

# What Role for Insurance in the Post-pandemic World?

#RiskConversations webinar series

28 June, 12:30–13:45 CEST

# What Role for Insurance in the Post-pandemic World?

Welcome



**Simone Bemporad**

Director Communications and Public Affairs  
Generali

# The Global Risk Landscape after COVID-19: What role for insurance?



Kai-Uwe Schanz, Deputy Managing Director and Head of Research & Foresight, The Geneva Association

#### Transition to a 'New Normal': The baseline scenario

The world is expected to transition to a 'New Normal' post-pandemic. Many trends that were already underway have been amplified by COVID-19, and a number of lasting effects are expected to fundamentally change the risk landscapes and operating environment for insurers, too.

Based on desk research and in-depth interviews, the key elements of which include changes to the political, economic, social and technological environment, we put forward a

baseline scenario for the post-pandemic risk landscape. Based on this baseline scenario we believe that accelerated digitalisation, 'big government', the pivot to sustainability, and the shift to remote working – in that order – are likely to have the most significant effects on insurers and their role in the post-pandemic world.

#### Accelerated digitalisation

The pandemic has hastened and amplified digitalisation and will accelerate consumers' embrace of e-commerce – for good. This

Figure 1: The relevance of the baseline scenario for insurance



Source: The Geneva Association

The Geneva Association

3

Report and summary can be downloaded at:

[www.genevaassociation.org](http://www.genevaassociation.org)

# Speakers



**Renaud Guidée**  
Group Chief Risk Officer  
AXA



**Jerome Haegeli**  
Group Chief Economist  
Swiss Re



**Kai-Uwe Schanz**  
Head of Research  
and Foresight  
The Geneva Association



**Mamiko Yokoi-Arai**  
Deputy Head of Financial  
Markets Division  
OECD



**Simone Bemporad**  
Director of Communications  
and Public Affairs, Generali  
*Moderator*

# The Global Risk Landscape after COVID-19: What role for insurance?

## Key research findings



**Kai-Uwe Schanz**

Head of Research & Foresight  
The Geneva Association

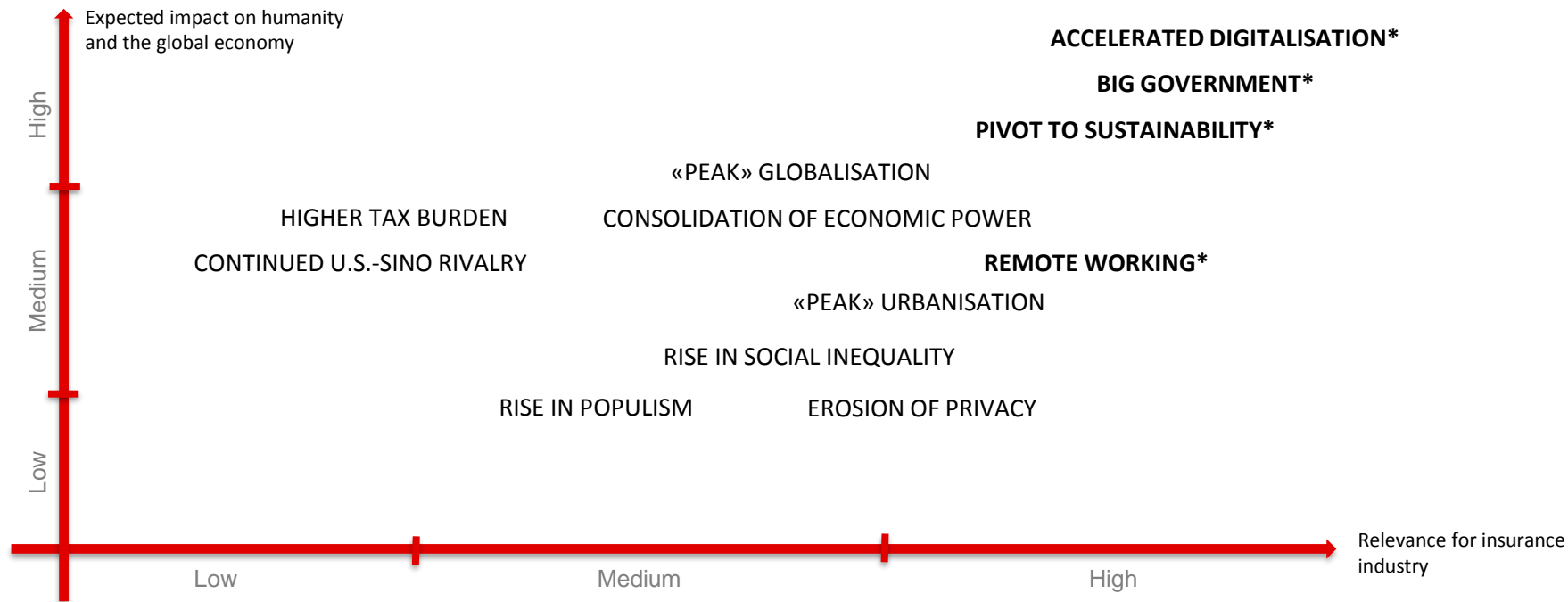
# Methodology

A three-pronged approach

- ◉ **Desk research**
- ◉ **25 executive and expert interviews**
  - CEOs and other C-suite executives
  - Experts from academia
- ◉ **A global customer survey commissioned with Edelman Data & Intelligence**
  - Customer experience and expectations
  - Overall perception of the insurance industry during the pandemic
  - Media exposure of interviewees
  - 900 retail and 100 small commercial insurance buyers in each of the following countries: Brazil, China, France, Germany, Italy, Japan, U.K., U.S.

