

The background of the entire page is a dramatic image of the Earth from space, appearing to be on fire or in a state of extreme heat. The continents are visible, glowing with orange and red hues, while the oceans are dark. A large, white, stylized 'A' shape is overlaid on the image, framing the title text.

AXA FUTURE RISKS REPORT 2022



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Thomas Buberl
CEO of AXA

Now in its 9th consecutive year, AXA's Future Risks Report is a global study that provides an overview of the major risks of tomorrow.

Over nearly a decade, this report has tracked how major changes in our world are taking shape; it helps us to anticipate future threats in order to better protect ourselves and prepare for them.

The 2022 edition shows a fragmented, overheated world in which crises are increasingly occurring all at the same time, rather than one succeeding another. In addition to the major risks already discussed in previous years – such as pandemics, cyber risk and climate change – this year we are seeing more threats linked to geopolitics, energy, and economic and social instability.

The principal lesson of the report concerns the climate emergency. For the first time, climate risk tops the rankings in all regions of the world, and is also the top concern for the general public in the United States. Geopolitical tensions come second – unsurprisingly, as this risk amplifies those that come both third (cyber risk) and fourth (energy risk, moving up 13 places from last year's study).

Economic and social concerns also move up significantly. For the first time, the experts we surveyed include

“The greatest risk we face is that of feeling powerless”

three economic risks in their top 10 – along with social tensions, which ranks in sixth place. As the economic risks are all drivers of inequality, they are fuelling concerns about social tensions.

In the face of these challenges, the report confirms a trend that has been evident for years: an increase in the general feeling of vulnerability, and erosion of confidence in the ability of institutions to find sustainable solutions. In fact, I see this as the greatest risk that threatens us: the feeling of powerlessness. It is as true today as it has ever been that only action will enable us to meet the challenges we face. This requires, first and foremost, our ability to build consensus and to act collectively.

For this to happen, everyone must assume their responsibilities. This

starts with companies. Firstly, because action is in their DNA. Secondly, because they have the financial, human and technological resources to make a contribution. Finally, because they are expected to do so. The report reveals that almost 70% of the general public believe that insurers will have an important role to play in mitigating future risks. We must meet these expectations. At AXA, we are determined to play our full part.

It is my pleasure to bring you this year's Future Risks Report in collaboration with our colleagues at AXA and IPSOS.

Maybe that's not quite the right sentiment. After all, 2022 was supposed to be a year of normalization as the world emerged from the pandemic.

Enter geopolitics. Instead, 2022 became the year when war erupted in Europe, as Russia invaded Ukraine. It was also the year when high inflation returned, as massive stimulus in the developed world – particularly the United States – collided with

a drawn-out Covid pandemic, lingering supply constraints, and high energy prices pushed up by the war.

Households are concerned about their ability to pay for essentials such as food and energy. The general public is also apprehensive about the future and less confident that it is worth taking personal and professional risks in such an uncertain environment.

And worryingly, economic policy is perceived by experts as a rising source of risk, with output slowing in China and Europe and the US struggling to get a grip on surging prices.

Against this backdrop, it's not surprising that geopolitical tensions have jumped in importance for risk managers, rising to second position in this year's expert survey. But it's also remarkable what hasn't changed, despite unprecedented economic and geopolitical developments.

For the fourth time in the last five years, climate change is front of mind for risk experts surveyed by IPSOS. Extreme weather events, driven by rising temperatures and sea levels, are heightening risks in areas such as energy and food security.

Immediately below climate change and geopolitics comes cyber security, which has been a top-three risk since 2018. And rightly so, given the growing importance of major tech companies in shaping global commerce, politics, geopolitics and, indeed, our daily lives.

With all these challenges looming, the need for coordination between policymakers and private-sector actors is critically important. Insurers can play a critical role in fostering cooperation by providing innovative risk management tools and helping businesses to soberly assess future risks. The global landscape is a troubling one, and now more than ever, collective solutions are critical to navigating our way forward.

Ian Bremmer
*President of
the Eurasia Group
and GZERO Media*



“Insurers can play a critical role in fostering cooperation by providing innovative risk management tools and helping businesses to soberly assess future risks”

FORWARD

EXECUTIVE SUMMARY

Over the last year, economic and geopolitical challenges have added a new layer of uncertainty to the disruptions caused by the Covid pandemic and the climate crisis. People around the world feel more vulnerable to risks, and this feeling is affecting their priorities and life choices. Trust and cooperation are more crucial than ever to avoid breakdowns in social cohesion.

