
Lloyd's City Risk Index

Launch event

6 June 2018, London

Lloyd's City Risk Index

Inga Beale, CEO, Lloyd's

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Event programme

Introduction

Inga Beale, CEO, Lloyd's

Lloyd's City Risk Index explained

Trevor Maynard, Head of Innovation, Lloyd's

Methodology behind the numbers

Dr Andrew Coburn, Director of Advisory Board,
Cambridge Centre for Risk Studies

Panel discussion with Q&A

Chaired by Trevor Maynard with panellists:

- Tina Kirby, Beazley Group
- Elizabeth Mercer, 100 Resilient Cities
- Professor Daniel Ralph, Cambridge Centre for Risk Studies
- Jo da Silva, Arup

Closing remarks

Trevor Maynard

Lloyd's City Risk Index explained

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6 June 2018, London

What is the Lloyd's City Risk Index?

- A unique partnership with University of Cambridge's Centre for Risk Studies
- Measures the impact of 22 risks on the GDP of 279 major cities across the world, which together generate **41%** of global economic output
- Shows policymakers, businesses, and communities how risk events could affect the economy of their city
- Provides brokers and risk managers with a compelling argument for the value of insurance

Why is it important?

- Wealth is concentrating in urban environments
- More than half of the world's population now live in cities
- Cities account for 80% of global GDP
- Perils which strike cities can also have serious national economic consequences

What is the index measuring?

- **GDP@Risk**
 - is the average annual loss (also known as the 'expected loss') to a selected location's economic output from each threat or threat category
- **Total GDP@Risk**
 - is the expected loss to a selected city/country/region's economic output from all 22 threats
- **% of GDP@Risk**
 - is the percentage of annual GDP@Risk in a city as a proportion of its projected annual GDP

Key findings

- Total GDP@Risk from all threats \$546.5bn
- Man-made threats account for 59% of all global GDP@Risk; natural threats 41%
- Market crash is the largest single threat at \$103.3bn
- The majority of risk is concentrated in a few cities: just 10 cities account for almost a quarter of all GDP@Risk
- Tokyo has the largest GDP@Risk \$24.3bn
- Climate-related risks together account for \$123.0bn GDP@Risk
- Stronger resilience could prevent cities from losing \$73.4bn

Exploring Lloyd's City Risk Index

Home Explore Analysis About

Welcome to Lloyd's City Risk Index

The Lloyd's City Risk Index shows how much economic output 279 cities would lose annually (GDP@Risk) from 22 man-made and natural threats. Watch the video to find out more and click on the Explore tab to see the results.

Latest news

- Man-made risks forecast to cost world's cities \$320bn each year on average
- Building resilience to human pandemics
- Water shortages put cities under pressure

lloyds.com/cityriskindex

Building resilience – next steps

- Improved resilience could save \$73.4bn each year
- Insurance is part of the solution by providing cash injection following a catastrophic event
- Risk mitigation pre-event is important
- Insurers and brokers must invest in developing new products
- While no city can be completely risk free, the index shows active risk management can minimise the effect on GDP

