



CERA VISION

The logo features the word "CERA VISION" in a bold, sans-serif font. The "CERA" is in blue, and "VISION" is in yellow. A large, stylized eye graphic is positioned behind the text. The eye's iris is a dark blue circle containing a white globe icon. The pupil is a white circle. The entire eye graphic is enclosed within a larger blue circular outline.

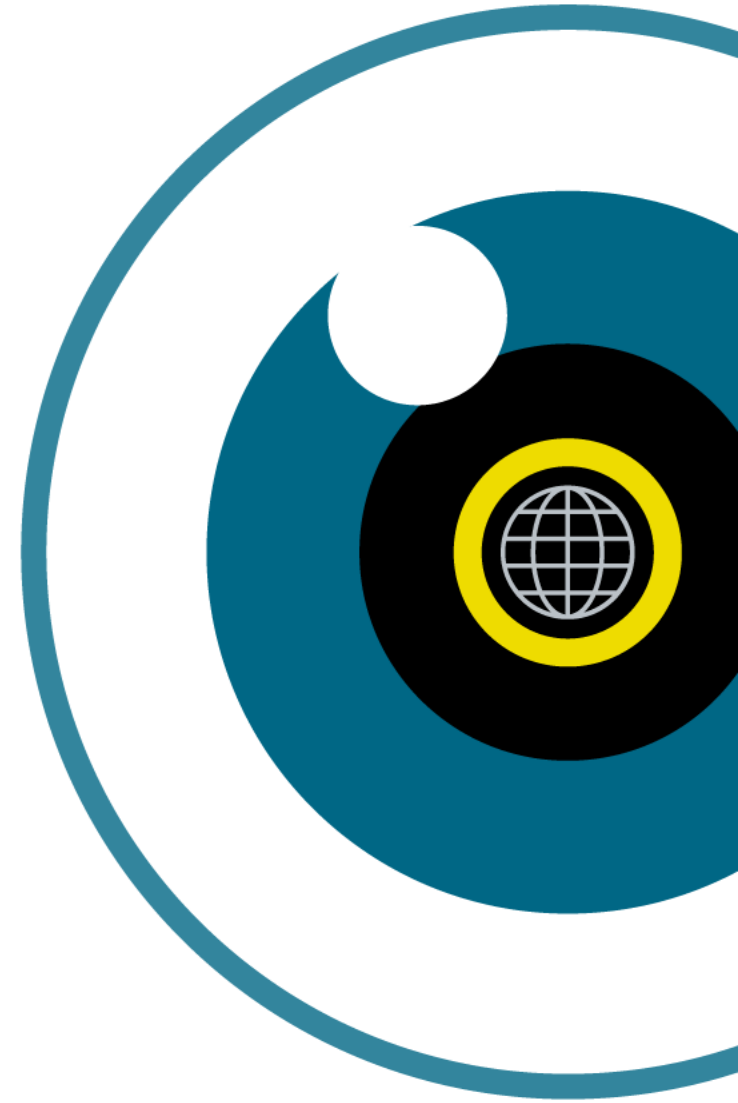
*where foresight*

*meets insight*



**The drama and chess of insurance risk management**

Sally Bridgeland



# The drama and chess of insurance risk management

- The way that insurance companies look at risk has changed dramatically over the last 20 years and there are lessons we can learn from this evolution.
- Being systematically imaginative is key in risk management, and the chess club and the drama club concept is deliberately playful and thinks in terms of two extremes, the chess club and the drama club. It encourages you to be self-aware and think about which club would you rather join, the chess club or the drama club? Looking to deliberately imagine and include the other club's perspective - using 'Club Mix questions' - can make risk management more resilient and creative.
- In the insurance industry we use the drama club to create scenarios and reverse stress tests - the stories which imagine what might go wrong. The chess club also have models and help quantify and articulate our tolerance for a risk, manage and model it. Are we overcomplicating the improbable? Overdramatising the probable?
- Are there things that we are missing which would help us make our models and their outcomes more relevant to insurance executives and regulators by drawing on lessons about embracing uncertainty from artists and philosophers to integrate vital longer term issues in our short-term 1:200 modelling.