In this context of growing uncertainties, what risks most concern people, and who do they trust to address these risks? The Future Risks Report 2022 set out to answer these questions through our regular annual survey of two groups: experts drawn from AXA and our professional networks, and members of the public around the world. From the findings of the two surveys, we distil three key lessons.

INSURERS AND INSTABILITY – A HISTORICAL PERSPECTIVE

Insurance has historically been an enabler in the face of uncertainty. From maritime voyages and fire insurance to the development of terrorism, nuclear and IT insurance, insurers – often working alongside governments – have long played a critical role in facilitating business and cooperation in conditions of geopolitical instability, whether related to the emergence of new technologies or novel threats more broadly.

KEY LESSON 1 Climate change, geopolitics and energy are forming a new nexus of risk

For the first time, climate change topped the risk rankings for experts in every geography. Also for the first time, it was the top concern in the US for the general population. The ranking suggests that the obvious global impacts of climate change on biodiversity, health and the economy can no longer be ignored. Both sets of respondents express declining trust in public authorities to face the climate crisis: just 14% of experts and 27% of the public say the authorities are prepared for this risk, down from 19% and 33% in last year’s study.

Just as the climate crisis focuses attention on the urgency of the net zero agenda, the energy transition and climate action have been complicated by geopolitics. In the wake of Russia’s invasion of Ukraine, the large majority of our experts expect geopolitical tensions to persist and spread, threatening the security of energy and food supplies, increasing the risk of a global war and cyberattacks, and making it more difficult for governments to cooperate in areas of mutual interest.

Top 3 experts rankings since 2018					
	2018	2019	2020	2021	2022
Risk 1	Climate change	Climate change	Pandemic and infectious diseases	Climate change	Climate change
Risk 2	Cyber security risks	Cyber security risks	Climate change	Cyber security risks	Geopolitical instability
Risk 3	Geopolitical instability	Geopolitical instability	Cyber security risks	Pandemic and infectious diseases	Cyber security risks

THE “NEW NORMAL” – CYBER AND HEALTH RISKS

Threats relating to climate change, health and geopolitical tensions have already materialized visibly. One big threat that has not materialized, and may do so in the near future, is a large-scale cyber-attack crippling essential infrastructure such as health services, energy storage or payment systems. Cyber risks are compounded by geopolitical tensions and the digitalization of our daily lives, and continue to rank high in this year’s survey – in 3rd position among experts. While pandemic-related risks drop to 5th, the survey overall points to both cyber and wider health risks – such as mental health and changing patterns of infectious diseases – becoming entrenched as a “new normal” in the overall risk landscape.

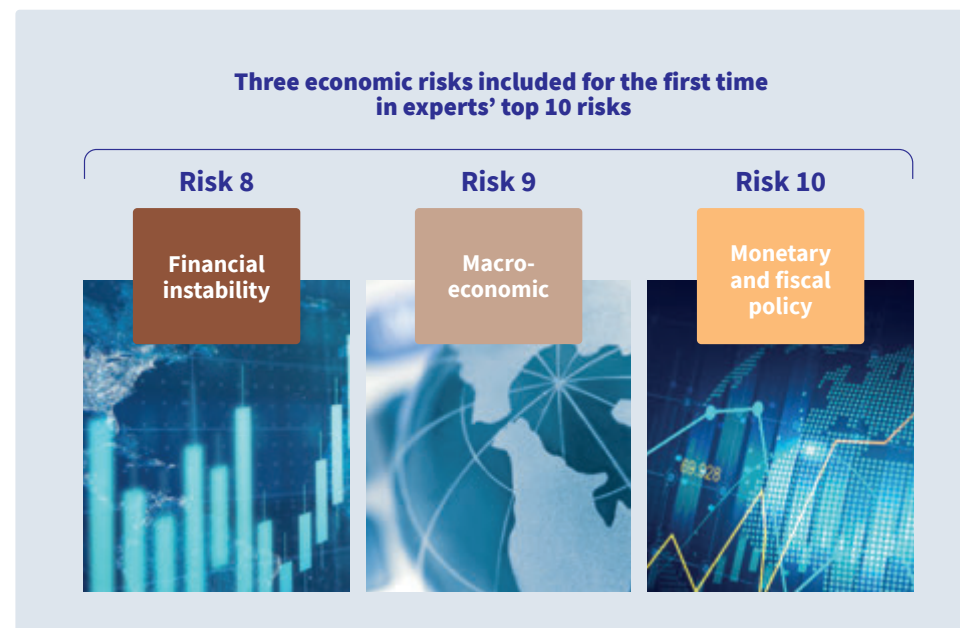
KEY LESSON 2 Economic risks are becoming more serious and fuelling social tensions

