

AIRMIC ERM Connected Risk October 2019

Presented by: Stuart Kenyon, Head of Risk Control

CNA / **HARDY**



Agenda

- ▶ Connected Risk
- ▶ Rate of technology change
- ▶ Future Challenges for Connected Risks
- ▶ Five takeaways from today
- ▶ Questions and Answers

Meet the presenter

STUART KENYON **AVP Risk Control**

Chartered Chemical Engineer (Fellow)

Professional Process Safety Engineer

Member of the IChemE global election panel

Experienced Insurance Risk Engineer

Industrial background from Technical Management in ICI, and Project Manager for Pepsi-Co Foods and Beverages



CNA Hardy - Company overview

CNA Financial:



120 years
track record



7000+
Colleagues
worldwide



**Claims, Risk
Control** and
Underwriting



Strong
Financial Rating



GWP \$10.7bn
worldwide



72 offices
across the globe

International Segment:



40 years
at Lloyd's



600+
colleagues



Capabilities in over
200 territories



19
Offices



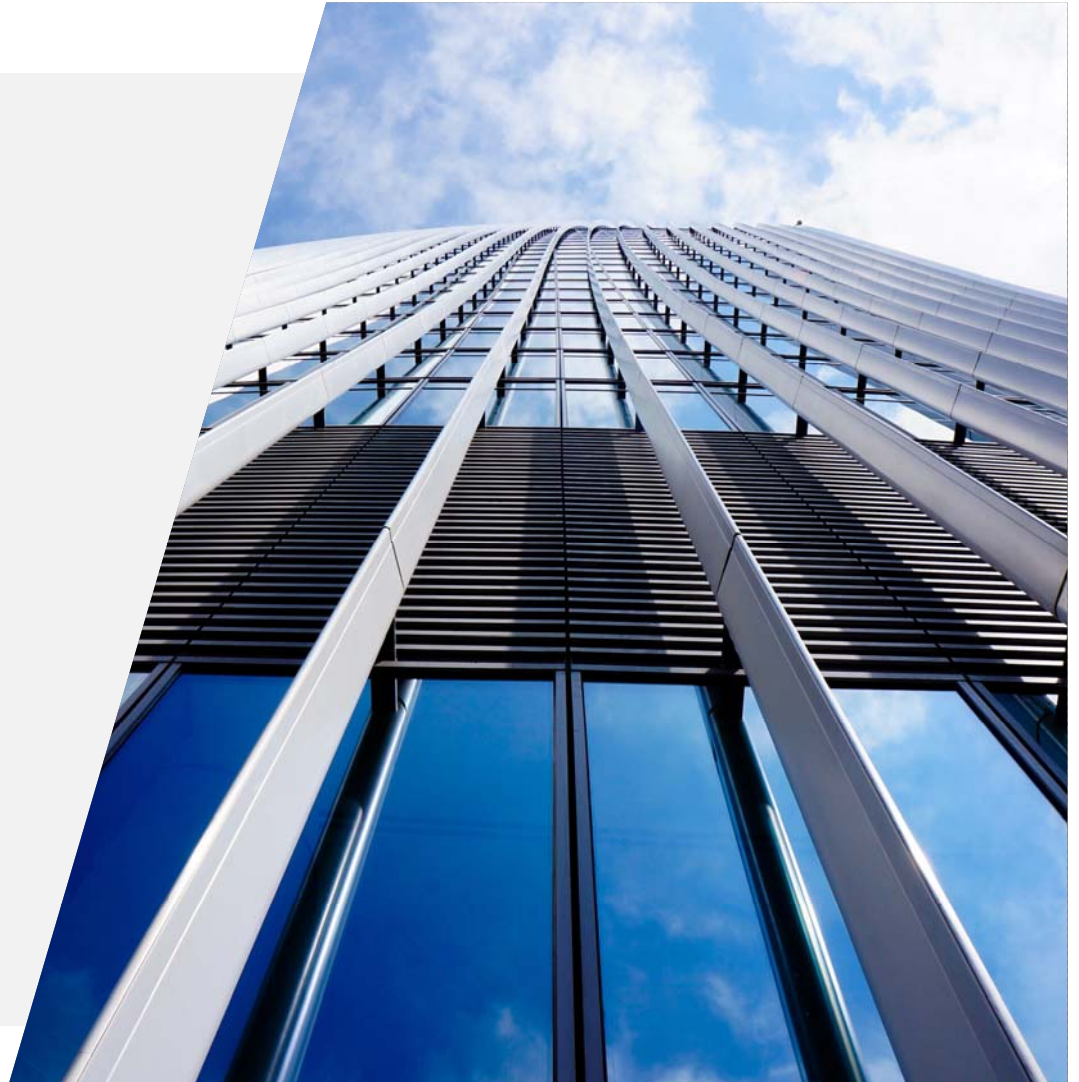
GWP
\$895mn
International



**Claims, Risk
Control**
and Underwriting

Connected Risk

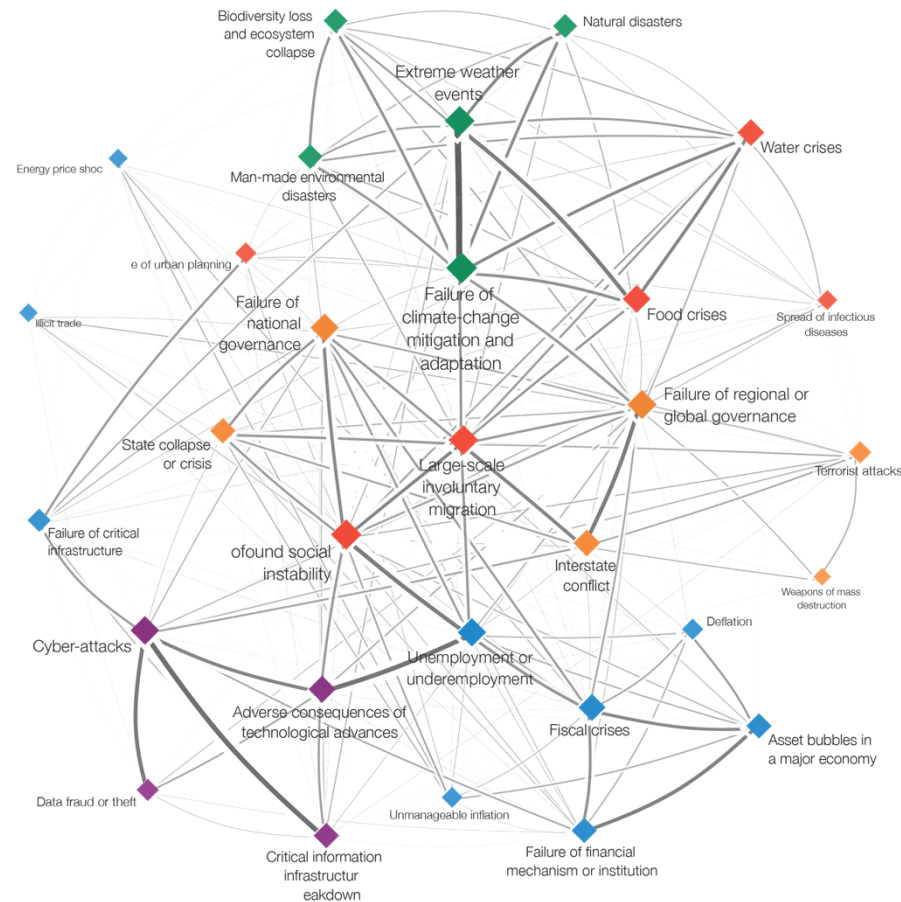
CNA / HARDY



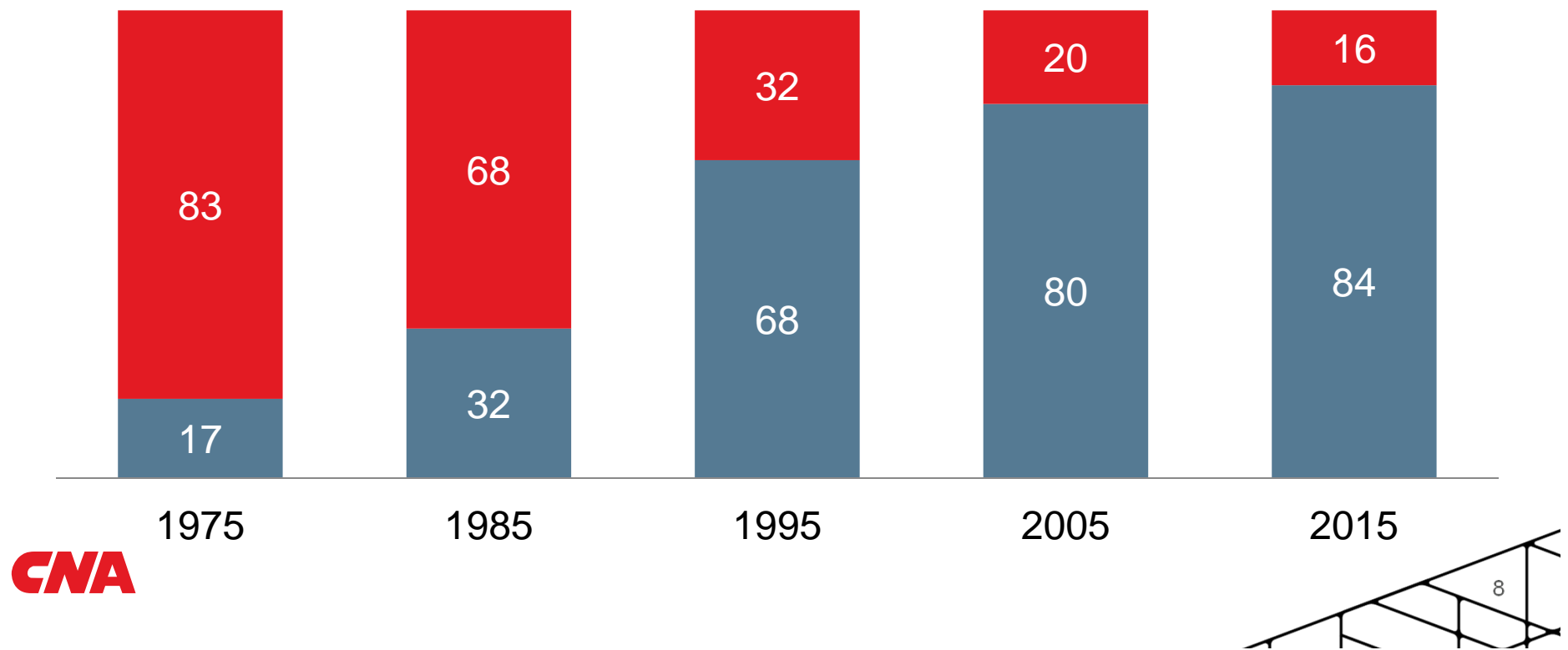


World Economic Forum: Global Risk Report 2019

GLOBAL interconnectivity drives complexity



Intangible assets as % of S&P 500 market value