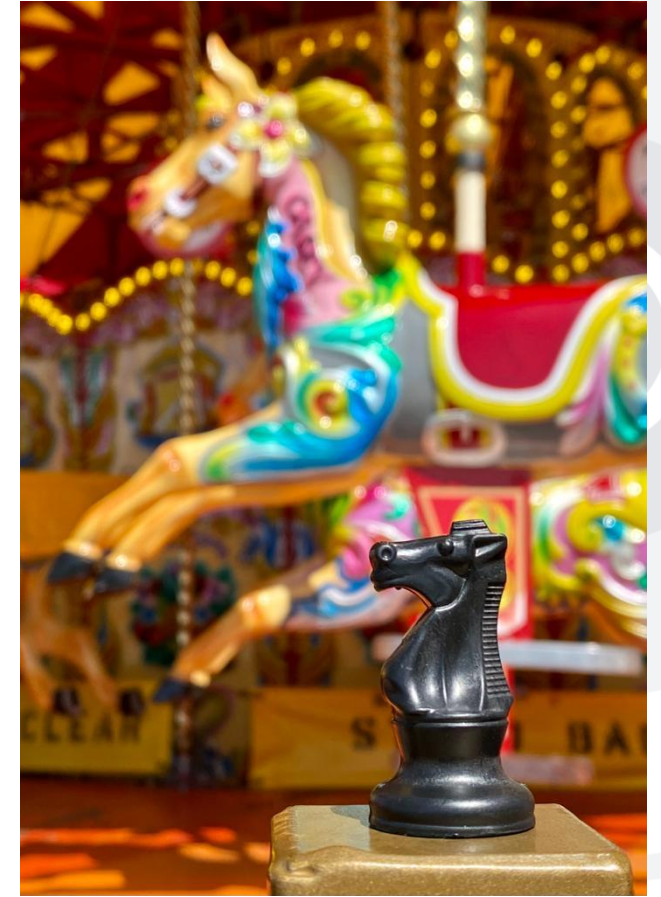
## Something about Sally

- Good at pure maths and exams
- Started working in the days before computers
- Co-wrote an actuarial paper on neural networks in the 1990s
- Innovation: LDI, responsible investment, benchmarks and investment process modelling for pension schemes, insurance companies and charities
- BP days: GFC, Gulf of Mexico tragedy, pension scheme tax changes
- Experienced non executive director and chair
- Round peg in a square hole
- Passionate about learning and creativity
- Expect the unexpected

# Introducing the drama club and the chess club



- Once upon a time ...
- Which club would you rather join?
- Chess - resilience
  - Analytical
  - Complex moves
  - Planning
- Drama - creativity
  - Imaginative
  - Freeform
  - Vision
- Deliberately playful
- Not tied to roles or expectations