# The post-pandemic risk landscape

Our illustrative baseline scenario



Source: The Geneva Association

\* The report's areas of focus

# Key findings from executive and expert interviews

From an insurance angle, the main changes to the risk landscape that have been accelerated or amplified by the pandemic are:

## 1. Digitalisation

- Compounded digital risks
- Data and analytics (IoT) to shift the limits of insurability and enable new insurance business models

## 2. 'Big Government'

- Growing 'bail-out mentality'
- Lasting ultra-low yield environment
- Increased risk of inflation
- 'Crowding out' of the insurance industry?

## 3. Pivot to sustainability

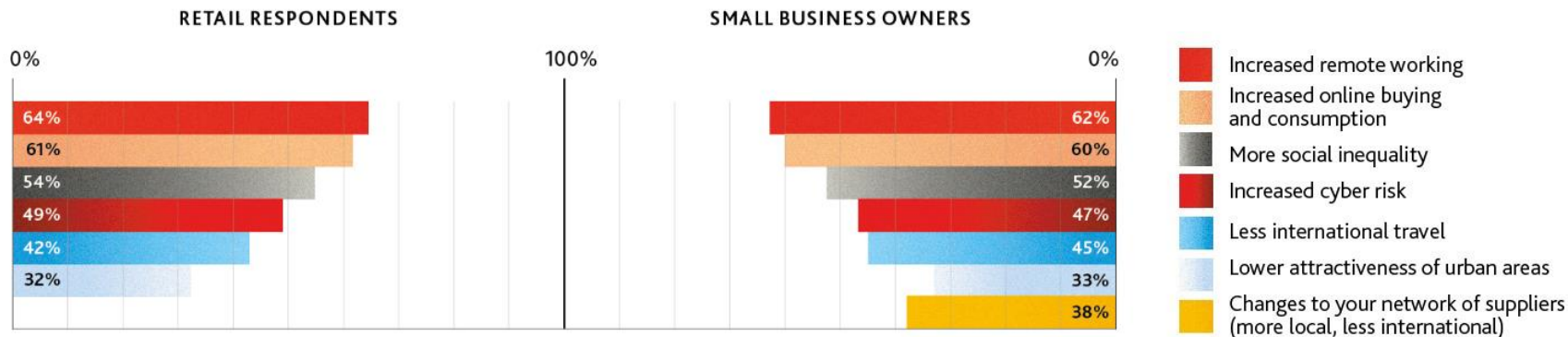
- Sense of fragility
- Higher awareness of protection gaps (health, life, business interruption)
- Opportunity to 'build back better'

## 4. Remote working

- Changing employer and employee exposures (cyber, liability, property)
- Scope for more sustainable work practices, possibly facilitated by insurance

# Key findings from the global customer survey (1/4)

Trends expected to endure post-pandemic

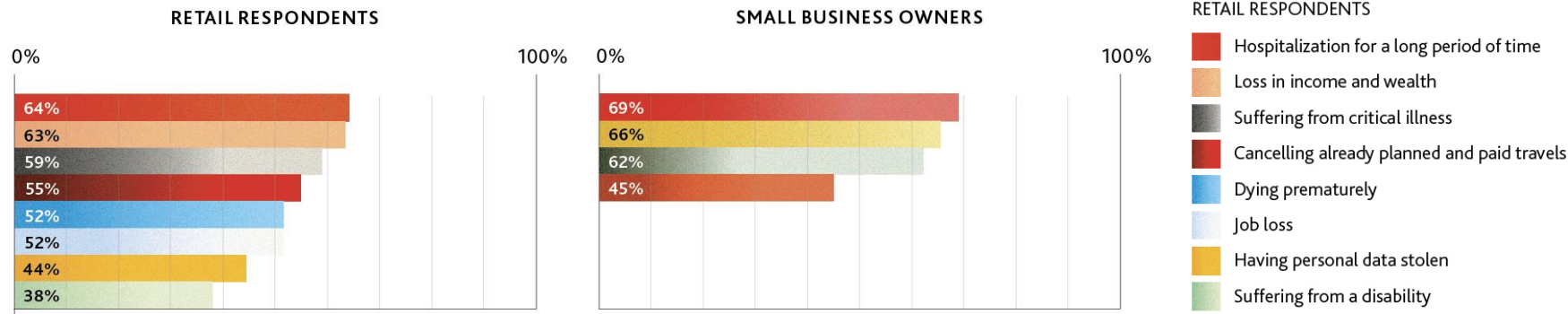


- More than 50% of both retail and commercial respondents mention **remote working, the shift to digital and increased social inequality**. 38% of small business owners expect shorter and **more local supply chains**
- Brazilian and French retail respondents are most convinced that shifts will last; Chinese and German retail respondents are least. U.S. and U.K. respondents are disproportionately aware of heightened cyber risk\*