Experts' top 10 risks include three economic risks

for the first time: financial instability risks, macro-economic risks, and risk related to monetary and fiscal policy. Within these risks inflation is a top concern for both experts and the general public, many of whom are already facing struggles as their purchasing power drops.

Persistent rises in energy and food prices – exacerbated by shortages due to geopolitical turmoil – have the potential to widen inequalities and fuel societal unrest, which ranks high for experts in both the US (4th) and Europe (6th). Public authorities will need to be alert to the need for action to safeguard public cohesion.

The survey responses also highlight the need for increased financial literacy, as experts think members of the general public are less aware of economic risks than they believe themselves to be: for example, 55% of the general public respondents say they think the public is aware of macro-economic risks, but only 30% of experts agree.



55%

of the general public respondents say they think the public is aware of macro-economic risks but

ONLY

30%

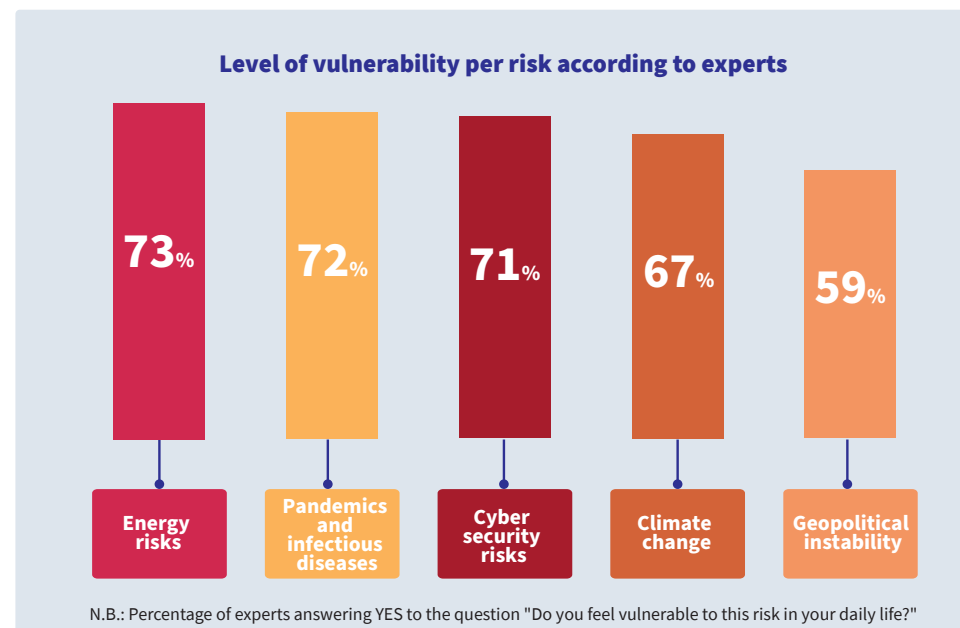
of experts agree

KEY LESSON 3 People feel more risk averse amid rising vulnerability and erosion of trust

As geopolitical and economic risks add to health and climate worries, **89% of experts think people globally are more vulnerable than they were five years ago** – up five percentage points on last year's survey.

Members of the public have become more likely to agree that they avoid taking risks in their daily life, even if this means giving up on some of their dreams. A majority of respondents say this even in the US – the land of the “American dream”. Their levels of trust in scientists, public authorities and the private sector to guard against future global crises have fallen since last year's study.

