

EMERGING RISKS MANAGEMENT AT LLOYD'S

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EMERGING RISK:

“AN ISSUE THAT IS PERCEIVED TO BE POTENTIALLY SIGNIFICANT BUT WHICH MAY NOT BE FULLY UNDERSTOOD OR ALLOWED FOR IN INSURANCE TERMS AND CONDITIONS, PRICING, RESERVING OR CAPITAL SETTING”

EMERGING RISKS TEAM:

**“TO ENSURE THAT THE LLOYD’S
MARKET IS AWARE OF POTENTIALLY
SIGNIFICANT EMERGING RISKS”**

Why have an emerging risks team?

- Lloyd's is a specialist market
 - innovative underwriting solutions
 - new and challenging classes of risk
- To avoid repeats of systemic issues (asbestos & pollution)
- Emerging risk now a core capability
 - FSA – financial risk outlook
 - Rating agencies
 - Solvency II



Lloyd's Emerging Risks Principles

- Adopt a clear definition of an emerging risk, including medium and long term issues
- Recognise at board level that emerging risks need explicit management
- Keep a track of all material risks
- Consider a broad range of scenarios
- Share risks with the market and learn from a variety of experts

Lloyd's Special Interest Group

- Quarterly meetings of emerging risks experts from Lloyd's market
- More and more managing agents sending representatives
- Discuss emerging risk issues
- Seek recommendations on future research
- Invite risk experts to present latest ideas / research at meetings



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Emerging Risks Management

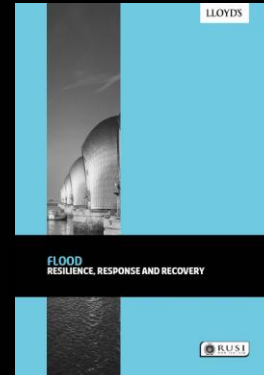
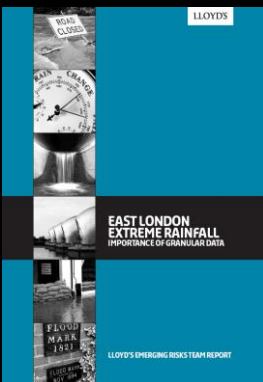
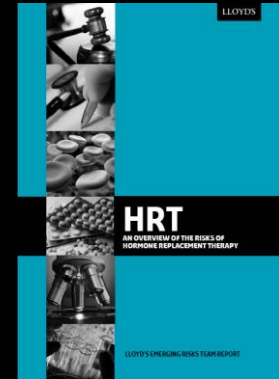
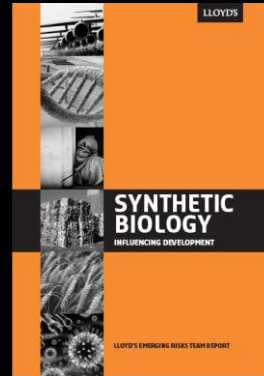
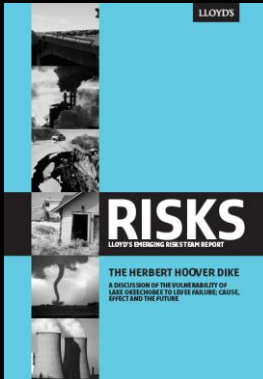
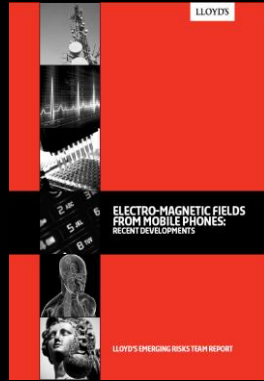
- Daily horizon scanning for emerging risks – desk-based research / software
- Database of emerging risks (issued to managing agents)
- Analysis of emerging risk issues
- Outputs:
 - Research reports
 - White papers
 - Seminars



Knowledge-sharing

- Develop relationships and knowledge-sharing with other risk / academic / government bodies
- Lloyd's member of various groups and initiatives
 - Lighthill Risk Network
 - CRO Forum – Emerging Risks Initiative
- Lobbying – submitted evidence to government committee meetings
- Science of Risk Prize

RESEARCH



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LLOYD'S EMERGING RISKS REPORT
April 2011

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FORECASTING RISK THE VALUE OF LONG-RANGE FORECASTING FOR THE INSURANCE INDUSTRY



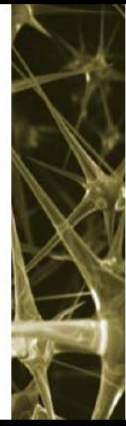
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June 2011

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Challenges and implications for the energy insurance industry



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MANAGING THE ESCALATING RISKS OF NATURAL CATASTROPHES IN THE UNITED STATES

Lloyd's emerging risk reports

- Download all reports from Lloyd's website:
 - www.lloyds.com/emergingrisks
 - www.lloyds.com/News-and-Insight/Risk-Insight

ANY QUESTIONS?

