



# Global Claims Review 2022

Trends and developments in corporate insurance losses





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# Our expert AGCS Chief Claims Officer Thomas Sepp



**Dr. Thomas Sepp**

Chief Claims Officer and Board Member  
Allianz Global Corporate & Specialty

# Allianz Global Corporate & Specialty at a glance



A leading **global corporate insurance carrier** and a **key business unit of Allianz Group**.

We provide **risk consultancy**, **Property-Casualty insurance solutions** and **alternative risk transfer** for a wide spectrum of commercial, corporate and specialty risks across nine dedicated lines of business and **six regional hubs**.

More than **4,250** employees worldwide

of some **80** nationalities in more than **30** countries.

**Diversified risk portfolio** and capital efficiency offers long-term stability.

Managing some **2,400+** **lead programs** for international insurance solutions.

**Market leading capacity** – to handle the largest risks.

# Our claims approach

## Understanding Your Needs

At Allianz Global Corporate & Specialty (AGCS), our Claims philosophy is solution-oriented.

We're committed to finding preferred solutions with big picture thinking in respect of large and complex policies, building trusting relationships with you based on continuity of experience:

- We value an honest dialogue
- Transparency of communication
- Consistency, speed and ease of service delivery

## Capabilities

600+ Claims handlers  
6 regional units  
16 Global Practice Groups providing top experts in specific claims categories

## Settlement Experience

Our Claims settlement process is based on upfront and regular communication.

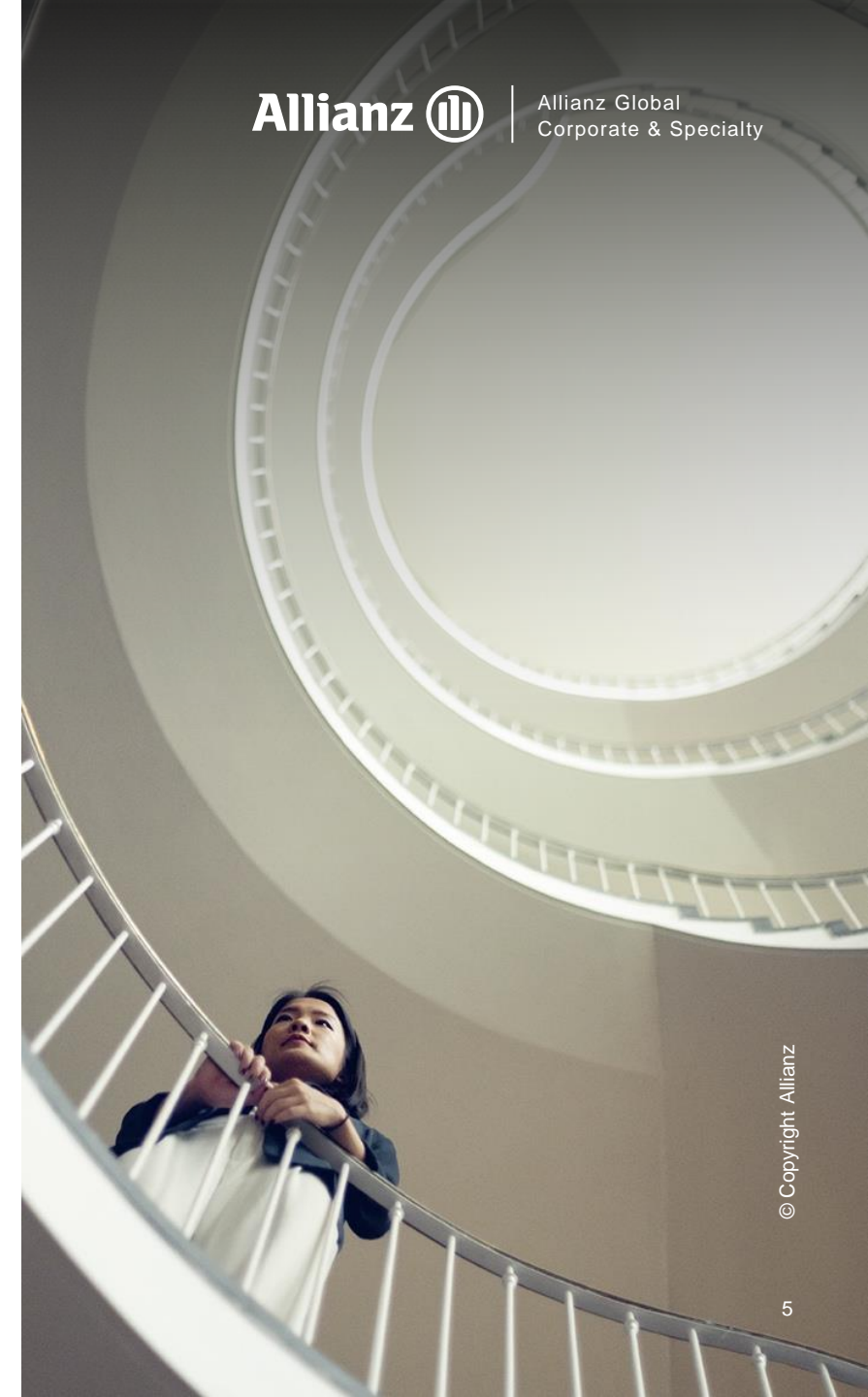
For specific customer requirements we offer Claims Protocols for a transparent experience