Rate of technology change

A few questions about technology:

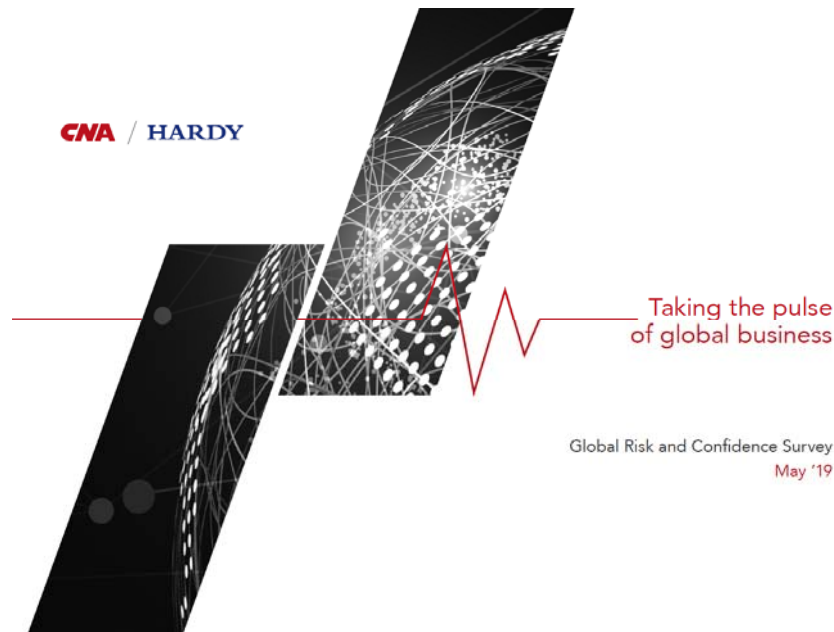
1. When did you first get a computer at home?
2. When did you first get a works mobile phone?
3. When did you first get a video recorder?
4. When did you last drive to an unknown place without using Satellite - Navigation?
5. When did you first start using a contact-less credit card?
6. When did you last check your phone?
7. When did you first get a remote control for your Television at Home?
8. When did you first use the Internet?
9. When did you last post a letter or postcard?
10. When did you first use Facebook or Linked In?

