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Global Risk Report 2018



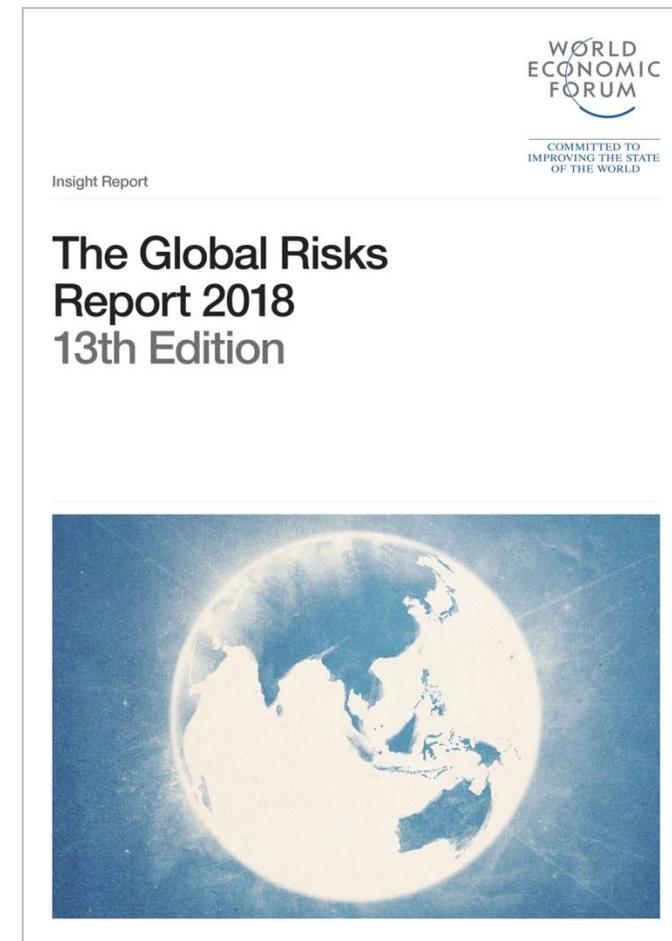
Barry Franklin

Zurich North America

Global Risks Report 2018

The Council of Insurance Agents & Brokers Webinar

