

CESA Webinar

Global Risk Management Survey

Insights
for the
Engineering
industry

Aon South Africa

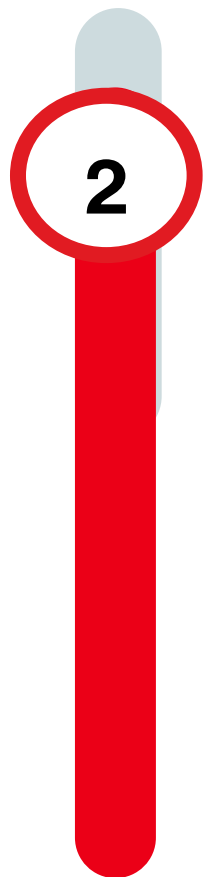
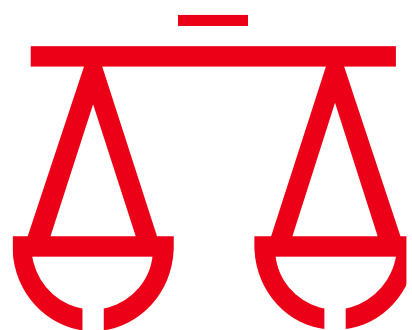
May 2022



State of the Market – 2021 / 2022 Key Trends



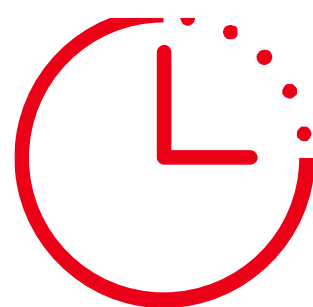
Risk readiness is falling:



Reinsurance markets are hardening:



Capacity is reducing:



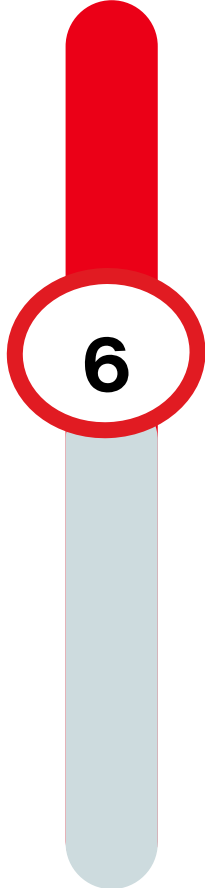
Market volatility in a growing geopolitical & socio-economic environment:



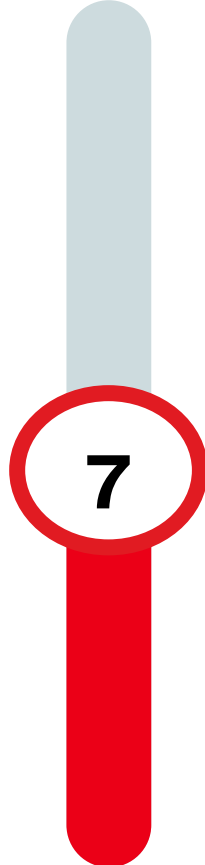
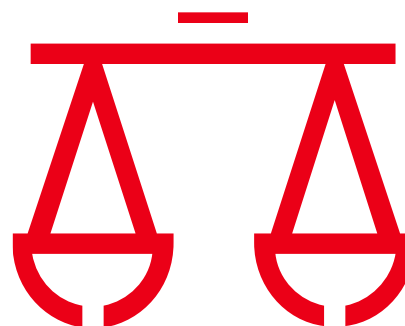
State of the Market – 2021 / 2022 Key Trends (cont'd)



Climate Change:



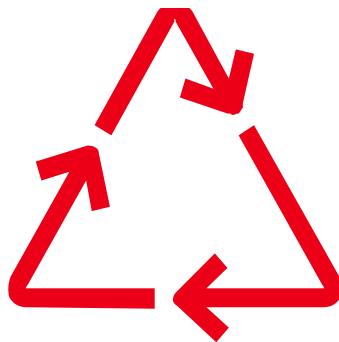
Regulatory /
Legislative Changes



Cyber Risks are
amplifying:



