

# airmic

Our world has changed forever

The Airmic Perspective

Annual survey 2021











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Some business leaders are discovering their approach to governance and managing risk has been too siloed – the pandemic has highlighted the disconnect between strategic risk and operational resilience.

### Foreword

### Airmic

This survey provides contemporary insight into our current world, the concerns and priorities of our members, and an indication of where Airmic resources and energy should be directed. The survey underlines the importance of the connectivity of risks and the need for risk professionals to speak up in order to achieve the attention of top management.

The pandemic has had an impact on strategy, direction and focus for many organisations. One of the realisations that many business leaders are taking from the experience is the need to "up their risk management game". Some are discovering that their overall approach to governance and managing risk has been too siloed – the pandemic has highlighted the disconnect between strategic risk and operational resilience. However, Airmic research has indicated high levels of confidence that risk professionals have the right competencies to meet the challenges of the pandemic, especially those relating to risk awareness and scenario planning. Where it is felt that they require further development is in the awareness of the connectivity of risks and in engaging with their leaders.

The impacts of Brexit are still emerging. Are some of the issues the UK is currently facing, including supply chain challenges, UK-specific or part of a global risk and economic context? The global jury looking at the UK is currently out, and we predict that economic choppy times are ahead.

For a three-letter acronym, which first surfaced in 2005, ESG has seen a meteoric rise in our thinking and priorities. We all face challenges moving from what was largely a voluntary set of activities, to one with demands for legal, regulatory, stakeholder and contractual compliance, with associated demands placed on governance, transparency and reporting. The insurance industry, and its investors and partners have a once-in-alifetime opportunity to make a global difference.

We believe that the role of Airmic has never been more important. We are taking a lead in the development of risk management and insurance as integrated and dynamic professions, working with our members, partners and other stakeholders to lobby, develop and share good professional practice. Like many other organisations, we're taking a close look at our purpose – in other words, why we exist – and as part of this process, we will examine what we have learnt from our member experiences and this survey, and convert the opportunities of using technology to develop smarter ways to work.

I would like to thank our partners who made this survey possible: Control Risks, KPMG, Marsh, Sedgwick and QBE. Their support, guidance and insight have been invaluable, and the detailed insights in their thematic sub-reports have brought important aspects of this survey to life.

Finally, I would also like to thank those who completed the survey – we would have had very little to say in this report without you!



Julia Graham, CEO, Airmic

# Executive summary

Risks associated with the pandemic have changed the risk profile of the world.

While the disease and pandemics don't make it into the top five risks of the 2021 Airmic survey, risk connectivity means that every risk in the Airmic top ten has been and continues to be touched by the pandemic and its systemic effect.

Fuelled by technology, the speed of the shift to a virtual economy during 2020 and into 2021 has encouraged organisations to examine their purpose and their core business model, and how they deliver their products and services. We already knew that walking the digital road was not an option – now we are sprinting.

Given the fact that material consequences continue to emerge after Brexit, should we be surprised that supply chain features at number four? The answer is no – as with the 'pandemic effect', the 'Brexit effect' continues to touch many other risks, albeit its visibility is lower until the immediacy of these risks fly in our face. Mix the pandemic with Brexit, and there is a heady cocktail of connected risks.

The top front-of-mind risks continue to focus on the resilience of infrastructure and the value of reputation. There is the tip of a people risk iceberg, as concerns about mental health risks and musculoskeletal risks surface.

Airmic members are important insurance buyers. The lack of adequate cover at an affordable premium has become a risk in itself. The better news is that insurers and brokers have indicated their commitment to be business partners with Airmic and our members, and are proactively working to achieve this. Looking to the future, climate change has emerged as one key area where insurance buyers and partners can work better together through more collaboration and engagement.

The Airmic survey continues to make an important contribution to the risk professional's toolkit. However, although the hindsight gained through surveys like this can provide a platform for developing foresight and our future 'normality', in a world defined by increasing complexity and uncertainty, improved resilience will come through learning lessons, applying experience, and exercising awareness, agility and adaptability. Our world has changed forever and risk professionals are well positioned to drive transformation and shape the future. The Airmic learning and technical programmes will examine how knowledge and learning can contribute to a greater good.

Airmic conducted its annual member survey in the third quarter of 2021, enhanced by qualitative input from Airmic member roundtable discussions and observations from organisations that are stakeholders in the management of risk.