Rate of technology change

A few questions about the future:

1. When will driverless cars be introduced?
2. Which tasks should be undertaken by computers or Artificial Intelligence?
3. Which tasks should not be undertaken by computers or Artificial Intelligence?
4. When will you have a 'Commander Data' on your team?
5. When will Artificial Intelligence overtake humanity?

Risk and Confidence Survey: 5th Edition

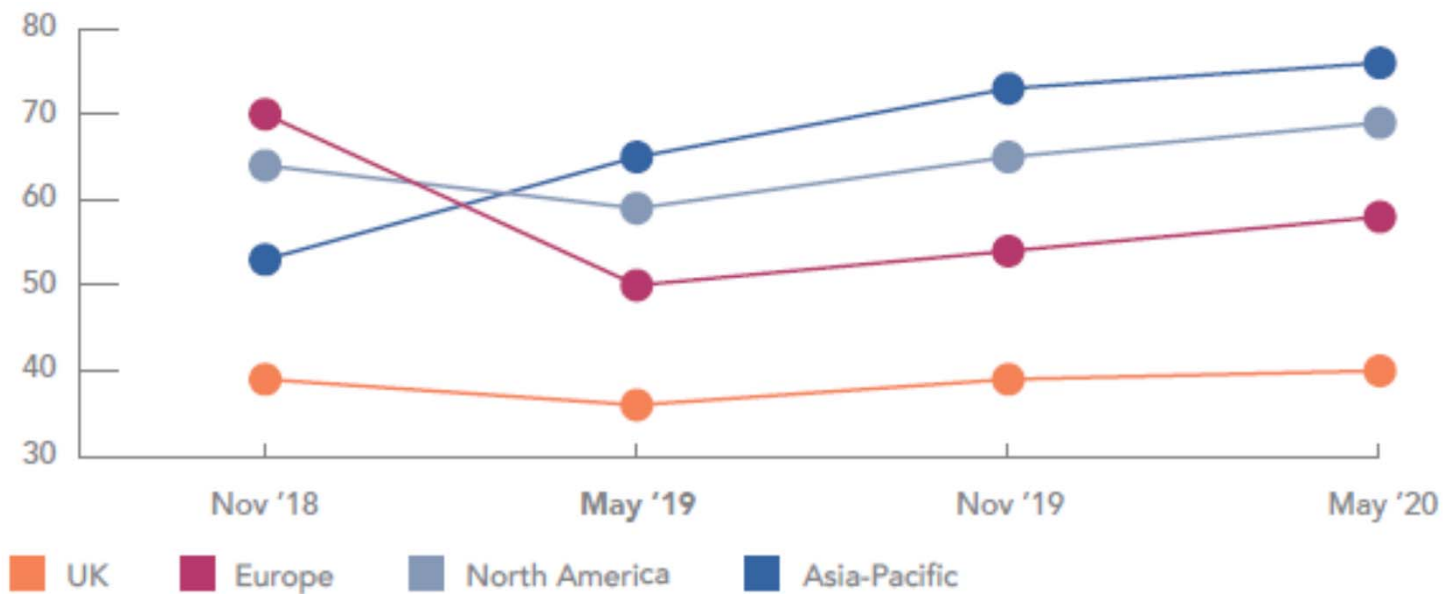


- The report gives us a window into the confidence levels and the associated risk perceptions of multinational organisations across the globe and their plans for the future
- Focused on organisations operating in our customer segments; from SME, mid-market to large multinational
- Surveyed more than 3000 multinational business leaders across the UK, Europe, Asia Pacific, Canada and the US.
- Download the survey: cnahardy.com/pulse