## Attitude

Our Claims philosophy is solution-oriented and prioritizing a 'no surprises' culture.

## Value-added Services for Key Clients

Claims Scenario Testing  
Regular stewardship and review meetings  
Claims insights and trend updates

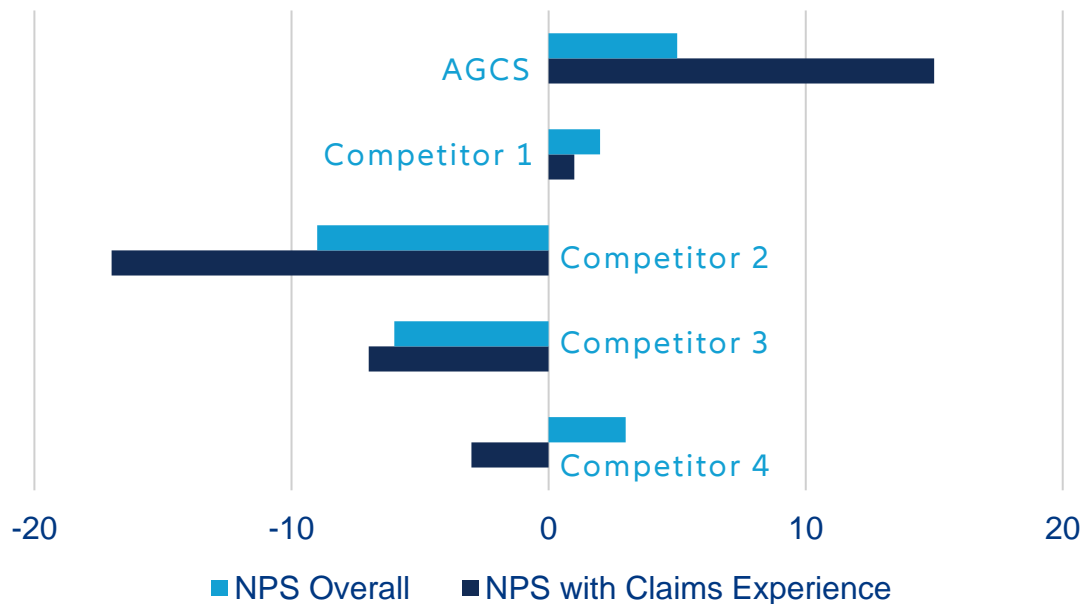




# Customer & Broker feedback

## AGCS annual customer survey

### Net Promoter Scores<sup>1</sup>



| Insurer      | Overall Participants | Claims Experience Participants |
|--------------|----------------------|--------------------------------|
| AGCS         | 1,586                | 537                            |
| Competitor 1 | 887                  | 305                            |
| Competitor 2 | 963                  | 330                            |
| Competitor 3 | 860                  | 316                            |
| Competitor 4 | 1,012                | 344                            |

