

CERAVISION

where foresight

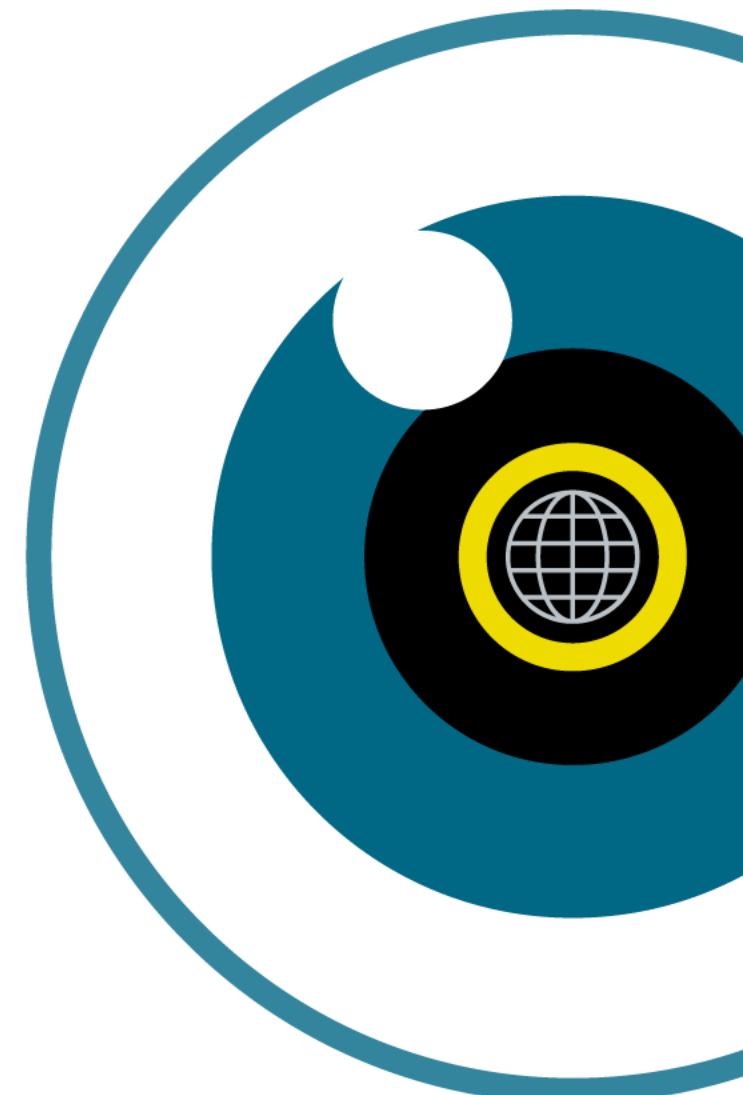
meets insight





Anticipating Tomorrow - Industry Perspectives on Emerging Risks

