

Media Day 2022

Translating data into risk insights

14 June 2022

Today's agenda

Time	Agenda item	Content	Speaker(s)
10:30	Welcome note		Jason Richards, CEO UK & Ireland
10:32	Q&A	What is the future of data and what are the biggest obstacles to unleash its true value?	Pravina Ladva, Chief Digital & Technology Officer Ian Haycock, Group Chief Data Officer
11:00	Presentations	The evolution of data-driven L&H underwriting	Carl Christensen, Head L&H Solutions
		Supply chain risk: Measure, control and mitigate	Ashley Hirst, Head Corporate Solutions Innovation & Transformation Office
		Looking towards tech and data for a sustainable cyber insurance market	John Coletti, Head Cyber Reinsurance
		How can insurers get to grips with the “car of the future”?	Luigi Di Lillo, Lead Products & Partnerships
		Digital insurance ahead	Andreas Schertzinger, CEO iptiQ EMEA
11:50	Q&A		
12:20	Networking lunch		

Welcome note

Jason Richards

CEO UK & Ireland

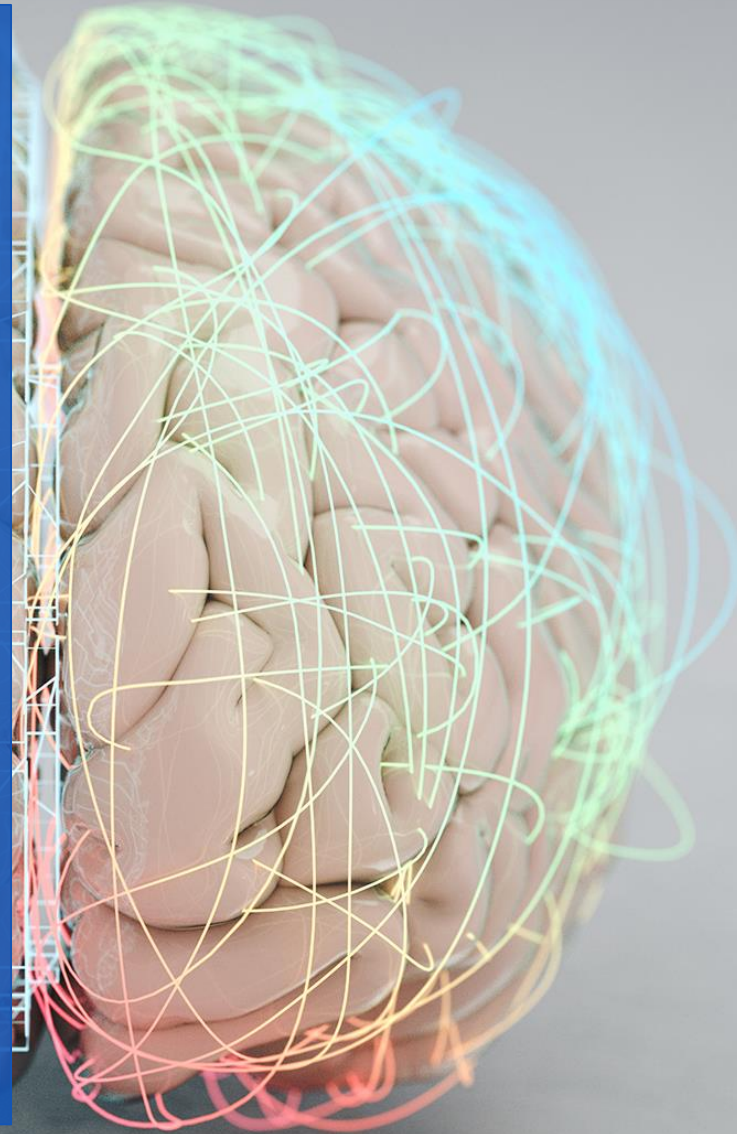
What is the future of data
and what are the biggest
obstacles to unleash its
true value?

Pravina Ladva

Chief Digital & Technology Officer

Ian Haycock

Group Chief Data Officer



Q&A



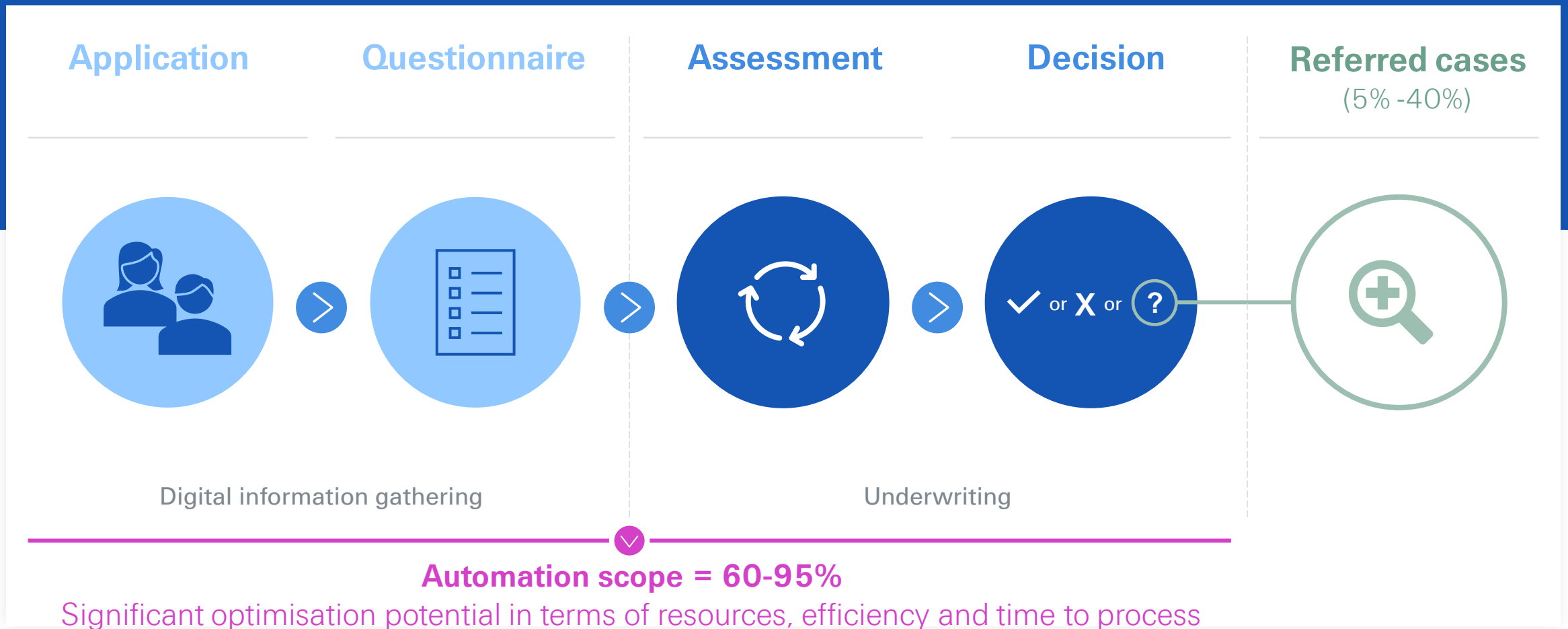
Please raise your hand
to ask a question.