1) Net Promoter Score (NPS) = (% of promoters) – (% of detractors). It is based on a scale of -100 to +100

## Claims to claims broker feedback from global broker<sup>2</sup>

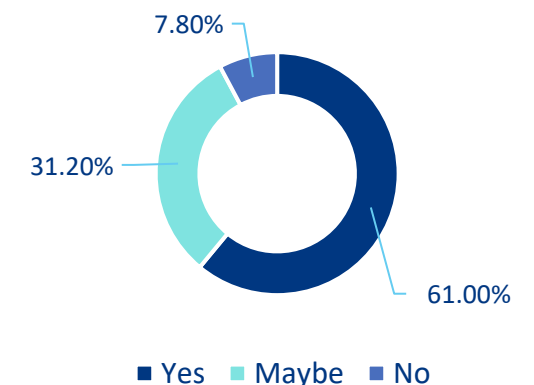
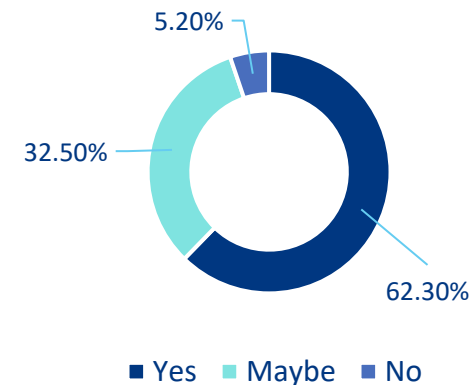
How do you score the AGCS claims team you work with? (Average)



### I would recommend AGCS as your lead insurer because ...

... the claims organization gives you sound guidance and **reliable (no surprise) communication**

... if you have a claim, AGCS' **claims is not looking to find reasons to not pay**



2) Based on > 120 responses

# Scope of the report

- This report focuses on global developments in corporate insurance claims over the period January 1, 2017, to December 31, 2021.
- Findings are based on the analysis of **534,456 corporate insurance claims** from 207 countries and territories
- Total value of claims is **€88.7bn** – almost **€48mn every day for five years to cover losses**.
- Claims figures quoted are 100% of the total loss and include shares of other insurers.
- Almost 75% of all financial losses arise from just 10 causes.



