



Swiss Re survey reveals computer-based risks, foreign trade and corporate governance as the top corporate risk concerns

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Davos/Zurich, 25 January 2006 – At the World Economic Forum’s Annual Meeting today, Swiss Re announced the results of its survey on what senior leaders at multinational corporations see as main risks in 2006 and beyond. The survey polled senior executives in six large, industrial countries: France, Germany, Italy, Japan, the UK and the US. The study, entitled “Swiss Re Corporate Risk Survey: A Global Perspective”, highlights computer-based risks, foreign trade and corporate governance as causing the most concern.

The study found that, while risk assessment is becoming a more prominent concern among many senior executives, there is a discernable gap between assessing risk and adopting comprehensive risk mitigation strategies. The study also validated that risk management is a tool used to protect shareholders’ value and ensure the company’s continued successful operation.

Key findings from the survey include:

- **Some risks spanned all countries surveyed:** The greatest risk concern among global executives is the threat of computer-based risks (defined as hackers, unauthorised disclosures, viruses/worms, piracy, disruption of electronic infrastructure, data storage and/or telecommunications) which placed in the top three for executives in all six countries;
- **Other risks were more sector specific:** Concern over corporate governance issues ranked high (2nd place) among executives in the financial sector, whereas executives in manufacturing rated the same risk much lower (ranked 11th);
- **Risk mitigation tools were similar:** Executives favour internal controls as their primary risk management tool, though insurance and financial hedges are also important; and
- **Executives share focus on emerging risks:** Natural disasters, computer-based risks and potential global pandemics, such as avian flu, top the list of emerging risk concerns.

“The remarkable consistency in risk concerns among senior executives of multinational corporations supports the need for global best practices in

risk assessment and planning,” said Jacques Aigrain, Chief Executive Officer of Swiss Re. “To advance the development of these solutions, insurers need to design and articulate the benefits of risk transfer and partner with governments and judiciaries to address regulatory and legal reforms on a broader scale.”

Most of the risks mentioned in the survey are seen by executives to have a long shelf life – risks that will persist for years to come. However, some risks, such as accounting rule changes and civil unrest or disturbances, were viewed by senior business leaders as short-term (extending over a period of approximately two years).

Managing risk

While executives favour internal controls as their primary risk management tool – particularly in France, which relies heavily on internal mitigation strategies – insurance is cited as a top external mitigation strategy for nine out of the ten top risks, and is a vital feature in corporations’ risk management strategies for societal, environmental health and corporate risks. The hierarchy of managing risks is internal controls, insurance, financial instruments and government policies.

“Though frequently consistent on risks there were also regional differences. For example, the top concern in Germany is liability risk – which we usually think of as more problematic in the US,” said Aigrain. “In France, corporate governance issues are the primary concern, while in Italy it is operational/facility risks. This demonstrates the need for regional expertise and flexible solutions in designing risk management strategies.”

The entirety of the study is being shared this week at the World Economic Forum’s Annual Meeting in Davos. This year’s agenda addresses risk from a variety of perspectives from business, government and non-governmental organisations. Swiss Re will be participating in a number of sessions, including Global Risks 2006: Environment and the Bottom Line; Global Risks 2006: Complexity and Resilience; and Energy Crisis Simulation: Concerted Terrorist Attacks Create Price Shock.

Notes to Editor

The survey was conducted between November and December 2005 by StrategyOne on behalf of Swiss Re. A total of 60 senior-level executives from top-tier global corporations took part, ten in each of the following six countries: France, Germany, Italy, Japan, UK and the US.

Swiss Re

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A pdf version of the full report is available online: www.swissre.com

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