The evolution of data-driven L&H underwriting

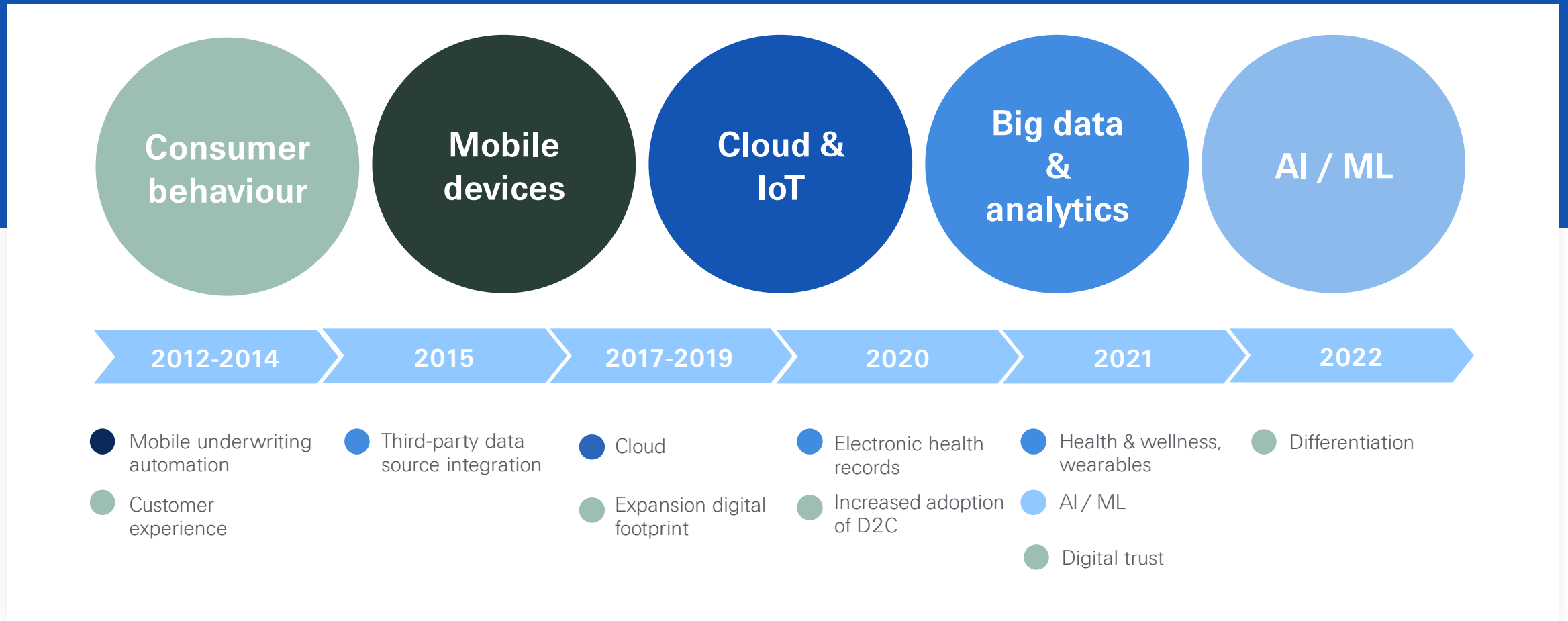
Carl Christensen

Head L&H Solutions

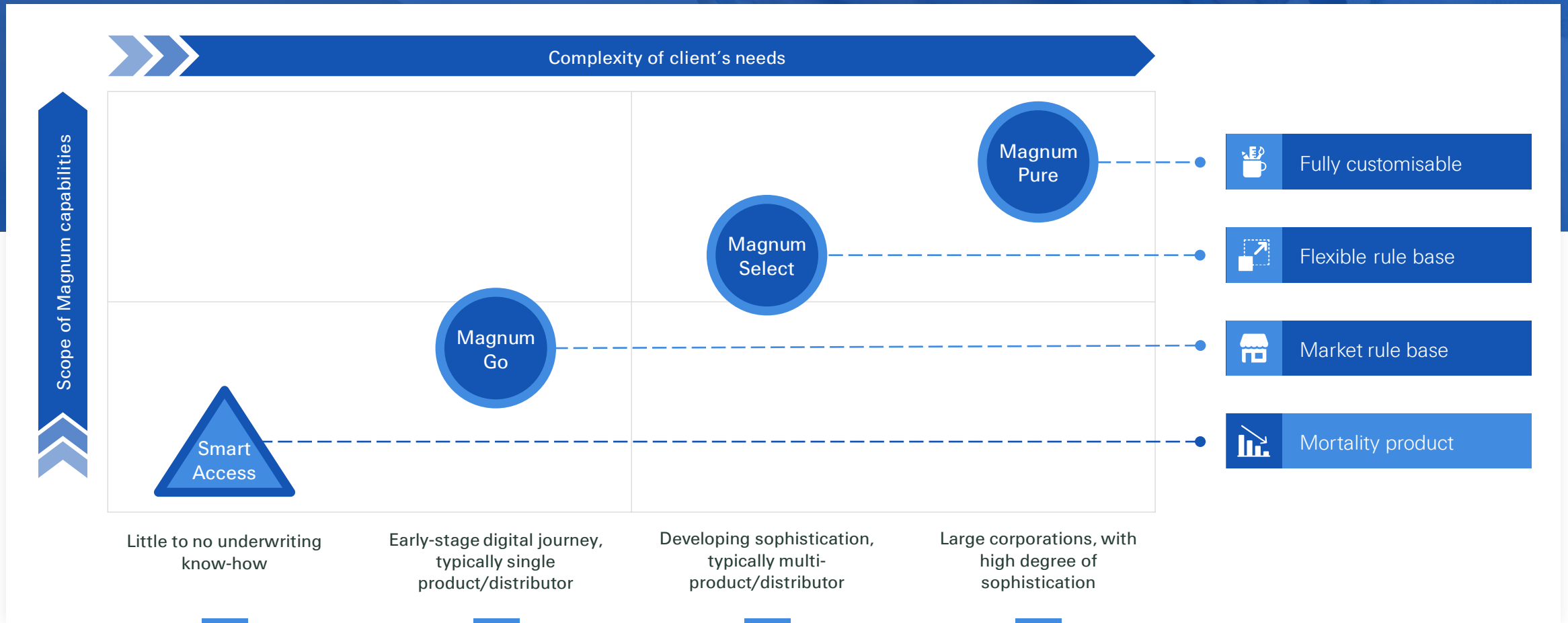
Automated underwriting: Creating a fast, customer-friendly process



Megatrends that shaped the evolution of underwriting automation



A modular offering with capabilities to address the full spectrum of clients needs



The way forward

Alternative data integration

How we use AI / ML

Ecosystem creation

Supply chain risk: Measure, control and mitigate

Ashley Hirst

*Head Corporate Solutions Innovation &
Transformation Office*

Supply chain resilience has been challenged over the last two years

FINANCIAL TIMES

MAY 13 2022

Car bosses warn of supply chain threat to electric vehicle rollout

Tesla and VW lower delivery expectations because of chip shortages and raw material costs

FINANCIAL TIMES

MAY 15 2022

Shanghai lockdown exposes global supply chain strains

Knock-on effects from disruptions in China could hit ports in Europe and the US when sea freight starts moving again

 CNBC

MAY 17 2022

Walmart shares fall as higher costs, supply chain problems and inventories eat into profits

THE WALL STREET JOURNAL

MARCH 25 2021

Companies Consider Alternative Routes, Assess Costs as Suez Canal Blockage Continues