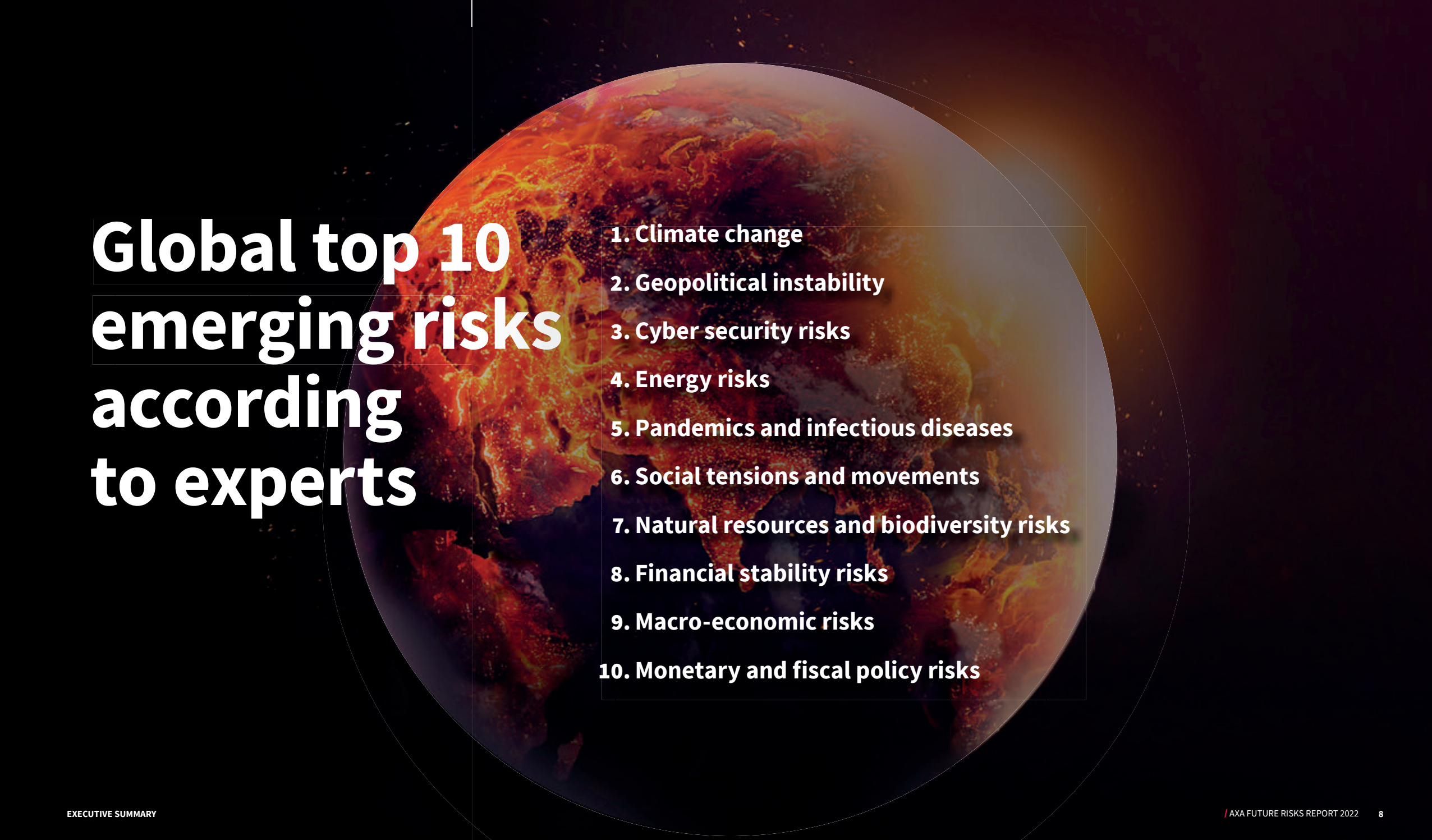
People are more likely than last year to say problems should be solved at the local than the global level. Nonetheless, a plurality of respondents – 49% – still think crises are best tackled globally. And a majority – 69% – recognize the crucial role played by insurers in developing solutions for emerging risks.



INSURERS CAN RESPOND TO THE GROWING PUBLIC DESIRE FOR PROTECTION

With a growing number of people losing trust in public and private institutions to protect them against risks, insurers are playing their role in helping to restore confidence in the future while mitigating the risks that worry people on an individual level.

We asked our experts what insurers should be doing about future risks. Their top responses were supporting innovative solutions, contributing to prevention and resilience, sharing expertise in risk management, and participating in building a common risk culture.



