

The Water Risk Curve

Global Risk Transfer Perspectives

Qld Water 2024 Annual Forum

Friday 23 August

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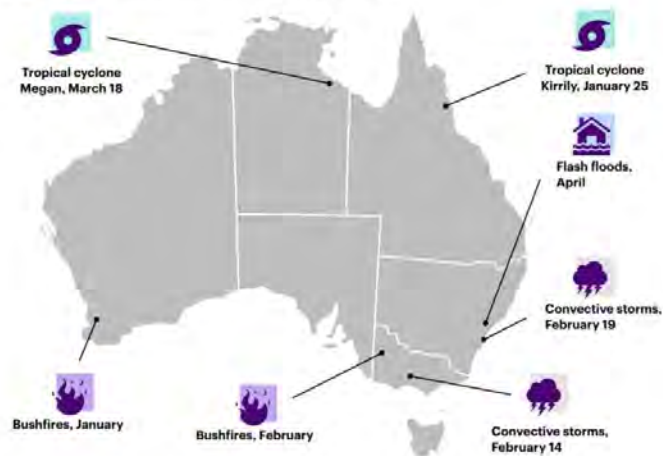
Natural Catastrophe Events – Australia – 1st Half 2024

Climate change is set to increase the risk from natural catastrophes in countries such as Australia, complicating an already intricate business risk landscape. Storylines can help businesses better understand and manage these complex and often compound climate hazards.

Australia faced numerous natural catastrophe events in the first half of 2024 (Figure 1):

- **January 25:** Tropical Cyclone Kirrily, a Category 2 storm on the Australian Bureau of Meteorology (BoM) scale, struck Queensland, bringing strong winds and heavy rainfall.
- **February 14:** Valentine's Day convective storms caused Victoria's largest blackout on record, affecting 530,000 homes and businesses, resulting in over AU \$100 million (US \$67 million) in insured losses.
- **February 19:** Convective storms hit New South Wales, causing injuries, transport disruptions and flash flooding in Sydney.
- **March 18:** Tropical Cyclone Megan made landfall as a Category 3 storm (BoM scale) in the Northern Territory, bringing strong winds, heavy rainfall and flooding.

Figure 1. Notable natural catastrophe events in Australia in the first half of 2024.



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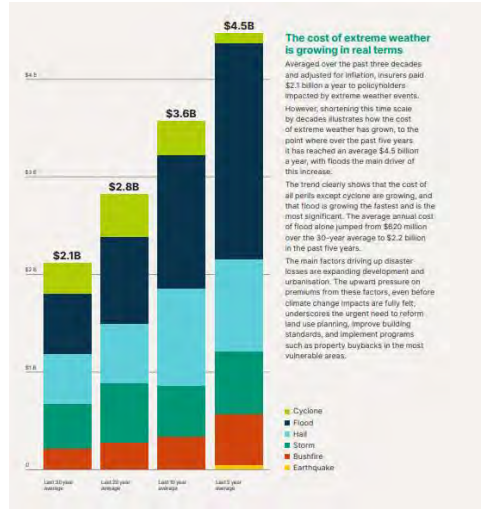
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Extreme Weather Costs

Source: Insurance Council of Australia: Insurance Catastrophe Resilience Report 2023-24



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WTW Global Directors and Officers Survey

	2019	2021	2022	2023	2024
#1	Data loss	Cyber attack ▲	Cyber attack ▶	Cyber attack ▶	Health and safety ▲
#2	Cyber attack	Data loss ▼	Data loss ▶	Data loss ▶	Cyber attack ▼
#3	Regulatory breach	Regulatory breach ▶	Cyber extortion ▲	Cyber extortion ▶	Data loss ▼
#4	Litigation risk	Health and safety/ environmental prosecutions ▲	Regulatory breach ▼	Regulatory breach ▶	Regulatory breach ▶
#5	Social media campaign	Risk of employment claims ▲	Health and safety/ environmental prosecutions ▼	Health and safety/ environmental prosecutions ▶	Systems and controls ▲
#6	Your organisation being a victim of a crime	Social media campaign ▼	Your organisation being a victim of a crime ▼	Bribery and corruption ▲	Bribery and corruption ▶
#7	Health and safety/ environmental prosecutions	Your organisation being a victim of a crime ▼	Bribery and corruption ▼	Your organisation being a victim of a crime ▼	Breach of sanctions ▲

▲ Risk ranking has increased for D&O's ▼ Risk ranking has decreased for D&O's ▶ Risk ranking has remained the same for D&O's