Heineken and Ducati Motor are among the businesses watching for impacts

 REUTERS

SEPTEMBER 2021

Hurricane Ida, supply constraints hold back U.S. factory production

FINANCIAL TIMES

FEBRUARY 28 2022

Toyota to shut down Japanese plants after supplier hit by cyber attack

Move comes as governments step up warnings of hacking following Russia's invasion of Ukraine

Risks and resilience of global supply chains



**Complex
networks**

up to

10,000

independent suppliers
for multinationals



**High
frequency**

every

3.7 years

global disruptions \geq
one month



**Economic
relevance**

loss
of

$\geq 40\%$

of a year's profit every
decade¹



**Redistribution
potential**

next 3-5 years

15-25%

of global exports could
shift to different countries

1. A single extreme event can deliver an even bigger hit, wiping out a full year's profits or more. On top of these losses is the cost of rebuilding, the potential for job losses, and shortages of critical goods

Supply chain risks: A key concern for Boards in today's risk environment



Natural catastrophes



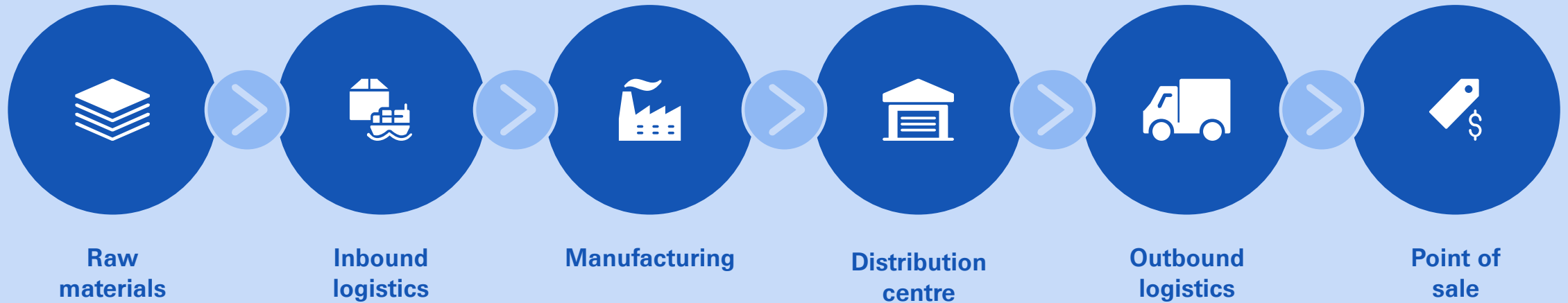
(Geo)politics



Man-made events



Sustainability



Brand & reputation



Logistics



Credit/bankruptcy



Data is the key

to managing
supply chain risks

Three core data challenges:



disorganised and **dispersed**

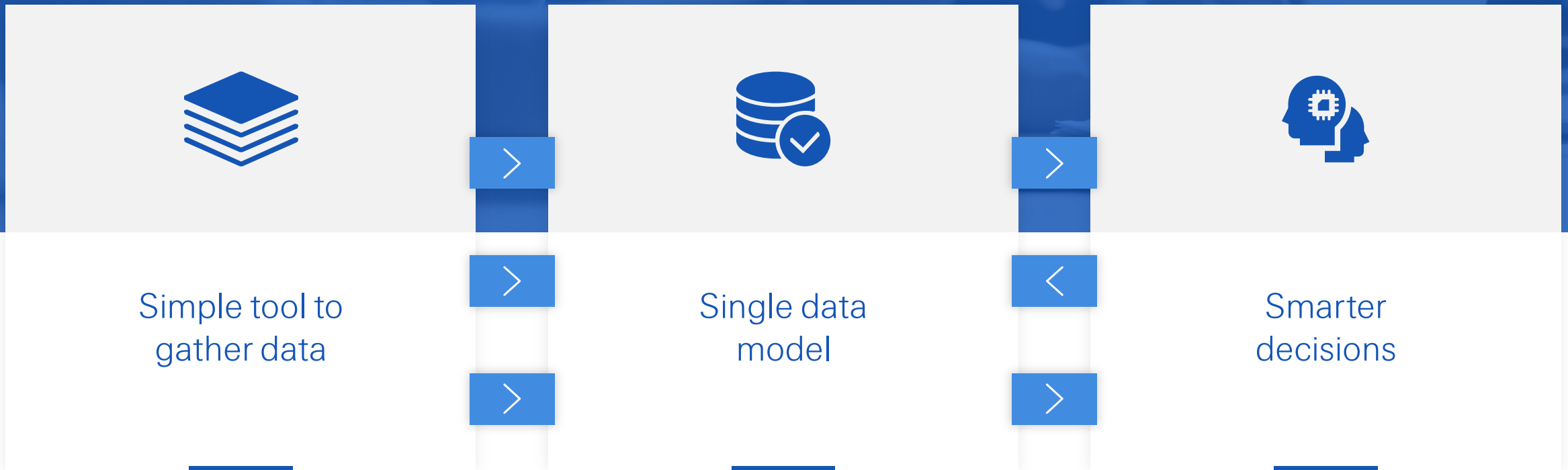



difficult to **collaborate** – for
confidentiality and legal reasons



hard to **compare** across different
categories

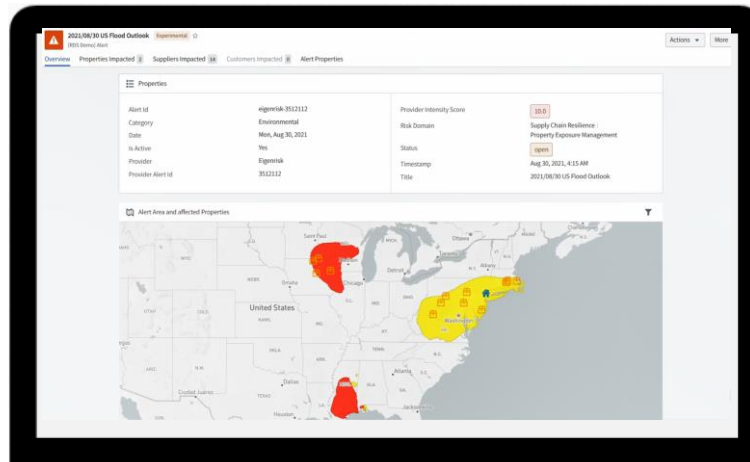
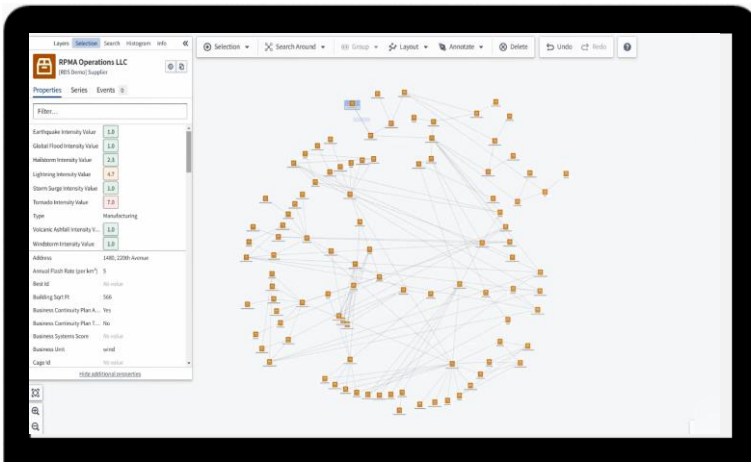
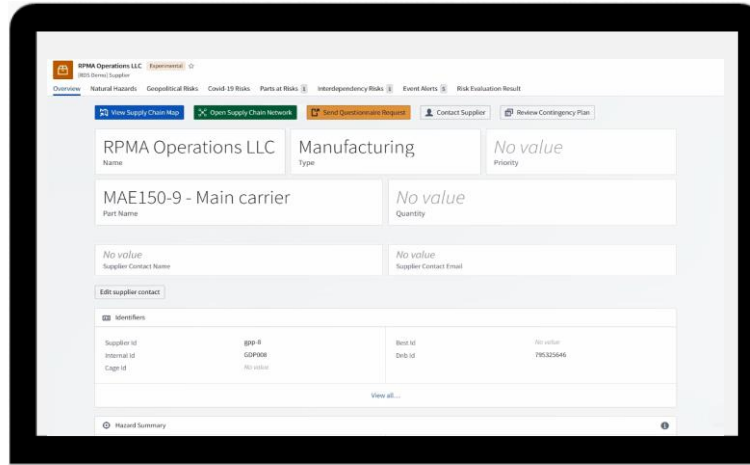
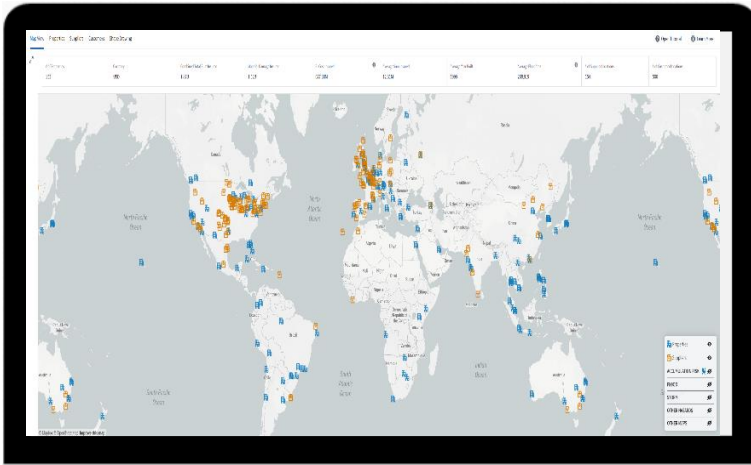
We are launching a completely new capability: Supply chain resilience
Transforming data into insights across the entire supply chain