Methodology behind the numbers

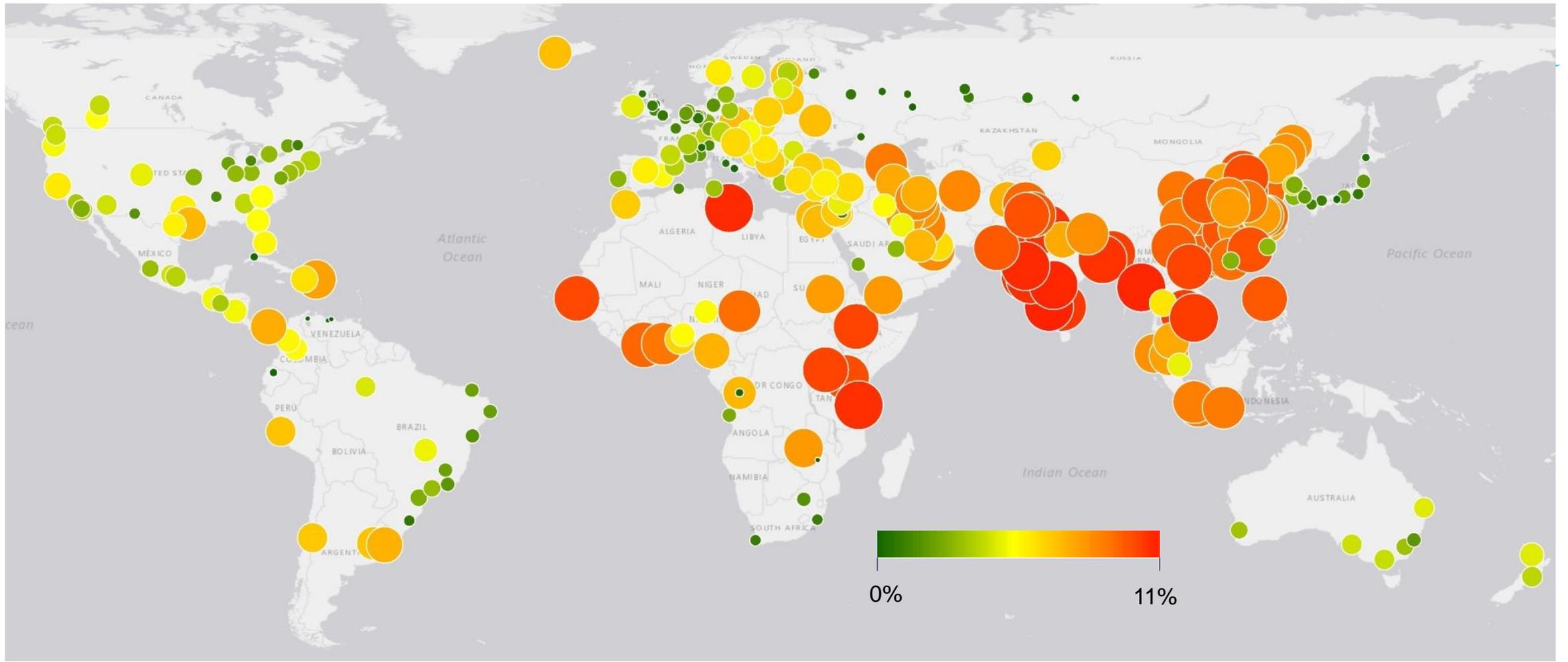
Dr Andrew Coburn,
Director of Advisory Board, Cambridge Centre for Risk Studies