Barry Franklin

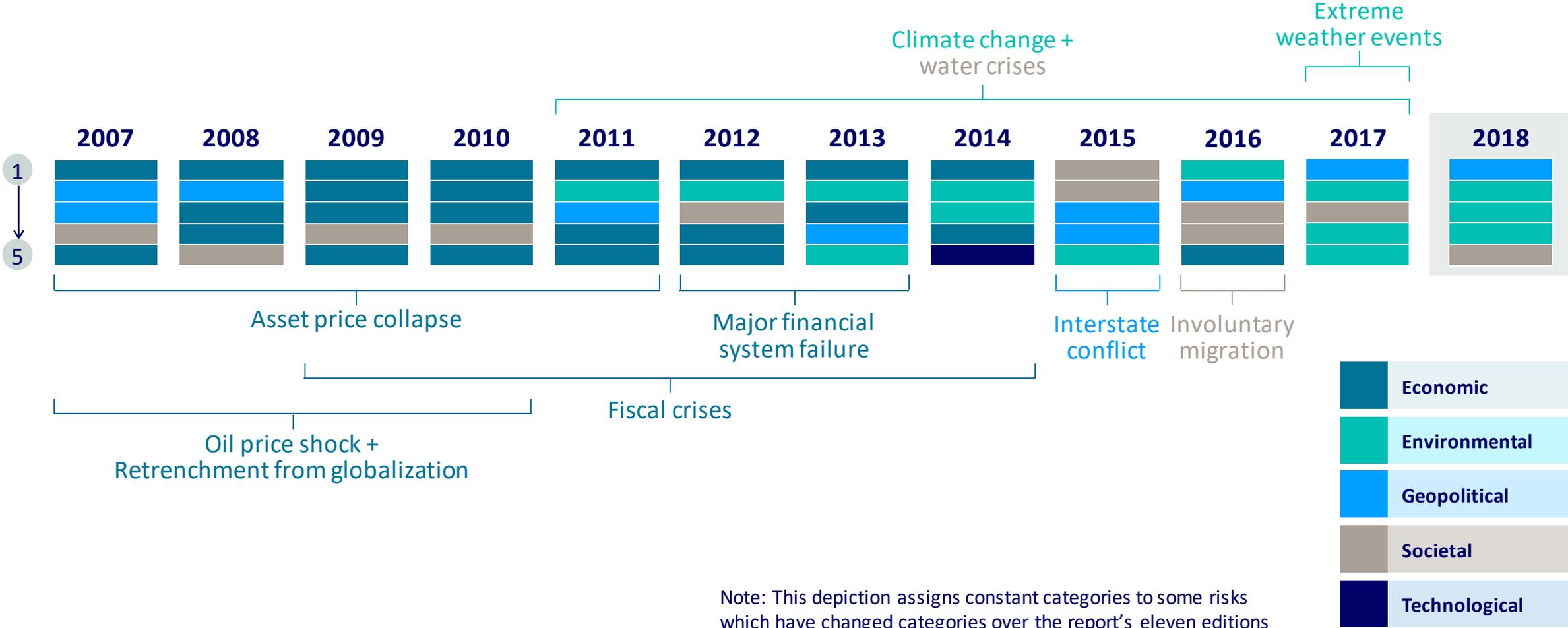




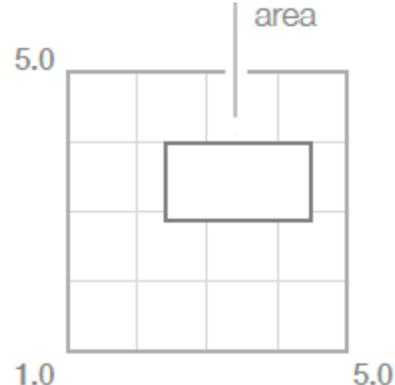
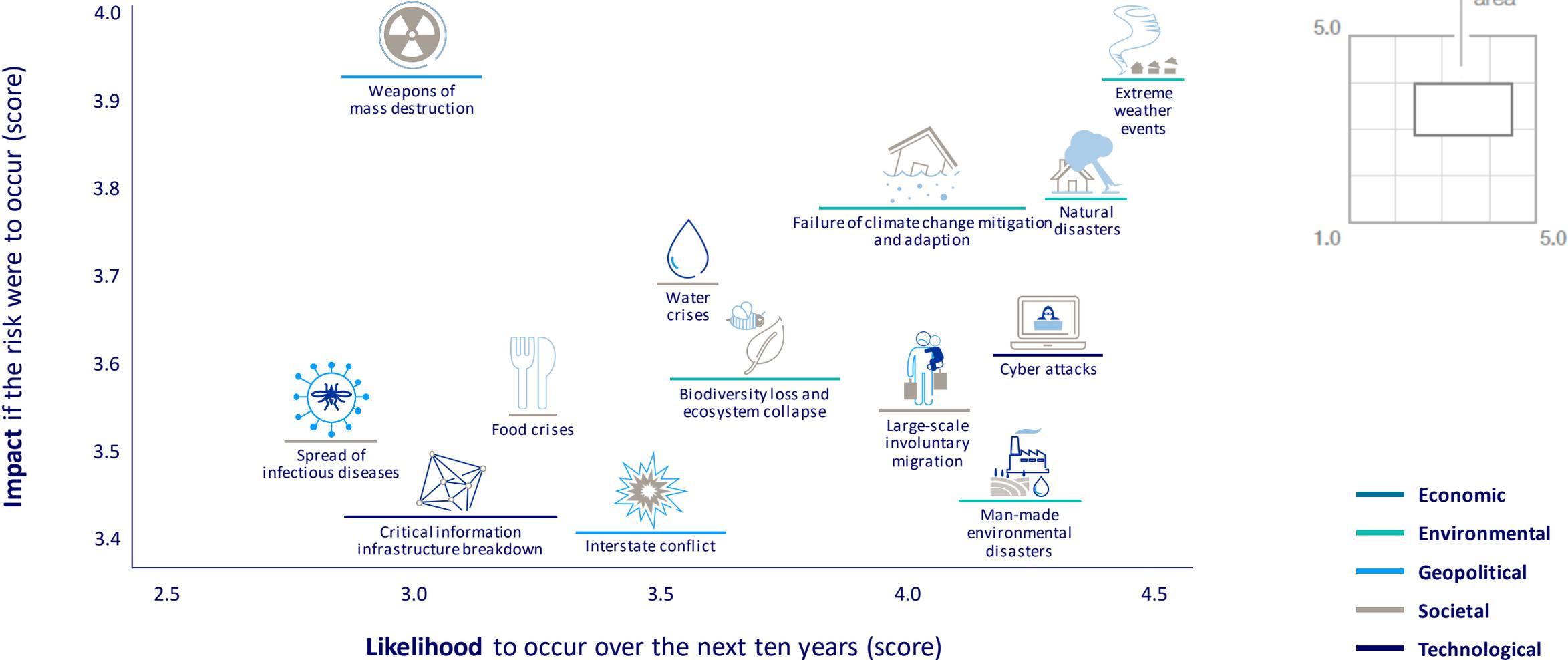
Barry Franklin **Head of Risk, Zurich North America**

