



2021 Global Priorities Survey



Affiliated with  THE INSTITUTES

Overview

Objective

To identify what issues are most important to industry executives and to gather information to help define the agenda for stakeholders for the upcoming year.

Methodology

Online survey to 9,776 executives associated with:

- **International Insurance Society**
- **Pacific Insurance Conference**
- **The Institutes**
- **Insurance Thought Leadership**

An open link survey was also distributed to The Insurance Information Institute contacts

Results

Respondents were asked to select their top three issues across 6 categories of external and internal threats: Economic, Political and Legal, Social and Environmental, Operational, Technology and Innovation, Business and Financial

Outcome

Top issues that executives were focused on addressing in 2021 included: Cyber security, climate change, pandemic recovery, competition for talent, data security, and competition from outside the insurance industry.

Respondents

Company Scope

	% of Total
Global	41%
National	40%
Regional	19%

Current Title

	% of Total
Senior Executive	54%
C-Suite	39%
Board of Directors	6%

Company Type

	% of Total
P&C, Life/Health	13%
P&C	25%
Insurance Broker	17%
Reinsurance	8%
Life/Health	8%
Other	29%

Most respondents were Senior Executives, while another 39% identified as "C-Suite".

38% worked in P&C while 21% worked in Life/Health. These numbers include 13% who said they worked in both.

29% of respondents selected "Other". These respondents include those working in InsurTech, consulting, risk, claims, and others.



Overview

- ▶ Many of the top issues that insurance executives are focused on addressing in 2021 reflect the concerns of all executives: Recovering from the Covid-19 pandemic, minimizing the threat of climate change, thriving amid rising social and political instability, and keeping up with technological advancements, for example, aren't just issues facing insurance companies. However, feedback from the 2021 Global Priorities Survey highlights how each of them coincide in ways that can uniquely affect the insurance industry.
- ▶ The increasing severity and frequency of natural disasters due to climate change have a clear effect on the industry's bottom line. However, changing customer expectations during these crises can result in insurer frustration, as consumers may not fully understand how their insurance policy works and what it covers. One executive noted the challenge of correcting "how insurance is viewed by the general public. It is not meant nor intended to cure all ills, yet it is often expected to."
- ▶ This was especially true during the pandemic, when consumers turned to the insurance industry to help with business interruption caused by widespread lockdowns. Said one executive: "People were really mad at the insurance companies for not stepping up with business interruption claims... If insurance companies keep upsetting people on a large scale, there will be legislation that forces insurance companies to do things they wouldn't otherwise do." Such consumer demands can be widely—and unfavorably—covered by the media, as well as encouraged by politicians hoping to attract voters with promises of quick regulatory fixes to new economic challenges.
- ▶ The speed of technological advancement has also changed the way consumers want to deal with insurance companies. Executives worry that digital engagement has taken over and that the industry faces disruption from new entrants with "better organized data and a stronger consumer orientation." It's no surprise, then, that "competition from outside the insurance sector" was the top business and financial threat perceived by executives in 2021.
- ▶ Technology isn't just paving the way for new entrants to disrupt the industry; it's also opening the door to cybercrime. Three-quarters of executives said that cyber security was among the top three political and legal threats that their company was focused on addressing in 2021. Legacy systems are a major concern here, as the industry is generally slow to update complex, decades-old databases hosting customer information—leaving the data stored within them vulnerable to hackers.
- ▶ Aging technology increases vulnerability to cybercrime, but the aging workforce comes with its own set of challenges. Survey respondents noted increasing retirements and a struggle to recruit new talent as a human capital problem. They described an industry with stagnant leadership and an entrenched business model unable to quickly adapt to the digital world. This has resulted in "stunted innovation," "difficulty retaining talent," and "an inability to connect with millennial and Gen Z customers."
- ▶ The issues facing insurance executives in 2021 are increasingly global in scope. Ranging from the costs of climate change and the pandemic recovery, to outside disruption from tech and increased competition for human capital, they cover a wide range and represent both internal and external challenges.



External Priorities

External Threats Summary

Cyber Security

- ▶ 75% of respondents listed it as a Top 3 Political and Legal Threat that their company is focused on addressing in 2021.