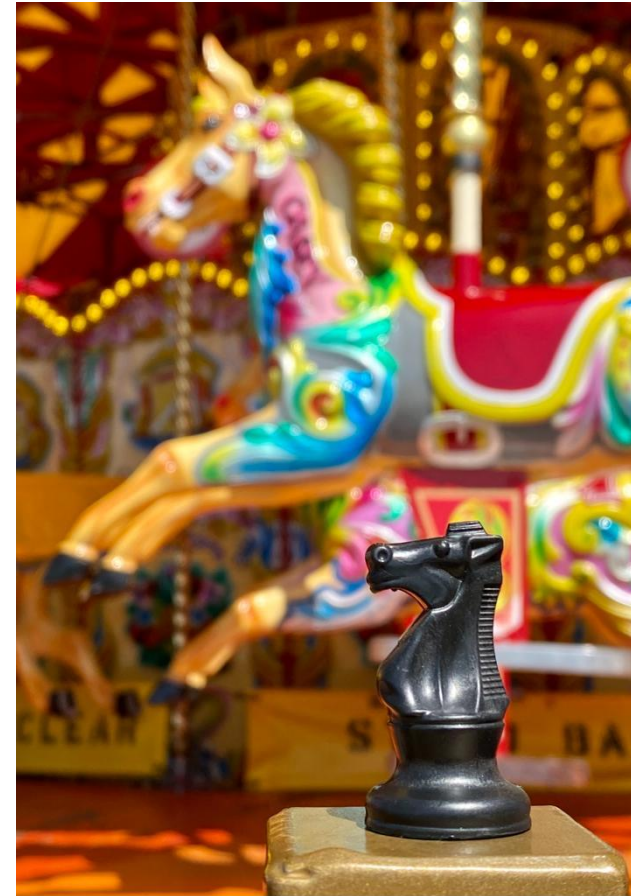


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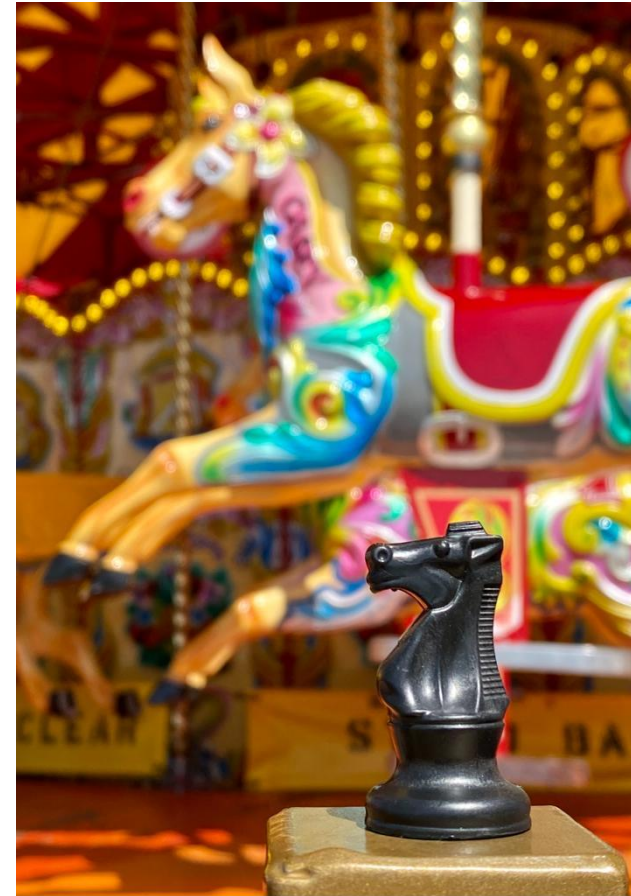
# Chess club in actuarial work

- Deterministic
- Stochastic
- Distributions
- 1:200
- Individual outcomes meaningless
- Over-complicating the improbable?
- The importance of
  - Assumptions
  - Data
  - Expert judgement



# Drama club in actuarial work

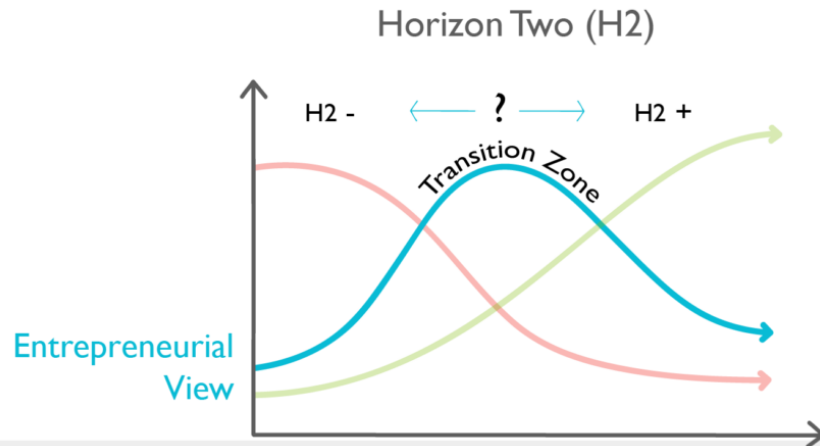
- Outcome-focused
  - Stress tests
  - Scenarios
  - No sense of likelihood
  - Over-dramatising the probable?
- 
- The importance of
    - Imagination
    - Inclusion
    - Believable



# Recovery and resolution, Operational resilience, MAiS - exploring the "so what?" and imagining the happy ending

Avoiding bad outcomes  
Improved resilience

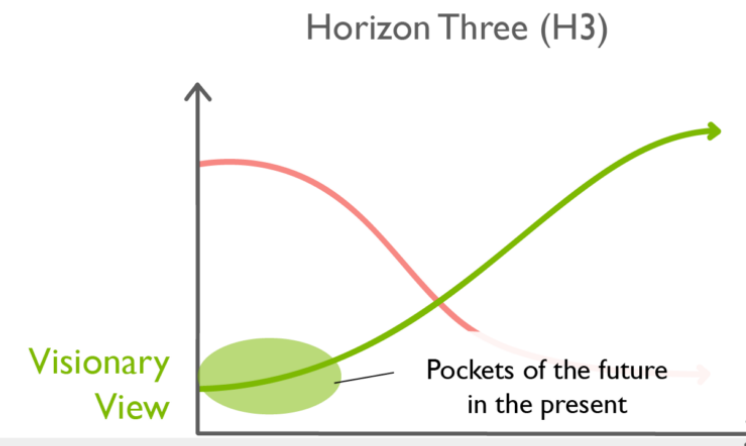
Designing good outcomes  
Improved diversification



## Approach:

- \* Looks both ways
- \* Zone of innovation and turbulence
- \* Sense of time as opportunity cost - need for trade-offs

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## Approach:

- \* Transformative shifts from the present, questioning assumptions, new actors
- \* Emerging patterns of value, many alternatives
- \* Quantitative sense of time as defining moment