This year's Airmic Annual Survey consists of this main report, plus five themed reports, each of which addresses a top concern revealed by the research:

- ESG meets ERM: Role of the insurance risk manager with Marsh
- Cyber threats: Living with disruption with Control Risks
- Working together to tackle climate risks with KPMG
- Agility and Adaptability with QBE
- Remote working with Sedgwick

### Introduction

When the Covid-19 pandemic first struck in early 2020, and countries around the world imposed lockdowns, most expected to make short-term sacrifices and get back to business as usual. But the trajectory of the pandemic looks set continue as part of 'normality'.

Our experience has changed risk management, crisis management and business continuity thinking. Longterm planning will be critical, yet the initial responses have been largely focused on the shorter term. It is more difficult to look long term when a crisis timeline loops back because of further waves of the impact. And even as things calm down, we cannot file pandemic away new variants and new diseases may emerge. The loss of biodiversity in the ecosystems has created the general conditions that have favoured, and made possible, the insurgence of the pandemic. The composition of wildlife communities greatly increased the contacts of humans with wildlife, and altered niches that harbour pathogens, increasing their chances of coming into contact with humans. No risk is an island and everything is increasingly connected.

This report, and the five accompanying thematic sub-reports, give us a picture of how Airmic members and risk professionals have been stepping up to the challenge over the course of the global pandemic. As a profession, they are driving transformation and shaping the future of their organisations.

#### Our survey respondents

Our respondents hold leading positions within the risk profession and in some of the largest businesses in the world. 23.9% are heads of risk management for their organisations, while 44.9% are heads of insurance. A majority come from organisations with a global turnover of £1 billion to £10 billion and beyond, while 38.8% are from organisations with more than 25,000 employees.

They are also evenly spread across a range of sectors, with the largest group among them (14.8%) working in the insurance industry.

The pandemic has heightened mental health risks. While flexible work arrangements have helped people take better care of their mental health, the effects of increased anxieties and isolation during the Covid-19 lockdowns have become worse. TOP RISKS TODAY



## Top risks today

#### Front-of-mind risks

Amid the interconnected nature of risks today, pandemic-related disruptions have continued. The top three front-of-mind risks for risk professionals have remained the same as those in the 2020 Airmic survey. Risks professionals remain most concerned about the risks of business interruption following a cyber event. This is followed by the loss of reputation and brand value, and the failure of operational resilience.

Supply chain failure emerged as the fourth greatest risk this year, and this brings significant reputational and operational risks from an ESG standpoint too.

Employee health and well-being emerged as the fifth greatest risk this year. It has not previously featured on the list of top ten risks in the Airmic annual survey.

flexible work arrangements have helped people take better care of their mental health, the effects of increased anxieties and isolation during the Covid-19 lockdowns have become worse. According to the UK's Office for National Statistics, 21% of adults experienced some form of depression in the first quarter of 2021 – more than double the figure that was observed before the pandemic. Natural catastrophes is now a top ten risk.

The pandemic has heightened mental health risks. While

Events such as the deadly floods in Germany this summer had shocked even climate scientists, highlighting the urgency of emerging climate risks.

Meanwhile, political uncertainty has gradually made its way down our list over the past three years. It is no longer perceived as a top ten risk. With a new administration in the US committed to rebuilding its alliances, and with a Brexit deal agreed at the last minute between the UK and the European Union, some semblance of stability has returned to international relations.

Yet, geopolitics features as a key emerging risk of concern to risk professionals. The stakes in the geopolitical rivalry between the US and China has increased. In September 2021, Australia, the UK, and the US announced a new security pact for the Indo-Pacific region, called AUKUS. Meanwhile, China has become more assertive in its region. Incursions into the airspace of its neighbours have increased dramatically.

Separately, the Taliban's recapture of Afghanistan will further wreak regional instability, with knock-on effects for the rest of the world.

2021 Ranking	Risk
1	Business interruption following a cyber event
2	Loss of reputation and/or brand value
3	Failure of operational resilience
4	Supply chain failure
5	Employee health and wellbeing
6	Changes in regulation
7	Disease and pandemics
8	Failure to attract and/or retain talent with the right skills
9	Loss or theft of personal data
10	Natural catastrophes

2020 Ranking	Risk
1	Business interruption following a cyber event
2	Loss of reputation and/or brand value
3	Failure of operational resilience
4	Disease and pandemics
5	Loss or theft of personal data
6	Supply chain failure
7	Changes in regulation
8	Failure to attract and/or retain talent with the right skills
9	Changes in consumer behaviour
10	Political uncertainty

#### **Emerging risks**

Climate change and other ESG-related risks loomed large among our respondents when they were asked about the top emerging risks faced by their organisations. These related to direct climate threats to the resilience of their businesses, as well as to regulatory compliance.