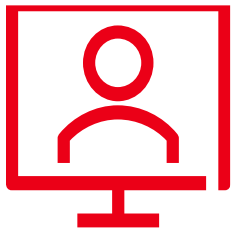
Environmental, Social &
Governance (ESG)



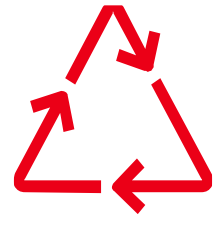
Environmental



Renewable energy



Clean Tech



Carbon / Greenhouse Gas Emissions



Water and Raw Material scarcity



Climate Change



Toxic Chemical Usage



Pollution & Waste

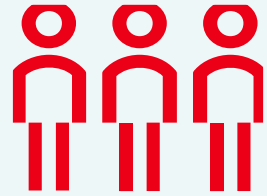


Ecosystem Change

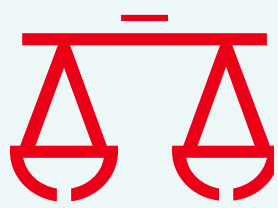


Fossil Fuel Dependence

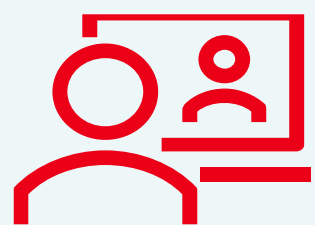
Social



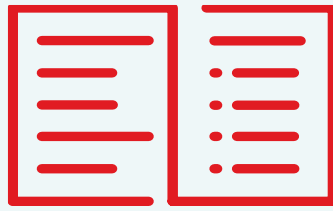
Diversity & Inclusion



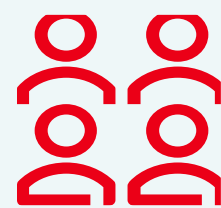
Fair Trade



Consumer protection



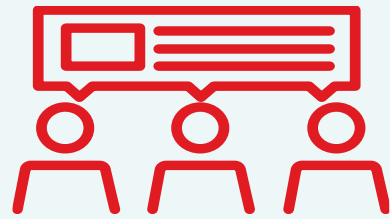
Animal Testing



Human Rights



Health & Wellbeing



Child Labor



Cybersecurity

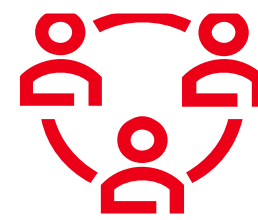


Working conditions

Governance



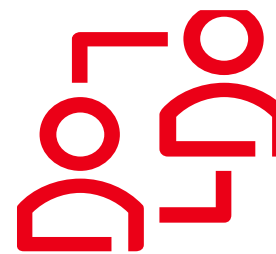
Transparency



Director Independence



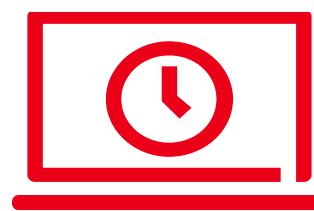
Reporting & Disclosure



Shareholder Rights



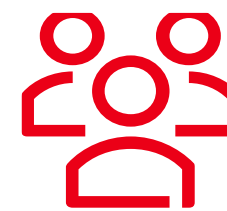
Board Accountability



Accounting Practices & Policies



Executive Compensation



Voting Practices



Business Ethics

Aon Professional Risks

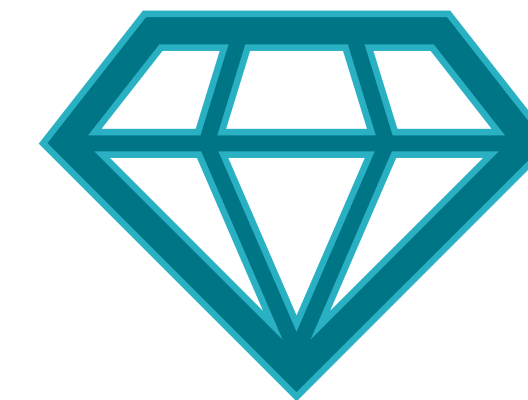
We have the largest book of intermediaries, attorneys, engineers, architects and medical professionals



Largest PI broking team in the country, incl. Africa



Write over 60% of the total PI placed in the SA market
Client retention 96%



Expertise extends internationally – consult to FIDIC Risk & Liability Committee and UN.