Barry Franklin is the Head of Risk for Zurich North America. In this role, he is responsible for ensuring adherence to Zurich Risk Policy and advising and challenging Zurich North America leadership with respect to balancing business strategy and risk-taking within the agreed risk appetite. He is also responsible for promoting risk awareness throughout the organization. He rejoined Zurich in 2011, after having previously served in various actuarial roles with Zurich early in his career.

Environmental threats are perceived as issues of greatest concern while economic risks have decreased



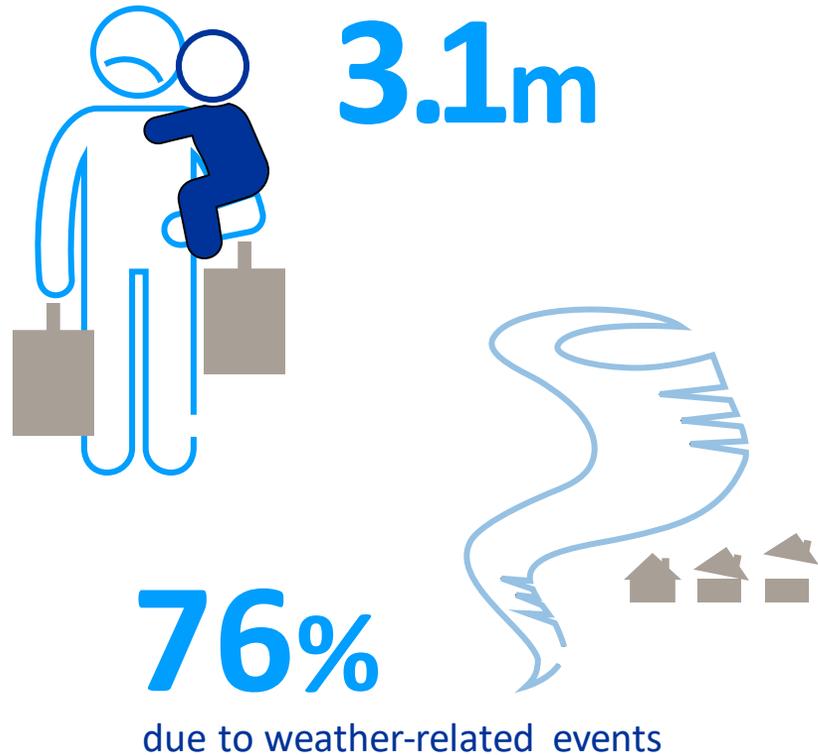
Environmental risks are rated as risks of highest concern