Cyber threats also featured high on their lists, as did the emerging risks associated with the pandemic, ranging from economic slowdown to the rise of other infectious diseases.

All of this underscores the increasingly interconnected nature of risks today.



The pandemic is a high-impact, low-probability emerging risk. Such risks do make it onto a risk register but often fade into the background when risk severity is considered as a combination of impact and probability.

There is no single 'correct' definition of an emerging risk, but organisations need to clearly define what they mean, ensure this is understood as part of their risk language, and communicate this internally and externally. In simple terms, emerging risks are risks that are new or changing in significance. Their possible trajectories exhibit high levels of uncertainty.

#### How risk professionals are managing emerging risks

While a robust discussion of principal risks would also likely capture emerging risks, few organisations currently have a formal process for identifying emerging risks. While the approach for emerging risks should be analytical, it should also be creative and pragmatic, and reflect the complexity of uncertainties, in order to secure buy-in and actionable results.

In our roundtables, one risk professional shared how the management of emerging risks has been integrated as part of their organisation's risk management framework, rather than as a standalone. They have not used the risk scoring mechanisms used in their normal risk process, as they believe that emerging risks by definition lacking sufficient data to allow for such kinds of assessment.

To start the process of identifying emerging risks, they engage their executive leadership team, board of governors, and audit and risk committee in discussions based on thought leadership reports on risk. Once there is some consensus as to the top emerging risks to the organisation, the risk team works with others, such as their colleagues in the strategy team, to understand and monitor those emerging risks. They also share information with 'risk champions' – employees whose primary role is not in risk management, but who are involved in monitoring and reporting risks at the departmental level.

Another risk professional shared how their organisation reengineered its ERM framework, part of which looks at risks on the horizon in time frames of one year and one to three years. This has given them a better sense of the velocity of various emerging risks, which are discussed during the meetings of the risk committee. The discussion on emerging risks is also taken to the board as part of risk updates, which take place once every three years. Throughout the year, the organisation scans the risk horizon at a corporate level, as well as at the risk ownership and operational levels, and then shares risk intelligence across the organisation.

Yet, other organisations identify and monitor their emerging risks separately from their principal risks. In any case, the current guidance from the Financial Reporting Council (FRC) encourages organisations to report on the process that they use for identifying, managing and reporting emerging risks.

This lays the foundation for a wave of new reporting requirements such as the mandatory Task Force on Climate related Financial Disclosures (TCFD) and forthcoming Taskforce on Nature-related Financial Disclosures (TNFD), as well as the CDP Science Based Targets. Regulatory compliance in the context of ESG is the leading topic of concern this year... ESG and climate change has emerged as one key area where insurance buyers and insurers can work better together. WHAT MATTERS MOST



### What matters most

Our survey respondents were asked to rate 28 hot topics, on a scale of 1 to 5, to indicate the extent to which each of these were of concern to them and to their organisations this year. Grouped according to the four categories of ESG, cyber, remote working, and agility and adaptability, these topics were identified as part of Airmic's ongoing process of consultations and engagement with its members and the risk profession at large, through other surveys and roundtables.

Regulatory compliance in the context of ESG is the leading topic of concern to risk professionals this year. This does not mean that they are only concerned about climate threats and diversity and inclusion issues from the point of view of regulatory risk. In fact, more than 40% of risk professionals believe that climate change will have a material impact on their organisations within one to two years. Equally, they see regulations and reporting requirements such as the Task Force on Climate related Financial Disclosures (TCFD) as an opportunity for them to sharpen their focus on the ESG issues that matter to their business.

Our two accompanying themed reports on climate change and ESG further lay out these opportunities for organisations.

Ransomware is the second greatest concern to risk professionals. The global pandemic has been one of the key drivers and accelerators of many of these trends in cyber threats. The switch to remote working was made almost overnight and, with that, the related cyber risks of having employees accessing company data from home increased several fold. Cyber threats are becoming a form of disruption that organisations must learn to live with, unfortunately. Risk professionals have been taking steps and finding new ways of working that they can adopt as part of a new normal.