Global top 10 emerging risks according to experts

- 1. Climate change**
- 2. Geopolitical instability**
- 3. Cyber security risks**
- 4. Energy risks**
- 5. Pandemics and infectious diseases**
- 6. Social tensions and movements**
- 7. Natural resources and biodiversity risks**
- 8. Financial stability risks**
- 9. Macro-economic risks**
- 10. Monetary and fiscal policy risks**

2022 Experts risks rankings

AMERICA

1. Climate change
2. Cyber security risks
3. Geopolitical instability
4. Social tensions and movements
5. Pandemics and infectious diseases
6. Energy risks
7. Natural resources and biodiversity risks
8. Financial stability risks
9. New security threats and terrorism
10. Monetary and fiscal policy risks

EUROPE

1. Climate change
2. Geopolitical instability
3. Cyber security risks
4. Energy risks
5. Natural resources and biodiversity risks
6. Social tensions and movements
7. Pandemics and infectious diseases
8. Macro-economic risks
9. Financial stability risks
10. Monetary and fiscal policy risks

AFRICA

1. Climate change
2. Cyber security risks
3. Pandemics and infectious diseases
4. Geopolitical instability
5. Financial stability risks
6. Monetary and fiscal policy risks
7. Social tensions and movements
8. Macro-economic risks
9. New security threats and terrorism
10. Energy risks

ASIA PACIFIC AND MIDDLE EAST

1. Climate change
2. Pandemics and infectious diseases
3. Cyber security risks
4. Geopolitical instability
5. Energy risks
6. Financial stability risks
7. Pollution
8. Natural resources and biodiversity risks
9. Macro-economic risks
10. New security threats and terrorism

FUTURE RISKS REPORT

The Future Risks Survey asked experts from around the world to rank their top five future risks, based on their potential impact on society over the next five to 10 years.



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**Top risks:
Globalization
at a crossroads**

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**Climate, geopolitics
and energy: a new
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**The “new normal”
risks: cyber and
health**

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4
**Rapidly emerging
financial risks could
fuel social tensions**

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5
**Rising vulnerability
sees a loss of trust
in experts and
authorities**

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1

TOP RISKS: GLOBALIZATION AT A CROSSROADS

The Future Risks Survey in a nutshell

For the 9th year in a row, the Future Risks Survey asked people from around the world to rank their top five future risks, based on their potential impact on society over the next five to ten years. We asked respondents to choose from a selection of 25 risks. This year, we surveyed almost 4,500 risk experts from 58 countries. As in previous years, the experts were drawn from AXA and our professional networks. We also partnered with IPSOS to survey close to 20,000 individuals who make up a representative sample from 15 countries. The Future Risks Survey enables us to make comparisons: between regions, over time, between the perceptions of experts and the general public.

WHAT ARE THE TOP RISKS IN 2022?

Risk 1

Climate change

Climate change is still the top risk: the return of war to Europe was not enough to displace climate change from the top of experts' lists – and, for the first time, experts in every region ranked it as their most pressing risk.

