

In the Eye of the Storm

v1.5

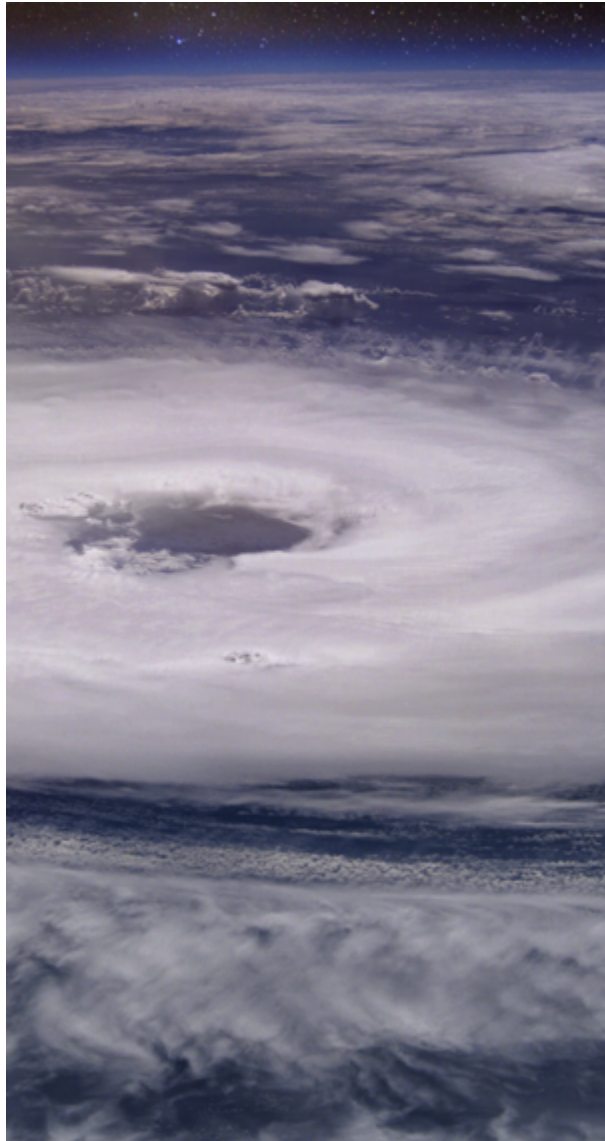


- Bill Braniff
- Chris Holt
- Jerry Smith

- START
- CHC Global



- Houston, We Have a (few) Problem(s):
 - The “Binary Problem”
 - The “Control” Problem
 - The “Problem Solved” Problem
 - The “Truth” Problem
- The Insurance Industry has Useful Perspective to Offer
 - Honest Risk Assessment
 - Event-Agnostic Resilience
 - Public-Private Partnerships
- We are in the eye of the storm
 - No “Return to Normal”
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- Win, don't lose
- Identify a threat, neutralize it



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We Need to Manage **Inevitable** and **Enduing** Hazards

We Need to **Plan to Lose** → **Allocate Resources** To Resilience



- Identify a Problem
- Solve the Problem
- Move On from the Problem

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Inevitable Hazards Require **Enduring Resilience Mechanisms**

- **2014:** Ebola Outbreak
- **2016:** Directorate of Global Health Security and Biodefense est. to Prevent Future Pandemics
- **2018:** Directorate drastically downsized and consolidated into Counterproliferation Directorate
- **2020:** US 2nd highest mortality per capita rate in the world (UK is #3)



- Control borders (DHS)
- Control interest rates (the Fed)
- Control populations (Criminal Justice System)
- Control the battlespace (DoD)