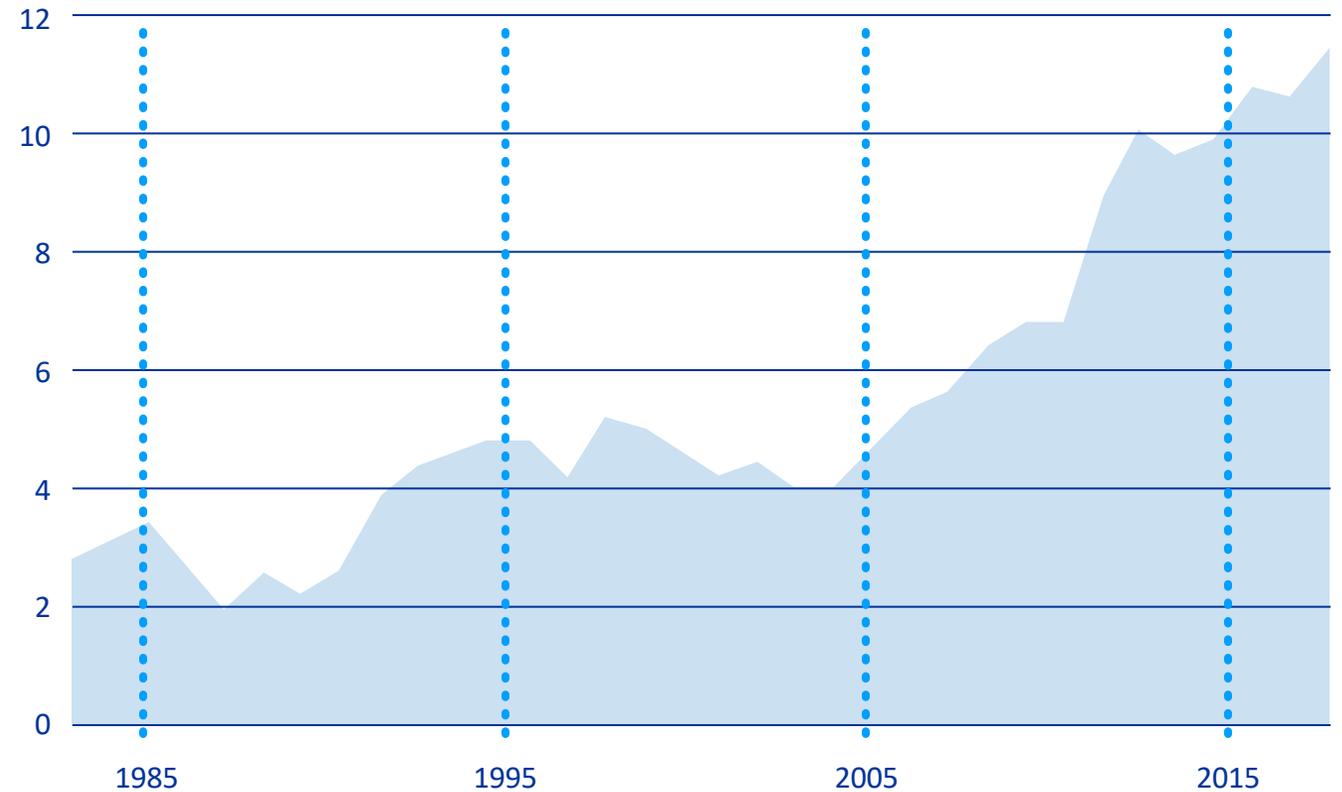
- Economic
- Environmental
- Geopolitical
- Societal
- Technological

Recent temperatures and extreme weather events provide a stark warning of future climate change implications

