

Natural catastrophes – business and risk preparedness

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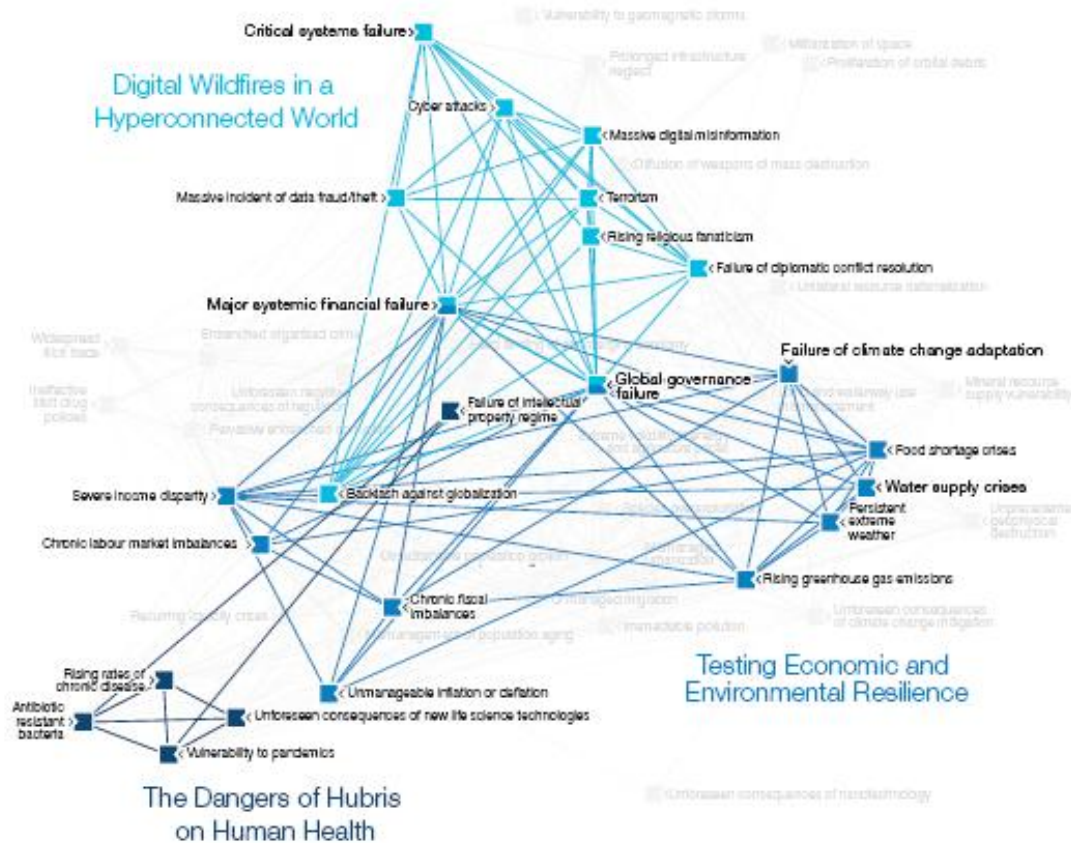
About the survey



- The survey, conducted in January 2013 by the Economist Intelligence Unit, included responses from 170 executives from around the world.
- Of them, 49% are C-level executives or board members, and another 28% are other senior executives (senior vice-president, vice-president, director, head of business unit or department).
- About one-third of respondents are located in the Asia-Pacific region and nearly 30% each from North America and Europe. The remaining 9% are located in Latin America, the Middle East and Africa.
- Respondents are almost equally split between companies with less than US\$500m in annual global revenue and those with higher revenue.
- The survey covers 19 different industries, with the largest representation from professional services (15%), financial services (11%) and IT/technology (11%). About 6% are from the government/public sector.