Risk and Confidence Survey – May 19 Highlights

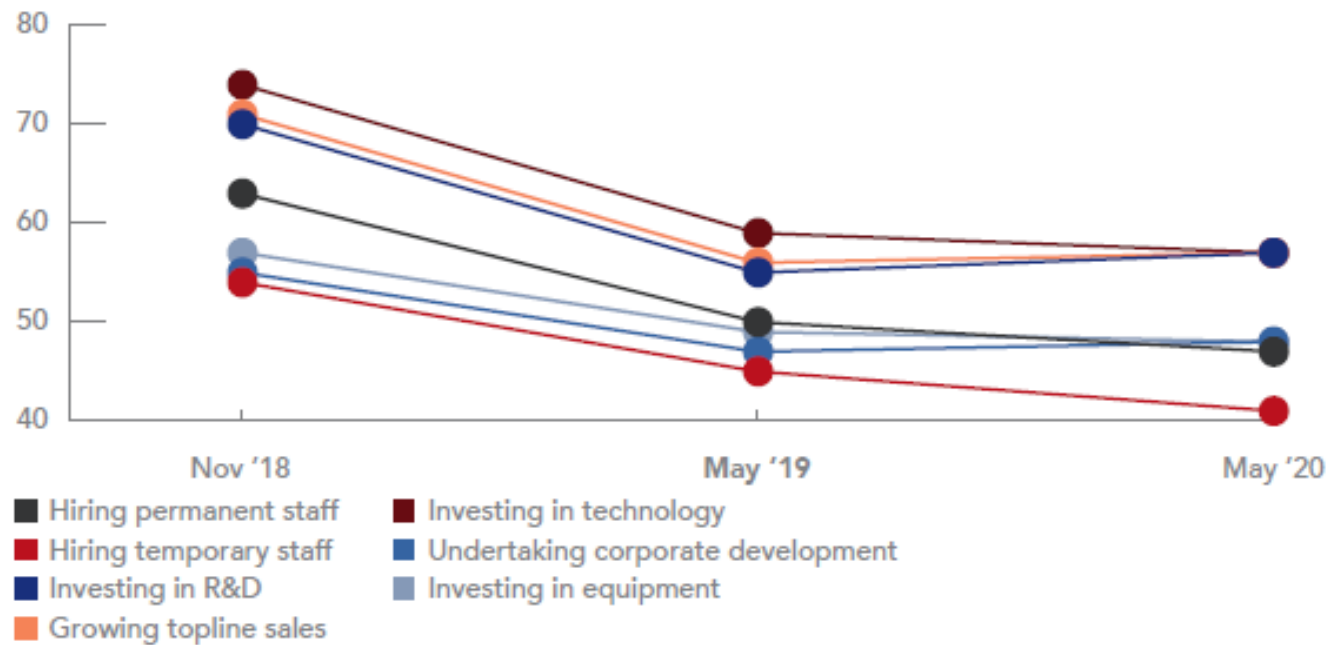
- In an increasingly complex, technology-led, interconnected global economy, business leaders are being tested.
- Business confidence has dipped, investment in business fundamentals is down and reputation risk is the new threat that stalks the corridors of power.
- Technology, Cyber and Economic are top global concerns.
- From connected devices and international supply chains, to the global financial system, the potential for small problems to trigger unexpected cascading failures is everywhere. In this era of interconnected risks, business leaders are increasingly concerned about their reputation risk.