People displaced from their homes in 2016



Number of weather and climate disasters in the US surpassing USD 1bn



CLEARLY AGREE AND DEFINE ROLES AND RESPONSIBILITIES

Risk to be understood and owned on Board level

ASSESS IMPACT AND TRANSITION RISKS ON BUSINESS MODEL

Scenario planning

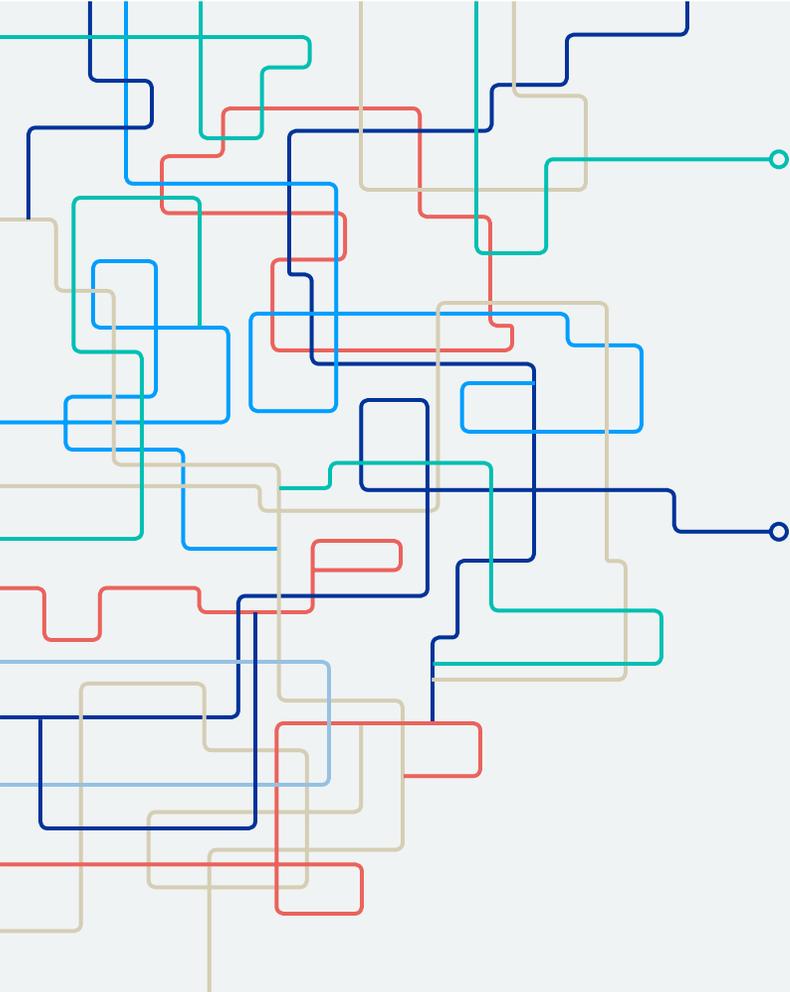
Build resilience into operating model

BE AWARE AND MANAGE REPUTATION RISK

Consider ESG implications

Employ standardized disclosure frameworks

The recent economic recovery is masking a conflux of new risks and long-standing vulnerabilities



While long-standing vulnerabilities persist...

Asset price sustainability

Household and government debts

Global Financial System stability

...they are now compounded by new fragilities

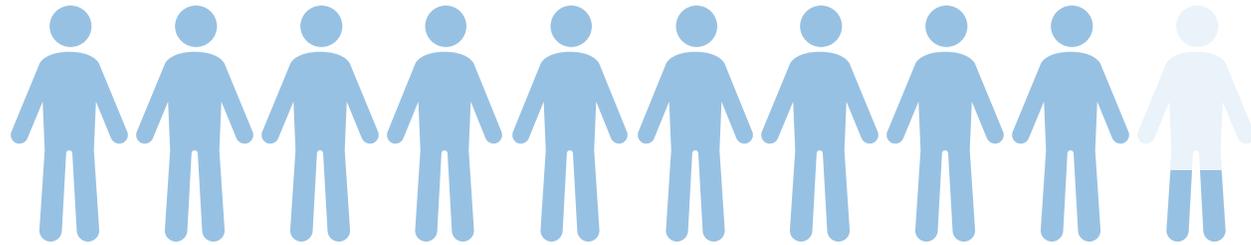
Depleted fiscal and monetary policy option

Economic and social impacts of technology

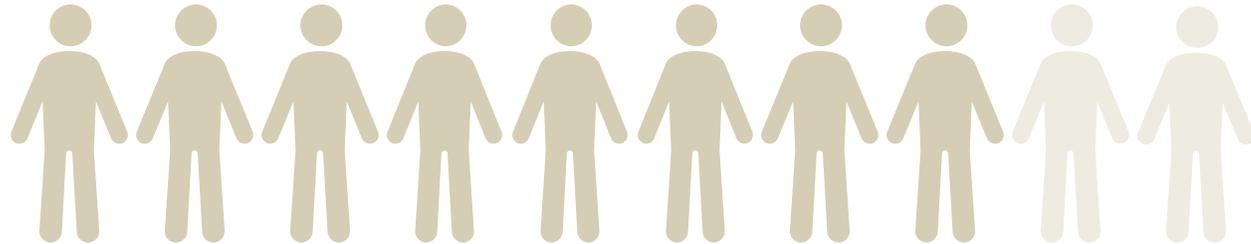
Rise of populist and identity politics

In a multi-polar world, the risk for international conflict is worsening

The latest Global Risks Perception Survey reveals **pessimisms among respondents** about the year ahead