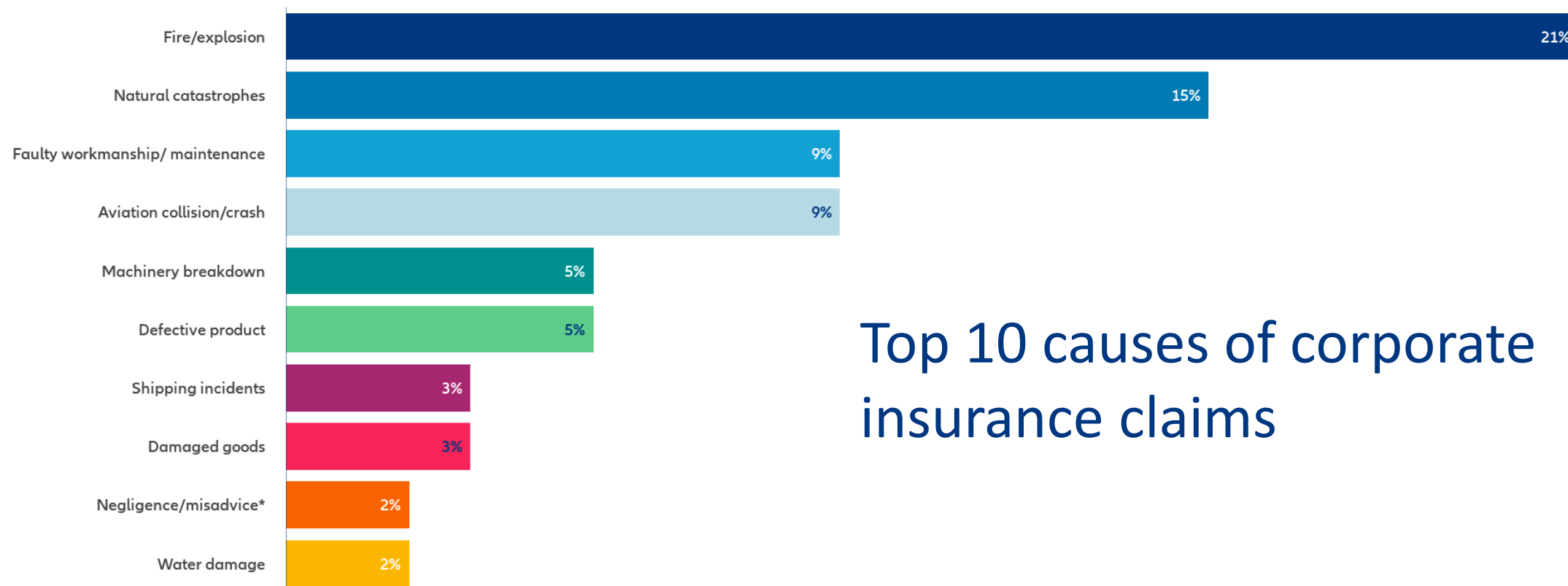
# Top causes of loss



# A lot has happened in the past five years....



# ...but sound risk management remains essential



## Top 10 causes of corporate insurance claims

\* professional indemnity claims

Source: Allianz Global Corporate & Specialty (AGCS). Based on analysis of 534,456 business insurance claims between January 1, 2017, and December 31, 2021, worth approximately €88.7bn in value. "Other" causes of loss account for 26% of the value of all claims. Claims total includes the share of other insurers in addition to AGCS.

# Top causes of loss by total value (selected countries)



# Top risks in focus



# Fire and explosion is the top cause of losses

- Despite improvements in risk management and fire prevention, **fire/explosion** (exc. wildfire) is the top cause of corporate insurance losses globally, accounting for 21% of the value of all claims. Fires are responsible for 13 of the top 20 loss events analyzed (exc. natural hazard events).
- On **Fires** Insurance companies have paid out more than €18bn worth of insurance claims in five years.
- **Claims are becoming more severe** due to factors such as higher property and asset values, more complex supply chains, and the growth in concentrations of exposures. Soaring inflation will only challenge claims costs further.



# Natural catastrophes - losses continue to rise

- Natural catastrophes (15%) ranks as the second top cause of loss globally. Collectively, the top five causes are hurricanes/tornados (29%); storm (19%); flood (14%); frost/ice/snow (9%); and earthquake/tsunami (6%).
- During 2021, the 'Texas Big Freeze' in the US and flooding in Germany stood out as events that were both large but had unexpected claims.
- Growing relevance of business interruption in property insurance. The average BI property insurance claim now totals €3.8mn+ compared with €3.1mn over the five-year analysis period ending in 2017.





# Faulty workmanship/ maintenance incidents are the third top cause of loss

- Faulty workmanship/maintenance incidents are the third top cause of loss (9%). Costly incidents include the collapse of building/structure/subsidence from faulty work, faulty manufacturing of products/components; or incorrect design.
- Losses involving **damaged goods**, which can result from storage, handling, loading/unloading issues, or when in transit, are the most frequent driver of claims, accounting for 11% by number.