\* See report for details

# Key findings from the global customer survey (2/4)

## Anticipated risk exposures post-pandemic

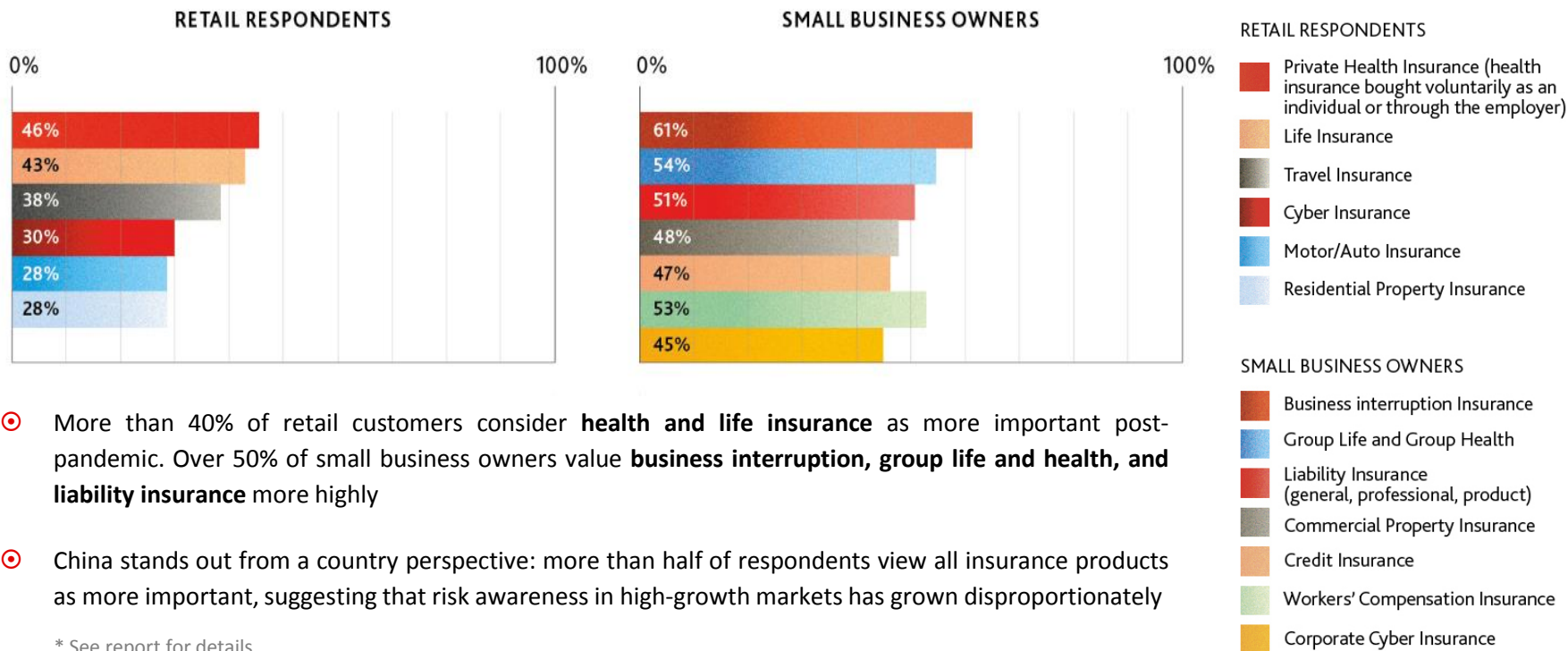


- ⦿ Almost two thirds of retail customers are concerned about a **higher risk of extended hospitalisations** and a **loss of income or wealth**. For small business owners, furloughing employees, a deteriorating financial position of the business and the need to close down rank highest
- ⦿ In general, Brazilian and U.K. retail customers are most concerned about post-pandemic risk exposures; their German counterparts are least concerned\*

\* See report for details

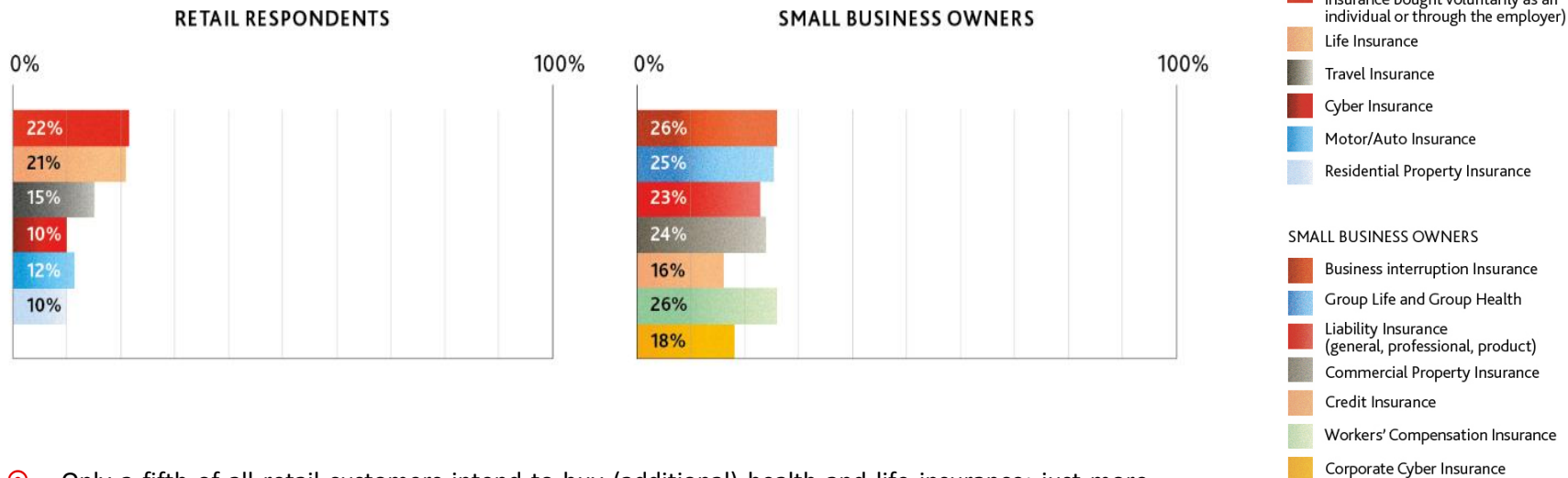
# Key findings from the global customer survey (3a/4)