Consult to statutory governing bodies – ECSA, SAIA, CESA and so on

Insurers trust our expertise and allow us binding authority on more than 11 different binders, on some up to R500m

AON

2021
**Global Risk
Management
Survey**

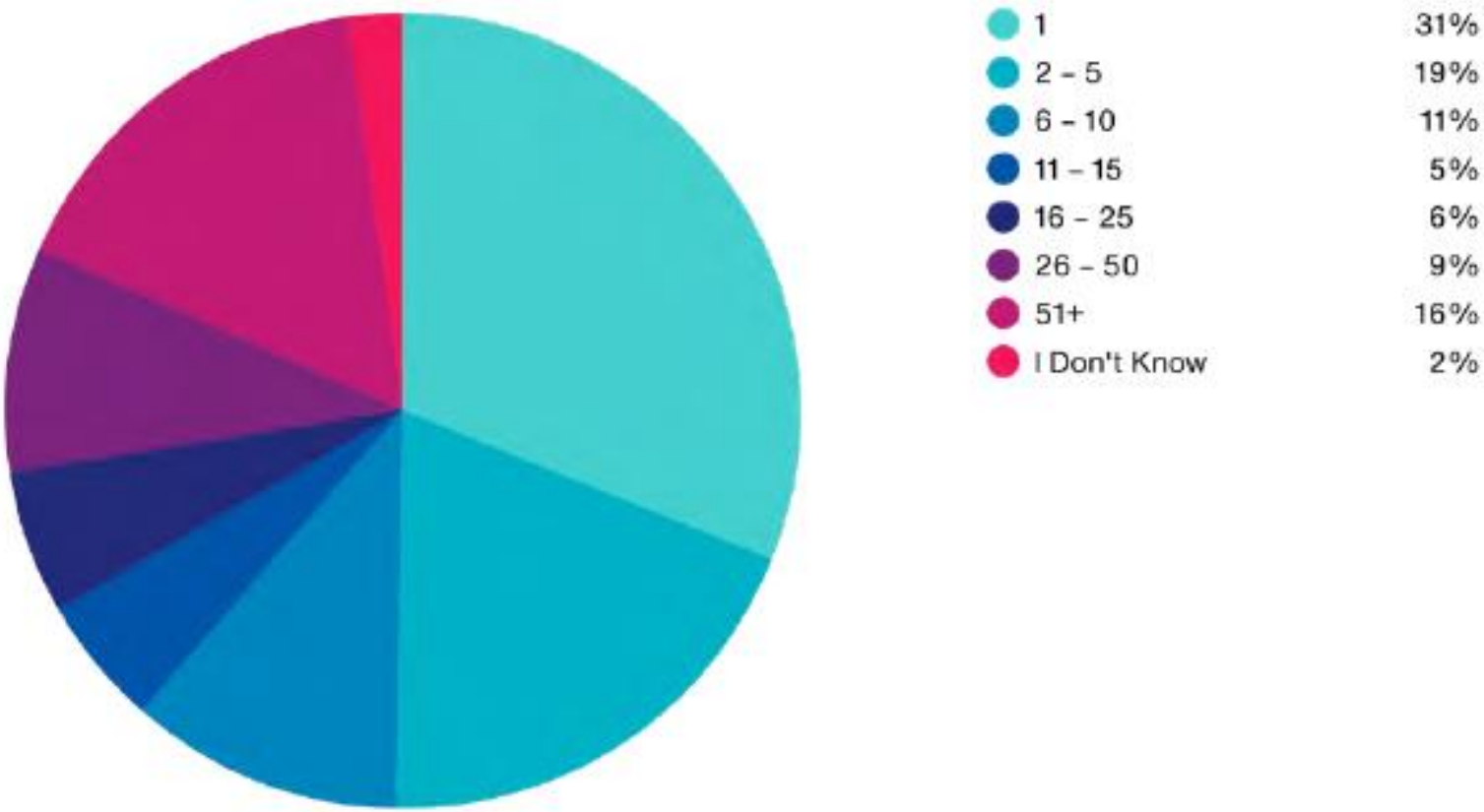


Survey Respondents

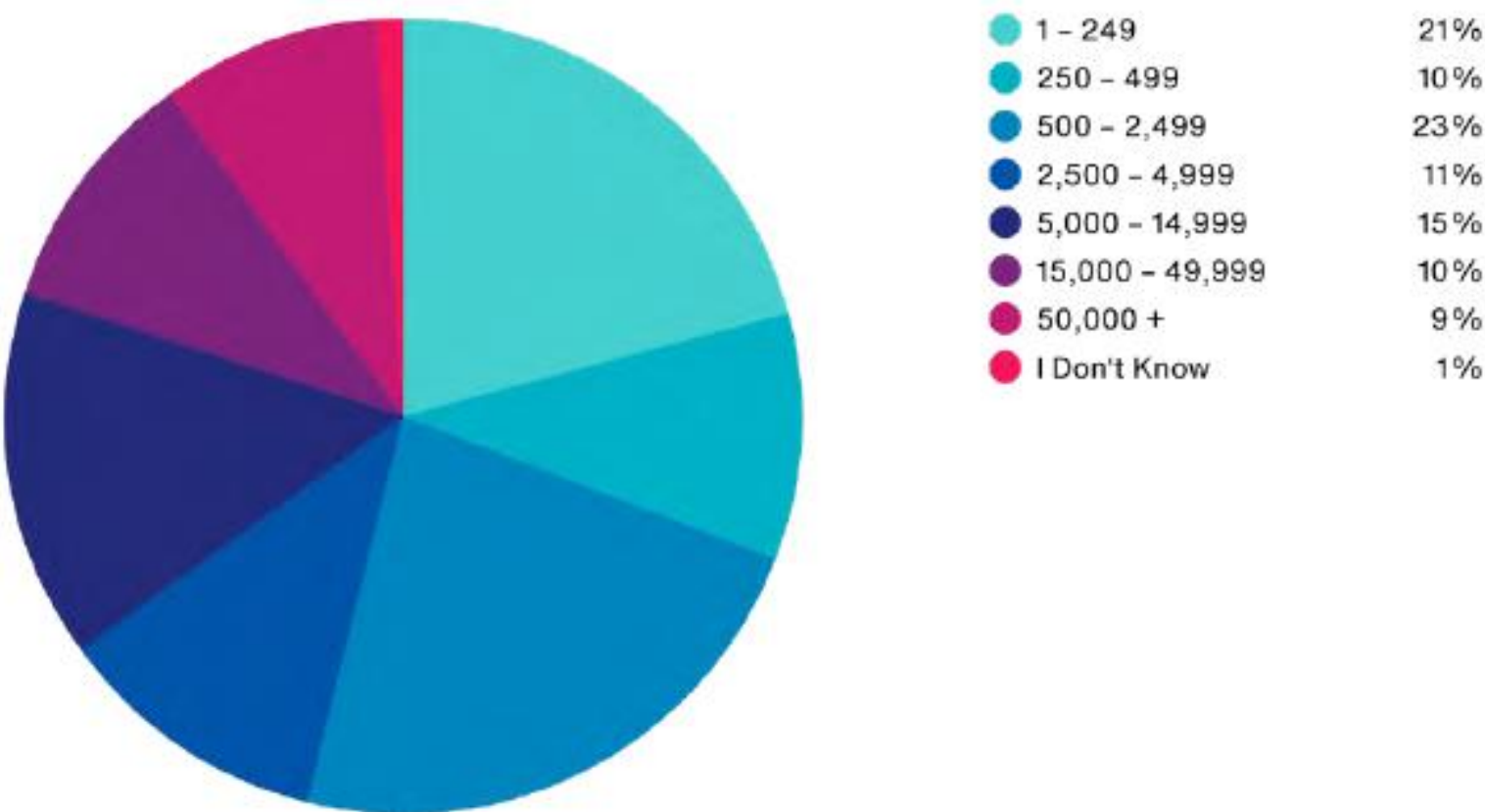
Survey Respondents by Revenue (in \$)