Risk and Confidence Survey – Global business confidence



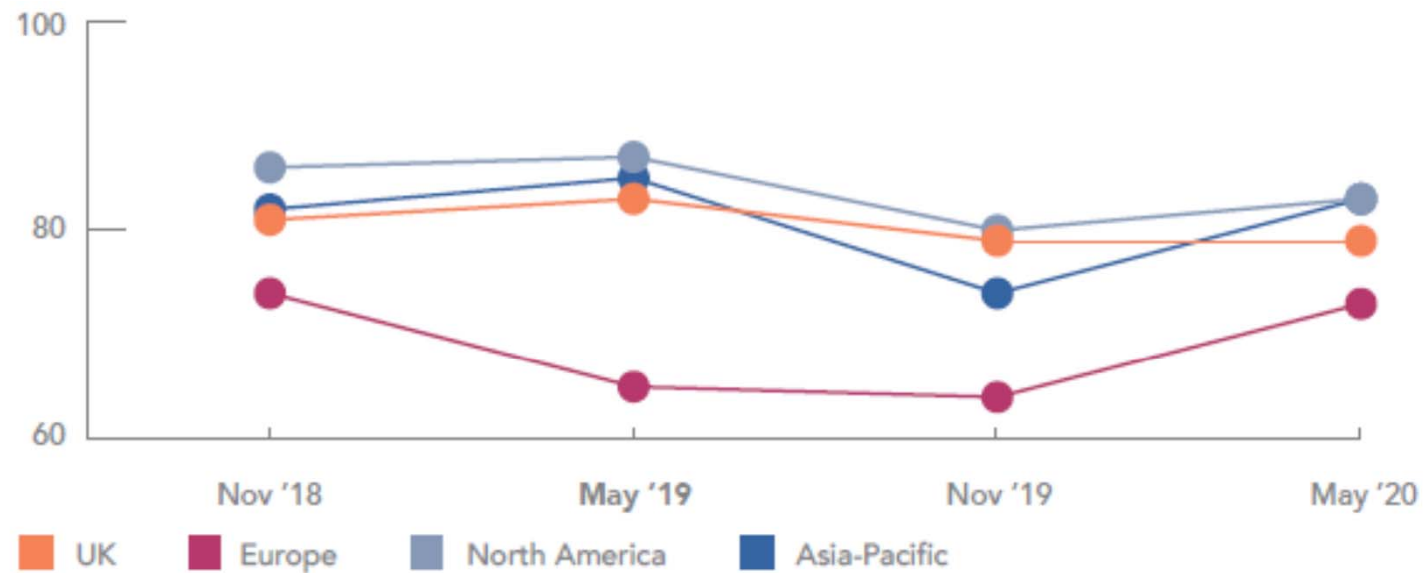
Percentage of companies confident in their ability to grow and prosper

Risk and Confidence Survey – Investment on Hold



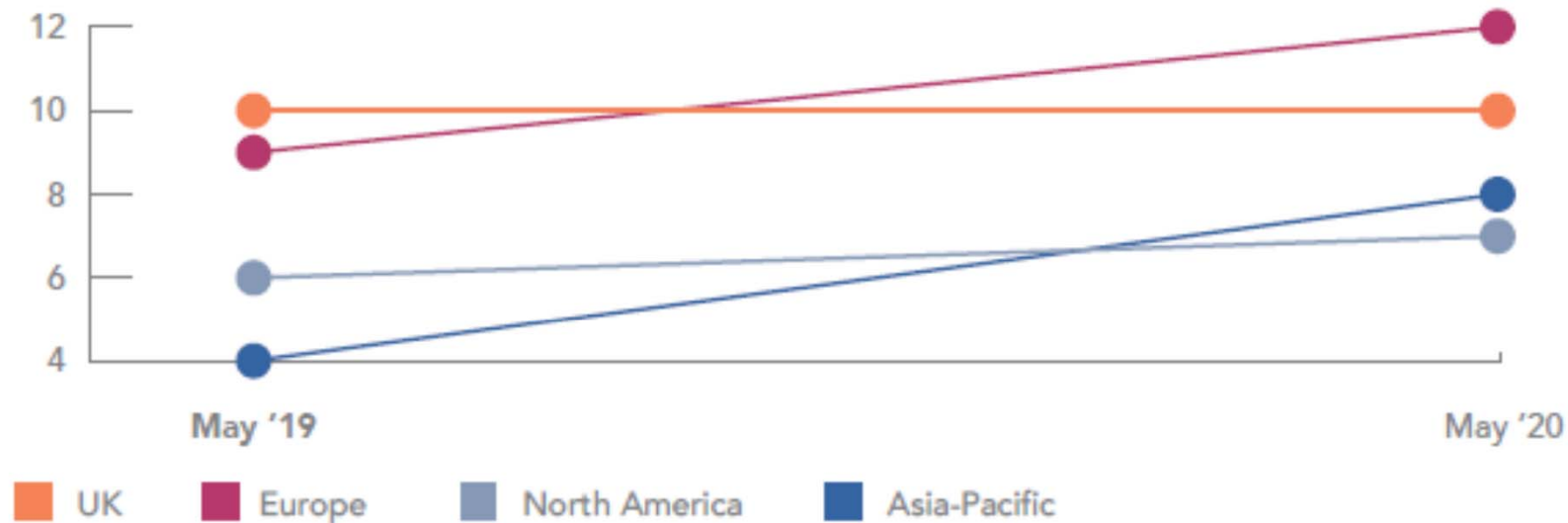
Percentage of firms globally planning to proceed with investment in business fundamentals