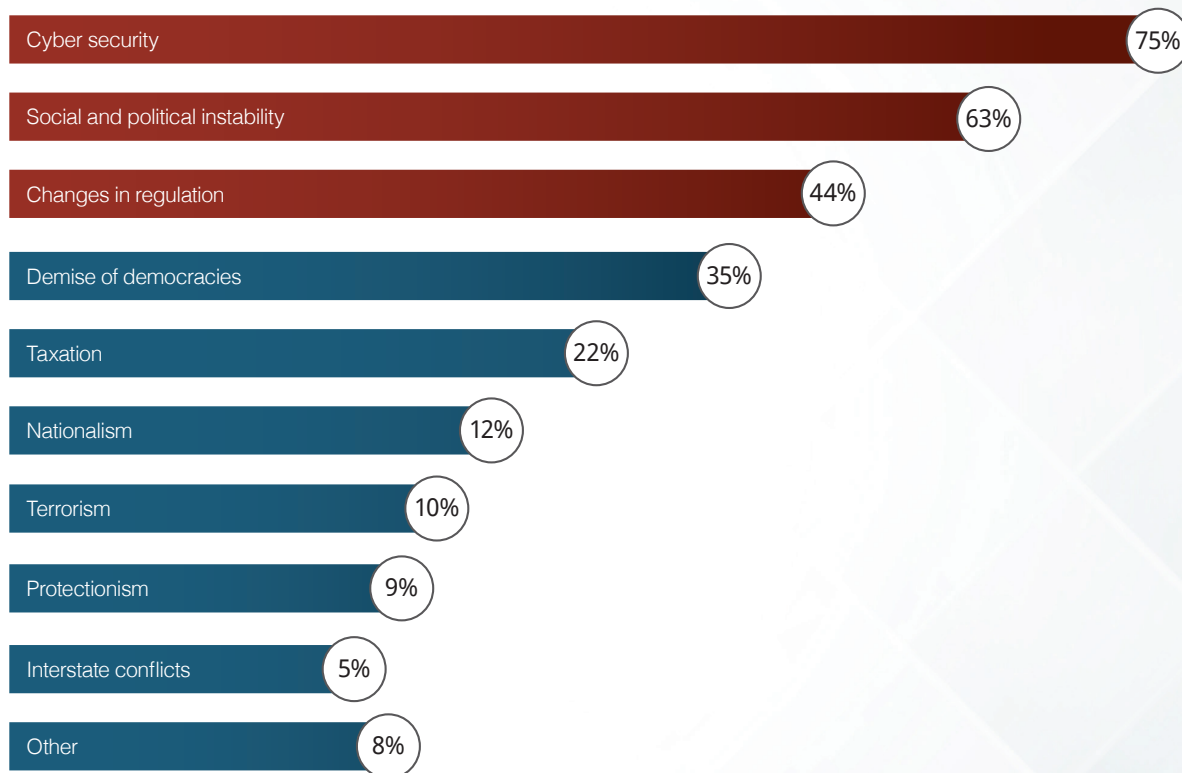
Environmental Crises

- ▶ Climate change and natural disasters ranked among the top external threats to the insurance industry.
- ▶ Recovery from the pandemic was a Top 3 Economic Threat according to nearly two-thirds of respondents.

Political Crises

- ▶ Geopolitical uncertainty, social and political instability, and the demise of democracies / rise of authoritarianism also frequently ranked among the top external threats that companies were focused on addressing in 2021.

Political and Legal Threats



- ▶ Three-quarters of respondents listed “Cyber security” as a Top 3 Political and Legal Threat that their company is focused on addressing in 2021.
- ▶ Around two-thirds listed “Social and political instability”.
- ▶ Over a third listed “Demise of democracies / rise of authoritarianism”.



Internal Priorities

Internal Threats Summary

Human Capital

- ▶ Almost half of respondents listed competition for talent as a Top 3 Operational Threat that their company is focused on addressing in 2021.