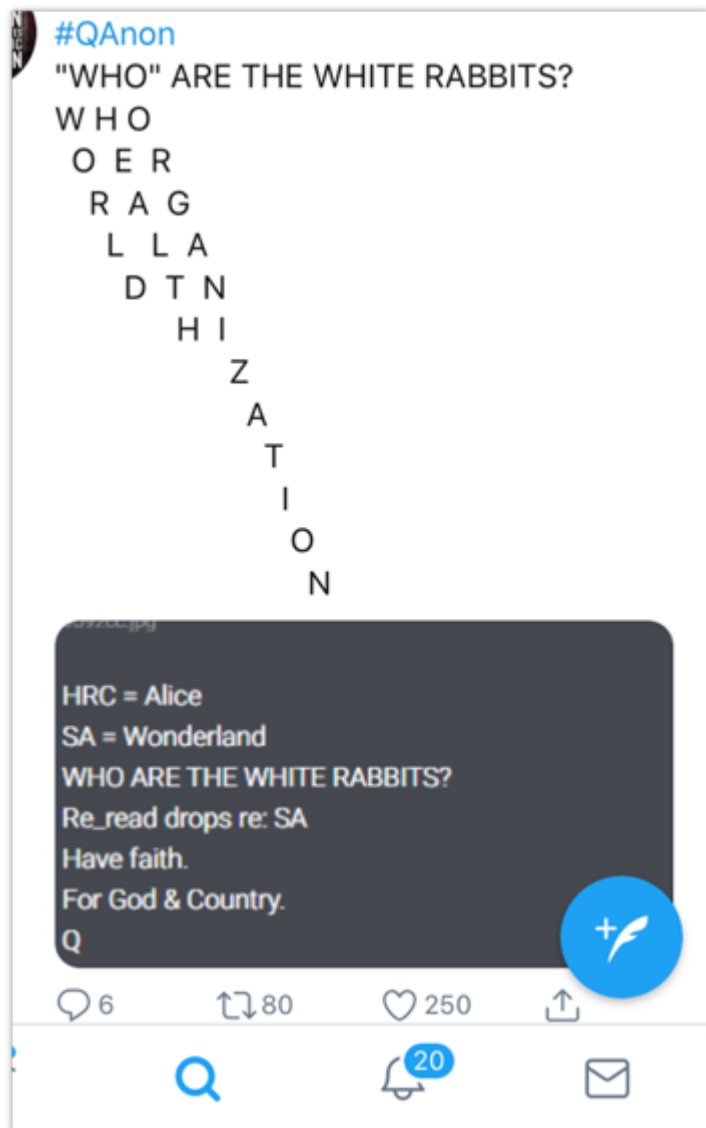
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Managing Persistent Hazards Is About
Influence, Not Control

The Private Sector Wields **Cultural** and
Financial Influences



- Super-Empowered Communicators with Few Ethical Standards
- Diminished Trust in Institutions and Experts
- Lack of Answers wrt Covid-19
- Profound Uncertainty



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We Need to Identify **Psycho-social Incentives** that Reward Truth



- Based on Recognition that Bad Things Will Happen
- Enduring Mechanism that Responds to Recurring Problems
- Financial incentives for good behavior (e.g, safety features)
- Blunts the psychological and social impact of uncertainty and fear
- Transfers some risk from public to private sector
- Incentivizes the collection and analysis of more and better data

The Insurance Perspective



- Around \$6.3Tr in global revenues / premiums
- A useful indicator of national stability
- Brings knowledge and data
- Harmonises internationally
- Is a regulator of risk financing
- Strong engagement with governments
- Public-Private Partnerships are routine
- Mature products and markets for:
 - Political Risks
 - War, Terrorism and Political Violence
 - Kidnap for Ransom / Piracy
 - Cyber