# Claims issues to watch

# Current loss scenarios and risk trends

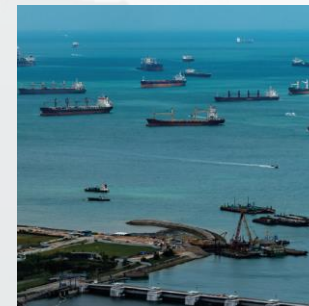
ESG



Inflation



Supply chains



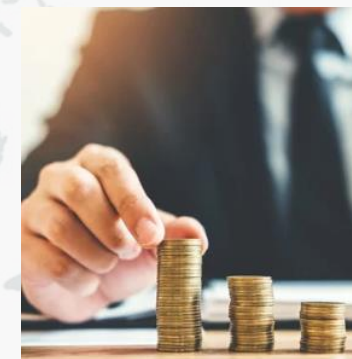
Cyber



Ukraine

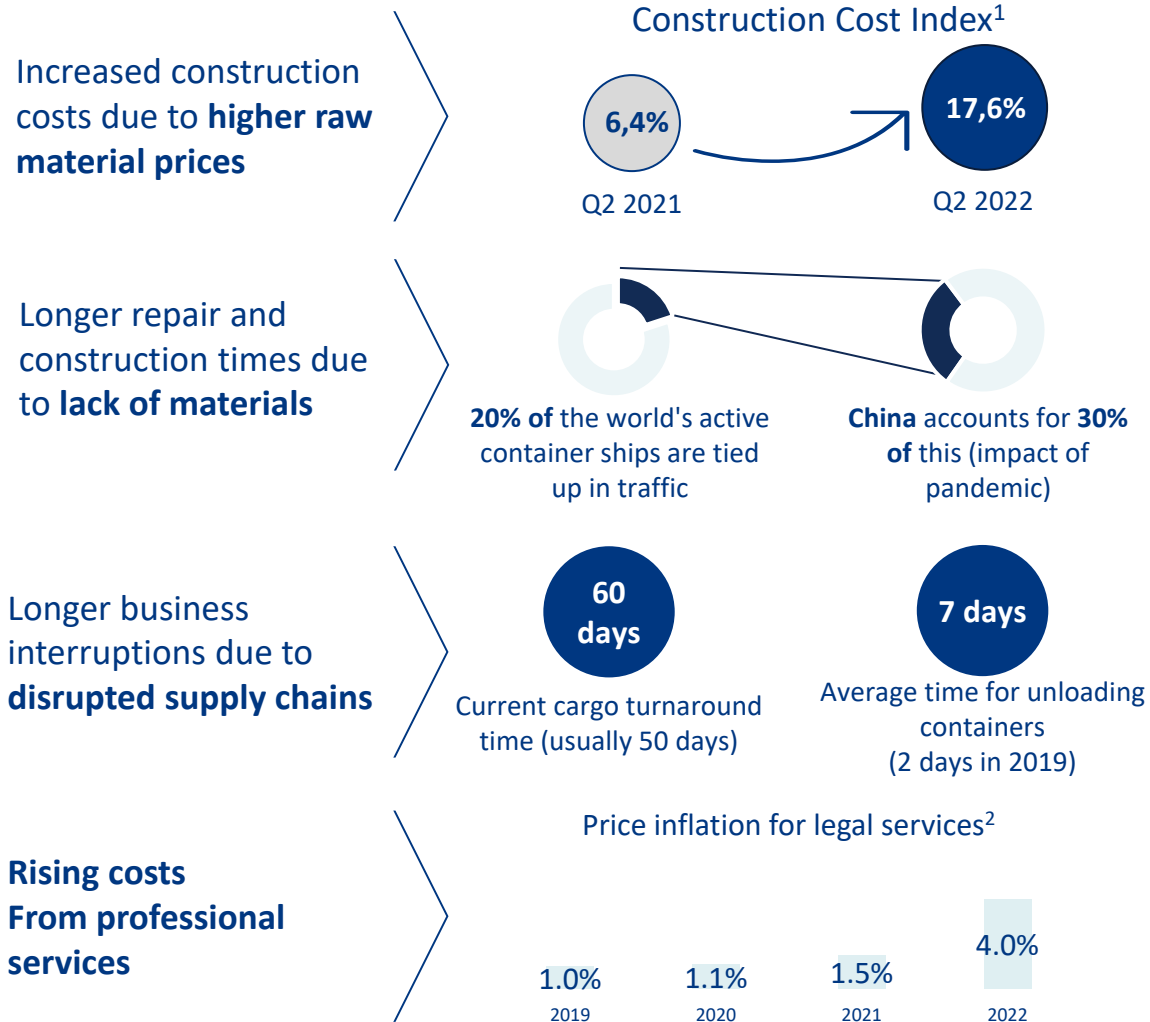


Legal costs



# Inflation drives loss amount

## 1. Inflationary trends affecting the average loss amount:



## 2. Undervaluation of insured assets

In the insurance market, the first examples are known that confirm an undervaluation:



Companies need to adjust the valuation of their assets for insurance contracts.