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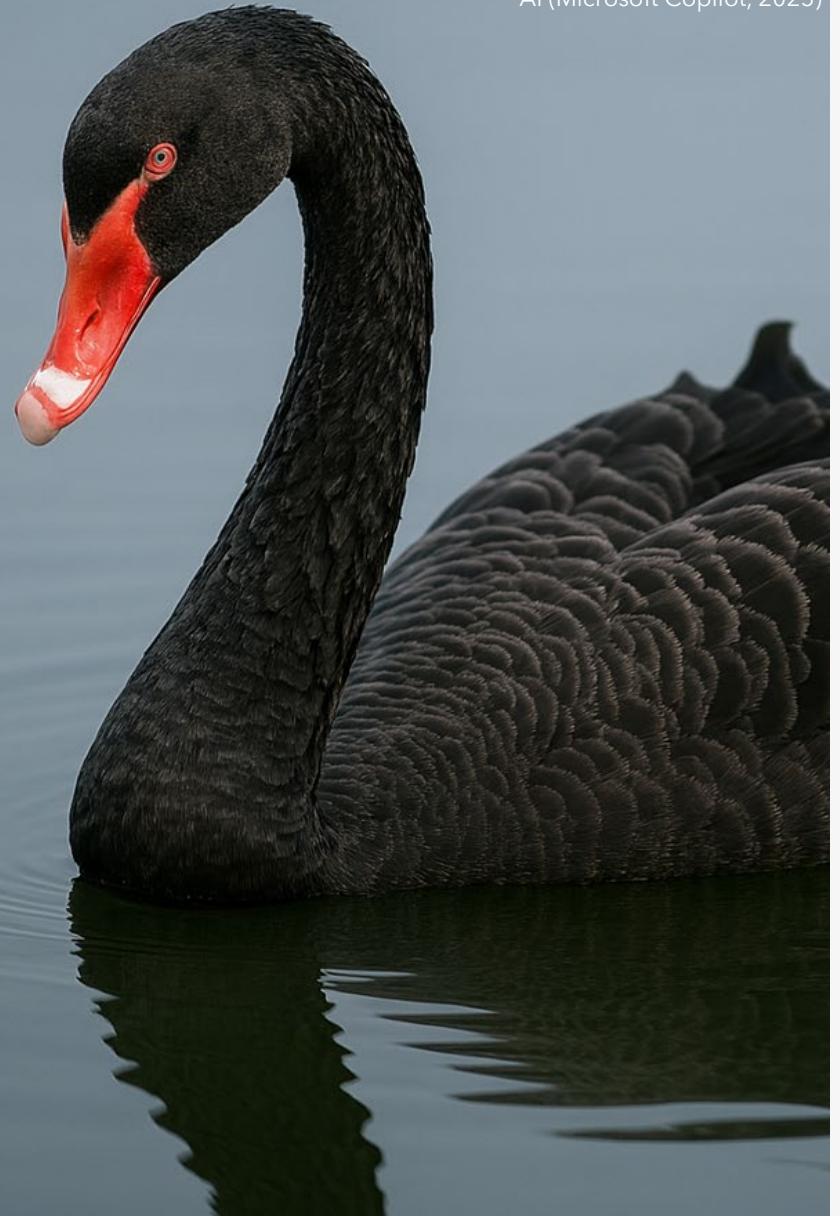
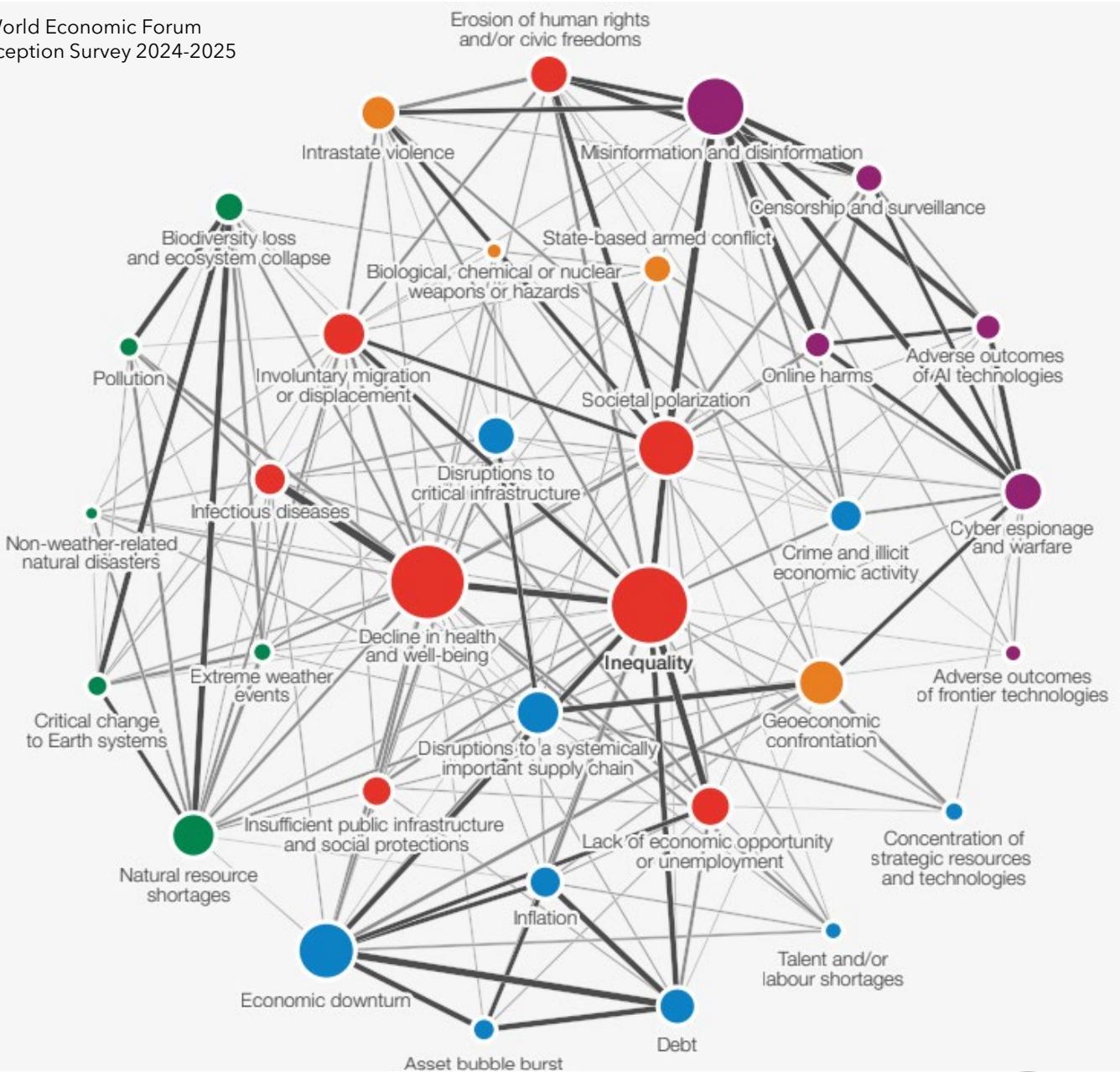