Organisational resilience is also a top-ten issue of concern to risk professionals. Pandemics are a lowfrequency, high-impact risk, and this disincentivised organisations from investing more in preparing for such an eventuality before Covid-19 spread around the world. Yet, when it hit, its effect was calamitous for many organisations. All of this calls for organisations to be more agile and adaptable, and this is where risk professionals have an integral role to play.

Finally, the risks and opportunities around remote working during the pandemic have kept risk professionals occupied in building up people resilience. They have found that if the necessary preventive steps are taken to pre-empt issues such as those relating to mental health risks and musculoskeletal problems experienced by some of their employees working remotely, the new normal of hybrid working can present a much-needed boost for productivity and the quality of work.

Each of these focus areas are explored thematically in a series of five sub-reports that accompany this survey report.



The average score on a scale of 1 to 5, where 1 means the megatrend is "not a concern", and 5 means it is of a "very high concern".

See Annex: Research & survey methodology, at the end of this report.

#### Megatrend area

Cyber & technology ESG Remote working

Agility and adaptability

1	2	3	4
Regulatory compliance	Ransomware	Diversity and inclusion	Mental health risks
5 400	0.00	0.00	0.00
► 4.02	3.89	3.83	3.82
5	6	7	8
Transition to a low carbon economy/net zero emissions	Talent retention and development	Digital disruption to businesses	Remote working-related information & cyber security
3.71	3.67	3.66	3.64
9	10	11	12
Organisational resilience	Supply chain threats/ third party threats	State-sponsored disruptive cyber attacks	Extreme weather events and natural catastrophes
3.63	3.63	3.51	3.50
13	14	15	16
Corruption and unethical behaviour	Directors and officers (D&O) liability	Climate change-induced shift in consumer sentiment	Digital transformation of businesses
3.49	3.45	3.44	3.42
17	18	19	20
Supply chain resilience	Information theft (commercial or competitor espionage)	Waste and pollution	Modern slavery
3.41	3.39	3.04	3.13
21	22	23	24
Sales resilience	Biodiversity loss	Back pain and other musculoskeletal risks to employees	Workplace health and safety
3.08	3.07	3.03	3.01
25	26	27	28
Geopolitical technological rivalry	Disinformation campaigns	Hazards posed by work equipment at home (e.g. tripping, fire)	Trade credit resilience
2.87	2.76	2.69	2.58

Ransomware has been the second greatest concern to risk professionals this year. The pandemic has been one of the key drivers and accelerators of cyber threats. NIGHTMARE HEADLINES



# Nightmare headlines

Our survey respondents were asked to imagine a headline in the news that they would dread reading the most when they woke up in the morning.

In this exercise last year, many responses naturally revolved around the pandemic, which was in its early days in the UK and Europe when the survey was being run. Soberingly, almost all of the worst-case scenarios in those imagined headlines relating to Covid-19 have almost all come true.

Using techniques such as imagining potential headlines to 'think the unthinkable' is helpful for identifying and assessing the emerging risks that do not typically make it onto the risk registers of

### New Covid variant discovered – resistant to all existing vaccines

### Climate change past tipping point of no return

Financial markets hit by cyber attack

### US and China at war

### Global supply chain brought to standstill by cyber attack

Offshore insurance vehicles to become illegal

The value of sterling crashes leaving the UK in economic turmoil

**Terrorists invade the US Embassy in** London – many casualties reported

### Here we go again – volcanic eruptions ground transatlantic flights





### Insurance

#### The insurance buyers: A profile

Airmic members are important. The estimated total annual insurance spend for the organisations that Airmic members represent is £10.5 billion. Additionally, they spend an annual total of £75.8 million on professional fees for risk management services and £254.2 million for insurance services such as broker's fees.

#### Signs of an easing in the harsh market

Airmic coined the expression 'harsh market' to reflect that current insurance market challenges extend well beyond price, typically the dominant factor in previous cycles of hard and soft markets.

In our latest survey, Airmic members report some reduction in the throttle of premium rates increases and the imposition of cover limitations and capacity. Programme capacity remains a concern, and is cyber the new D&O? However, there are positive signs that insurers and brokers are working hard on their client relationships, which have increased in fragility over the past two years. The poor quality and timing of communication remains a major criticism of the industry, so let's hope that insurer and broker partnership ambitions will drive relationship improvements.

