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Insurance World in Transition: Changes in Global Risk Taking and Risk Assessment

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Catastrophe insurance risk assessment, risk taking, and regulation has evolved over the last 20 years and is gearing up for significant further change in the years ahead. Changes in regulation and influx of capital have put profit margins for catastrophe risk products under pressure despite the fact that changes in climate as well as increasing insurance penetration is expected to heighten demand. As a result, reinsurance strategies are moving away from catastrophe risk. In addition, lower margins require cheaper and more efficient risk assessment methods and processes which are contrary to evolving analytical tools and methods that had increased expenses in line with growing margins over the last decade. New capital providers are less familiar with and less willing to accept complex supply chains for risk management, relationship-driven business and tedious data exchange and management processes. Risk takers claim new measures and ask for more flexibility in the use of tools. The current concepts of catastrophe insurance risk assessment are hence under thorough scrutiny.
This presentation deals with the changing landscape in catastrophe insurance risk assessment and risk hedging and discusses changes in catastrophe risk assessment products and demand. How likely is it that private, small and nimble hazard and risk consulting groups - increasingly emanating from larger science organizations - will replace large established firms in their role to assess risk? What role do public-private academic partnerships play in assuming risk for catastrophe insurance and what role could they play in the future? What are the opportunities and downsides of the current changes in risk taking and hedging? What is needed from the scientific community in order to fill the gaps in risk management and who is likely to take advantage of the current changes?