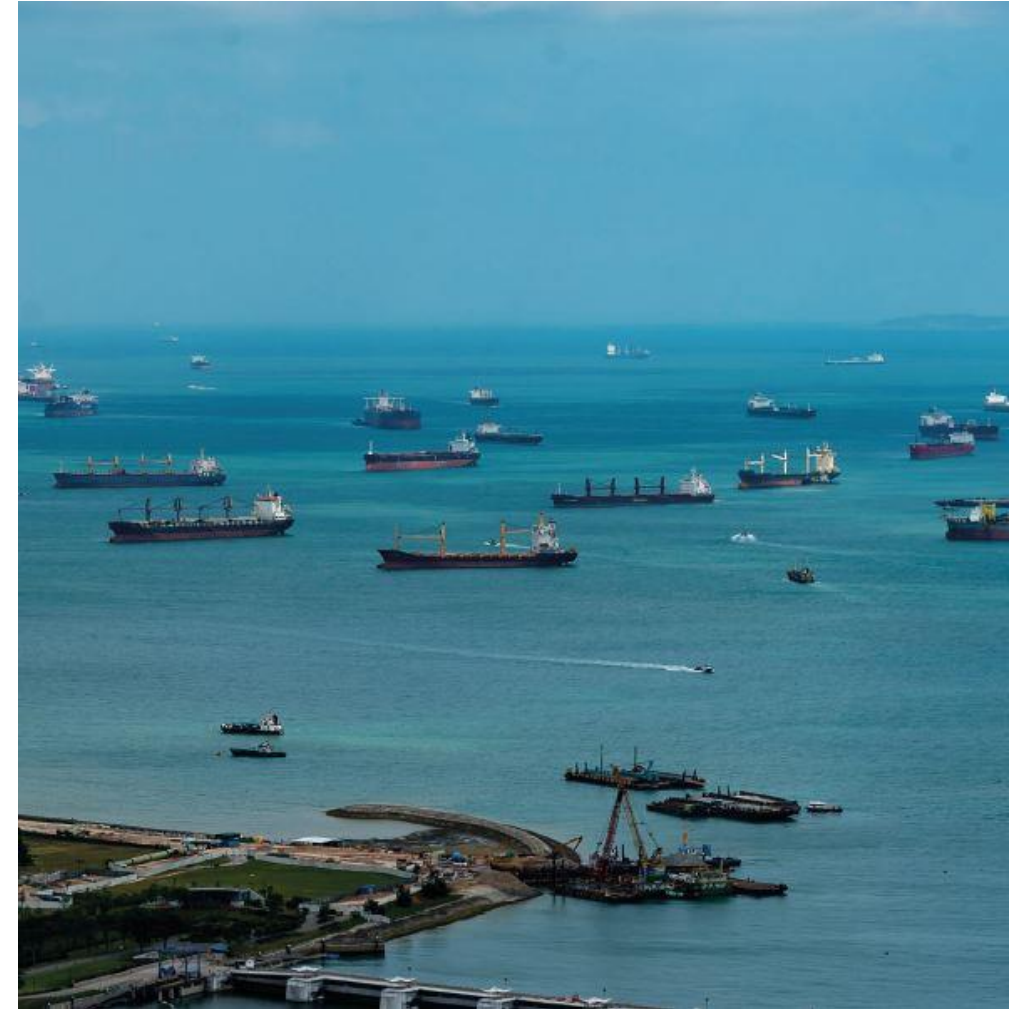
Insurance industry discusses (re)introduction of special clauses against undervaluation.