Airmic has always supported the concept of partnership – we are in this for the long term with our partners and are ready to play our part.

#### It's all about risk

It's not rocket science to figure out that the insurance market prizes the best risks – demonstrating that you represent one of those risks is a top priority for Airmic members. This reinforces Airmic's mission to lead the development of risk management and insurance as integrated and dynamic professions and to fulfil our purpose of driving transformation and shaping the future.

D&O cover and price pressures stole the Airmic member headlines in 2020, but in 2021, this pole position headline is moving towards cyber as more capacity enters the D&O market from new players, notably above primary layers. We urge nonexecutive directors to check their D&O cover and challenge it by asking informed questions through the lens of the boards they sit on – the questions will vary by sector and company – with the support of the risk professionals in their organisations.

Cyber insurance isn't new and has been evolving since the late 1990s when it focused on damage to third parties caused by someone other than the insured. Today, the solutions under the banner of cyber are many and varied, from solutions designed purely to provide incident response to sophisticated solutions using alternative risk-financing models, including captive-backed solutions. Airmic members reported an industry that is overzealous in its quest for information, which some challenged might then have little influence on the cover and pricing of their risk. There also remains a skepticism over value – are cyber claims being paid? The answer from the brokers and insurers we spoke to is a firm "yes, a material number of claims are being notified and paid". Perhaps this cover is a victim of a lack of incident transparency, which can fuel suspicion - a challenge for all parties involved? Some members also reported that their technology and information peers preferred other interventions and that these peers often had the ear of their leadership on this subject. Meanwhile, risk professionals must explore the potential of data, seek relationships with their peers and aim for an outcome that is collectively beneficial for their organisation. It's all about risk!

#### Driving transformation and shaping the future

While insurers and brokers are under stress themselves, they have indicated that they want to be business partners with Airmic members. Looking to the future, ESG and climate change has emerged as one key area where insurance buyers and insurers can work better together through more collaboration and engagement.

Insurers are integrating environmental and social factors into their underwriting processes. Policy positions on this have been adopted; for example, some insurers say they no longer provide insurance to single coal-fired power plants and coal mines, and will phase out insurance relating to coal exposure completely by 2040. This constitutes part of their commitment to keeping global temperature increases to below 1.5oC, by supporting the transition to a low-carbon economy.

Meanwhile, some Airmic members say better linkages could be made between the insurer's commitments at the corporate level to lower the carbon footprint of its portfolio of risks over the medium term and the insurer's underwriting team. There has not yet been a codified means for underwriters to measure the carbon footprint of the businesses they are looking to underwrite and to factor that into the climate commitments of the insurer.

Airmic members believe now is the time to engage in that kind of dialogue with underwriters and insurers if the insurance sector as a whole is to make progress in climate action.

"There needs to be more collaboration in the insurance industry on how to deal with climate risks, and on the measurement, management and risk financing of those risks," said Julia Graham, CEO of Airmic. "This is especially significant given that most insurers are now signed up to the same climate commitments."

#### Trends that will shape the insurance industry

Barring any unexpected catastrophes, individuals, businesses and society can start to look forward to shaping their futures rather than just grinding through the present .... and the future 'normal' could be better. Responsible leadership by business and government, changes fuelled by technology, sustainable growth and medical innovation, there could be a foundation for the long term. Plato was right, however: necessity is the mother of invention, and the primary driving force for most new inventions is identifying a need. During the pandemic, the velocity of digitisation has had a stunning impact on everything from online service to remote working, to supply-chain reinvention, to the use of artificial intelligence and machine learning, to improve operations.

Whilst digital technologies are driving irreversible change, the impact of the pandemic has added velocity to the pace. The insurance industry stands on the precipice of opportunity for change.

New competitors and business models, the capabilities of AI-powered analytics, insurance innovators improving their performance, the emergence of usage-based products, addressing the demands of systemic risks, and meeting the needs of increasingly sophisticated customers and risk management professionals are collectively driving transformation of the insurance industry. With so much change, the challenge is: which direction will the industry take and where should the energy of insurers and brokers be focused?

As we look into the future, we naturally see both threats and opportunities, but will the insurance industry seize the opportunities – and as they look over the precipice, what do industry leaders see?

This is a subject that will occupy Airmic during the balance of 2021 and into 2022 – as we drive transformation and shape the future.