 Privacy preserving technology

Supply chain resilience

A powerful new way to measure, control and mitigate supply chain risk



 **Key Features**

- Visualise a Digital Twin of the entire supply chain
- Assess supplier risk to uncover top vulnerabilities
- Secure data-hosting and access-controls
- Enrich and share data and insights
- Live incident alerts

Five key benefits

Transparency on:

- ✓ **Single points of failures**
- ✓ **Systemic impact** of failures ...
- ✓ ... **and reduce impact** real-time
- ✓ **Return on risk reduction investment**
- ✓ **Trade-off** of risk, cost and sustainability

Enable smarter decisions
and foresight holistically by
creating transparency

Looking towards tech and data for a sustainable cyber insurance market

John Coletti

Head Cyber Reinsurance

Cyber insurance: A fast-evolving, high-growth market...

USD **10** billion

premium
volume

45-50%

ceded to
reinsurers

96%

average
year-on-year price
increases¹

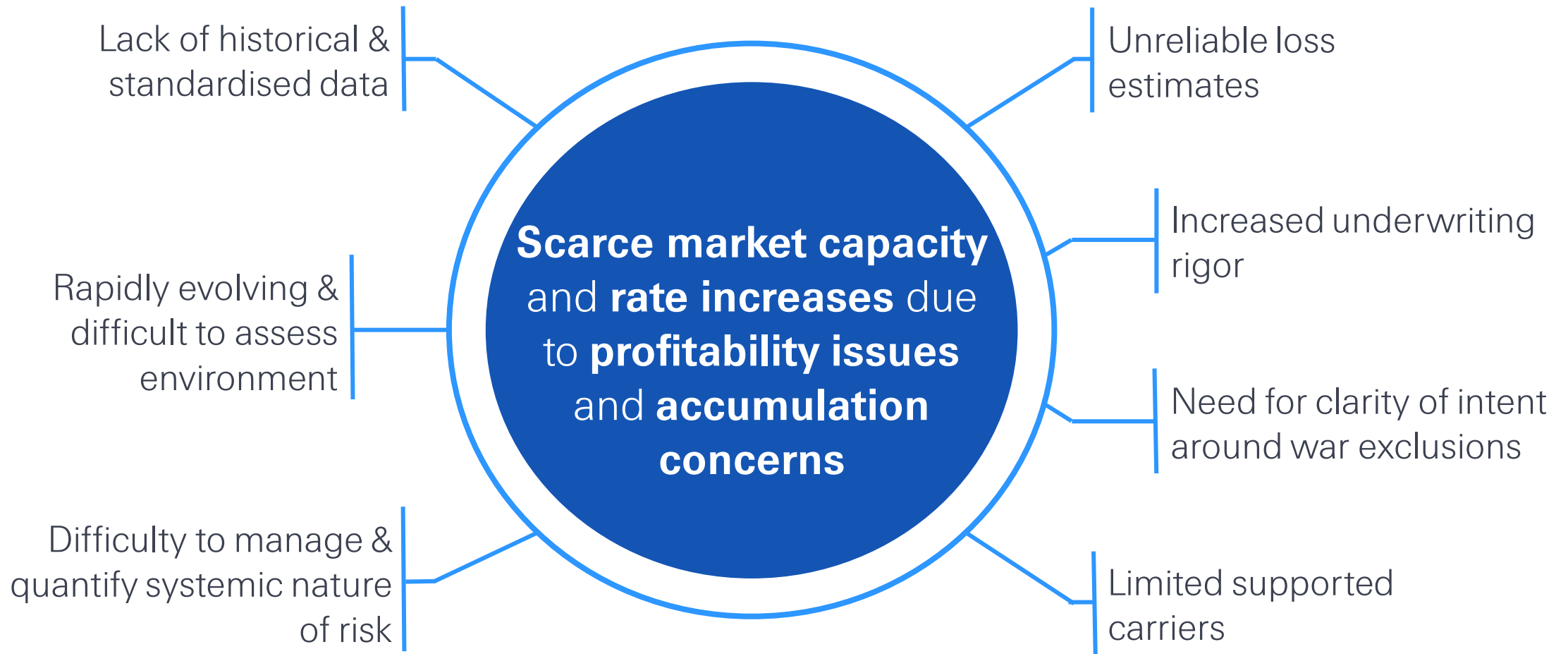
By **2040**, the cyber market will be **comparable** in size to the **property or casualty** market²