Image source: Created with AI (Microsoft Copilot, 2025)

Image source: World Economic Forum
Global Risks Perception Survey 2024-2025



Emerging Risks: Essential elements at a glance

- **Definition**

Emerging risks are new or changing risks with high uncertainty in

Timing

Likelihood

Impact

- **Scope**

The impact of emerging risks can be more extensive than meets the eye

Insurance risks

Investment risks

Operations

- **Objectives**

Should be defined transparently

Awareness: identify risks at an early stage

Preparedness: assess and manage effectively

Focus: accumulation potential (downside) or business opportunities (upside)

- **Stakeholders**

A multifaceted range of interested parties

Senior management

Regulators

Auditors

Public, Clients, Investors etc.

No one-size-fits-all: Companies combine methods to fit their needs

• Identification

Engage internal/external experts
Leverage industry networks and publications
Recognize and avoid **biases**



• Assessment

Structured discussions (e.g., interviews, surveys, workshops)
Evaluate relevance, time horizon, speed and current awareness resp. mitigation strategies



• Prioritization

Focus: Identify a manageable set of strategically important risks
Criteria: Business impact, preparedness, alignment with strategic priorities
Leadership engagement and commitment



• Measures

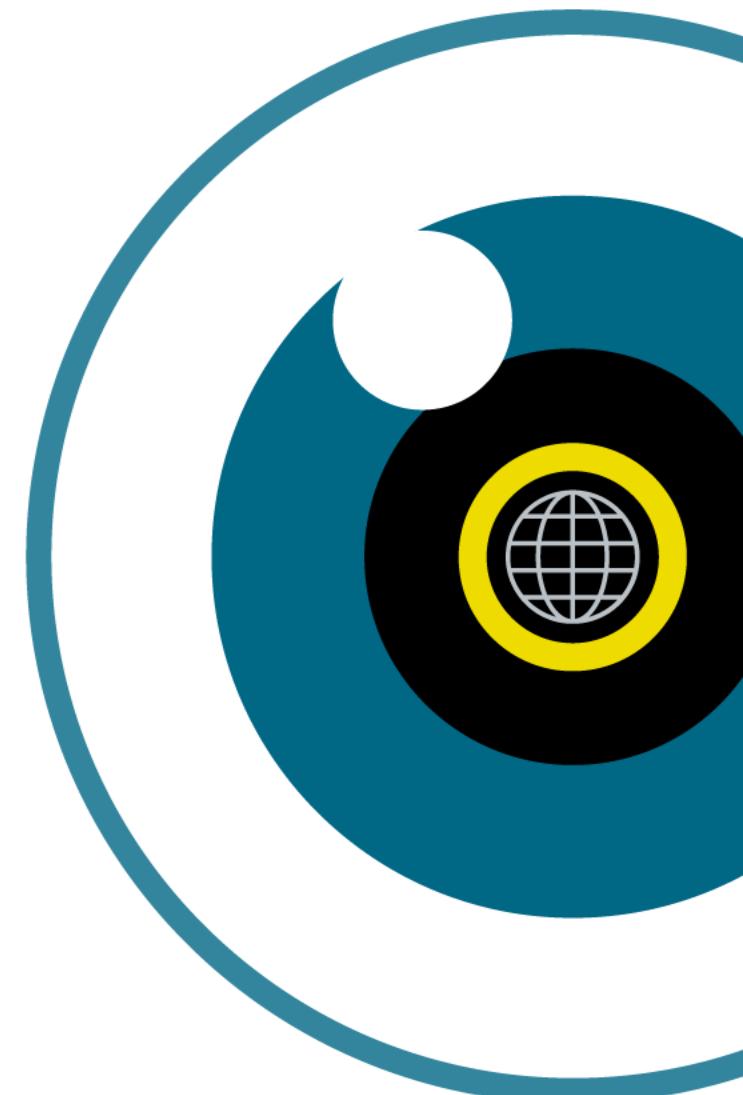
Deep-dive analysis of prioritized risks
Derive actionable insights to inform mitigation planning
Ensure clear communication and ongoing monitoring