## Need for insurance post-pandemic



# Key findings from the global customer survey (3b/4)

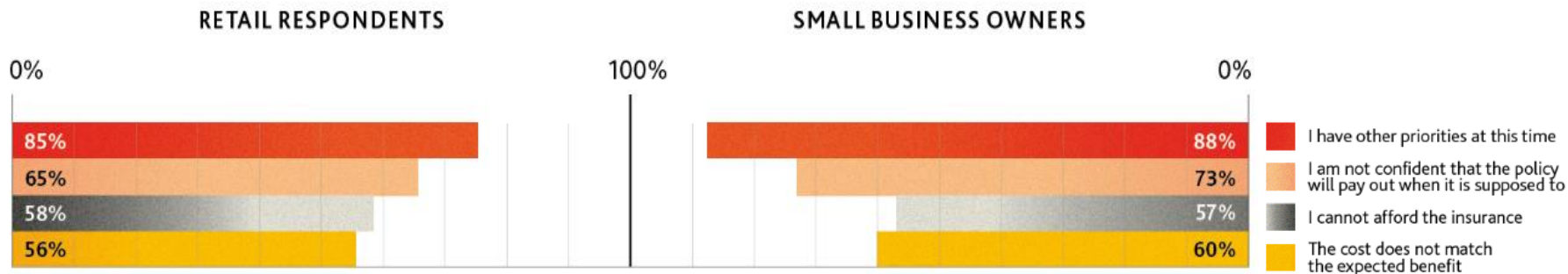
## Buying intentions post-pandemic



- Only a fifth of all retail customers intend to buy (additional) health and life insurance; just more than a quarter of small business owners plan to purchase (additional) business interruption and workers' compensation insurance. Levels of commercial buying intent are lowest for credit and corporate cyber insurance

# Key findings from the global customer survey (3c/4)

## Main obstacles to purchasing (additional) cover\*



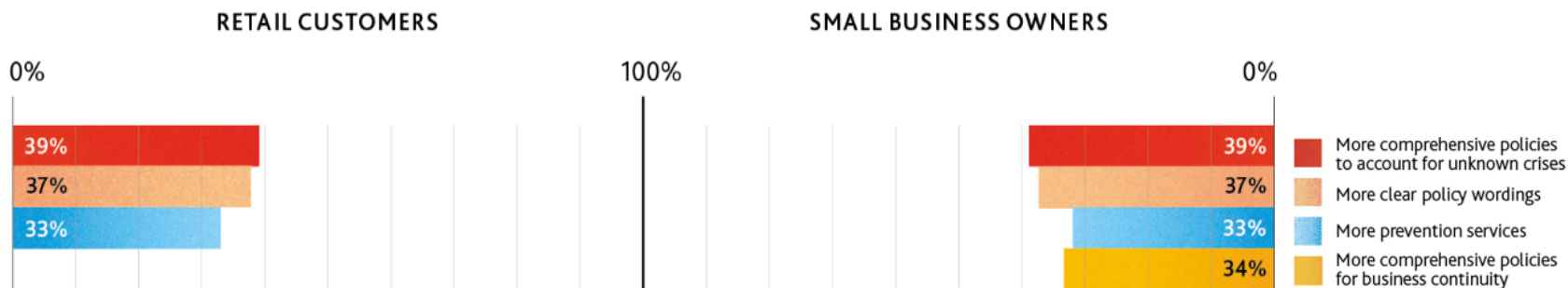
- Both retail and commercial customers mention 'other priorities' (i.e. **insurance not being on top of mind**) as the main reason
- Concerns about the reliability of insurers' contingent promise to pay rank second and are particularly prevalent in China\*\*
- Affordability only ranks third as an obstacle, especially in the high-growth markets. In Germany, such concerns are least relevant\*\*

\* As a share of those who value insurance more highly post-pandemic

\*\* See report for details

# Key findings from the global customer survey (4/4)

## Customer expectations post-pandemic



- ⦿ Retail and small commercial buyers expect **more comprehensive policies** to account for (unknown) future crises, clearer policy wordings and more prevention services

# The bottom-line: Five recommendations for insurers

From desk research, in-depth interviews and the Edelman survey

1. **Harness heightened risk awareness** (health, mortality and income risks) and the shift to digital to narrow protection gaps
2. **Sharpen focus on corporate purpose** and 'built in' mission to promote sustainability
3. **Expedite business model innovation** (e.g. prevention services)
4. **Capitalise on accelerated digitalisation** to expand coverage, capture efficiency gains and redefine customer engagement and experience
5. **Simplify products and clarify policy wordings**