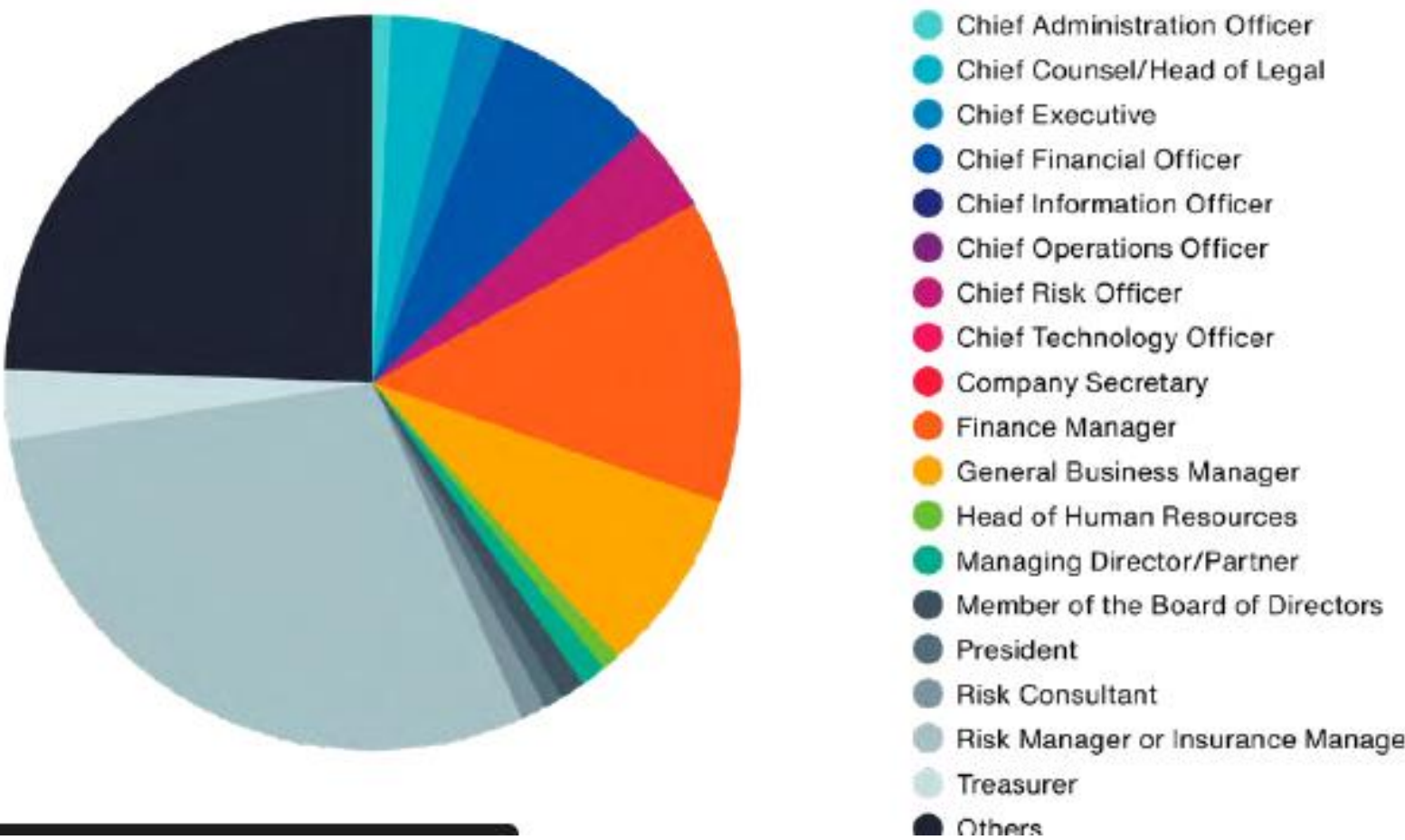
Survey Respondents by Number of Countries/Territories in Which They Operate



