

Is your business prepared for these major systemic risks?

Systemic risks are high-impact events with far-reaching catastrophic consequences across entire global networks, functions, technologies and enterprises. As such, the significant burden they place on businesses of all sizes cannot be underestimated.

Lloyd's Futureset has launched a project with the Cambridge Centre for Risk Studies

to investigate systemic risk in-depth and how risk owners can improve their resilience to them. In early 2022, Lloyd's Futureset will release a comprehensive digital tool that will provide insight and analysis into the major systemic risks facing society and the potential impacts on your business and sector.

Until then, here are six crucial systemic risk categories you need to prepare for.

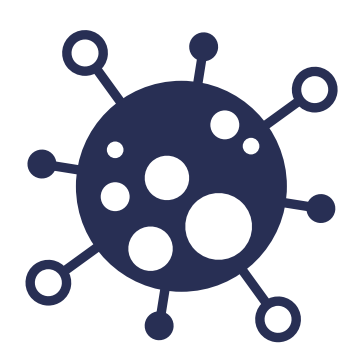
Geopolitical security



Major geopolitical conflict

Wars and conflict can drain national resources and increase inflation and national debt. Socio-political costs could also soar, due to resulting refugees, humanitarian issues, aid figures, and the potential for terrorism.

Health security



New infectious disease outbreak

We've seen the impact of economic shutdown first-hand from COVID-19. Disease outbreak can create negative ripple effects on the wider world, while businesses can also suffer from changing consumer behaviour.

Data security



Data sharing, privacy and protections legislation

Limiting data collection could drastically decrease the availability of data, preventing businesses from targeting their audiences and successfully marketing products to customer. It would have further implications for public health research and national security efforts too.

Climate security



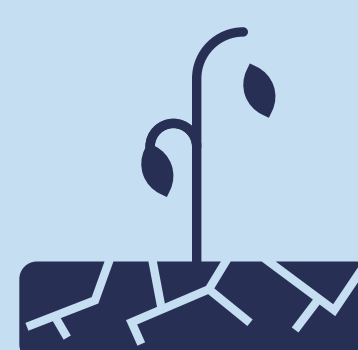
Extreme weather from climate change

Natural disasters – especially those linked to climate change could negatively impact global GDP and affect everything from food sources to manpower. Increased frequency of events would also slow recovery.



Volcanic eruption

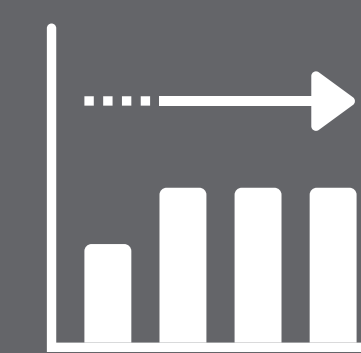
Volcanic eruptions could cause severe disruptions to transport and to global supply chains. They could also interrupt national economies due to the expense of recovering assets and repairing damage.



Food and water security

Loss of access to food and water due to climate change could directly affect 140 million people. It would cause high challenges in every industry, with wide-reaching social and economic impacts.

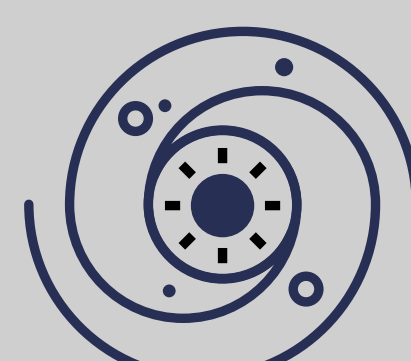
Economic security



Global economic stagnation

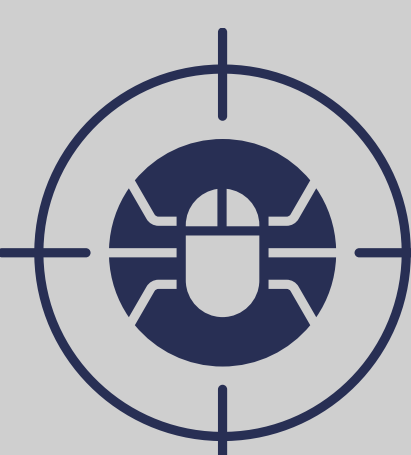
Global economic stagnation could decrease production and innovation, causing a fall in earnings and spending and potentially increasing unemployment.

Infrastructure security



Solar storm

Severe power outages from solar storms can create chaos for international business. With interruptions to production and transport, they could bring industry to a standstill.



Major cyber attack

Compromised and lost data can cause massive financial loss and irreversible damage to the reputation of financial institutions, which can take years to build up again.



Internet failure

Operations, transactions and transportation could all cease when the Internet fails, causing huge disruption for businesses. Even those with their own servers could face dramatic delays.