Risk

Capital

The Client
is seeking
to Share
Risk

Buying
Groups

Intermediary

Product

Financial
Structuring

Capital is
seeking a
Return on
Investment

Industry
Bodies

Insurance
Brokers

Insurance
Companies

(Re) Insurance
Companies

Response
Providers

Risk Bonds &
Securities

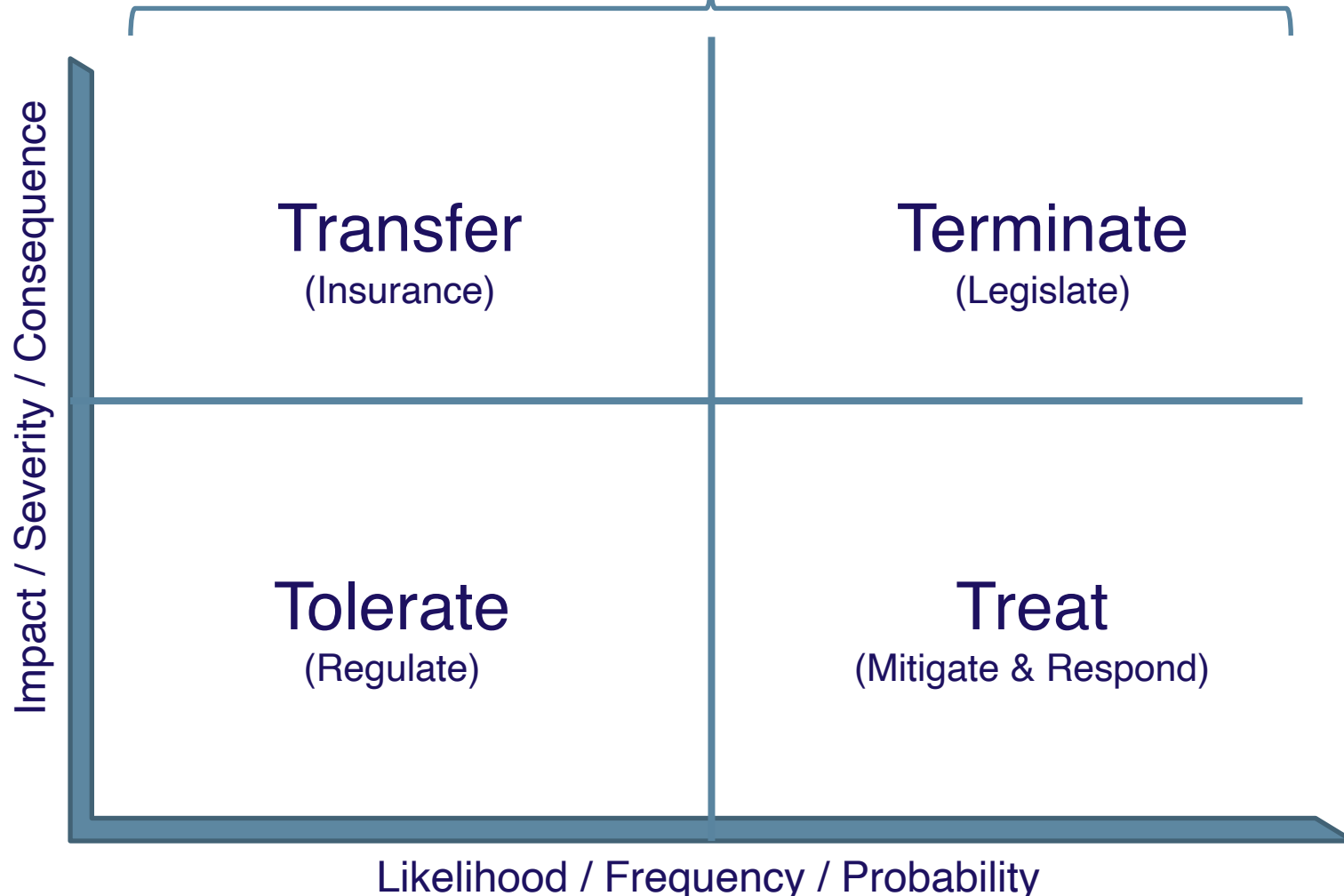
Service
Providers

Sovereign
Wealth Funds

Central Banks

Risk Assessment & Analysis

(Consulting, Data, Analytics)