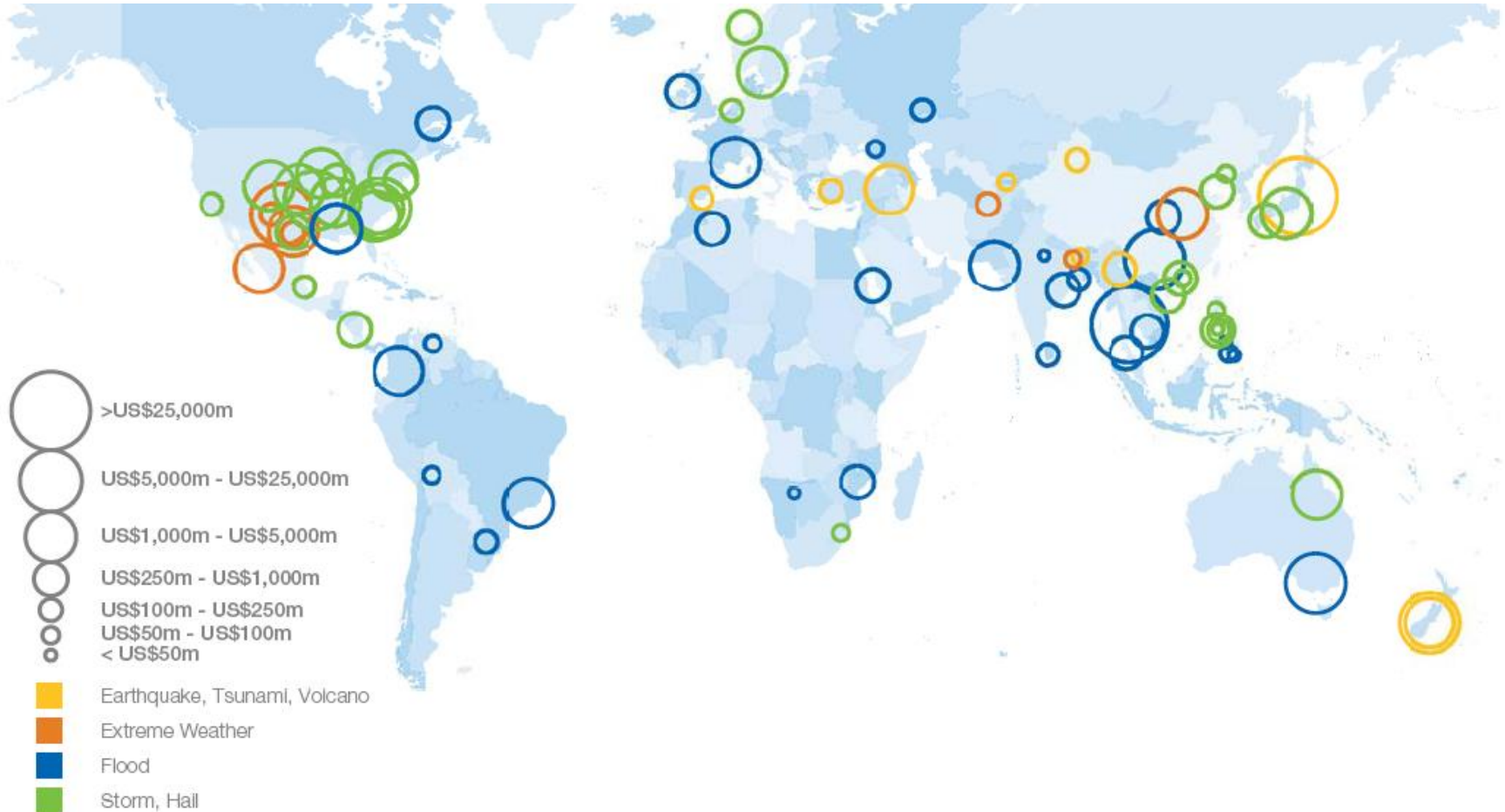
For the executive summary of this study please visit www.zurich.com/multimedia