# Lessons from the pandemic:

Improving insurability of future disaster events

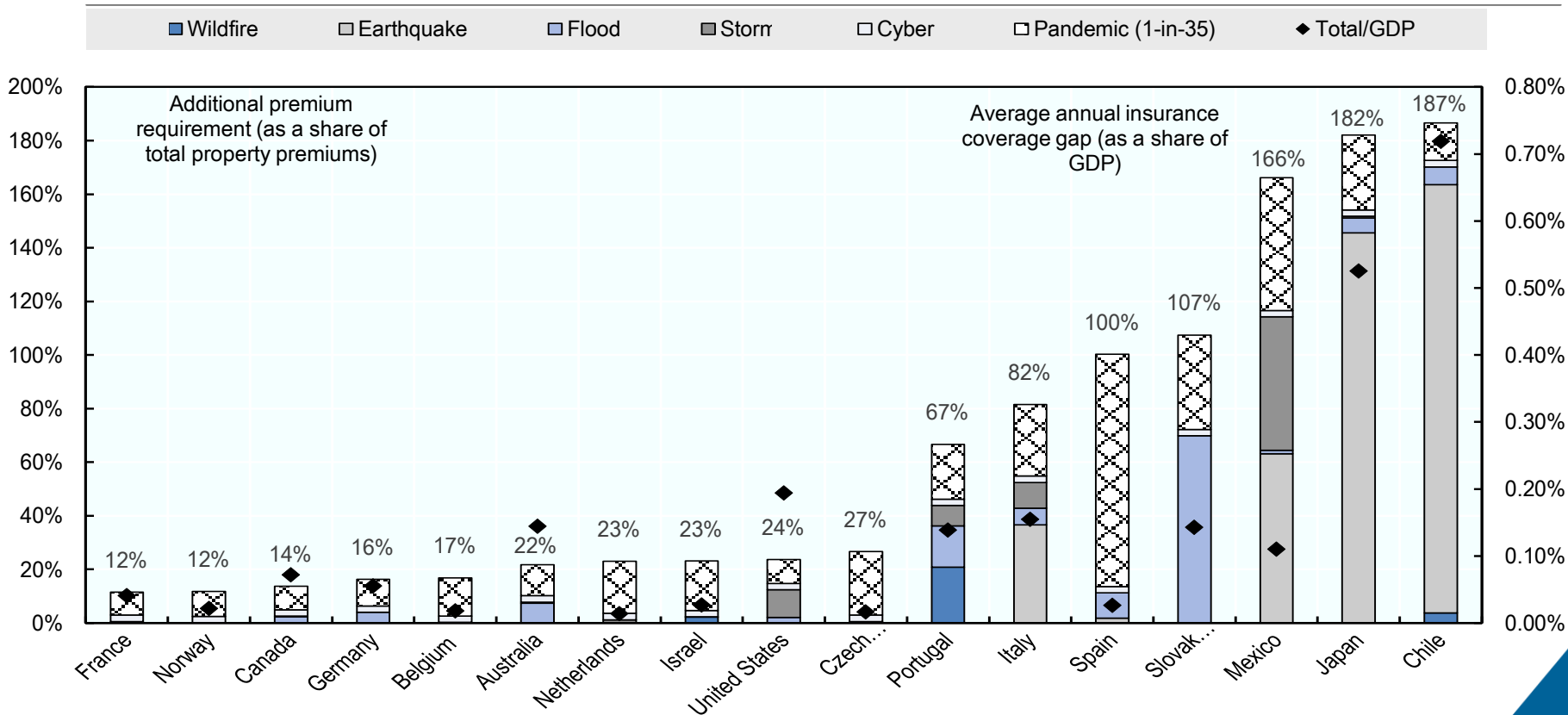


**Mamiko Yokoi-Arai**

Deputy Head of Financial Markets Division  
OECD

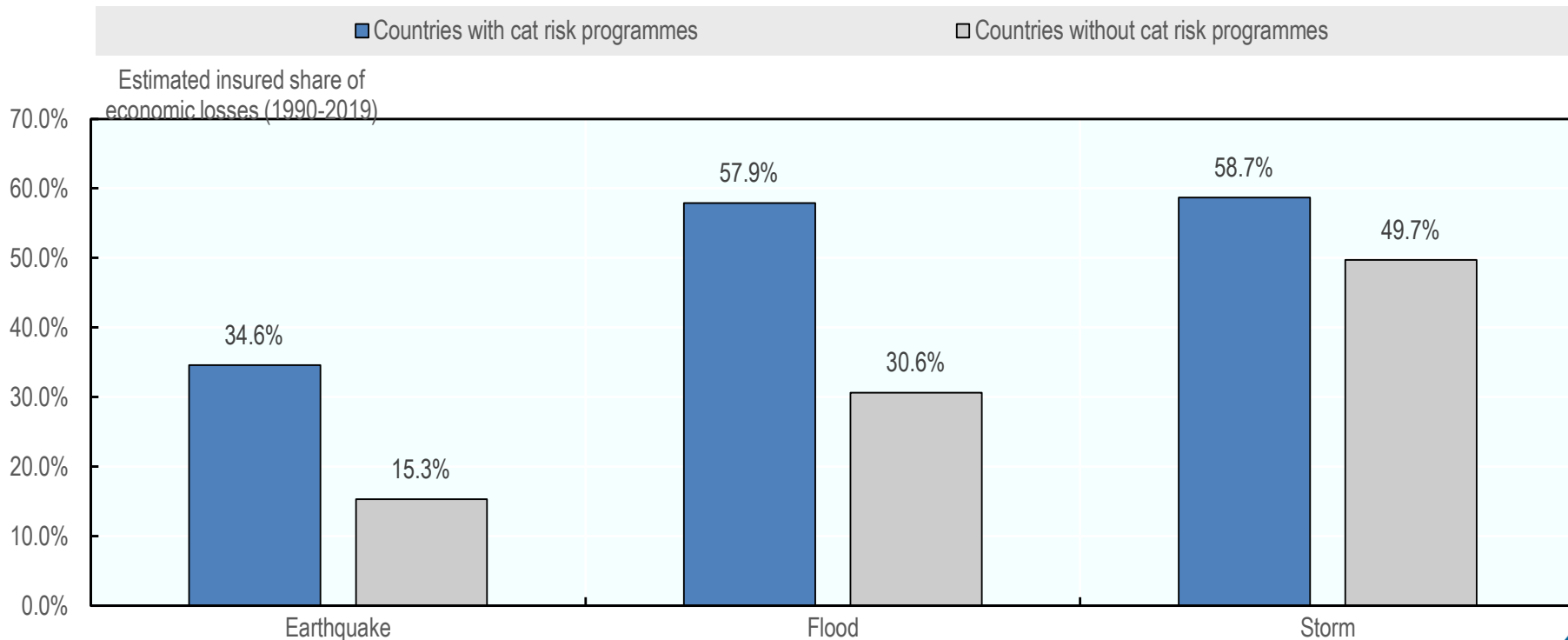


# The cost of closing the gap between insured and economic losses