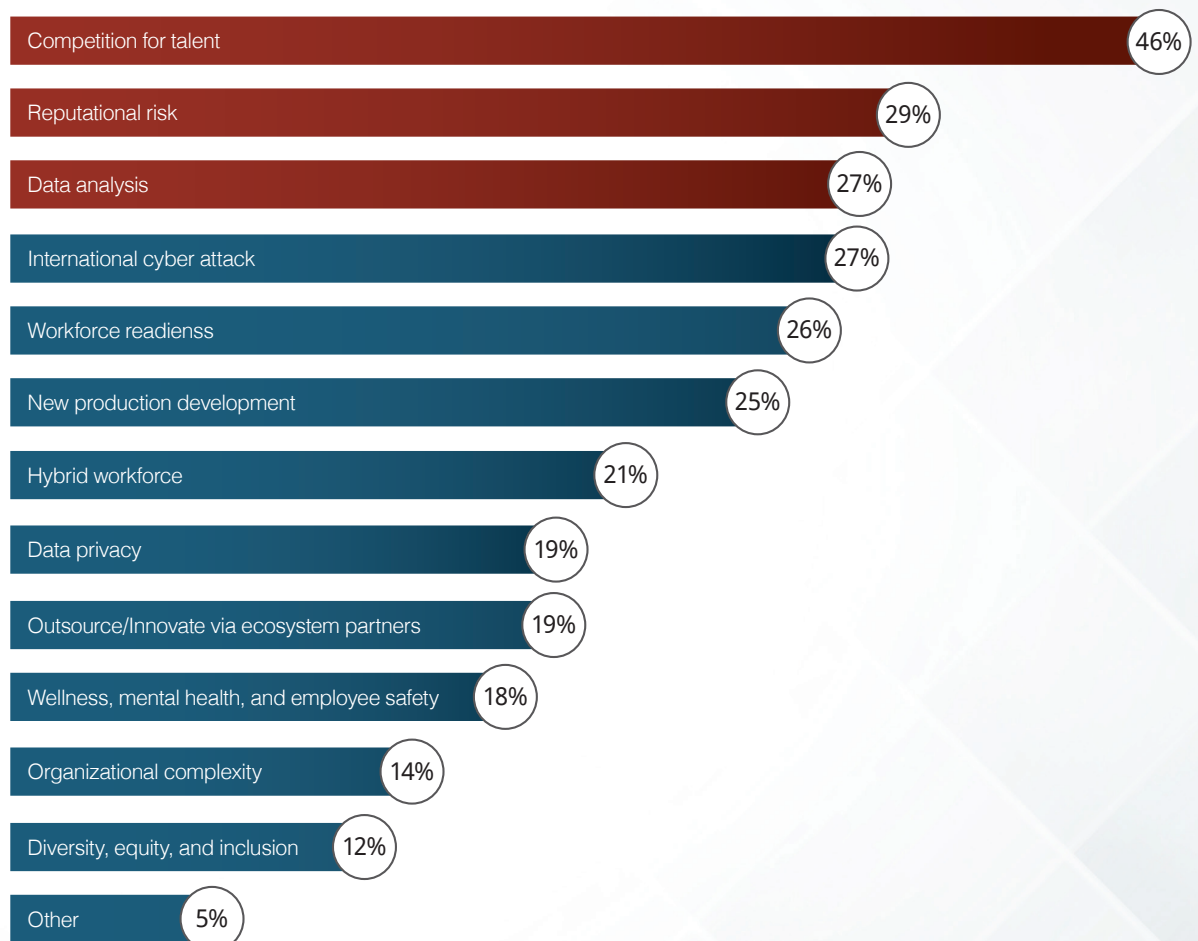
Technology

- ▶ 62% listed data security as a Top 3 Technology and Innovation threat.
- ▶ The speed of technological advancement and reliance on legacy systems also ranked highly.

Disruption

- ▶ About half said that competition from outside of the insurance sector was a Top 3 Business and Financial Threat in 2021.

Operational Threats



- ▶ About half of respondents said that “Competition for talent” was a Top 3 Operational Threat that their company was focused on addressing in 2021.



The full report is available to IIS members.
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