Survey Respondents by Number of Employees



Survey Respondents by Role



Key Findings: Top 10 Risk List

1	2	3	4	5
Cyber Attacks/ Data Breach	Business Interruption	Economic Slowdown/ Slow Recovery	Commodity Price Risk/Scarcity of Materials	Damage to Reputation/ Brand
6	7	8	9	10
Regulatory/ Legislative Changes	Pandemic Risk/ Health Crises	Supply Chain or Distribution Failure	Increasing Competition	Failure to Innovate/Meet Customer Needs

Top 3 Risks by Industry

Industry	Key Risk 1	Key Risk 2	Key Risk 3
Food, Agribusiness and Beverage	Commodity Price Risk/Scarcity of Materials	Business Interruption	Supply Chain or Distribution Failure
Construction and Real Estate	Economic Slowdown/Slow Recovery	Commodity Price Risk/Scarcity of Materials	Cash Flow/Liquidity Risk
Energy, Utilities and Natural Resources	Business Interruption	Commodity Price Risk/Scarcity of Materials	Regulatory/Legislative Changes
Financial Institutions	Cyber Attacks/Data Breach	Economic Slowdown/Slow Recovery	Damage to Reputation/Brand
Healthcare Providers and Services	Workforce Shortage	Cyber Attacks/Data Breach	Pandemic Risk/Health Crises
Hospitality, Travel and Leisure	Business Interruption	Pandemic Risk/Health Crises	Economic Slowdown/Slow Recovery
Industrials and Manufacturing	Commodity Price Risk/Scarcity of Materials	Economic Slowdown/Slow Recovery	Business Interruption
Insurance	Cyber Attacks/Data Breach	Regulatory/Legislative Changes	Damage to Reputation/Brand
Life Sciences	Business Interruption	Cyber Attacks/Data Breach	Regulatory/Legislative Changes
Private Equity	Economic Slowdown/Slow Recovery	Failure to Attract or Retain Top Talent	Cyber Attacks/Data Breach
Professional Services	Cyber Attacks/Data Breach	Damage to Reputation/Brand	Failure to Attract or Retain Top Talent
Public Sector Partnership	Damage to Reputation/Brand	Cyber Attacks/Data Breach	Failure to Innovate/Meet Customer Needs
Retail and Consumer Goods	Supply Chain or Distribution Failure	Cyber Attacks/Data Breach	Business Interruption
Technology	Cyber Attacks/Data Breach	Economic Slowdown/Slow Recovery	Failure to Attract or Retain Top Talent
Telecom, Media and Entertainment	Cyber Attacks/Data Breach	Business Interruption	Tech Failure/System Failure
Transportation and Logistics	Economic Slowdown/Slow Recovery	Cyber Attacks/Data Breach	Business Interruption

Projected Risk for 2024

Top 10 in 2021				Predicted to be Top 10 in 2024			
		1	2			1 ↔ 2	2 ↑
		Cyber Attacks/ Data Breach	Business Interruption			Cyber Attacks/ Data Breach	Economic Slowdown/ Slow Recovery
3	4	5	6	3 ↑	4 ↓	5 ↑	6 ↑
Economic Slowdown/ Slow Recovery	Commodity Price Risk/Scarcity of Materials	Damage to Reputation/ Brand	Regulatory/ Legislative Changes	Commodity Price Risk/Scarcity of Materials	Business Interruption	Accelerated Rates of Change in Market Factors	Increasing Competition
7	8	9	10	7 ↑	8 ↓	9 ↓	10 ↑
Pandemic Risk/ Health Crises	Supply Chain or Distribution Failure	Increasing Competition	Failure to Innovate/ Meet Customer Needs	Failure to Innovate/ Meet Customer Needs	Regulatory/ Legislative Changes	Pandemic Risk/ Health Crises	Cash Flow/ Liquidity Risk

Built Environment – Claim Trends

2019/2020/2021 Trends:

- Defective designs
- Inexperienced engineers
- Design and budget overruns
- Lack of site supervision
- Late notifications
- Fast tracking of projects
- Failure to clearly define scope of services
- Inadequate or lack of site supervision



Aon's Advice to Clients

**Assess and
reassess
your
exposures**

**Report
Claims**

**Manage
Your
Risk**

Thank You

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