Centre for
Risk Studies



UNIVERSITY OF
CAMBRIDGE
Judge Business School

GDP growth rates



Threats

Finance, economics and trade



Market crash



Sovereign crisis



Commodity prices

Geopolitics and security



Interstate conflict



Terrorism



Civil conflict



Social unrest

Natural catastrophe and climate



Earthquake



Tropical windstorm



Temperate windstorm



Tsunami



Flood



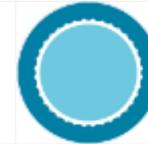
Volcanic eruption



Drought



Freeze



Heatwave

Technology and space



Nuclear accident



Power outage



Cyber attack



Solar storm

Health and humanity

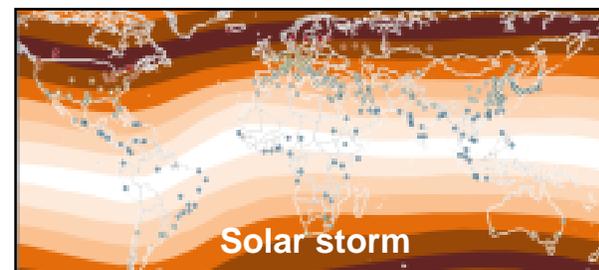
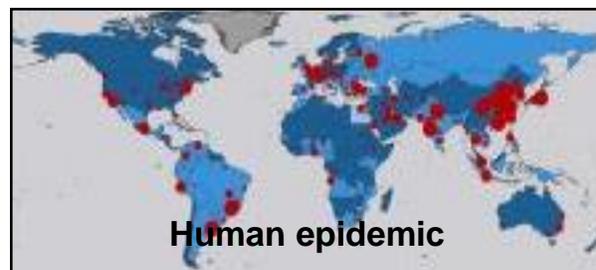
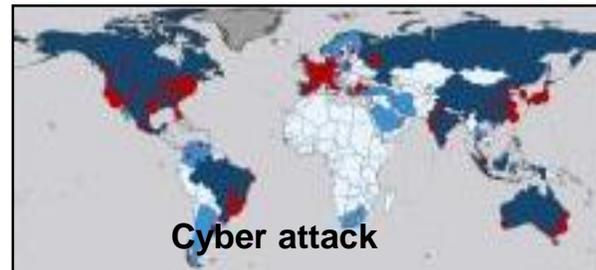
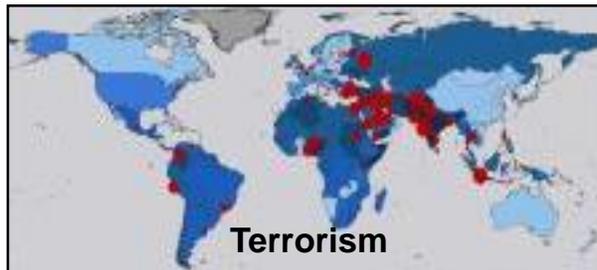
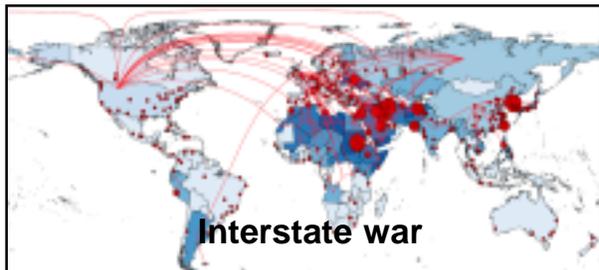
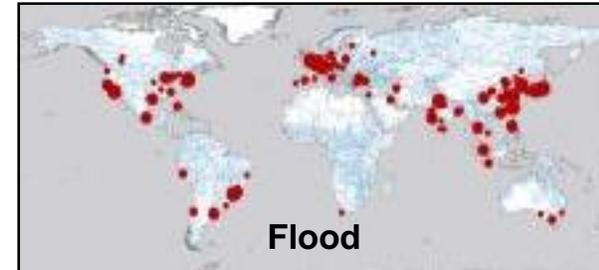
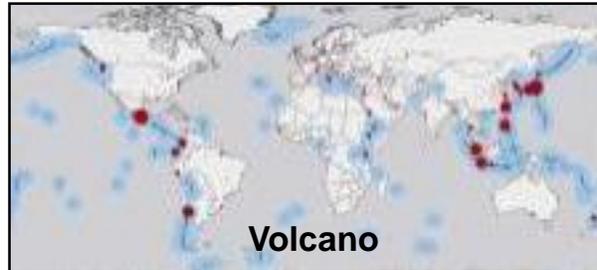
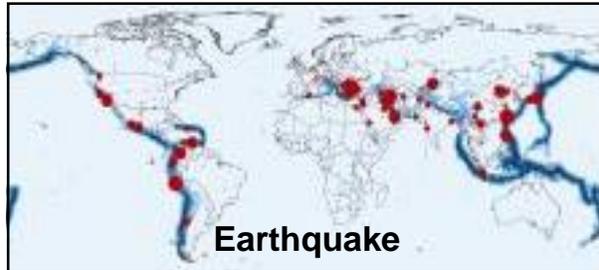