## Insured share of economic losses in countries with and without catastrophe risk insurance programmes (1990–2019)





**Renaud Guidée**

Group Chief Risk Officer

AXA

# The pivot to sustainability:

## Opportunities for insurers as resilience builders

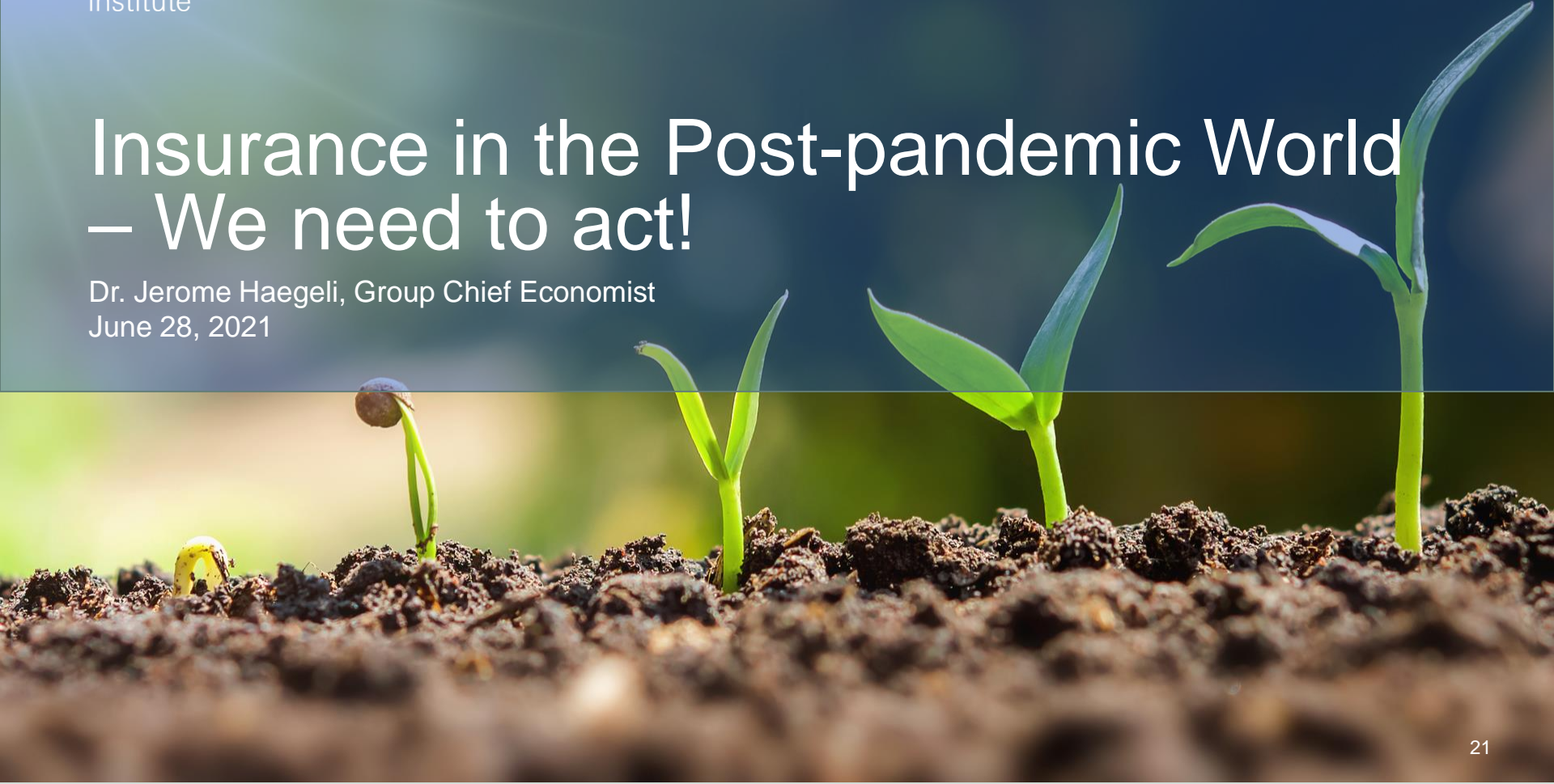


