>
<tr>
<td>Adjust GPS</td>
<td>21%</td>
<td>13%</td>
</tr>
<tr>
<td>Talk on phone</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Read texts</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Send texts</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Other phone use</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Watch movies</td>
<td>0%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Overall, within the data (2013-2017) no fatal crashes within roundabouts

2019 DISTRACTED DRIVING EVENTS

- April 10, 2019: Distracted Driving Annual Forum
- October 21, 2019: Teens Behind The Wheel: A Day Devoted to Young Drivers’ Safety

2020 DISTRACTED DRIVING EVENT:

- October 21, 2020: Distracted Driving and Teen Driver Safety Forum

States are increasingly becoming amenable to a hybridized approach to driver training.

Most states require at least 30 hours of classroom time and 6 hours of program-required driving.
DEDICATED TO EDUCATION

Meeting the Need for Trained Risk Experts

We are committed to providing students with the curricular and educational resources to be successful risk practitioners and risk-aware business professionals.

Fisher’s risk students work hard to excel in their chosen field, and there are organizations that recognize this. The Risk Institute has worked to make sure our risk students are made aware of scholarship opportunities that are available to them.

The Risk Institute also supports a risk-focused student group: Gamma Iota Sigma.

Gamma Iota Sigma is an international professional fraternity organized to promote, encourage and sustain student interest in insurance, risk management and actuarial science as professions. The Alpha Chapter at The Ohio State University provides student members the opportunity to learn more about the industry and meet countless industry professionals.

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“From experiential learning opportunities to conversations with industry practitioners, The Risk Institute was the highlight of my graduate business education at Fisher.”

— Karl Bissett, MBA 2020
The Risk Institute Team

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