Human pandemic

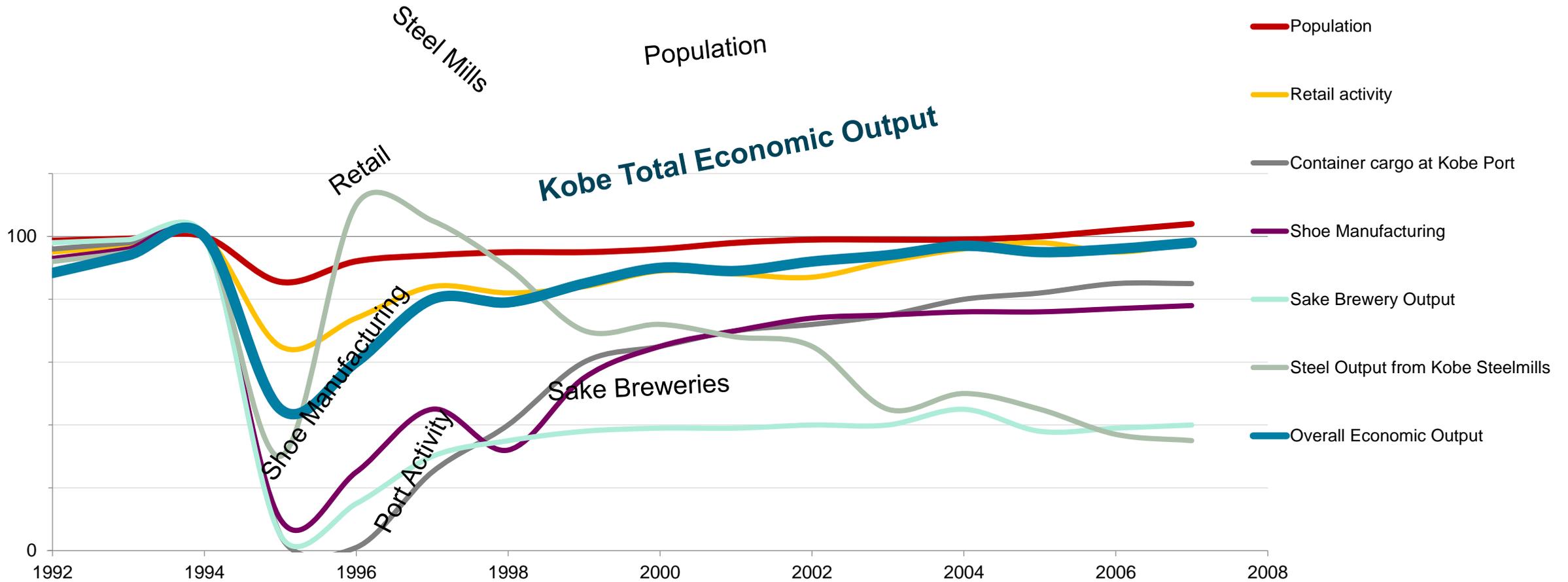


Plant epidemic

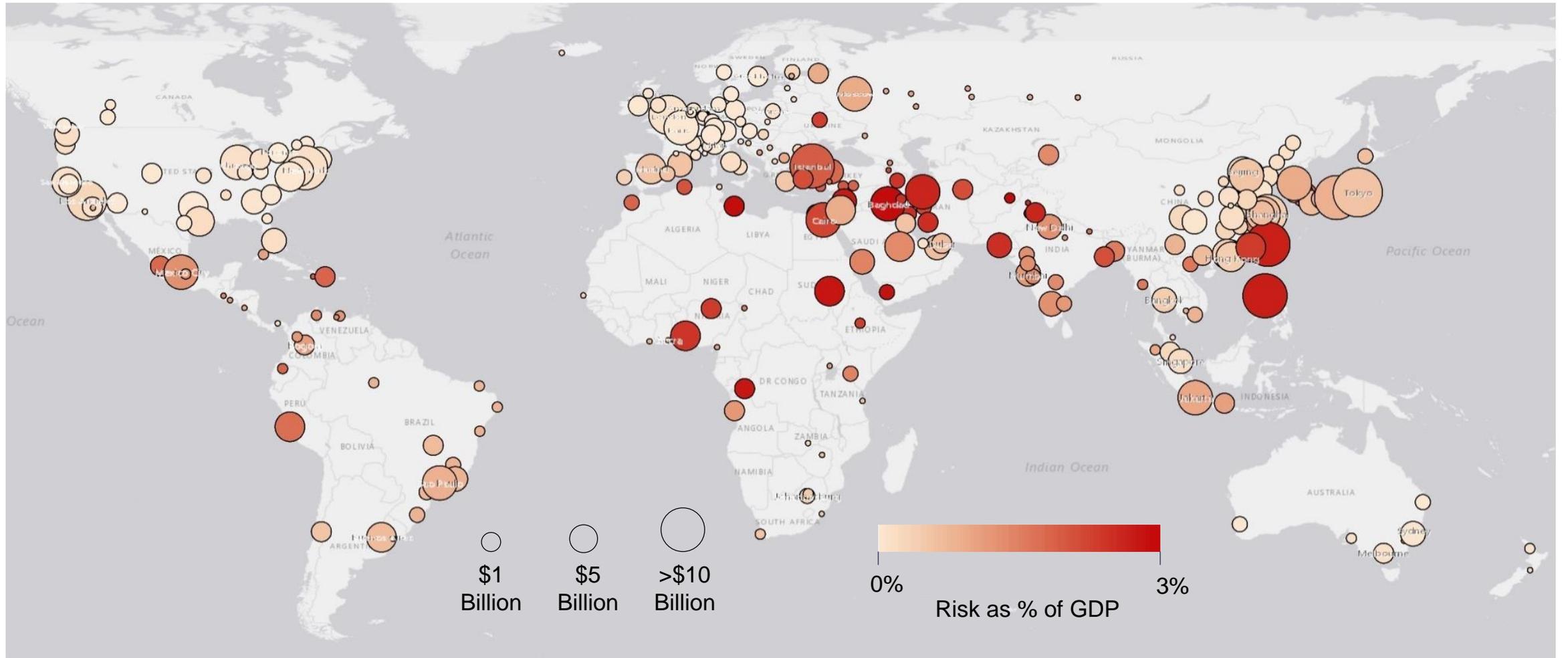