Insurance Industry Perspectives

The Emerging Risk Initiative of the CRO Forum



Identification: Risk Radar of the Emerging Risk Initiative of the CRO-Forum



- Experts from major European (re)insurers discuss emerging threats and annually publish a risk radar based on a survey of member institutions.
- 2025 radar identifies **cyber, infrastructure blackouts, geopolitical risks** as well as **trade conflicts** and **climate change** as highest-impact risks for the insurance industry
- AI** risks with high momentum but significant impacts only expected in the medium term
- Breaking Point: Critical Infrastructures Disrupted:** A recent CRO-F position paper on vulnerabilities of critical infrastructures to disruptions, incl. cyber and geopolitical tensions.

Source: Emerging Risks Initiative – Major Trends and Emerging Risk Radar 2025, CRO Forum, August 2025. Available at: www.thecroforum.org

Emerging Risk Management Practices: CRO Forum Survey Highlights (1/2)

Definition

Most firms have their **own definition** of ER
--
About **half** distinguish „trends“ vs. „risks“

Risks vs. Opportunities

~2/3 include **opportunities**
--
However, most firms **struggle** to fully implement opportunity aspects

Strategy link

ER management often closely **linked** to company/risk **strategy**
--
Updates go to senior management.

Maturity level

Most rate own process maturity **medium to high - none as perfect**
--
There are no standard maturity benchmarks

Governance

Led by CRO/risk management, often cross-functional
--
~50% have a **dedicated committee**

Emerging Risk Management Practices: CRO Forum Survey Highlights (2/2)

Key Risk Indicators

Only ~1/3 monitor KRIs for **selected** emerging risks

--

Most firms use KRIs **only** once risks become more concrete

Assessment Structure

~3/4 assess emerging risks at Group level, ~2/5 also involve business units

--

Only minority include external experts for risk evaluation

Reporting practices

Internal: **detailed** (bi-) annual reports using **visual tools** like radars or heat maps.

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External: almost exclusively through annual report (if any)