Today's risks have become highly interconnected



Source: World Economic Forum, Global Risks 2013 Report, page 6

Economic losses in 2011 related to selected natural catastrophes



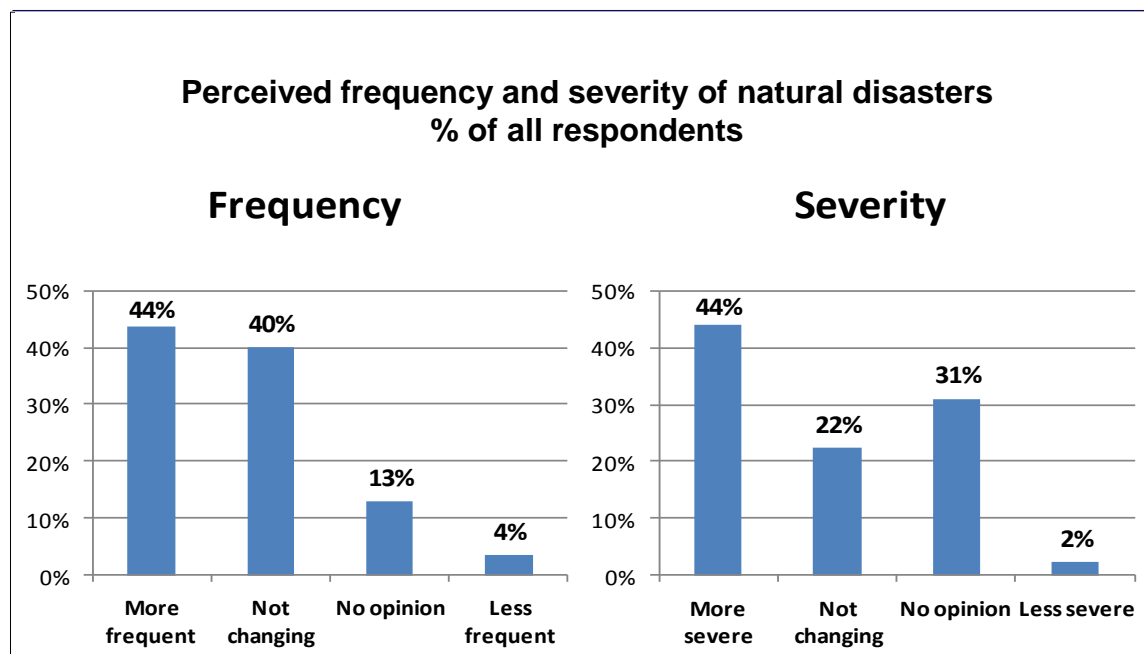
Source: World Economic Forum, Global Risks 2013 Report, page 19