D&O cover and price pressures stole the Airmic member headlines in 2020, but in 2021, this pole position headline is moving towards cyber.

40% of respondents believed that climate change will have a material impact on their organisations within one to two years. Equally, they see ESG regulations and reporting requirements as an opportunity for them to sharpen their focus on the issues that matter to their business.

Dealing with long-term, recurring crises such as pandemics is not something that current organisational resilience has been set up to manage... Risk professionals are now actively reviewing and changing their strategic approach to resilience.

### Conclusion

The risk profession is adapting to better meet the challenges posed by systemic crises such as the pandemic. Dealing with long-term, recurring crises such as pandemics is not something that current organisational resilience has been set up to manage, nor is the reinsurance industry set up to risk-finance. Risk professionals and their organisations are now actively reviewing and changing their strategic approach to resilience.

Top management and risk professionals need to be comfortable dealing with more and different uncertainty, allowing them to better identify opportunities and threats, and rise to the occasion. There is a concurrent opportunity for risk professionals to add value to and inform strategic decision-making.

It is understandably a challenge to convince top management to focus more of their precious time on high-impact, low-probability risks such as pandemics. While the approach towards these risks should be analytical, it must also be creative and pragmatic, reflecting the complexity of uncertainties to secure buy-in and actionable results. Organisations need to be more agile and adaptable to be able to survive and thrive in such an unpredictable global environment experienced by some of their employees working remotely experienced by some of their employees working remotely – which brings us back to the principles of resilience in the digital age. However, change is not a lone activity. Airmic will work with our members, our partners and our stakeholders to explore the future and to lobby for informed change.

This report addresses a number of issues, priorities and risks of strategic significance, but the most important subject on our horizon must remain climate change. If we still need any convincing about this, then we only need to read the following comment taken from Climate change risk assessment 2021, published by Chatham House, the policy Institute:

"Cascading climate impacts can be expected to cause higher mortality rates, drive political instability and greater national insecurity, and fuel regional and international conflict. During an expert elicitation exercise conducted as part of the research for this paper, the cascading risks that participants identified greatest concern over were the interconnections between shifting weather patterns, resulting in changes to ecosystems and the rise of pests and diseases. Combined with heatwaves and drought, these impacts will likely drive unprecedented crop failure, food insecurity and migration. In turn, all will likely result in increased infectious diseases, and a negative feedback loop compounding each impact.

- Chatham House: Climate change risk assessment 2021 – The risks are compounding, and without immediate action the impacts will be devastating (Research Paper, Environment and Society Programme, September 2021)

If we need to focus on the longer-term future, surely this is where our biggest thoughts, energy and efforts should be collectively directed.

# Survey & research methodology

This report, produced by Airmic in collaboration with Control Risks, KPMG, Marsh, QBE and Sedgwick, is based on 226 responses gathered in a survey from 21 July to 2 September 2021. For context, this corresponded to the period during which the UK government moved to the final stage of easing Covid restrictions in England.

Subsequently, roundtables with Airmic members were held to gather qualitative responses.

Issues of focus: ranking methodology

From a list of five risk megatrend areas with five sub-areas each, survey respondents were asked to assess the extent to which each of these would be of concern to them and their organisations, in the course of the next three years. They were asked to do so on a scale of 1 to 5, where 1 meant it was 'not a concern' and 5 meant it was a 'very high concern'.

The list of megatrend areas and sub-areas was mapped out by Airmic and its five partners from January to June 2021, and reinforced through secondary research and benchmarking with other risk megatrend studies. To reduce selection bias and to pre-empt unforeseen risk areas, survey respondents were also offered open-ended options to identify and assess other risk megatrends not on the list.

A simple average for the level of concern each risk megatrend sub-area posed to all respondents was calculated and expressed as a score out of 1 to 5.

The level of concern for any given risk can thus be formally denoted as:

$$\operatorname{concern}_r = \frac{1}{N_r} \sum_{n=1}^{N_r} \operatorname{concern}_{r,n}$$

where Nr is the number of respondents for risk r, and concern<sub>r,n</sub> is the level of concern assigned by respondent n to risk r. The level of concern felt by respondents to each risk was measured on a scale of 1 to 5.

## Acknowledgements

We would like to thank all Airmic members and other organisations who have contributed their insights and thoughts to this report.

