



**Swiss Re**  
Corporate Solutions

# Zero to digital – the route to insurance resilience

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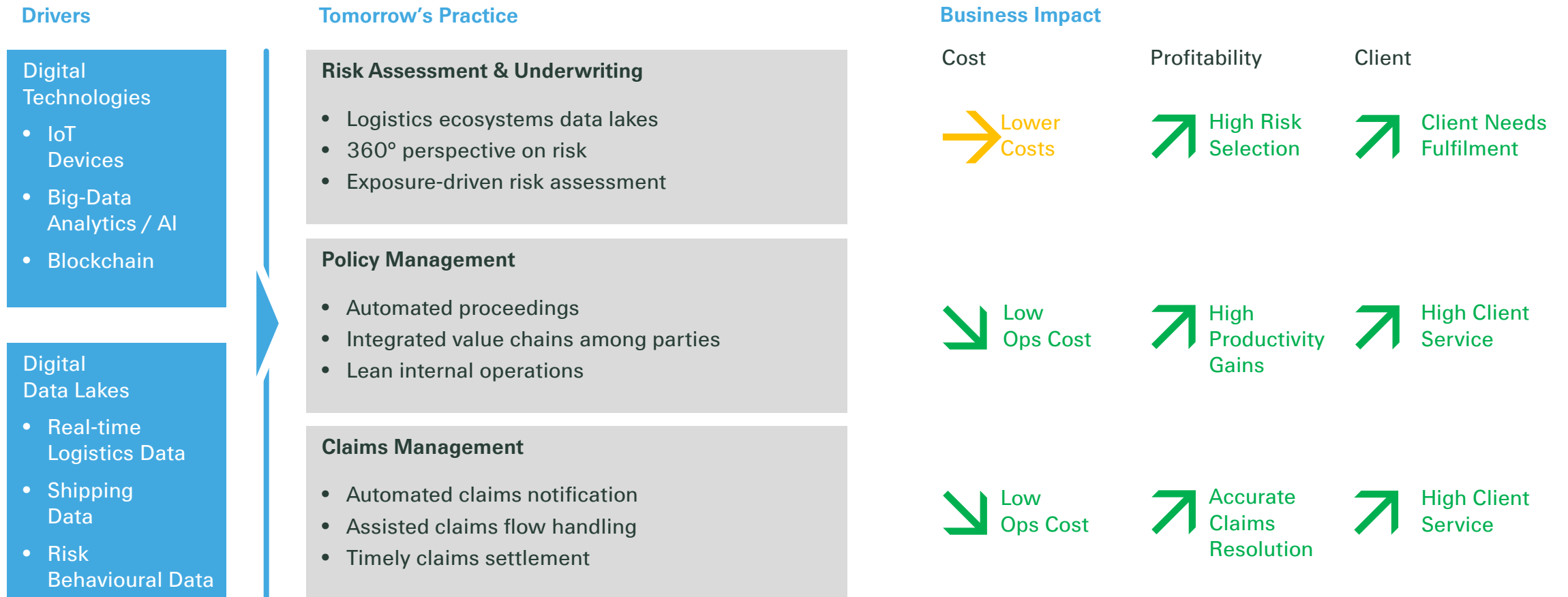
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# General thought on pandemic “...is a health problem...”

	 <b>Commercial Aerospace</b>	 <b>Air &amp; Travel</b>	 <b>Oil &amp; Gas</b>	 <b>Automotive</b>	 <b>Insurance Carriers</b>
<b>Avg. stock price change<sup>1</sup></b>	<b>-46%</b>	<b>-44%</b>	<b>-42%</b>	<b>-29%</b>	<b>-29%</b>
<b>Industry specific examples</b>	<p>Preexisting industry conditions, challenges with airlines' balance sheet resilience, and high fixed costs cause near-term cash flow issues and long-term growth uncertainty.</p> <p>It may take years to recover from production and supply chain stoppages, due to critical vendors located in areas impacted by the virus and liquidity challenges especially amongst Tier 3 suppliers.</p> <p>Long order backlogs mitigate some concerns, especially on narrowbody aircraft, though widebody demand could be structurally impacted in the near-term</p>	<p>Deep, immediate demand shock 5-6x greater than Sept 11; ~70-80% near-term demand erosion due to int'l travel bans &amp; quarantines now prevalent in 130+ nations</p> <p>N. Hemisphere summer travel peak season deeply impacted since pandemic fears coincide with peak booking period</p> <p>Recovery pace faster for domestic travel (~2-3 quarters); slower for long-haul and int'l travel (6+ quarters)</p>	<p>Oil price decline driven by both short-term demand impact and supply overhang from OPEC+ decision to increase production</p> <p>Oversupply expected to remain in the market even after demand recovery, and post 2020, unless OPEC+ decides to cut production</p>	<p>Existing vulnerabilities (e.g., trade tensions, declining sales) amplified by acute decline in global demand; Mar. 26 Survey of US auto consumers indicates 70% of car buyers are deferring by ~6 mo. or no longer intending to purchase; &gt;2M units lost in China by Feb.</p> <p>Despite ongoing Chinese economic restart, there is continued supply chain and production disruption as majority of EU and US OEMs have temporarily closed plants and Hubei manufacturing remains at ~50% capacity</p>	<p>US insurers have been strongly affected, especially reinsurers and life &amp; health insurers</p> <p>Reduced interest rates and investment performance impacting returns – esp. for longer-tail lines</p> <p>Disruptions expected in new business and underwriting processes due to dependence on paper applications and medical underwriting</p>

# Evolving data lakes and adoption of advanced technologies are opening new opportunities to significantly reduce operational costs, improve business underwriting profitability and expand added-value client solutions.



# Acceleration of Digital due to Covid-19



## Automation



## Digital workplace



## Remote sensing

3 areas that show immediate value in resilience and will dramatically help in the restart phase

# Some early learnings about the world with Covid-19

## Automation

Increase the level of automation to reduce/eliminate human touch points. Augment Human Intelligence where human expertise can be a value add (e.g. Underwriting and Claims in complex cases).

Automation (unattended operations) is the ultimate form of resilience

## Digital workplace

All operating processes of the company have to be digital and enabled for access anywhere, anytime, native clouds best.

All documents supporting electronic processes have to be accessible and usable in electronic format (cloud still best)

Ability to digitally identify and sign documents is key.

## Remote sensing

Leveraging latest advancement in the field of Computer Vision, drones, satellites, Machine learning to be able to control processes, predict outcomes and detect anomalies without displacing any human.

Extract structured data from visual inputs to feed operational processes is key to interact with compromised environments

# 4 key simple lessons

Digital transformation can be powerful in improving the speed and reliability of the supply chain, from how fast products are manufactured to the speed and efficiency of order fulfilment and delivery. To fully leverage a transformation, companies need to look at how the supply chain can be digitized and improved.

Covid-19 is a tough lesson but comes with a lot of learnings



**Workplace and Workforce/labor planning**  
*It is key to plan for “not availability” of people and ability to operate remotely*



**Visibility of supply chain risks**  
*Full transparency on Tier 1 suppliers updated continuously not a one off exercise*



**Discover the extended supply network**  
*Leverage AI and data to discover beyond Tier 1 suppliers the full network dependencies*



**Insurance should be more than loss coverage**  
*Risk management end-to-end should be more prominent part of Insurance services*

Who led the digital transformation of your company?

A) CEO

B) CTO

C) COVID-19



Any questions?



# Thank you!

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