Economies and organizations are facing environmental challenges



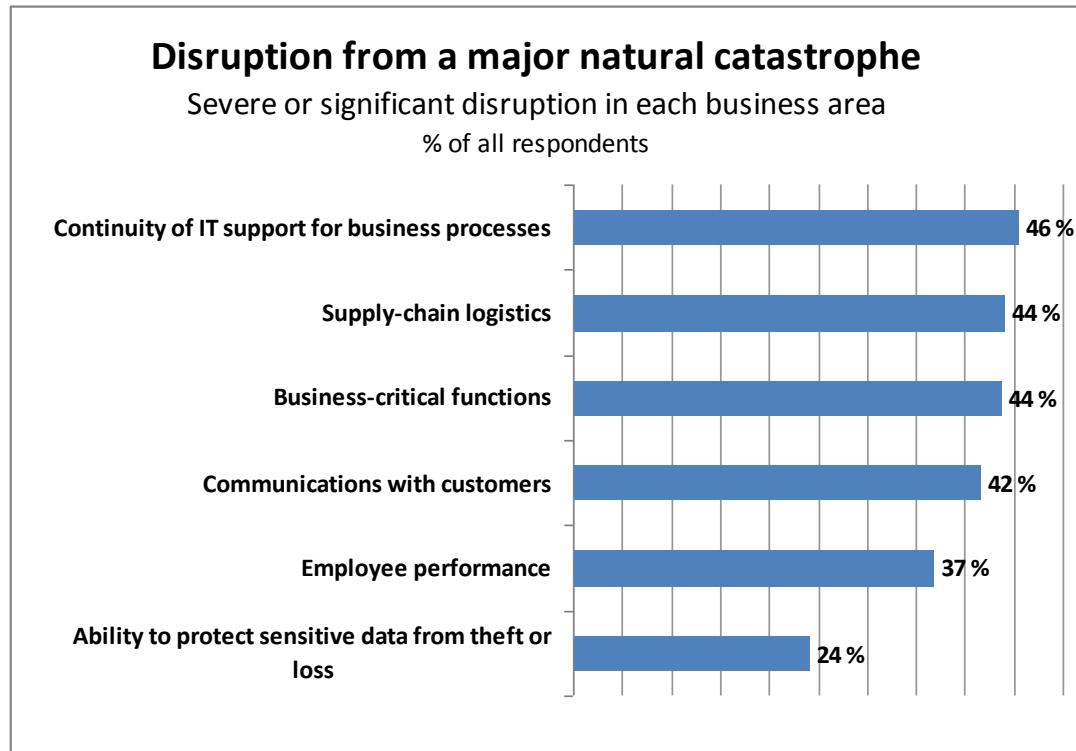
Key finding 1

Natural catastrophes are perceived as a growing threat and are receiving considerable attention from business enterprises



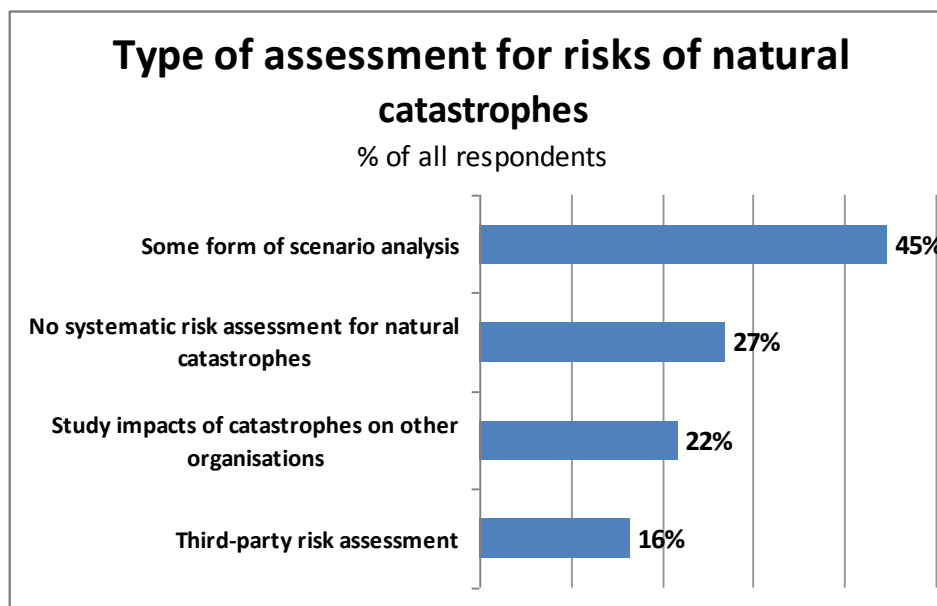
Key finding 2

Business disruption from a natural catastrophe encompass multiple aspects of the enterprise