Risk and Confidence Survey – Reality of global interconnected risk



Percentage of firms operating in a moderate to high risk environment

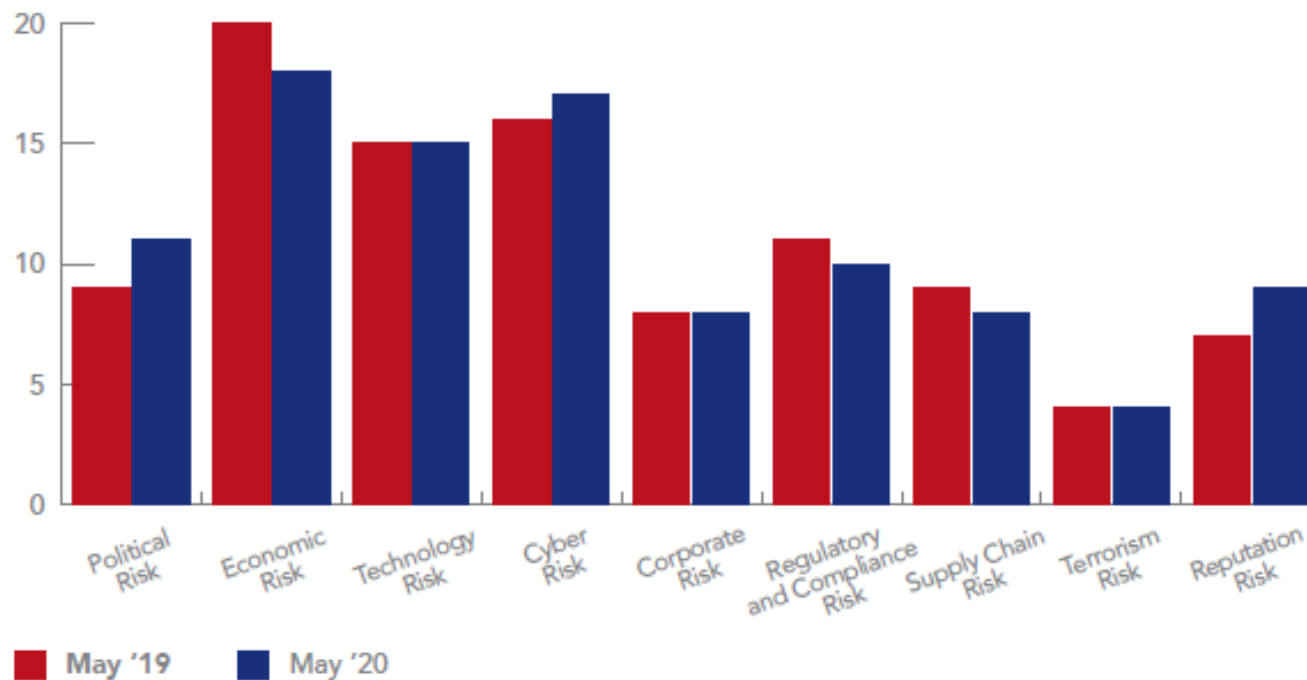
Risk and Confidence Survey – Reputation fastest rising global risk



Percentage of business leaders concerned about reputation risk now and in 12 months' time

Risk and Confidence Survey – Top risks Q2 2019 and Q2 2020

Economic, cyber and tech risk dominate



Future Challenges for Inter-Connected Risks

1. **Automation** - technology based solutions with less people
2. **Brexit** - moving departure dates, short and long term investment planning
3. **Climate Change** - more natural peril events, will we need to define a new level six on the Saffir-Simpson Hurricane scale?
4. **Renewable Energy technologies** - battery storage for energy during low demand periods with the introduction of additional hazards into the workplace
5. **Space Weather** - reliance on satellite technology and GPS etc. vs solar flares, solar energetic particles and coronal mass ejections. How would the Generation Z cope in a business world without mobile phones for 1 day, week, month or year?

Five takeaways from today

Adequacy of current Business Continuity Plan?

Are existing BCP's fit for purpose?

What technological changes or modifications are our insureds planning?

Are appropriate management of change controls in place?

Within our insureds / business partners is there evidence of clear responsibilities and accountabilities relating to the five main risk factors our research has identified (Economic, Political, Cyber, Technology and Interconnected risk)?

Questions and Answers

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