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### About us

### **Control** Risks

#### **About Control Risks**

Control Risks is a specialist global risk consultancy that helps to create secure, compliant and resilient organisations in an age of ever-changing risk. Working across disciplines, technologies and geographies, everything we do is based on our belief that taking risks is essential to our clients' success. We provide our clients with the insight to focus resources and ensure they are prepared to resolve the issues and crises that occur in any ambitious global organisation. We go beyond problem-solving and provide the insight and intelligence needed to realise opportunities and grow.

www.controlrisks.com



#### About KPMG

KPMG in the UK is one of the largest member firms of KPMG's global network of firms providing audit, tax and advisory services. In the UK we have 631 partners and 15,864 outstanding people working together to deliver value to our clients across our 22 offices. Our vision is to be the clear choice in professional services in the UK. For our clients, for our people and for the communities in which we work. KPMG's core business is to help your organisation work smarter, evaluate risks and regulation and find efficiencies. We do this by providing deep insight into market issues, transparency in everything we do, and using innovative technology to tackle complex problems. We are focused on the issues that keep our clients awake at night and responding to them as One Firm. To do that, we strive to create a high performance culture, guided by our values, where our diverse talent feels included and excels.

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#### **About Marsh**

Our purpose is Possibility. At Marsh, the idea of possibility isn't just something we talk about - it's something we've lived for over 150 years.

We help our clients and colleagues grow – and our communities thrive – by protecting and promoting Possibility. We seek better ways to manage risk and define more effective paths to the right outcome. We go beyond risk to rewards for our clients, our company, our colleagues, and the communities in which we serve.

With offices in more than 130 countries, Marsh is the world's leading insurance broker and risk advisor. We provide industry-focused brokerage, consulting, and claims advocacy services, leveraging data, technology, and analytics to help reduce our clients' total cost of risk.

With around 40,000 colleagues worldwide, we provide our commercial and individual clients with insights, advice, and support in the local markets in which they operate or where their business may face risks. We help you understand coverage nuances, regulatory developments, and risk trends. And we work together with you on placement, mitigating risk, and optimizing your risk spend.

For 150 years, clients have trusted Marsh to advise them during the most trying and celebratory times, helping them achieve success by becoming more resilient and attaining the possible. With new risks and opportunities constantly emerging, we help you navigate the changing risk landscape, realize your ambitious goals, and make your future more secure.

www.marsh.com



#### About Sedgwick

From our modest beginnings as a regional claims administrator founded in 1969, Sedgwick has grown into a leading global provider of technology-enabled risk, benefits and integrated business solutions with nearly 27,000 colleagues, located across 65 countries.

Through innovative product development, organic business development and strategic acquisitions, Sedgwick's offerings continue to evolve beyond claims processing to meet the current and future needs of our clients. Our approach to delivering quality service in areas such as third party administration, liability, property, disability and absence management goes far beyond just managing claims – we aim to simplify the process and reduce complexity, making it easy and effective for everyone involved.

#### Our core values

Taking care of people is at the heart of everything we do. Caring  $counts \ensuremath{\mathbb{R}}$ 

Sedgwick is a purpose- and values-driven company. Our continual growth and evolution has been rooted in our consistent approach to the important work our colleagues perform each day. Our shared purpose has always been – and continues to be – to take care of people.



#### About QBE

QBE is a specialist business insurer and reinsurer. We're big enough to make a difference, small enough to be fleet of foot. We may not be the best known, but a large part of the modern world depends on our cover. We have clients as varied as bus and coach fleet drivers and major international infrastructure consortiums. For them, we're the buffer between the best-laid plans and uncertain reality. People who deal with us find us professional, pragmatic and reliable – this is one of the reasons we're still here after 130 years. Our underwriters are empowered to take decisions that are important to you. (Because we know no computer can replace that human ability.) And we don't just cover your risk. We help you manage it, meaning that you're less likely to have to make a claim in the first place.

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#### **About Airmic**

The leading UK association for everyone who has a responsibility for risk management and insurance for their organisation, Airmic has over 450 corporate members and more than 1,300 individual members. Individual members include company secretaries, finance directors, internal auditors, as well as risk and insurance professionals from all sectors.

Airmic supports members through training and research; sharing information; a diverse programme of events; encouraging good practice; and lobbying on subjects that directly affect our members. Above all, we provide a platform for professionals to stay in touch, to communicate with each other, and to share ideas and information.

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