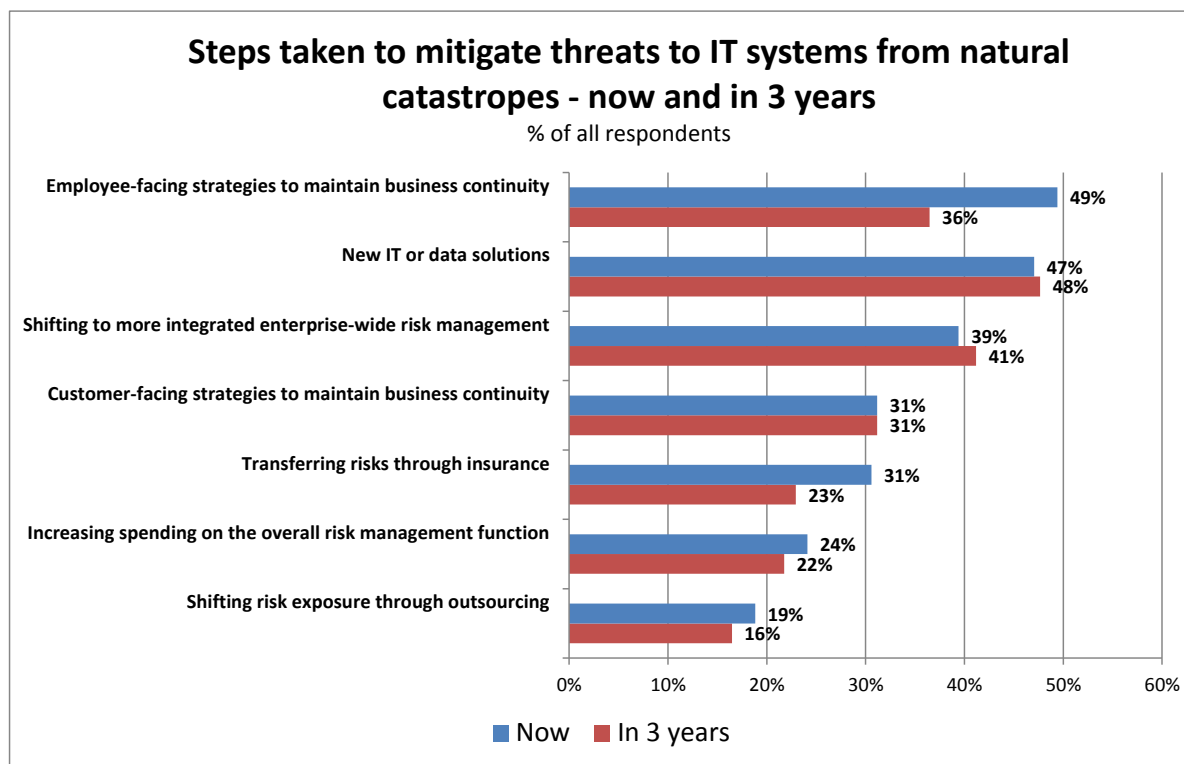
Key finding 3

Only 45% of organizations use systematic scenario analysis to assess the risks of natural catastrophes