Market activity centered on responding to outbreak of ransomware attacks

1. Source: Marsh Cyber

2. Source: Gallagher Re

... facing challenges to attain sustainability



Robust data enables better understanding, pricing and portfolio steering

Pricing improvements

Experience rating

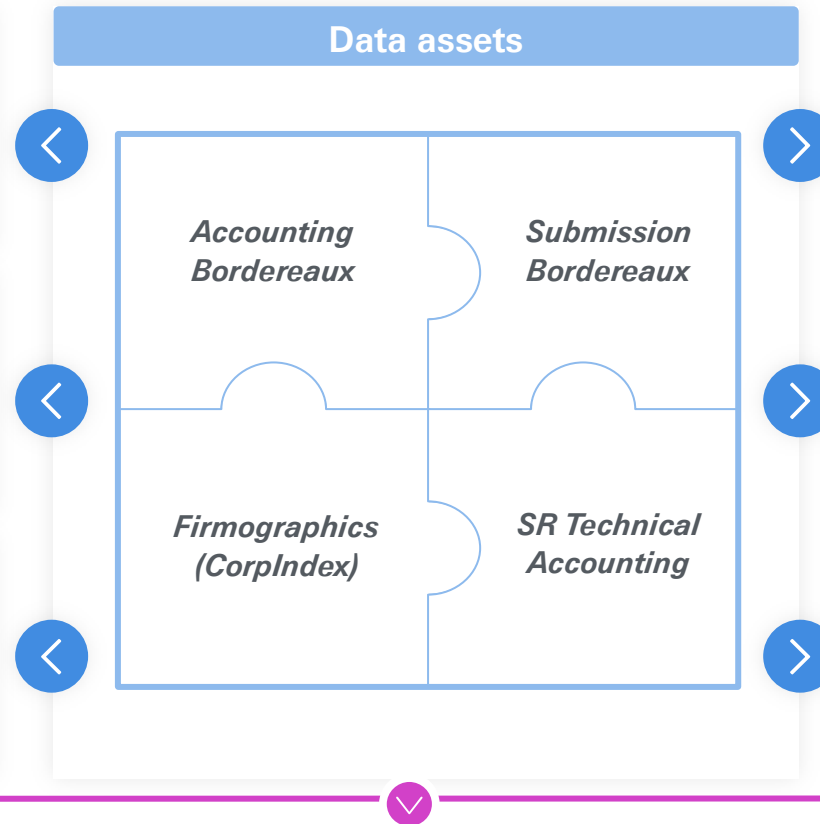
- Harness granular risk and claims data to **improve pricing estimate** accuracy and reliability

Vendor modelling

- **Enrich effectiveness of vendor tools** by adding enriched data sets

Cyber increased limit factors

- Determination of **cyber-specific "increased limit factor"** based on claims history



Portfolio steering

Experience rating

- Precise portfolio **drill-downs by clusters** (e.g. risk location, size of buyer)
- **Quarterly evolution** of average limits, premiums, retentions, etc.

Vendor modelling

- **Loss trend assessment** through combination of claims and policy data
- **Accurate and timely loss estimation** on large events

Cyber increased limit factors

- **Identification of peak exposures** based on in-force line size per insured

Data-driven decision-making in pricing, portfolio steering, and trend detection generates real value

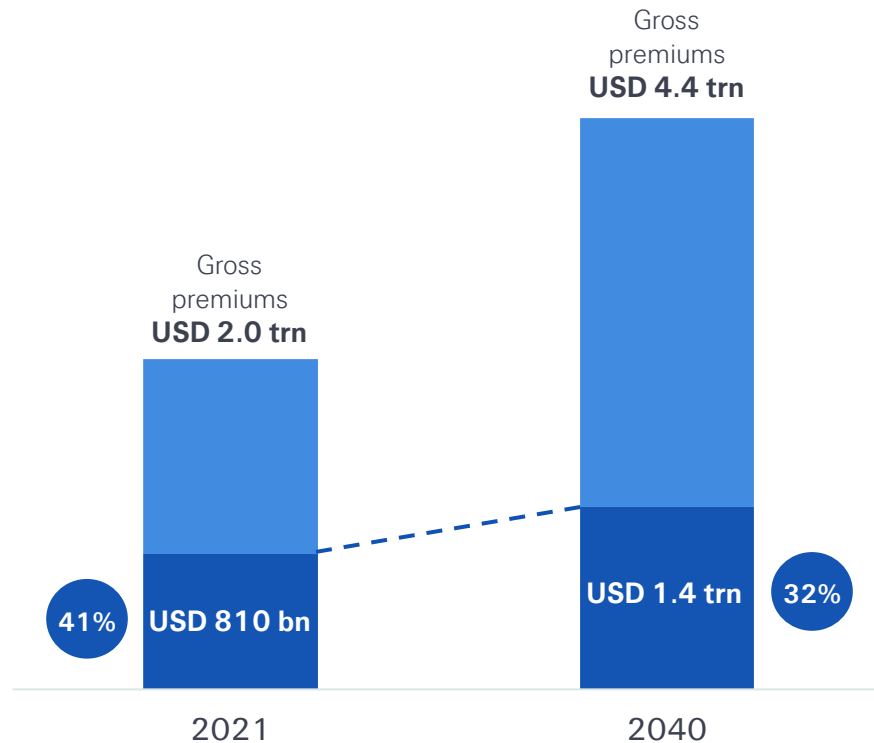
How can insurers get to grips with the “car of the future”?

Luigi Di Lillo

Lead Products & Partnerships

Motor insurance in transformation

Motor insurance share of total P&C insurance market (2021 vs 2040)



Source: Swiss Re Institute

New technologies require new knowledge

- Motor remains the largest line of P&C business, with **premiums doubling to up to USD 1.4 trillion** by 2040
- However, while the overall market is growing, the **share of motor will shrink to 32% of global sector** premiums by 2040 from 41% currently
- Safer cars and growth in shared mobility and public transport – in promotion of sustainability goals – will all have a dampening effect on premiums
- Advanced technologies will make insuring motor more complex

Shift in mobility profiles



Past

Moving away from **traditional risk scoring** based on few data points...



Present

...to **combined driver and vehicle risk scoring** models based on telematics and ADAS data...



