



Emerging Risks in Emerging Markets

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Content

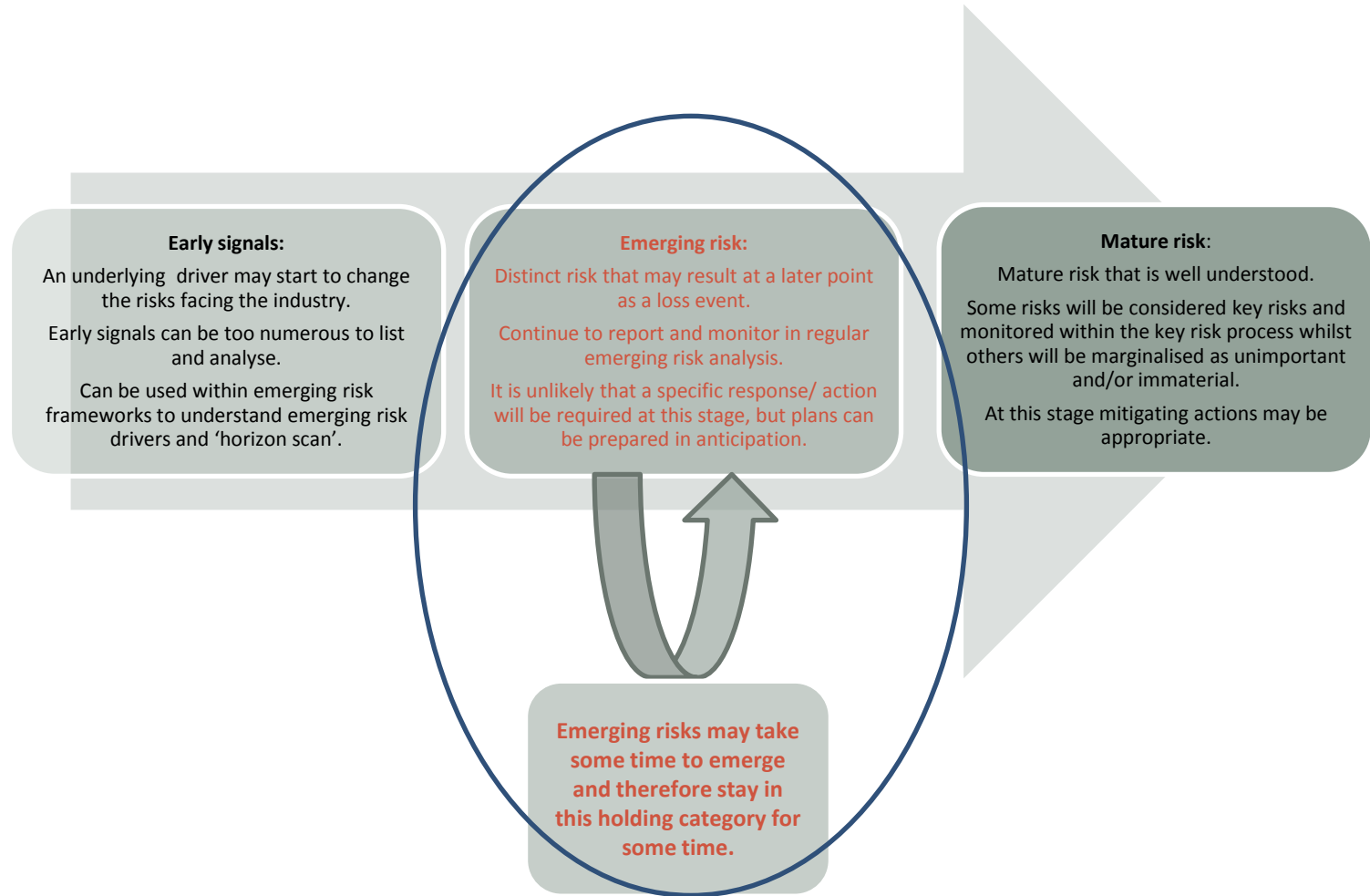
- **Case Studies**
- **Definition of Emerging Risks/Markets**
- **Identification & Tools**
- **Key Emerging Risks in Insurance**
- **Monitoring, Classification & Quantification**
- **Conclusions**

Case Studies

- **Disruptive Innovation**
- **Examples:**
 1. **Uber**
 2. **Kodak**
 3. **HMV**
- **Lessons Learned:**
 1. **Consider horizon scanning of emerging risks**
 2. **Employ independent experts**
 3. **Complacency**
 4. **Past as proxy to future**
 5. **Innovation as an aid**
 6. **Selective retention**

- **Why should we care about emerging risks ?**
 1. **Big - but can often be spotted**
 2. **Competitive advantage**
 3. **Reputation**
 4. **Helping society at large**
- **Will it happen in our insurance industry ?**
- **Digital Transformation**

Definition of Emerging Risks



Key Emerging Risks in Insurance

- **Climate change**
- **Cyber attacks**
- **Terrorism**
- **Driverless cars**
- **Big data**
- **UK exit from EU**
- **Air pollution**
- **Longevity**
- **Drones**

Key Emerging Risks in Insurance

- **Chronic diseases**
- **Nanotechnology**
- **Pandemic risks**
- **Sovereign debt crisis**
- **Power blackouts**
- **Crowd-funding**
- **Internet of Things**
- **Telemedicine**

Key Emerging Risks in Insurance

- **3D printing**
- **E-Cigarettes**
- **Artificial Intelligence**
- **Internet fragmentation**
- **Genetic engineering**

Identification, Classification & Quantification

- **Effective Identification**
- **Emerging risks perceived by ERM/Board**
- **First line involvement**
- **Focus on risks to the strategy over medium term**
- **A framework for emerging risk classification/categorization (e.g. by source/types/risk characteristics)**
- **Categories:
Economic/Environmental/Geopolitical/Societal/Technology**
- **Likelihood vs impact**

Conclusions

- **Don't be constrained in thinking**
- **Consider carefully risks embedded in organization's culture**
- **Focus on drivers and sources of risks as well as actual ones**
- **Should we be adaptive or reactive ?**