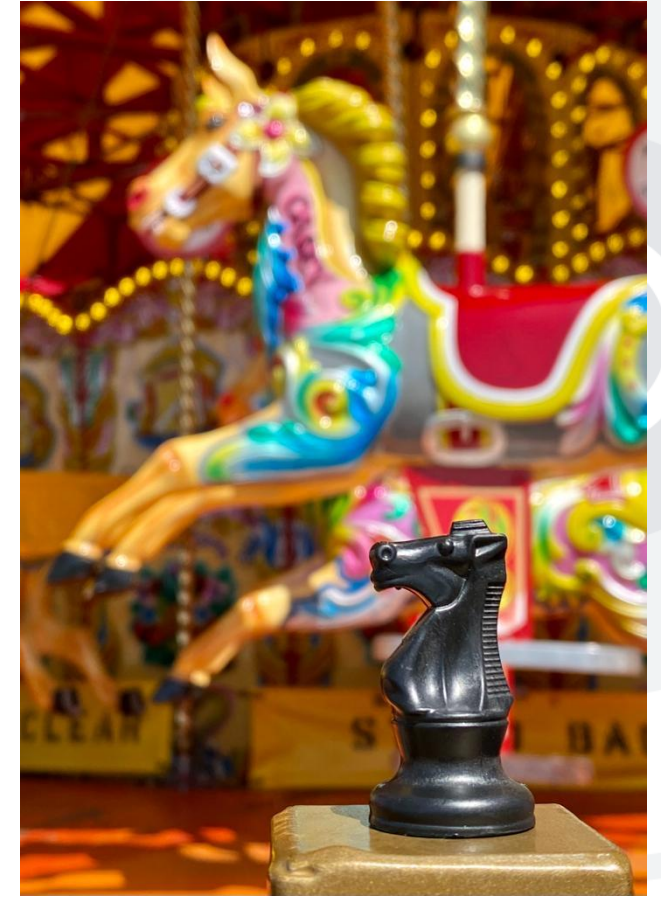
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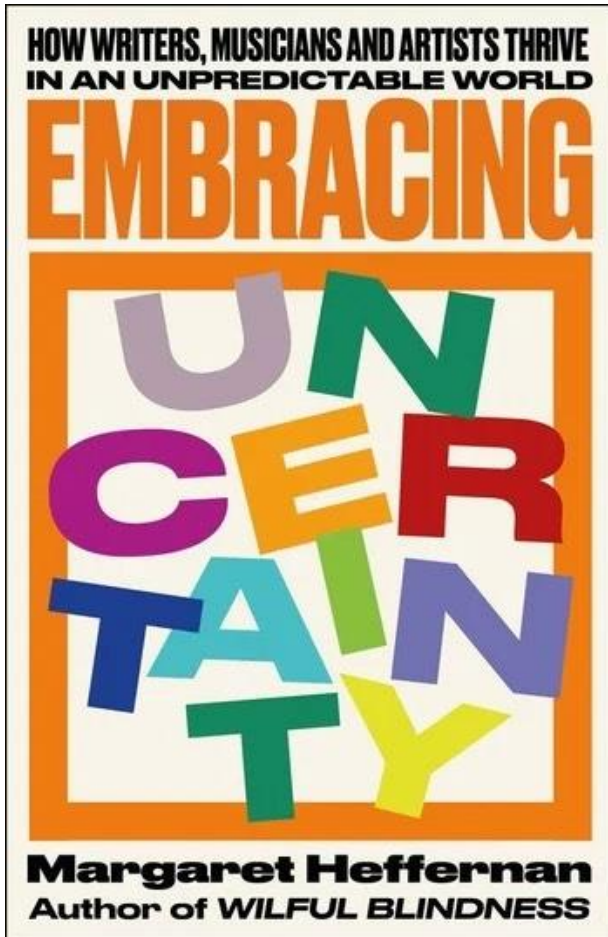
# Club Mix Questions



- Generalisation of the 'pre mortem'
- Why does this fail? What can we do now to reduce the likelihood/impact?
- How do artists embrace uncertainty?
- Formula =
- Expansive and creative question +
- Tighter analytical question
- Switch between clubs, deliberately
- Everyday inclusion
- Everyday creativity



## Book club ...



- Embracing Uncertainty - How Writers, Musicians and Artists Thrive in an Unpredictable World
  - Margaret Heffernan
    - Policy Press 2025
- Chess Club Drama Club - Building Creative and Resilient Businesses Together
  - Bristol University Press 2026
- Parting thought
  - Don't forget empathy and acute listening
  - An actuary is not always right?



Cover design under construction!

THANK YOU