1) Source: [destatis.de](https://www.destatis.de) Construction prices for residential buildings in Germany

2) Figures are indicative for the U.S. market, based on the U.S. Bureau of Labor Statistics

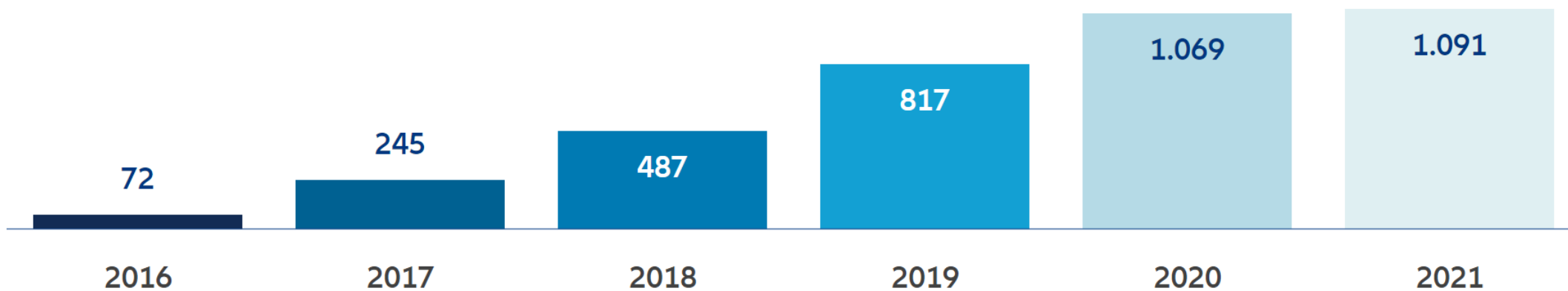
# CBI claims spike with global supply chain disruption

- The number of contingent business interruption (CBI) claims has increased year-on-year for the past five years, exemplifying the growing interdependence and complexity of corporate supply chains.
- The automotive industry alone has seen several CBI events during this period, with the overall growth in CBI claims exacerbated in the last two years by a large loss in the semiconductor manufacturing sector and the 'Texas Big Freeze' event.
- The claims from these two events more than tripled the number of CBI claims in the previous three years.
- Loss events can have a substantial impact, sometimes in excess of \$1bn or more. Many companies are still reliant on a small number of key suppliers and are having to rethink their supply chains.



# Cyber loss events at a persistently high level

## Development of cyber insurance claims 2016 to 2021





# Ukraine invasion impact

- Outside of the human tragedy, Russia's invasion of Ukraine is likely to result in a significant, yet manageable, loss for the global insurance industry.
- Still significant uncertainty around how some claims might develop going forward but insurers' exposure to the conflict is limited by war exclusions, which are standard.
- Specialist markets like aviation insurance could yet suffer disproportionately.



# ESG risks a future driver of liability losses

- Claims activity around environmental, social and governance (ESG) and sustainability issues is increasing.
- **Climate change-related litigation** is on the rise and is likely to become a significant source of liability exposure for companies and their directors.
- Another potential exposure comes from **claims of 'greenwashing'** where a company is sued by investors for unsubstantiated or misleading ESG claims.
- Environmental factors are also affecting product liability and construction claims. Extreme weather can affect the quality and performance of building design and materials.



# Legal costs and derivative settlements continue to rise

- Inflationary pressures and higher severity shareholder derivative actions are among the trends driving elevated D&O claims.
- The growth of **special purpose acquisition companies (SPACs)** has also generated a number of losses for the D&O market.
- Litigation risk continues to be a key D&O concern, including US risk for non-US domiciled companies.
- Legal and defense costs continue to rise, a trend that may accelerate with inflationary pressures on salaries and fees.



# Conclusions for clients

# Conclusions for our clients

## **Good, old risk management continues to matter**

- Protection of assets against fire and impact of natural perils
- Testing and quality control of products and services delivered

## **Inflation will have an impact, update your insured values and BI assumptions**

## **Supply chains need attention**

- More diversification (where possible) and increased risks of delayed deliveries
- Contingent Business interruptions will become harder to manage and more difficult to insure

## **Cyber security needs more and continued attention**

## **Don't underestimate new trends in particular in ESG and corporate responsibility for supply chain**

Thank you!