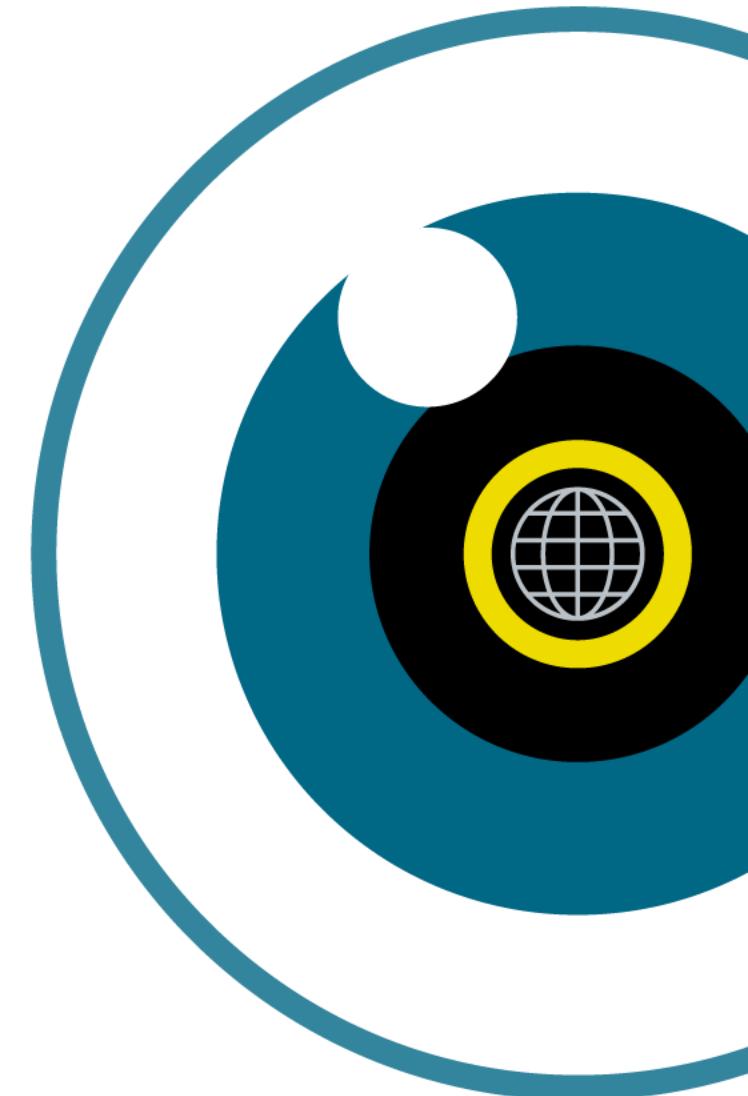
Tool usage

Only a **negligible** number of firms use automated tools or **AI** for emerging risk identification and monitoring.



Exemplary Approach to Assessing Emerging Risks

Scenario analysis for critical infrastructure failures



Critical infrastructures are organizations, networks and facilities vital for the functioning of society and the economy

- **Energy (electricity, oil/gas)**

generation, supply, storage, operation, maintenance & development

- **Transport**

air, rail, road transport services / undertakings / authorities; operation, management & maintenance of networks

- **Banking**

taking deposits and lending

- **Financial market**

operation of trading venues and clearing systems

- **Health**

provision of healthcare services, laboratory analyses; research, development and manufacturing of medicinal and pharmaceutical products

- **Water (drinking water, wastewater)**

supply and distribution of drinking water; collection, treatment and disposal of wastewater

- **Digital infrastructure**

Operation and provision of internet exchange point service; cloud computing serv. electronic communications services and networks

- **Public administration**

services provided by public administration

- **Space**

operation of ground-based infrastructure supporting the provision of space-based services

- **Food**

large-scale industrial food production and processing; food supply chain services, incl. storage and logistics; food wholesale distribution

Sector categorization and definitions according to the EU 'Directive on the Resilience of Critical Entities', in force since 2023

Vulnerabilities of critical infrastructures: The interconnected landscape and associated threats