**Jerome Haegeli**

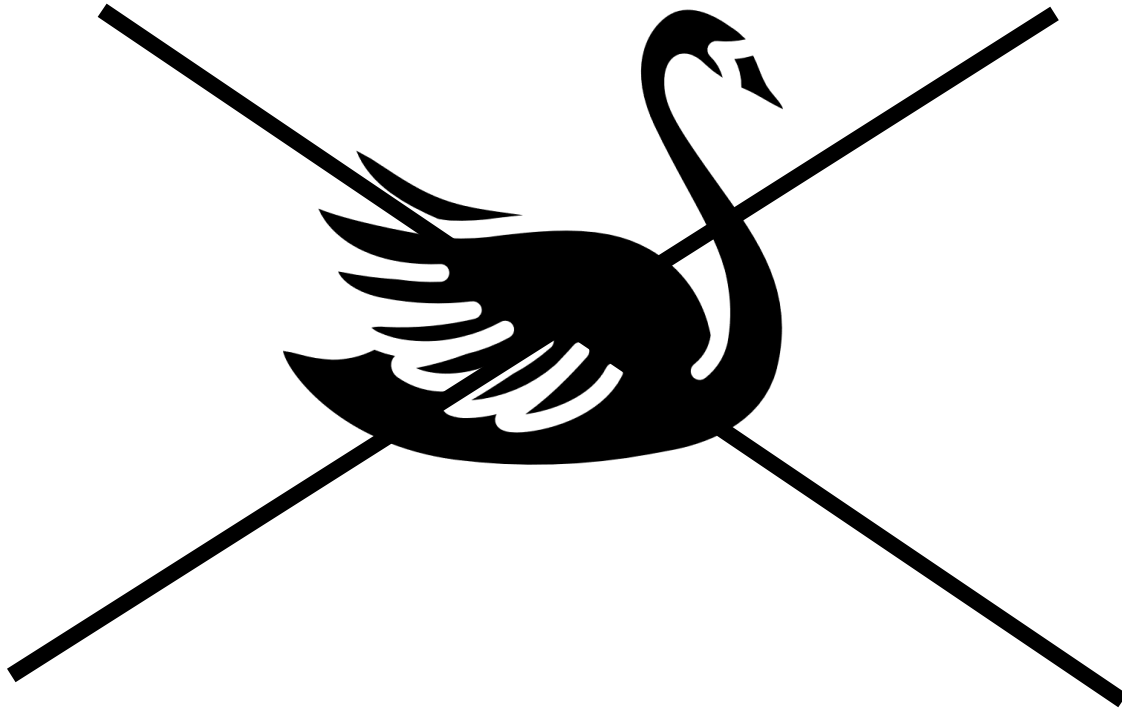
Group Chief Economist  
Swiss Re

# Insurance in the Post-pandemic World — We need to act!

Dr. Jerome Haegeli, Group Chief Economist  
June 28, 2021



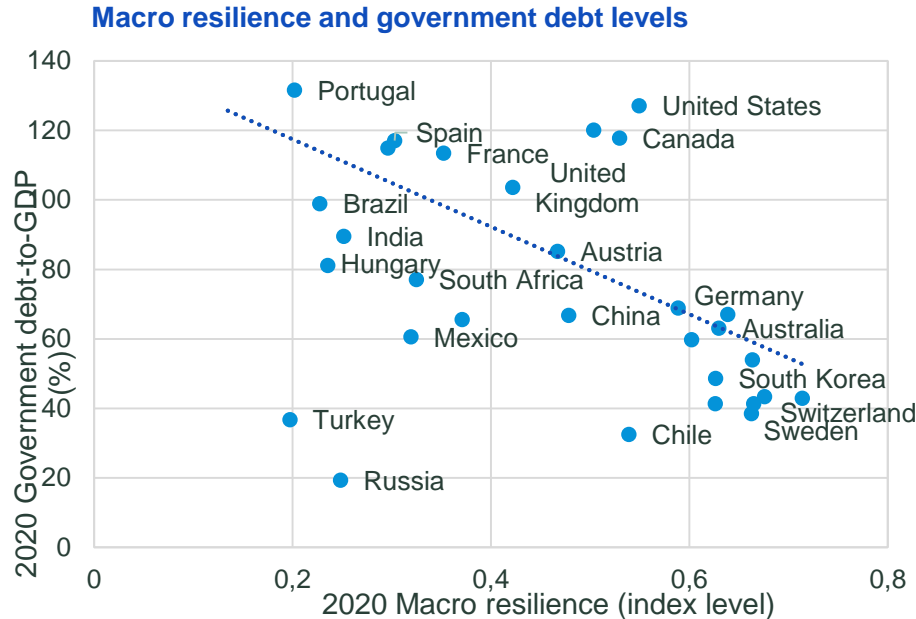
2007/08 and 2020+: systemic risk is not a black swan!



