

Risk Profile Changes in the New World

28 April, 2020



Today's Panel



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Risk Management Webcast Series

1

Managing Employers' Liability During a Crisis

[\[Replay Available\]](#)

2

COVID-19 Property Risk Profile Changes

[\[Replay Available\]](#)

3

Risk Profile Changes in the New World

[\[28/04 – 12PM\]](#)

4

Maximising Recovery from the COVID-19 Pandemic

[\[01/05 – 12PM\]](#)



Next week we are hosting a special COVID-19 claims webcast.

5

COVID-19 - First Party Claims Considerations

[\[05/05 – 1PM\]](#)

Q&A

Audience members can submit questions by typing them into the Q&A window at the bottom of your computer screen.

If a question is not answered during today's programme, someone from Marsh will respond as soon as possible.

Covid-19 is Likely to Change Risk Appetite

Insurance programme design will need to be more dynamic



- Establish what is happening to insurable risk appetite and the internal financing landscape.
 - How much do we want to retain now, and what risks?
 - What's the cost of our capital to provide for and pay retained losses?
 - How long is this situation likely to last?
 - What is the next insurance premium budget likely to be?
 - Is a captive or other formal risk retention mechanism a viable option?
- Prioritise portfolio risks – establish where risk transfer is providing the best value or is critical.
- Are we insuring the right things?
- Focus on controlling cost for retained risks and understand the potential volatility.
- Document the process and decisions taken.

Business Interruption Risk Profile

Business reaction to COVID-19:

- Multinational companies are realigning targets on profit, cash, and deliveries with some suspending dividends.
- Refinancing? Restructuring? Changes to operational model? Altered risk landscape?



Business Model

- Business activities.
- Opportunities.



Financial

- 3 year plan.
- Trend.
- Seasonality.
- Gross profit.
- Interdependency.
- Customer base.
- Contractual position.
- Competitors.



Operational Implications

- Operational changes.
- Personnel requirement/availability.
- Strategic plans/investment projects.
- Maintenance plans.
- Production/output vs. capacity.
- Supply base.



Business Interruption Insurance Coverage Adjustments

- Business description.
- Adjustable policies.
- Sum insured.
- Policy limit.
- Indemnity periods.
- Intergroup dependency.
- Named suppliers.
- Named customers.
- Extensions.



3 Ideas

- Document your COVID-19 business interruption journey and impacts.
- Prepare headline business interruption (BI) risk profile changes and share with Marsh/insurers.
- Review any changes to your BI insurance coverage needs.

Managing an Altered Cyber Threat Landscape

- The cyber threat changes, as a consequence of COVID-19, can be summarised in two phases:
 - Managing through the crises with a focus on productivity for remote workers.
 - The recovery strategy and living with the long-term implications of COVID-19.

Considerations for Managing Through the Crises

- Consider threats related to an extended BCP position.
- Operational changes made to support end users by deploying new solutions, increased reliance on existing systems, and use of the cloud and consumerisation.
- Organisations may want to assess their risks through the following lens:



Trends According to the Marsh Microsoft 2019 Global Cyber Risk Survey

Confidence in cyber defense is at an all time low.



Organisations continue to embrace new technology despite this.



Very few organisations evaluate risk before and after adoption.



Considerations for Recovery

- Reluctance to revisit or reverse changes made during the crises.
- The rapid decentralisation of the workforce and supporting tools.
- Security strategy changes and any funding implications.
- Shift in business priorities and potential disruptions require close monitoring.
- Organisations may wish to:**
 - Re-baseline the risk register to focus on new or emerging loss areas.
 - Consider cyber programme changes.
 - Consider risk transfer arrangements and options.

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Managing COVID-19 Risks



For the latest from Marsh and other Marsh & McLennan businesses, visit:
<https://www.marsh.com/uk/campaigns/coronavirus-stay-informed.html>

To register for our upcoming Risk Management Webcast Series, visit:
<https://www.marsh.com/uk/insights/events/mitigating-impacts-maximising-recovery-covid-19-webcast.html>



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