- **Natural disaster**



Earthquakes, Floods
Climate change
Solar storms

- **Man-made threats**

Cyber-attacks
War
Terrorism
Vandalism

- **Operational and technological failures**



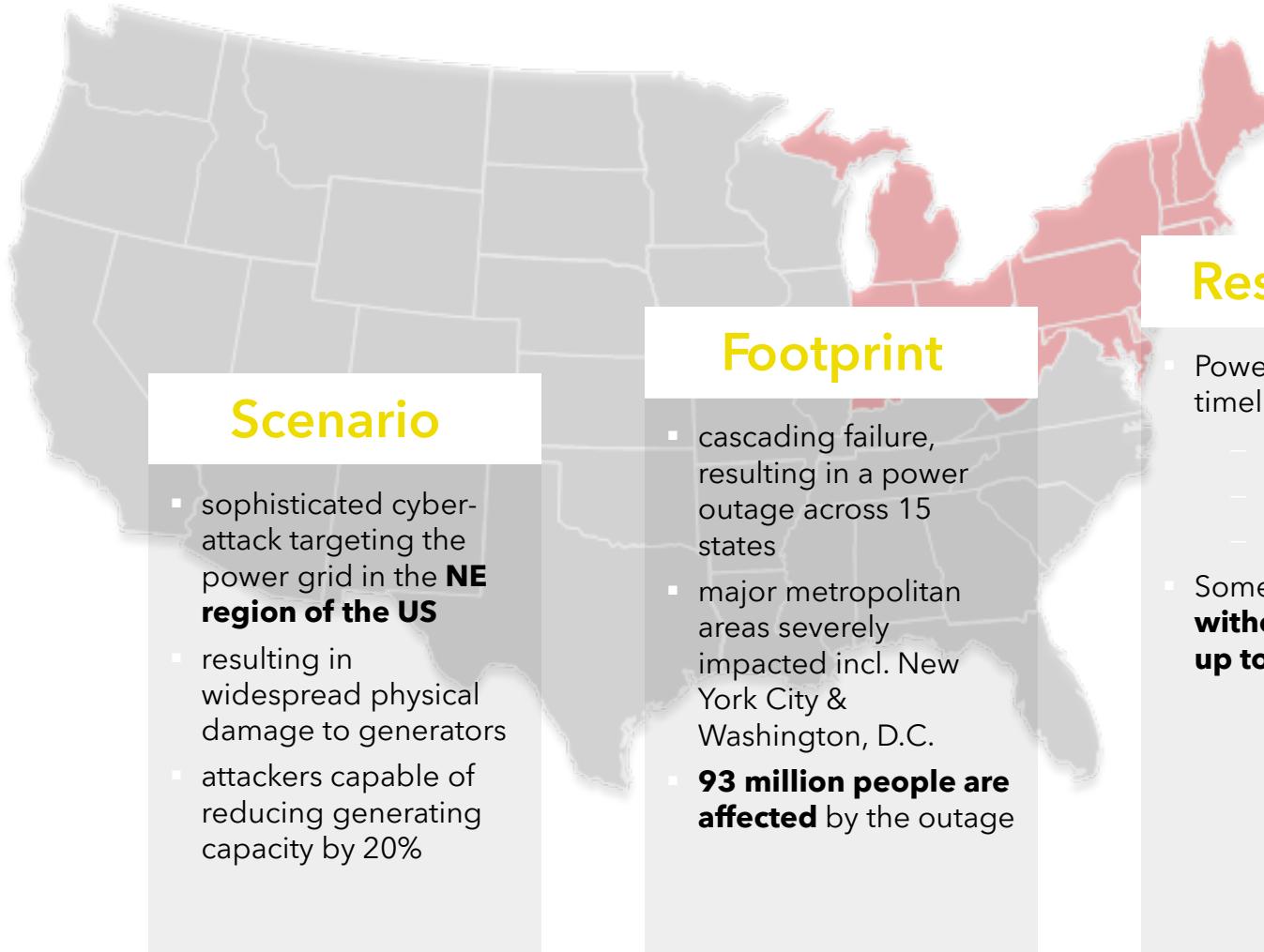
Human error
Logistic failures
Software/ hardware malfunctions

- **Aging infrastructures**



Deterioration and insufficient maintenance
Outdated technology
Underinvestment

Deep dive analysis of power blackout: Lloyd's Blackout Scenario



Lloyd's & University of Cambridge Centre for Risk Studies (2015):
Business Blackout - The insurance implications of a cyber attack on the US power grid. Available at: www.lloyds.com/business-blackout

Restoration

- Power restoration timeline:
 - 0% after 5 days
 - 50% after 8 days
 - 90% after 28 days
- Some areas remain **without electricity for up to 4 weeks**

Impacts

- Economic losses of up to **US\$ 1tn**
- Prolonged blackouts strain public health and lead to increased crime and civil unrest
- Potential insurance claims include Property damage, **Business interruption, Contingent business interruption, Cyber insurance**
- Insurance claims ranging from **US\$ 20bn to US\$ 70bn**

Example scheme for a structured company risk exposure analysis

Critical Infrastructure	P&C			L&H		Investments	Operations			
	Property	Casualty	Cyber	Life	Health					
Electricity	E.g.: Lloyd's Blackout Scenario testing using own portfolio data and assumptions, product terms and conditions, exclusions?					E.g.: Inventory of largest direct infrastructure investments and their diversification across geographies;	E.g.: Out of scope; c.f. Emergency Management and Recovery Plans			
Oil/Gas	E.g.: Development of own realistic disaster scenarios and assessment of loss potentials with experts from business, risk, underwriting, claims, etc.		E.g.: Qualitative assessment and rough estimation of losses , based only on simplified and conservative assumptions.			Indirect effects from market turmoils..				
Transport										
Financial market										
...	E.g. deprioritize due to no noteworthy exposures									

Navigating Emerging Risks: Awareness, Resilience & Human Judgment

- **Thesis: Black Swans can't be prevented – but resilience starts with awareness**

Even the most advanced Emerging Risk Management won't prevent a Black Swan event. The real value lies in creating awareness, strengthening preparedness, and maintaining a strategic focus on resilience. Trying to eliminate surprises indicates a misunderstanding of the nature of emerging risks.

- **Thesis: AI connects the dots – but risk ownership remains with humans**

AI can uncover the complex interconnectivity of emerging risks and support their identification and assessment. However, determining which risks matter most for your organization is a strategic responsibility – and that cannot be delegated.

THANK YOU