Next

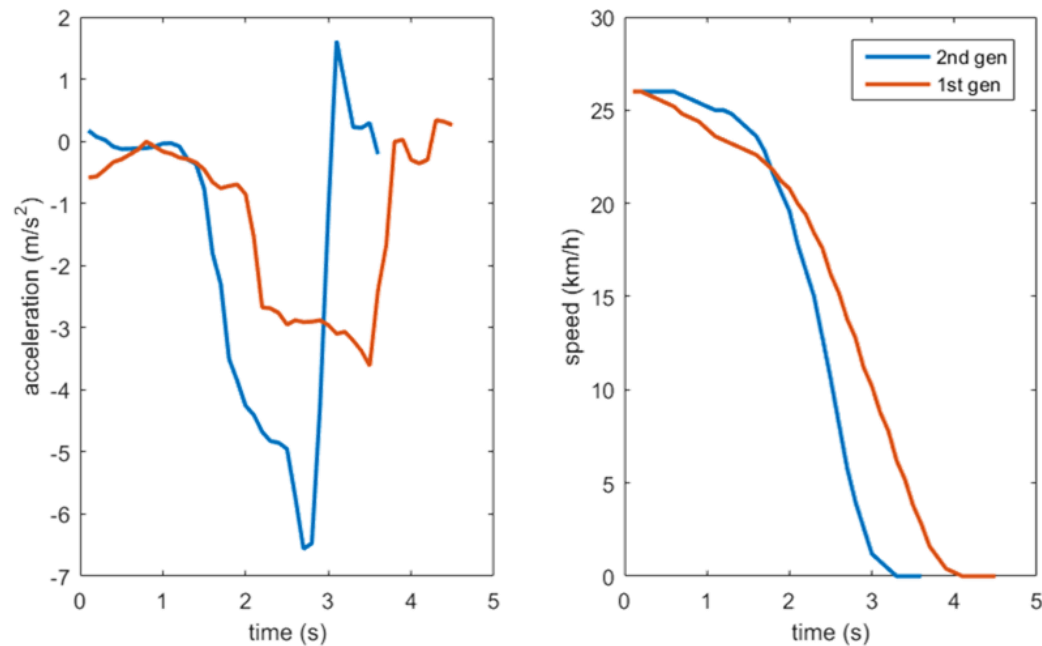
...and eventually solely **vehicle risk scoring** models based on data from fully autonomous vehicles.



Same, same...

... but different

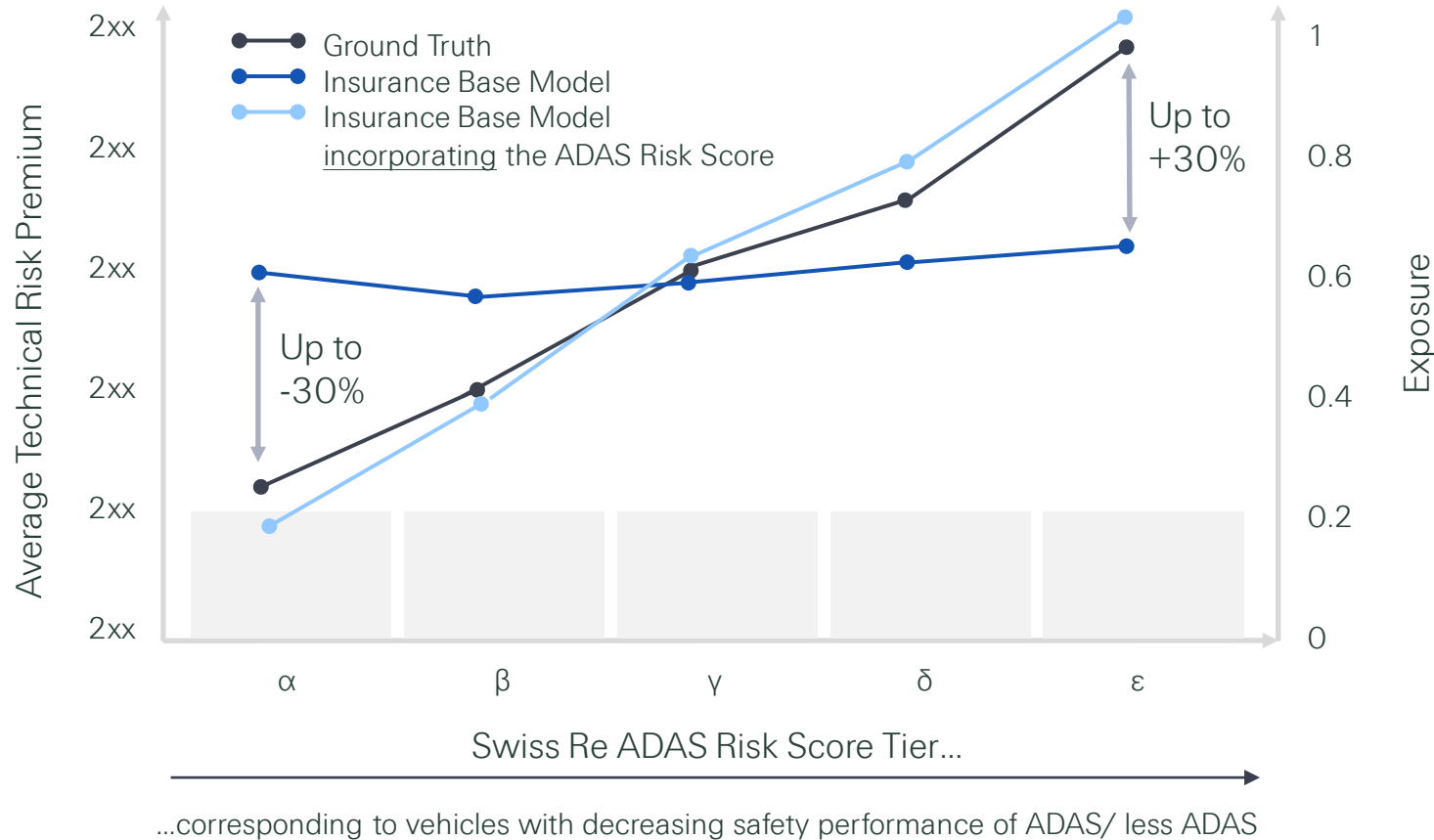
Emergency braking tests¹: Two models of the same brand



- Two features sold with the **same commercial name** can have a **very different safety performance**
- Different emergency braking generations of the same car manufacturer show **clear differences in performance and effectiveness**
- **Different vehicles perform very differently** in insurance relevant driving scenarios

1. Swiss Re own vehicle test result on two production vehicles of the same, undisclosed OEM

Boosting risk segmentation enables unmatched predictive power



Insurance Base Models either **underestimate** or **overestimate** the vehicle's capability to prevent accidents.