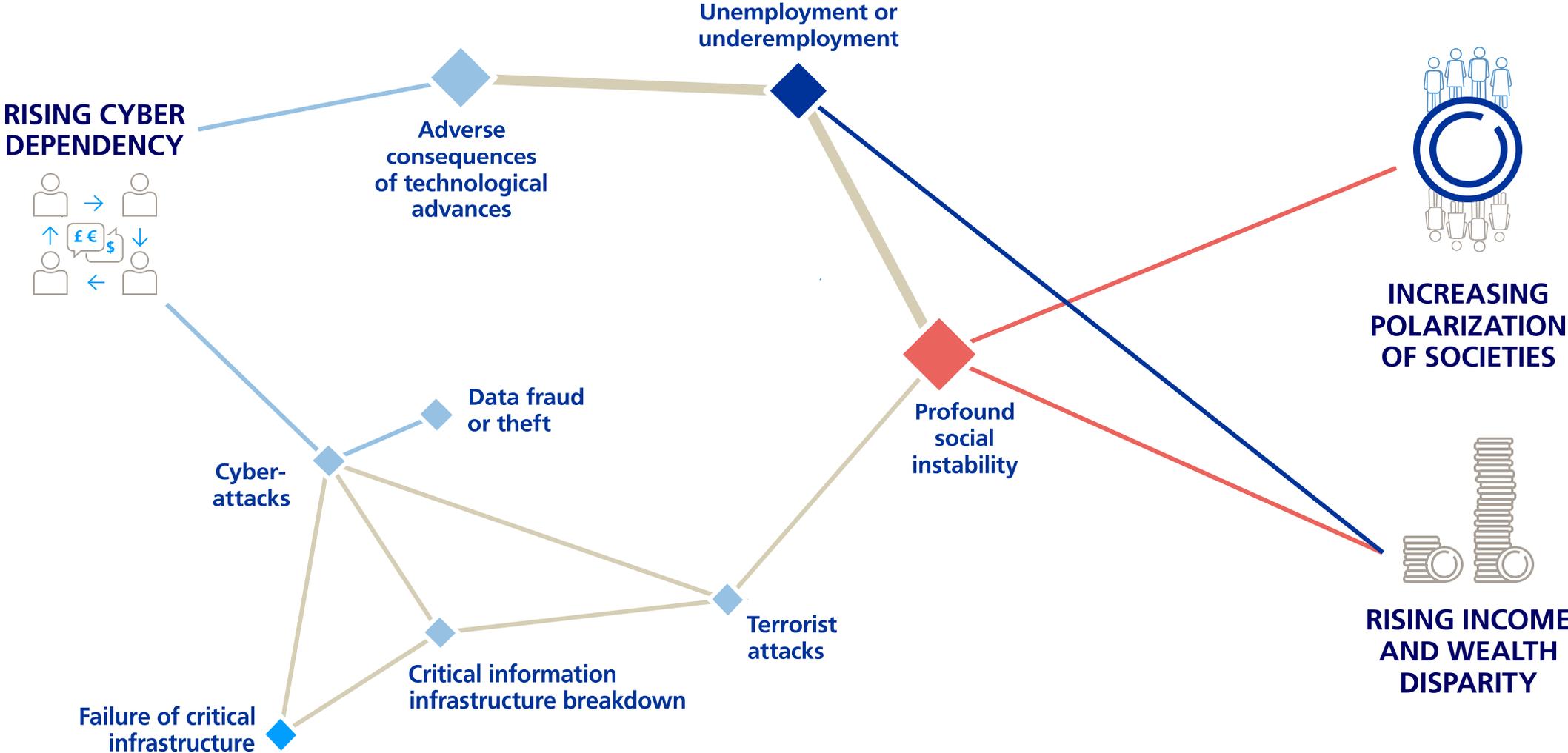


93% expect a **worsening** of ‘political or economic confrontations/frictions between major powers’

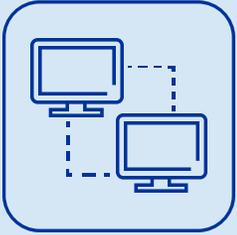


80% expect an **increase** in the risks of ‘state-on-state military conflict or incursion’ and ‘regional conflicts drawing in major power(s).’