Threat mapping



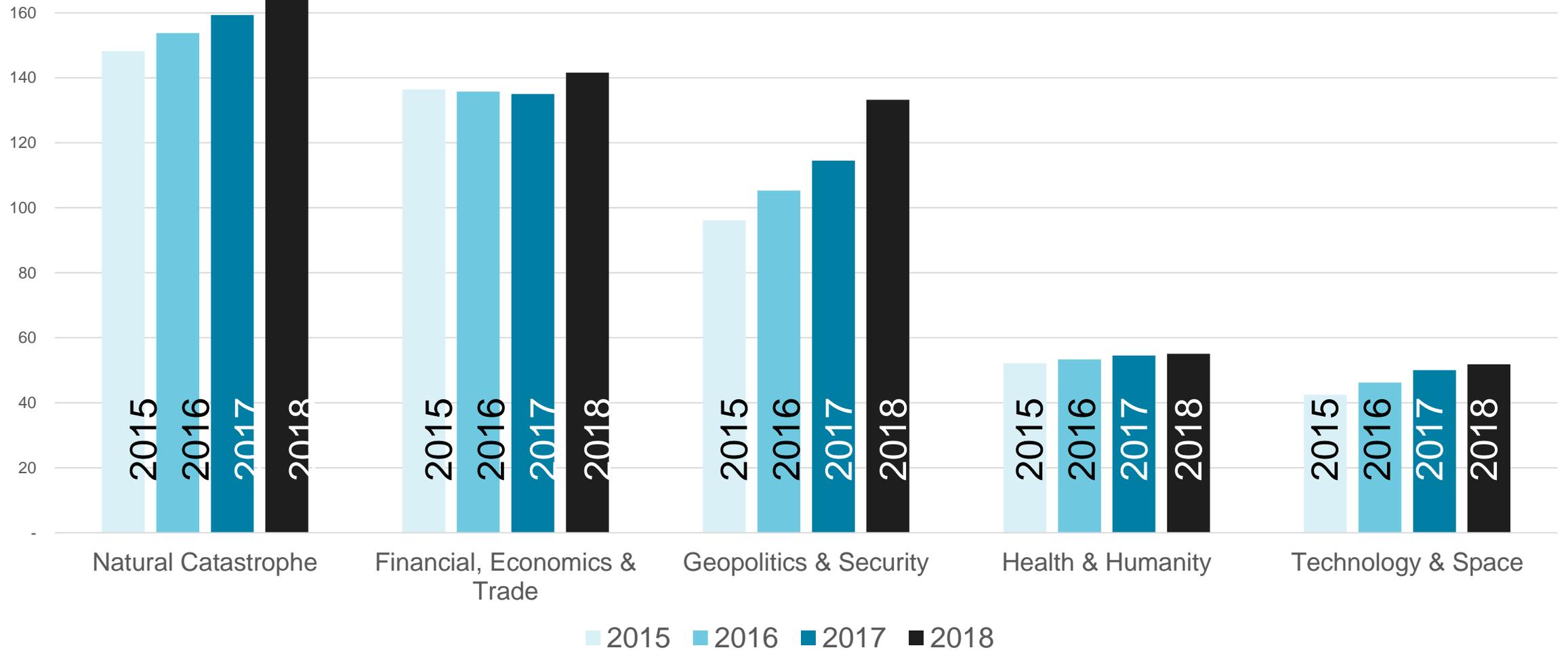
How a catastrophe impacts a city's economy