The **Swiss Re ADAS Risk Score** **corrects** the capability of the base model to assess the risk, by bringing **additional risk segmentation**.

Conclusions

Risk profiles are shifting
from being driver-centric to
vehicle-centric

Swiss Re has developed
risk assessment capabilities
providing additional
predictive power to clients

Assessing the risk of
vehicles with increased
automation and account for
their nature will become
paramount

Digital insurance ahead

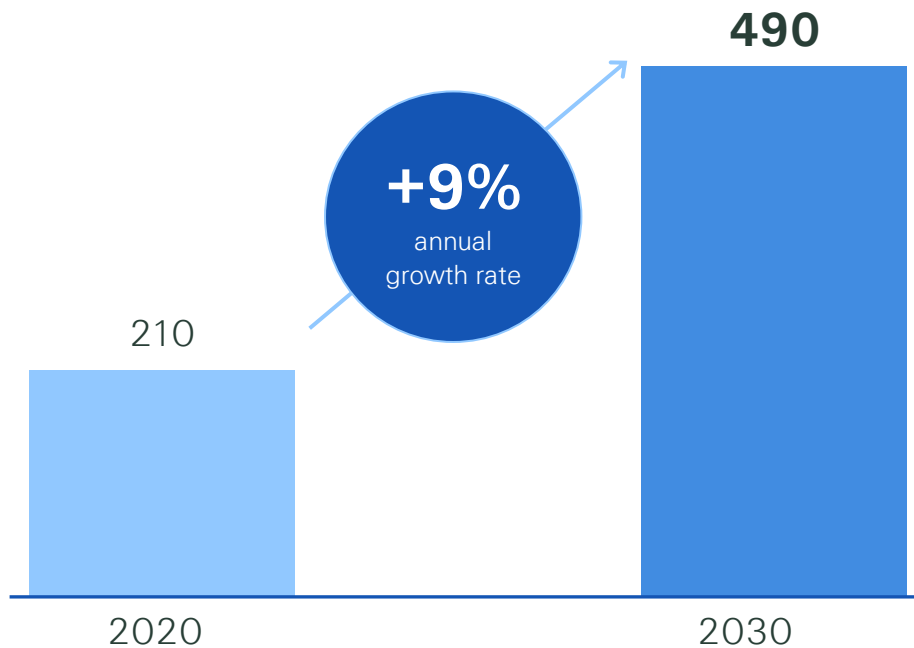
Andreas Schertzinger

CEO iptiQ EMEA



Significant digital insurance potential...

Total addressable market in Europe¹, USD bn



1. Based on McKinsey Research

... as disruption has only started

Disruption opportunities:

- Customer experience
-
- Customer value

The “Kodak moment” is yet to come at scale

Required capabilities

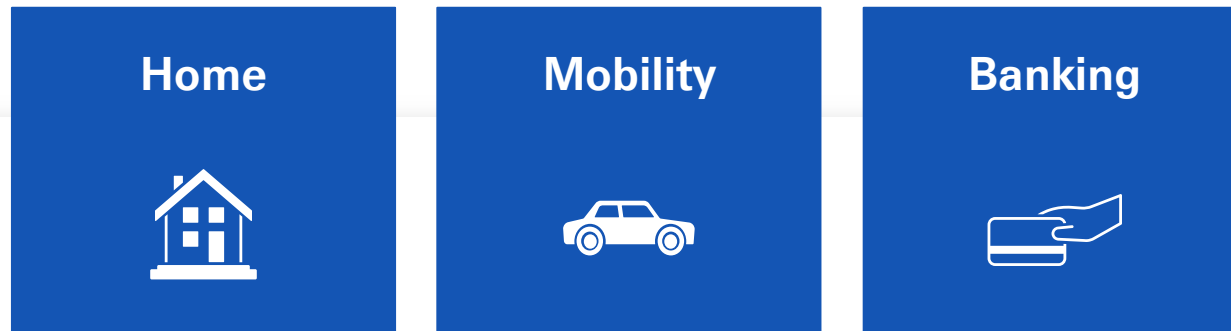
Insurance data	Underwriting and claims rules to sell & support in minutes
Tech & data platform	API-first approach for seamless partner onboarding and ecosystem integration
People	Exceptional technology, data, insurance talent
Business model	No channel or portfolio conflict

Capabilities of key players

	Insurers	InsurTech	Big Tech
Insurance data	Medium-High	Low	Low
Tech & data platform	Low	High	High
People	Medium	Low	Medium
Business model	Low	High	Low

Insurers, InsurTechs and Big Tech are struggling to unlock market potential

Market demand from consumers & brands...



Market potential¹



Customer benefit

Seamless experience
Convenient services
Customer value

Brand benefit

Efficient growth
Customer loyalty
Share of wallet

... unlocked by product market fit:

- 1 **Minimised integration** effort between partners
- 2 Tailored and **customer-centric propositions**
- 3 **Seamless journeys** with analytics optimisation
- 4 **Fast time-to-market** for new product launches

1. Approximate share of market potential in 2030

Q&A



Please raise your hand
to ask a question.

Thank for your attention.

For any further questions, please contact the Media Relations team at media_relations@swissre.com or +41 43 285 71 71.

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