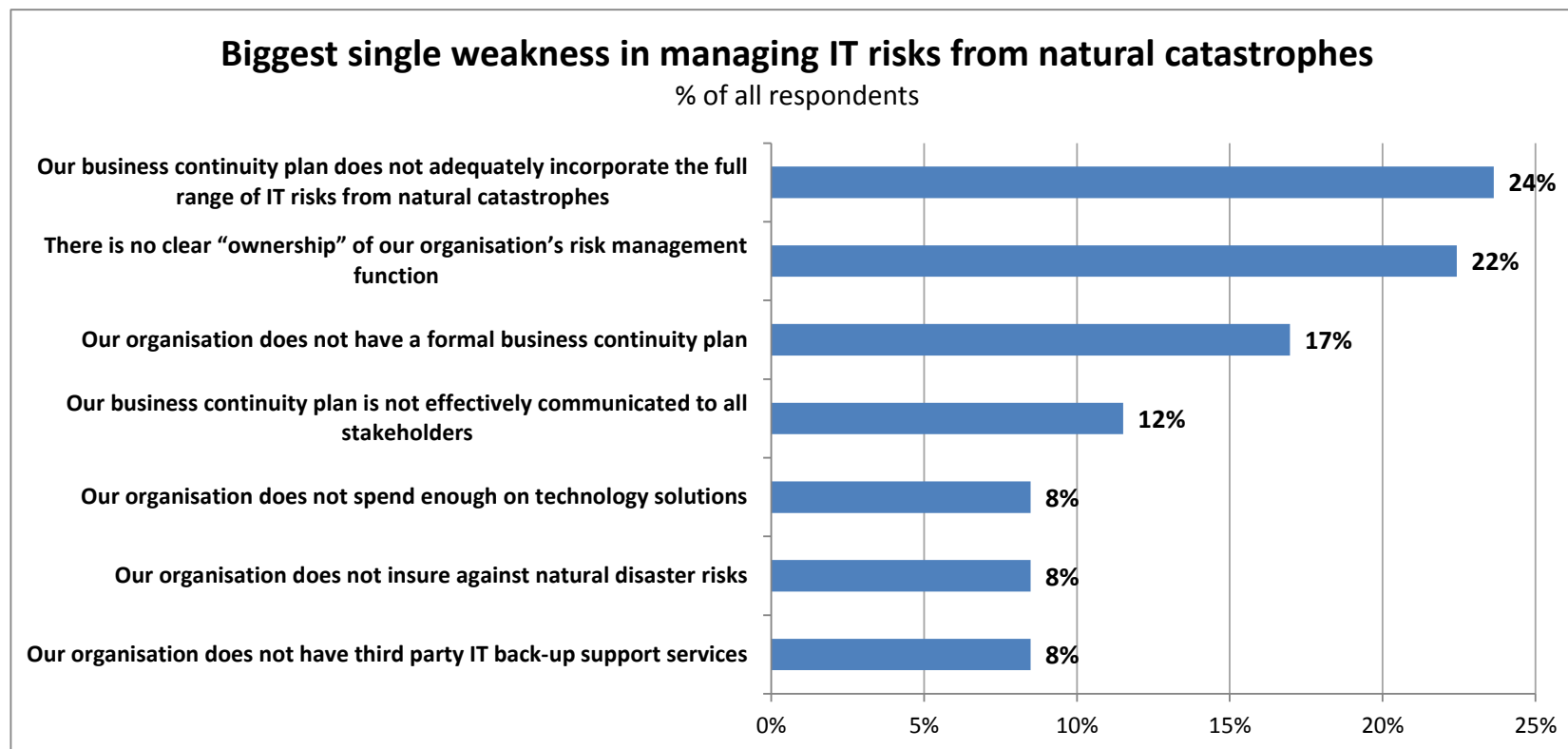
Key finding 4

Only a minority of companies are transferring risk through insurance



Key finding 5

Inadequate integration of risk categories is the most significant weak point in managing IT risks from natural catastrophes



Conclusions



- Global organisations face challenges in developing comprehensive enterprise-wide risk-management strategies.
- A key element of such a strategy would be a full integration of threats from natural catastrophes into the organisation's systems for identifying, assessing and controlling risks.
- This analysis concludes that considerably more effort will be required before the risks of natural catastrophes are adequately controlled.
- Particularly important progress has been achieved in the area of IT risk-mitigation strategies. Nearly 80% of respondents say that their organisation has adopted at least one hardware-focused and at least one employee-focused IT risk-management strategy related to natural catastrophes.
- Yet efforts to address the interconnectedness of risk clusters through integrated risk management remain incomplete, as only a minority of businesses have developed a comprehensive risk profile for senior management.
- A lack of adequate resources or technical know-how is the most common reason for organisations' failure to build more integrated risk-management strategies. But access to resources is a matter of priority. It is significant, therefore, that many respondents lack the ability to present a compelling business case for risk-management initiatives.
- But, while rigorous analysis for mitigation strategies may provide clearer metrics to inform decision-making, the onus is on senior executives to own the risk strategy in a comprehensive way if businesses are to become truly better prepared.