GDP@Risk



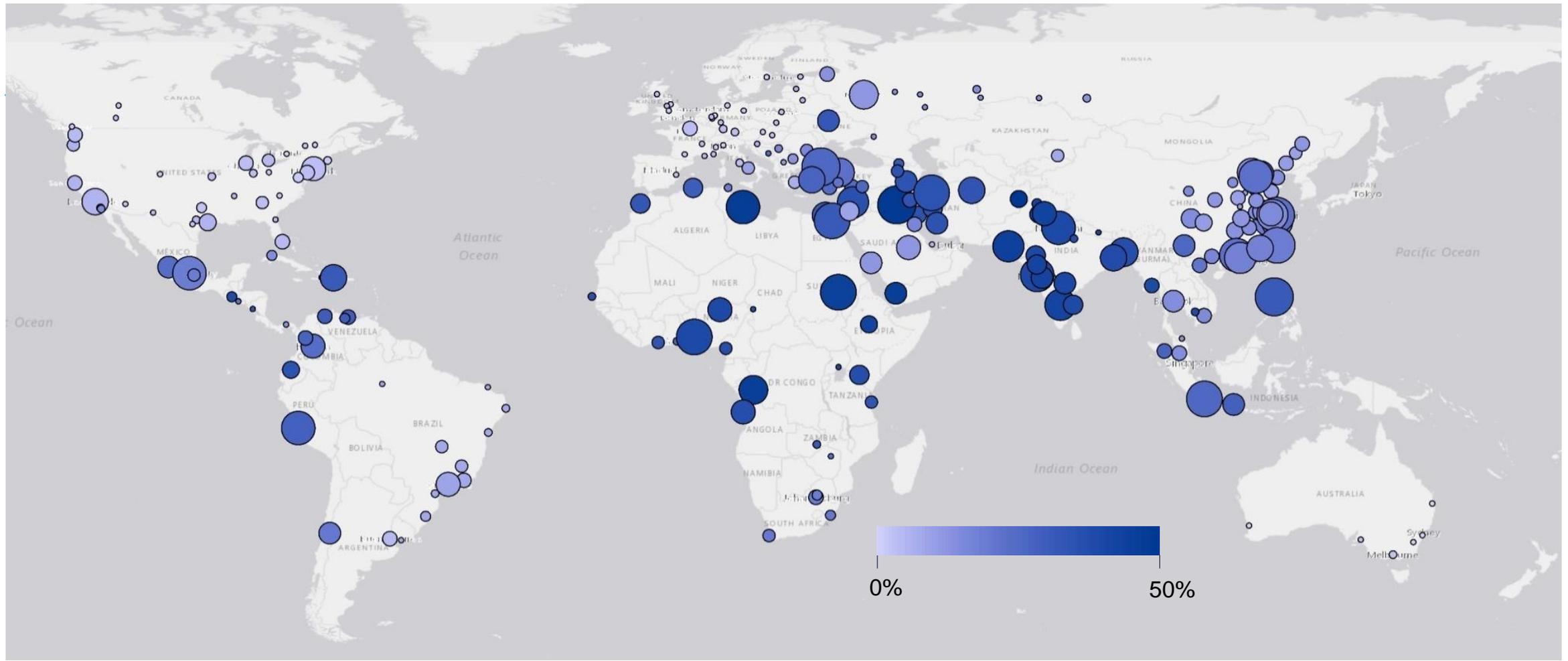
Change in risk over time



How risk is changing

- Increasing threat of geopolitical risk in many parts of the world
- Threat of civil conflict to emerging economies
- Potential for interstate war is higher than at any time post-WWII
- Technology threat – cyber risk – is spreading to all the advanced economies
- Market risk has been decreasing, with regulatory compliance, but is re-emerging with potential Eurozone crises and democratic popularism on the rise
- Health risks are reducing, relative to exposure increase, because of better disease surveillance and pandemic preparedness measures

Risk reduction from improving resilience



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Closing remarks

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