San Francisco, 1906

Thai Floods, 2011

Superstorm Sandy, 2012

“17 countries have an annual insurance gap of at least $168 billion”
An emerging risk is characterised by:
- High uncertainty
- High impact
- Emerging factors (likely to generate disproportionate or unpredictable effects)

This diagram illustrates a range of emerging risks.
- We measure them according to ‘uncertainty’.
Managing cyber risk will require great planning and forward-thinking.

The key challenge is to understand ‘systemic’ exposure – cyber is a networked environment

Insurers are developing new products to transfer the risk of liability and damage arising from cyber events.

Cyber risk is covered by specialist policies.
Space weather is driven by solar activity. It has the potential to generate harmful effects on earth and against orbiting satellites (e.g., GPS).

Space weather can affect electrical power, telecommunications, transport, drilling and finance.

Power grids and communications networks should be resilient to extreme space weather.
Climate Change

- Scientific evidence points conclusively to human-induced climate change.

- Insurers have a critical interest in understanding and managing the impacts of climate change.

- Lloyd’s research suggested that climate change induced sea level rise increased the losses from Superstorm Sandy by 30% in New York.

US Government National Climate Assessment, 2014
CONCLUSIONS

► More people live in cities
► Cities are vulnerable to many risks and these include climate change, space weather or even cyber risk.
► All these risks could potentially lead to systemic failures which impact financial markets, emergency services and even transport.
► Lloyd’s strives to be at the forefront of understanding these risks.
► Insurance can help in managing those risks.