Interconnectedness and complexity of global risks might lead to sudden and dramatic breakdowns



The disruptive potential of cyber attacks is increasing



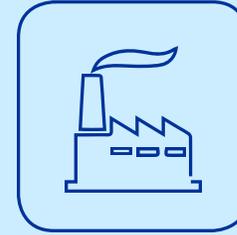
Increasing connectivity

Increasing connectivity provides an exponentially growing number of potential targets



Rising costs

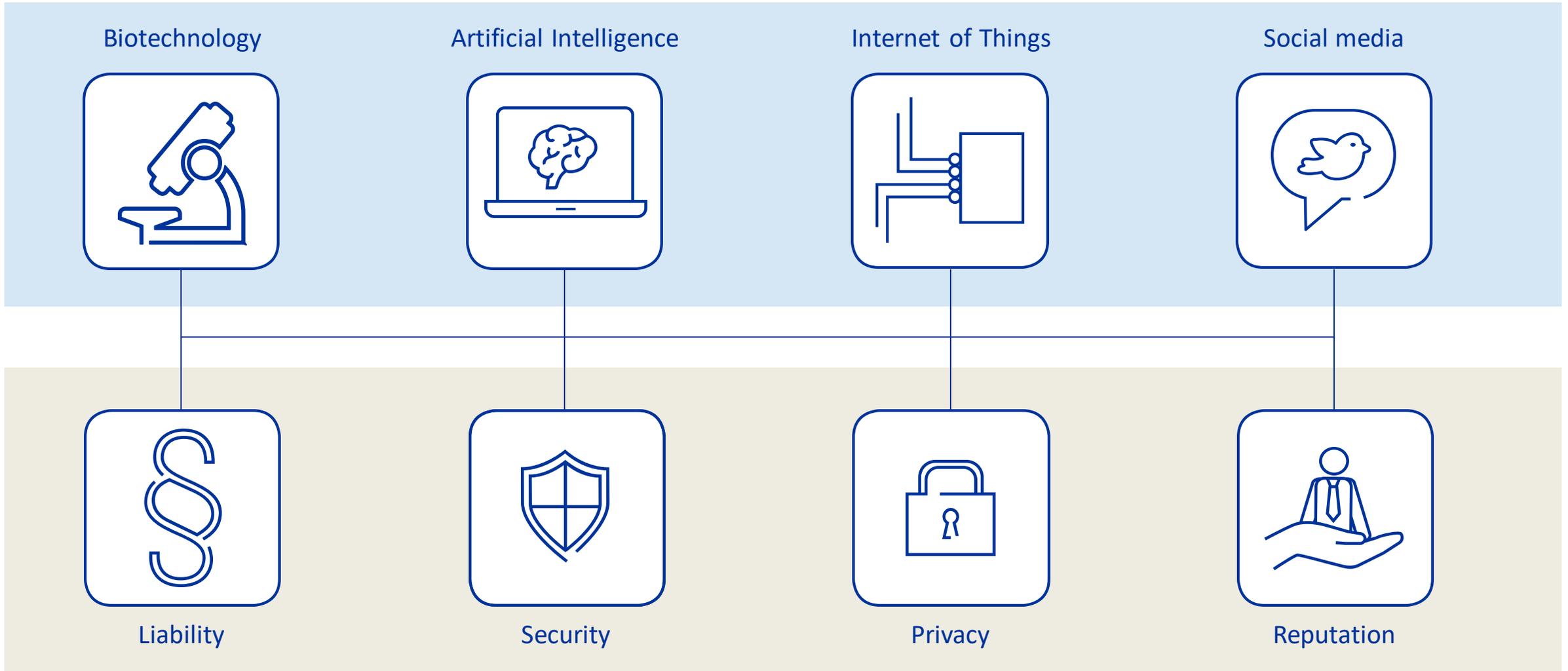
The cost of cybercrime to businesses is expected to be \$8 trillion over the next five years



Vulnerable infrastructure

Attacks targeting critical infrastructure are increasing, posing tremendous potential for disruption

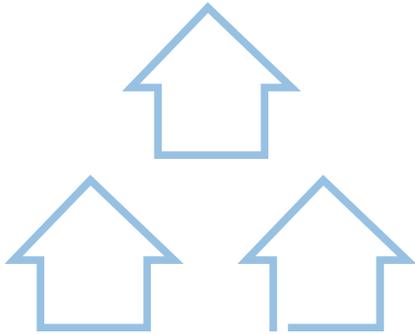
Complexity and speed of technological trends is increasing