Point 1: Climate change is No. 1 risk for global economy  
The key figures to remember!

-18% | \$100trn |  $\geq$ \$75

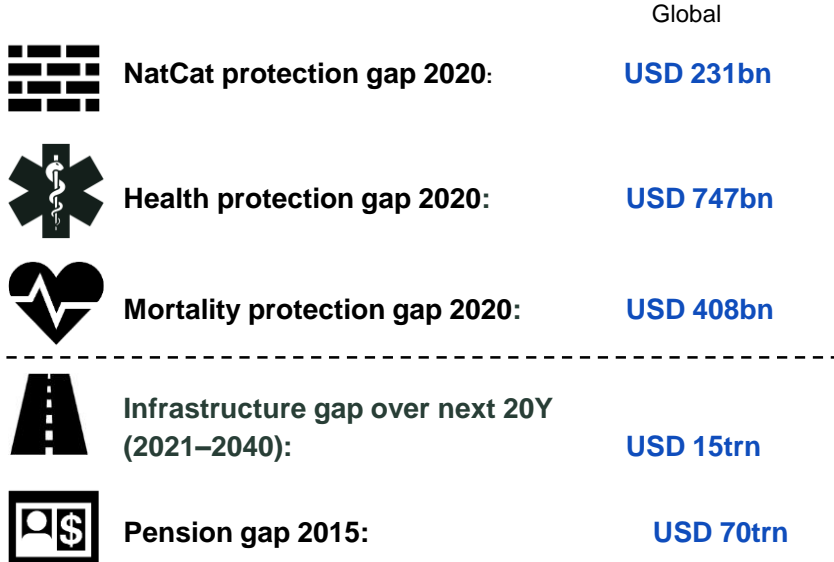
## Point 2: Macro resilience 2021 is lower than 2019 and lower than 2008. It is time to rebuild!



Source: International Monetary Fund, [sigma Resilience Index 2021: a strong growth recovery, but less resilient world economy](#), Swiss Re Institute

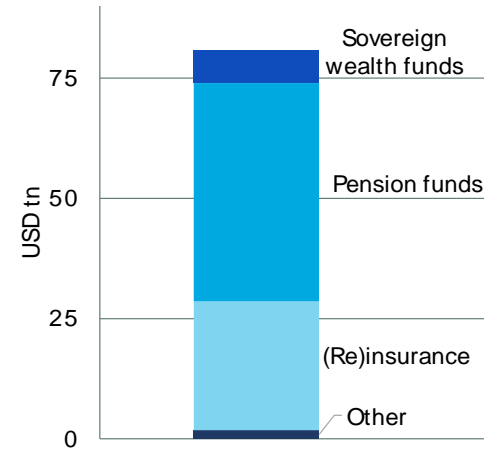
# Point 3: Re/insurance at the center of building resilience & securing a sustainable future

## Insuring underlying risk...



## ...and acting as a long-term investor

Insurance market has AUM of around USD 30 trn



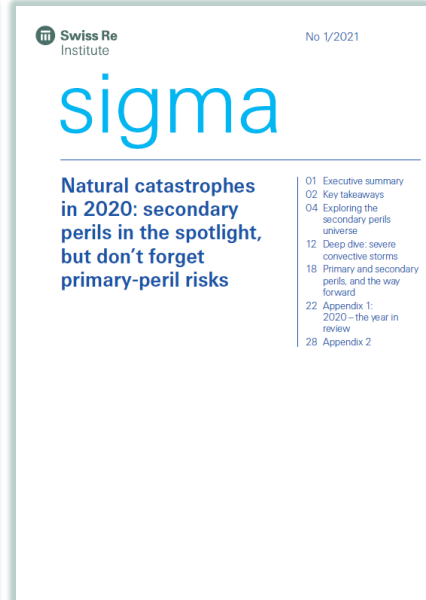
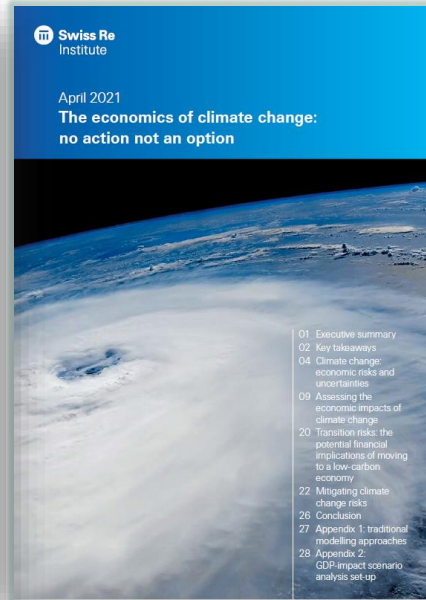
**USD 80 trn asset base =**  
~100% of global GDP



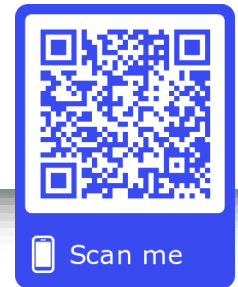
## Call for action: post-crisis recovery & enhancement of policy stimulus to focus on improving **economic resilience**



# Latest Swiss Re Institute publications



[Link here](#)





*INSURANCE FOR A BETTER WORLD*

[www.genevaassociation.org](http://www.genevaassociation.org)

