

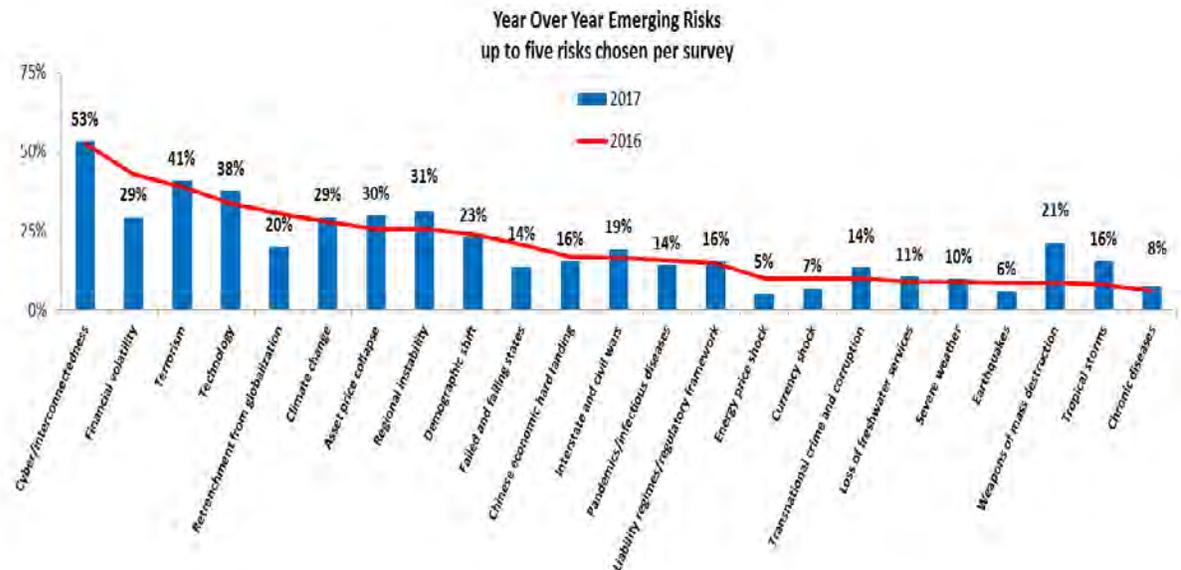
Eleventh Annual Survey of Emerging Risks: Summary of Findings

Cyber risk ranks as the greatest looming threat for the fourth year in a row, according to the eleventh annual emerging risks survey of risk managers from the Joint Risk Management Section. The survey also revealed that 42 percent of risk managers project good or strong global economic expectations for 2018, which is the highest ever recorded for this survey. The following summary highlights key findings from research conducted by Society of Actuaries (SOA) member Max Rudolph, FSA, CERA, MAAA, owner of Rudolph Financial Consulting, LLC.

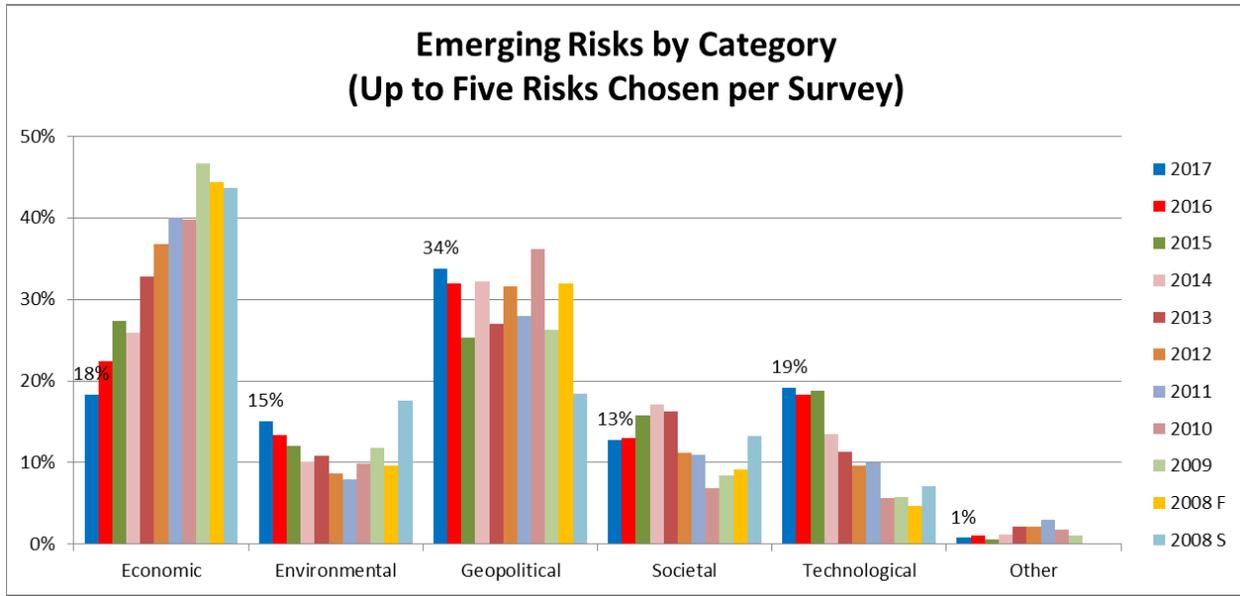
Top Emerging Risks

Risk managers perceive cyber risk (53 percent), terrorism (41 percent) and technology (38 percent) to be the three greatest emerging risks. The perceived threat level for cyber risk is unchanged year-over-year, whereas technology risk increased four percent and terrorism risk increased two percent during this timeframe. Notably, risks associated with weapons of mass destruction and natural catastrophes such as tropical storms at least doubled, as survey respondents reacted to the rise of geopolitical risk and the active hurricane season.

Growth in these risks demonstrates evidence of anchoring through recency cognitive bias, where responses gravitate toward recent events.



When analyzing the top five emerging risks, the geopolitical category increased its lead over the technological and economic categories. Geopolitical and Societal risks each increased three percent, while economic risk decreased seven percent during this timeframe.



Year-over-Year Comparisons

- Cyber risks are stabilizing, but remained strong. This risk continued its position as the number one emerging risk, staying level at 53 percent.
- Geopolitical category risks are higher than 2016. Historically, odd numbered years reverted following increases during national elections in even numbered years. The increase in 2017 was led by weapons of mass destruction, regional instability and transnational crime and corruption.
- Several risks in the economic category were materially lower than 2016, including financial volatility (declined from 43 percent in 2016 to 29 percent in the current survey) and energy price shock (declined from 10 percent to 5 percent during this period).
- Technology risk continues to move up the rankings, landing at number three with 38 percent of respondents choosing it in their top five emerging risks. This risk highlights the insurance industry's unique role in risk management, not only managing its own technology risks but seeking out and accepting the risks of others to help business increase resilience.

About the Survey

A total of 222 risk managers from across the globe participated in this online survey in November 2017. The research was funded by the Joint Risk Management Section (JRMS) of the Canadian Institute of Actuaries, Casualty Actuarial Society and Society of Actuaries.