

BEYOND INSURANCE

THE CLIENT VIEW

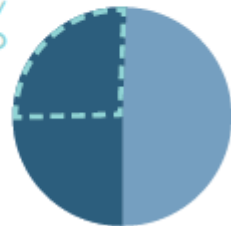
TECHNOLOGICAL CHANGE

90% of clients stated that new technology is altering their business models

Total task-hours completed by machines
WEF

29%
IN 2018

52%
BY 2022



“The more powerful the AI, the higher the potential liability”

CFO of a high growth tech company, Europe

“We’ve had over 100 years to learn how to build the perfect store, including all the corresponding infrastructure. Shifting to e-commerce is changing our entire operating model”

Director of Risk Management at a global consumer goods company in the USA

Over three quarters of clients highlighted increasing digital customer interactions as a key driver of change in their organisations








1. Digitisation of operations
2. The move from physical to digital customer interactions
3. Adoption of next gen Tech, such as AI, Virtual Reality (VR), Augmented Reality (AR), robotics, and digital currencies

DIGITISATION OF OPERATIONS

“Connecting our IT and OT (Operational Technology) has many benefits but also leads to big unknowns in terms of vulnerabilities. The provision of energy is a key target of national security and no power or utility company would be immune against a targeted attack.”


Group Head of Insurance at an international utility company


-  An estimated \$1.25T was spent on digital transformations globally in 2019, versus a projected \$2.3T by 2023 (IDC)
-  Approximately 25% of U.S. employment will face high exposure to automation until 2030, with greater than 70% of current task content at risk of substitution (Brookings)
-  Increased automation will allow machines to go from completing 29% of total task-hours in businesses in 2018 to completing 52% of total task-hours by 2025 (WEF)
-  60% of business executives in the 20 leading economies have reported that COVID-19 has accelerated their digital transformation plans (IBM Institute for Business Value and Oxford Economics)
-  5G has up to 100x faster data rates and significantly improved bandwidth compared to 4G, enabling broader applications of Internet of Things (IoT), machine learning, artificial intelligence, virtual reality and augmented reality (Thales Group)


DIGITAL CUSTOMER INTERACTIONS

“While we know exactly how to attract local customers to our supermarkets, e-commerce is changing the game completely and we have to learn everything from scratch. We don't have time for that, so we either buy or partner with external service providers who are more experienced in delivering a digital service model.”

Director of Risk Management at a global consumer goods company in the USA

 Total U.S. e-commerce sales for 2020 were estimated at \$791.7B, an increase of 32.4% from 2019. E-commerce sales in 2020 accounted for 14% of total sales, compared to 11% in 2019 (U.S. Census Bureau)

 70% of Chinese consumers use mobile wallets regularly, with e-commerce forecast to account for 12% of the country's GDP by 2022 (Merkator Advisory Group)

 Bank cost savings via chatbots to reach \$7.3B by 2023, up from an estimated \$209M in 2019 (Jupiter Research)

“When you close a lot of local branches, you need the technology to give your customers that same, or an even better experience than what they were previously used to.”

Chief Risk Officer of a regional banking group in Europe

“As a Direct-to-Consumer (D2C) business, there is an incredible opportunity to gain market share quickly, with a much smaller operation. Established businesses often really struggle to connect to consumers online while we benefit from being a start-up with no legacy baggage weighing down our brand.”

CEO of a high-growth D2C brand based in the USA

NEXT GENERATION TECHNOLOGY



"We have a growth mindset. If you are telling me something has never been done before, or that it can't be done - that's when it gets interesting to me"

Chief Strategy Officer of a high-growth tech start-up in Europe



By 2025, 50% of enterprises are forecast to use AI systems in their operations, up from fewer than 10% in 2020 (Gartner)



By 2023, 40% of all enterprise workloads (IT applications running the core functions of a business) are forecast to be deployed in cloud platforms, signifying a doubling since 2020 (Gartner)



Adoption of AR and VR technologies has grown 79% year-on-year since 2016, up from \$6.1B in 2016 to \$18.8B in 2020 (BCG/Mordor Intelligence)



The IoT market stood at \$251B in 2019 and is projected to reach \$1.5T in 2027, with a 25% CAGR in the forecast period (Fortune Business Insights)



"We build a lot of our AI on open source software. If there is a system glitch or vulnerability in the code, who is to blame for that?"

Head of Strategy and Risk
of a large Tech firm based in India

POTENTIAL TO BETTER RESPOND TO CLIENTS' RISK TRANSFER NEEDS

01. How can the London Market better meet the needs of insureds who are building hybrid or fully digital customer interactions?
02. Can the London Market further support its clients in collateralising intangible assets?
03. How can the London Market increase its capacity for large cyber exposures as demand for bigger limits rises?
04. Can the London Market offer more support for clients looking to build renewable energy projects in emerging markets?
05. How can the London Market further support clients who are experiencing either loss of revenue or immediate liquidity issues during a reputational crisis?
06. How can the London Market provide additional help to its clients to protect against accidents caused by the adoption of new generation technologies?
07. How can the London Market provide more support for the decommissioning of energy assets?
08. How can the London Market supplement its cyber risk consulting to support the growth of digitisation across all industries?

POTENTIAL TO BETTER RESPOND TO CLIENTS' RISK MANAGEMENT NEEDS

09. Can the London Market provide additional support for its clients to meet their ESG criteria?
10. How can the London Market help its clients to protect against digital ID fraud and other new technology related risks?
11. Can the London Market play a bigger role in helping clients better assess and quantify their direct and indirect carbon footprint?