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Global Survey - Australasia

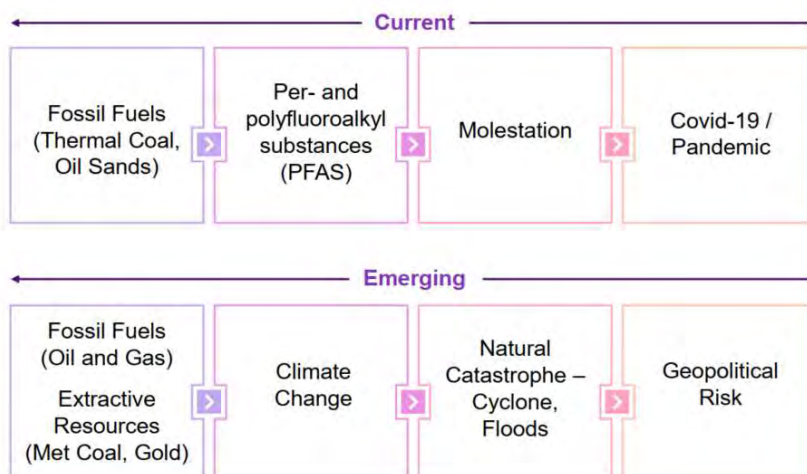


	Europe	GB	Asia	North America	LatAm	Australasia	Africa	Middle East
#1	Health and safety 83%	Data loss 86%	Health and safety 82%	Health and safety 83%	Health and safety 87%	Health and safety 84%	Health and safety 91%	Health and safety 85%
#2	Cyber attack (includes cyber extortion)* 79%	Health and safety 85%	Cyber attack (includes cyber extortion)* 81%	Cyber attack (includes cyber extortion)* 82%	Regulatory breach 86%	Cyber attack (includes cyber extortion)* 69%	Breach of human rights 86%	Cyber attack (includes cyber extortion)* 85%
#3	Data loss 77%	Cyber attack (includes cyber extortion)* 83%	Data loss 77%	Data loss 80%	Data loss 83%	Systems and controls 66%	Bribery and corruption 84%	A.I. / Machine learning 85%
#4	Regulatory breach 72%	Regulatory breach 82%	Climate change 74%	Regulatory breach 75%	Cyber attack (includes cyber extortion)* 83%	Data loss 64%	Systems and controls 84%	Criminal proceedings 81%
#5	Bribery and corruption 72%	Systems and controls 78%	Regulatory breach 73%	Systems and controls 74%	Breach of sanctions 79%	Regulatory breach 56%	Insolvency/bankruptcy of organisation 81%	Data loss 81%
#6	Systems and controls 71%	Supplier business practices 69%	Board structure 72%	Civil litigation / 3rd party claims 67%	Bribery and corruption 78%	Insolvency/bankruptcy of organisation 54%	Supplier business practices 79%	Climate change 77%
#7	Breach of sanctions 65%	Bribery and corruption 69%	Breach of human rights 71%	Bribery and corruption 60%	Civil litigation / 3rd party claims 78%	Climate change 46%	Data loss 69%	Supplier business practices 77%

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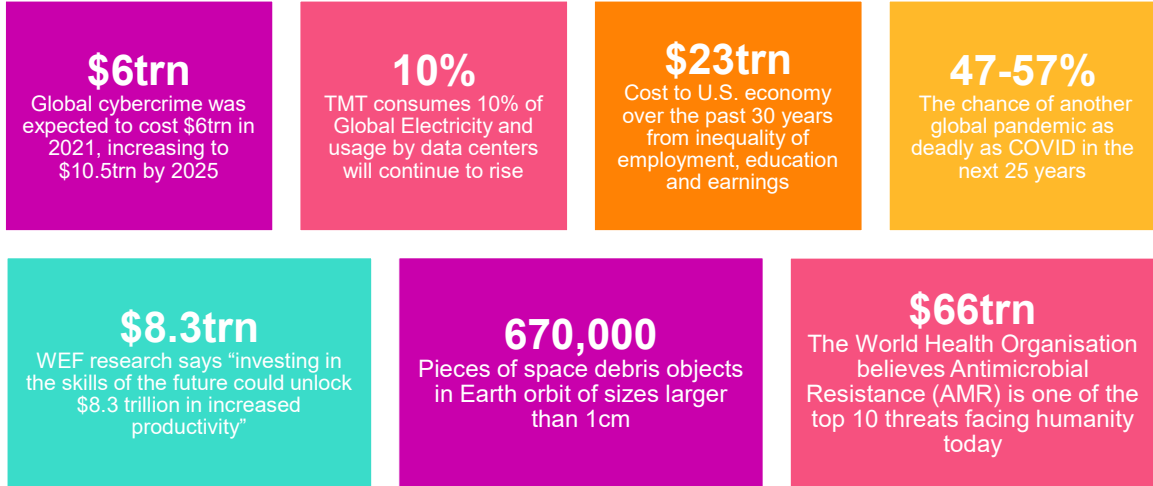
Uninsurable Industries and Risks

Current and Emerging



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What's coming down the pipes



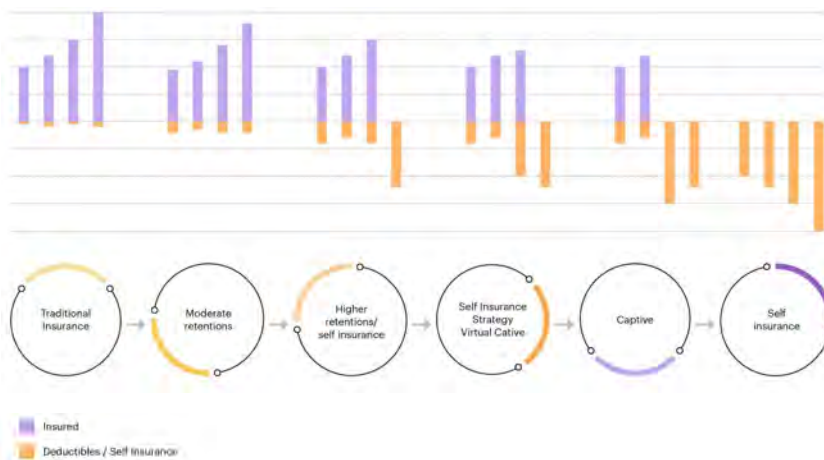
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Mindset Shift

Risk Optimisation



Lessons Learnt

- ▶ Go gradual
- ▶ Don't Plateau
- ▶ Not just about savings in premiums
- ▶ Potentially less Insurance
- ▶ Less insurance could = better outcome for claim response
- ▶ Refresh the strategy every year

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