Box 1.2. G20/OECD Methodological framework

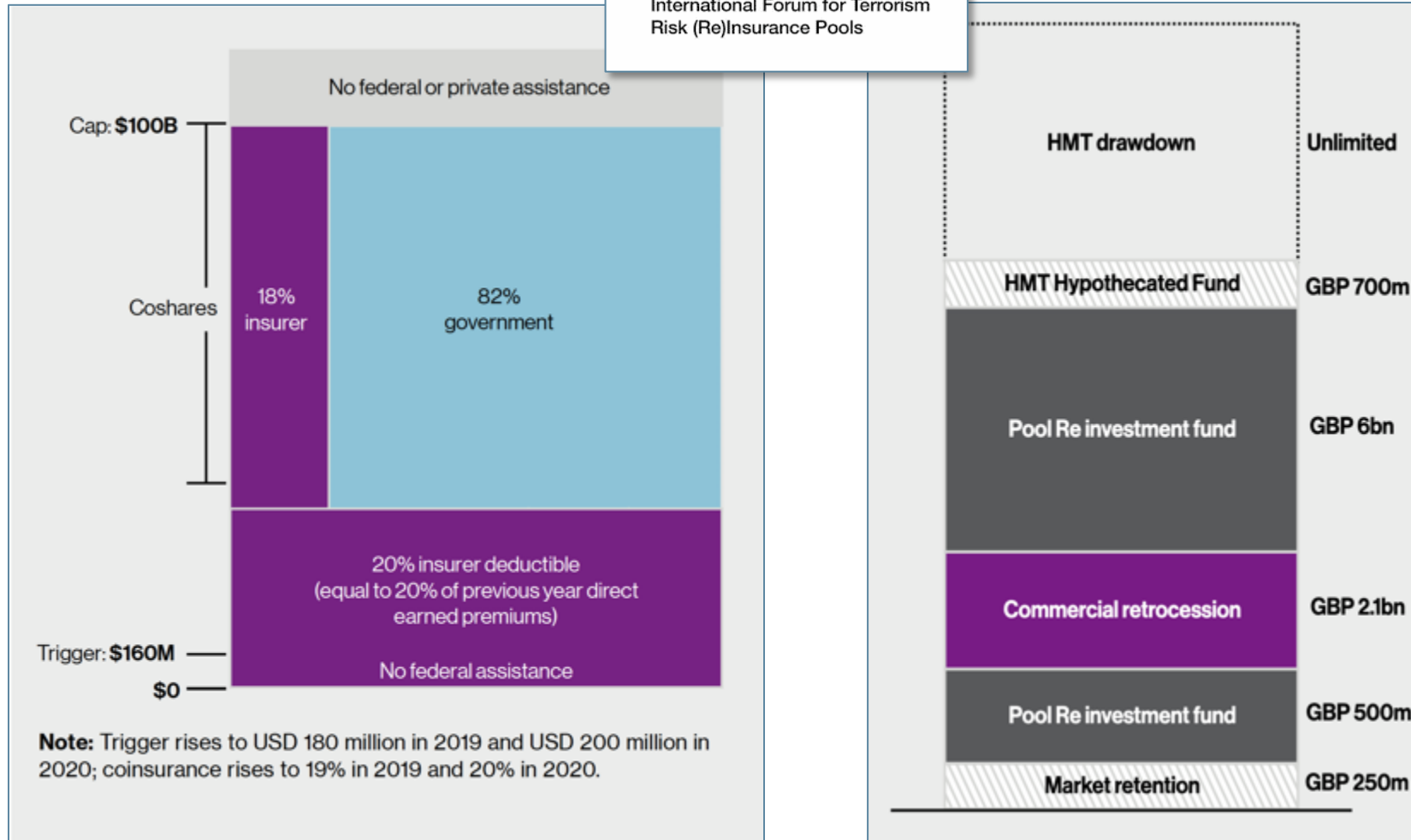


Risk assessment	<i>Governance</i>	Establish an all-hazards approach, agreed procedures, transparency and accountability and structured interaction with stakeholders.
	<i>Risk analysis</i>	Identify hazards and threats and assess their probabilities and impacts based on the vulnerability of populations and assets to damage.
	<i>Risk communication</i>	Communicate results of risk analysis to policy makers and the public to enable decision-making and enhance risk awareness.
	<i>Post-disaster impact analysis</i>	Evaluate and quantify the impacts of disasters including financial, and update risk assessment information.
	<i>Policy implications of risk assessment</i>	Leverage risk assessment for the full range of disaster risk management actions, especially financial strategies.
Risk financing	<i>Risk exposure and risk-bearing capacity</i>	Identify risk exposures within the economy and risk-bearing capacities in order to identify financial vulnerabilities and the need for financial tools.
	<i>Risk financing and risk transfer</i>	Evaluate the availability, adequacy and efficiency of risk financing / risk transfer tools and consider alternative tools.
	<i>Institutional arrangements</i>	Design appropriate institutional arrangements, where government intervention is deemed to be necessary.

Source: Disaster Risk Financing in APEC Economies: Practices and Challenges.