Businesses need to create resilience to respond to interconnected risks

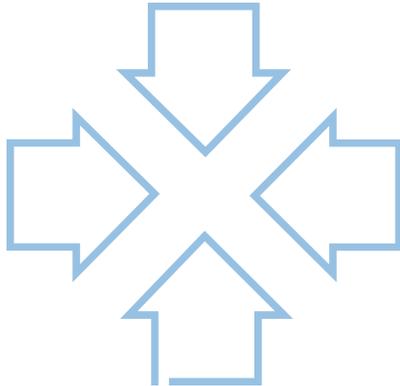


Different resilience lenses apply across an organization's operations



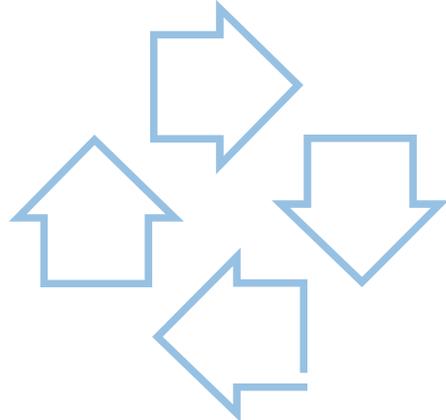
STRUCTURAL

- Redundancy
- Modularity
- Requisite diversity



INTEGRATIVE

- Multiple scales
- Thresholds
- Social cohesion



TRANSFORMATIVE

- Foresight
- Innovation
- Distributed governance

THE ROLE OF RISK MANAGEMENT

- Risk identification and landscape
- Risk prioritization and risk appetite

SCENARIO PLANNING

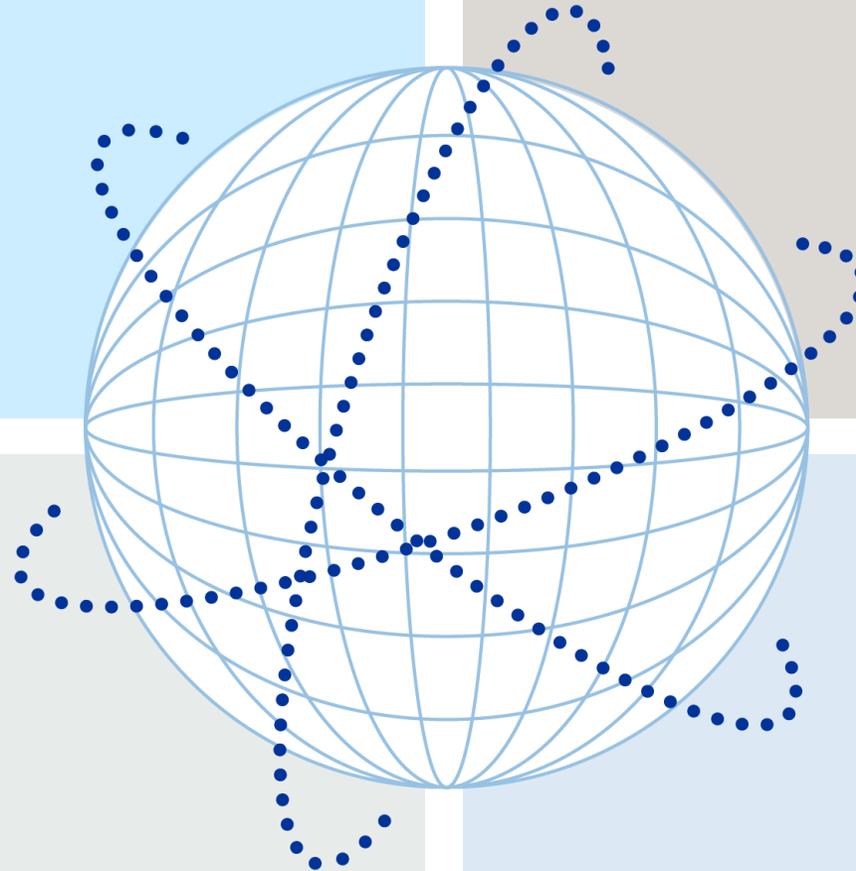
- Triggers, trends and scenarios
- Strategic options

BUSINESS IMPORTANCE

- Understanding risk inter-connectivity
- Managing risks and maximizing opportunities

RISK AWARENESS AND RESILIENCE

- Starts in the boardroom
- Driven by C-suite
- Cascaded at every level



Questions?

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