IFTRIP

International Forum for Terrorism
Risk (Re)Insurance Pools



Observations



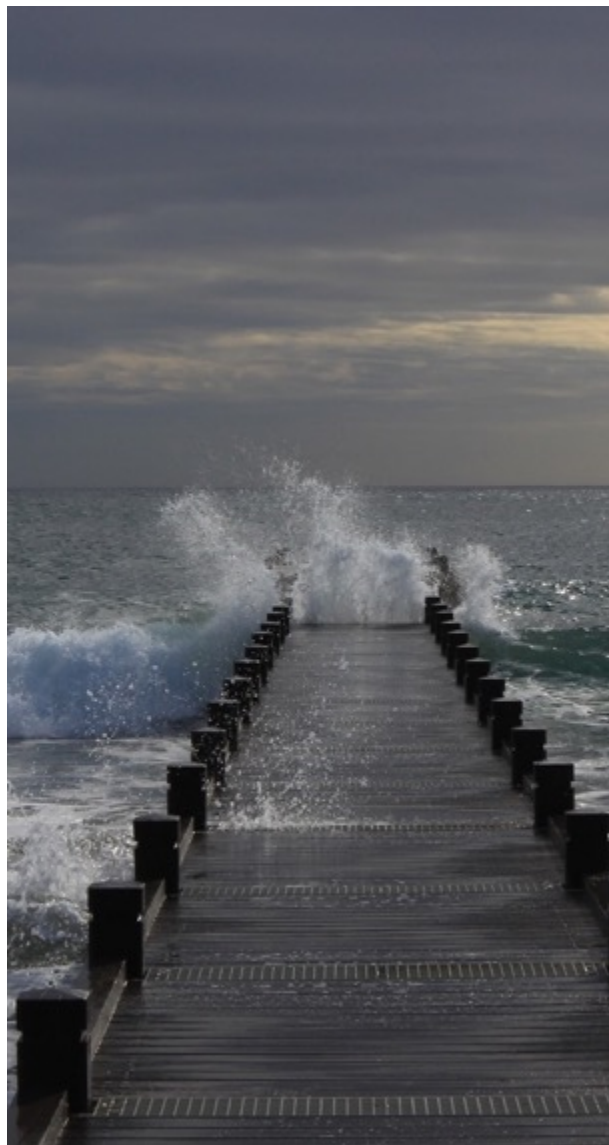


- Events may have a variety of causal factors – but the crises consequences and outcomes have common factors
- Immediate impacts include loss of access to ‘normal’ workspaces, reduction in ability to communicate at a speed and detail expected.
- TESCO supermarket: 2016 ‘Doomsday’ Crisis scenario. 30 people on the HQ site usually housing 6,500 workers.



- Requirement for Public-Private coordination:
 - Cyber sector (social media platforms / hosts)
 - Critical National Infrastructure (CNI)
 - Risk Financing
- Influencing of public behaviours
- Adopting shared preparation and response paradigm:
 - Disease surveillance
 - Public health laboratories
- Coordinated interoperability:
 - Information / intelligence sharing

Question 1 – What does our future look like?



- Current conditions
 - 1,000,000+ deaths and wartime levels of debt
 - IMF suggests \$28tn in lost output
 - Experience of restriction of movement
 - Mass redundancies
 - Loss of confidence in leadership
 - Decline and recovery figures, out to 2022
- Economic conditions intimately tied to the pandemic's fate
- Novel approach to knowledge economy production
- K-shaped recover to drive strategic issues:
 - Global poverty / income disparity
 - Democratic deficit
 - Climate change

Question 2 – Are we ready for a concurrent crisis?



- Disease:
 - Influenza pandemics; 1957, 1968
 - Coronavirus outbreaks; 2002, 2012, 2015
- Sea level change (WEF):
 - Affecting ~10% global population by 2100
 - Mixed assessment of Global South movement
- Water poverty (UNwater):
 - 2.2b people lack access to proper drinking water
 - 4.2b people lack access to proper sanitation
- Migration (IOM):
 - 258m international migrants, with 25m refugees
 - 19m displaced by disasters in 2017
- Hostile Cyber (Sophos, Sonicwall):
 - 2020: 2.3t attempts, 3.2b malware attacks,
 - 51% Orgs ransomware, all sectors
 - Demands are increasing
 - Working from home increasing vulnerabilities

Question 3 – How are we exposed to malicious actors?



- Participant motivational factors:
 - Individual psychological
 - Social and political
 - Ideological / religious
 - Cultural marginalisation and trigger mechanisms
 - Group dynamics and charismatic leadership
 - Social media and dark web
- Vulnerable governments
 - Focus elsewhere
 - Risk communication challenges
 - Influence immaturity?
- Vulnerable populations
 - Uncertain and fatigued
 - Opinionated and communicative

Strategic Observations



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Q & A

In The Eye of The Storm

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