Risk 2

Geopolitical instability

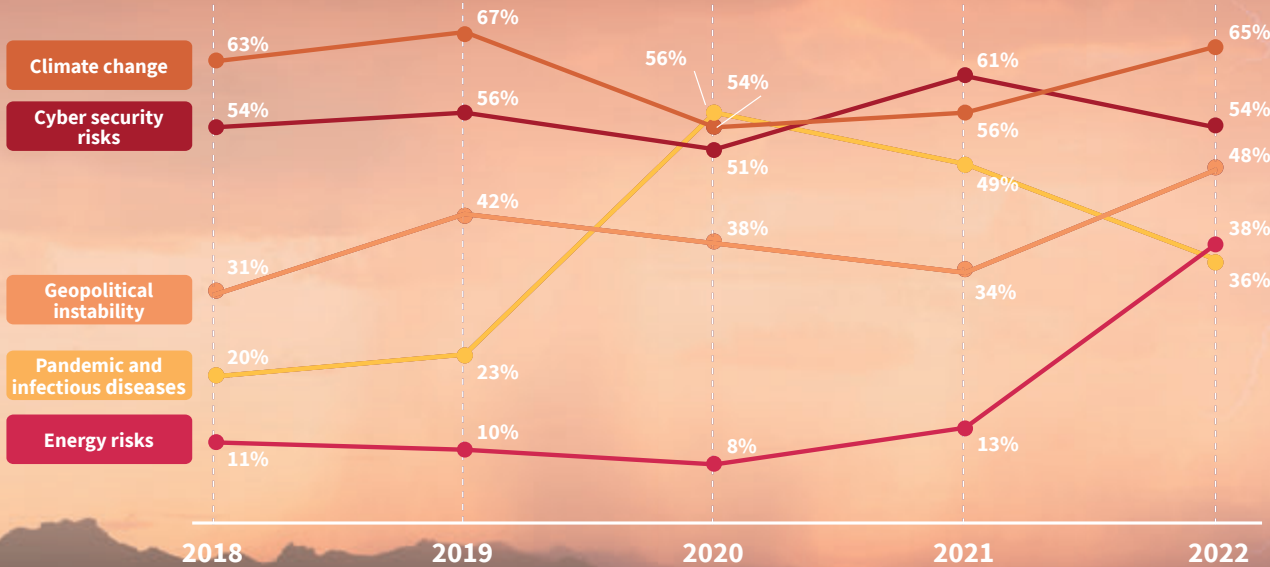
Geopolitical tensions are rising: geopolitical risks ranked in second place, overtaking cyber and pandemic risks since last year's survey. Experts are looking beyond Ukraine and expect geopolitical tensions to persist and spread around the globe.

Risk 3

Cyber security risks

Cyber risk remains a concern: for the fifth year running experts rank cyber risks in their top three. It is linked to geopolitical tensions: shutdowns of critical infrastructure and essential services are threats especially associated with state-sponsored attacks.

Evolution of selection percentage of top risks by experts (2018-2022)



EXPERTS AND GENERAL PUBLIC TOP 10 RISKS

	EXPERTS	GENERAL POPULATION
1	Climate change	Climate change
2	Geopolitical instability	Pandemics and infectious diseases
3	Cyber security risks	Geopolitical instability
4	Energy risks	Cyber security risks
5	Pandemics and infectious diseases	Energy risks
6	Social tensions and movements	New security threats and terrorism
7	Natural resources and biodiversity risks	Social tensions and movements
8	Financial stability risks	Pollution
9	Macro-economic risks	Natural resources and biodiversity risks
10	Monetary and fiscal policy risks	Financial stability risks

How do experts and the general public differ?

The general public remains very concerned about pandemics.

While pandemic and infectious disease risk has dropped to fifth in the experts' list, members of the public ranked it second only to climate change. This reflects how Covid-19 continues to affect daily life for many.

Experts worry more than the public about economic risks.

Experts rank financial instability, macro-economic risks and monetary and fiscal policy risks in their top ten. The public has yet to catch up, including only financial instability in their top 10 – and in 10th place.

Terrorism concerns the public more than experts.

New security threats and terrorism rank 6th in the general public's responses but did not rank in experts' top 10 this year. Members of the public who selected this risk were most concerned about mass shootings, especially in the US.

How do risk perceptions compare across regions?

Climate change is the top risk for experts across all geographies.

For the first time, experts in every continent put climate change as their top concern. In last year’s survey, it ranked top only in Europe.

Concern about cyber risks is highest in America.

The Americas and Africa were the only regions where experts put cyber risks in their top two, while the Americas was the only region in which the general public ranked it in their top three, showing concern about cyber-attacks on big US companies and critical services.

Europeans are focused on energy risks.

Given the potential consequences of the war in Ukraine for Europe’s energy supply, both experts and the general public ranked energy risks higher than in any other region – 4th and 3rd respectively.

Social tensions are a worry in America.

Experts in the Americas ranked social tensions and movements as their 4th-highest risk, while the general public ranked it 5th. In both cases this was higher than for any other region, reflecting recent political turmoil.

Asian and African respondents are focused on health risks.

Asia and Africa were the only regions in which the general public ranked pandemics and infectious diseases as their top risk, and experts put it in the top two. The public in Africa also ranked chronic illnesses higher than anywhere else, in 7th position.

TOP RISKS PER REGION

EUROPE

EXPERTS

- 1. Climate change
- 2. Geopolitical instability
- 3. Cyber security risks
- 4. Energy risks
- 5. Natural resources and biodiversity risks
- 6. Social tensions and movements
- 7. Pandemics and infectious diseases
- 8. Macro-economic risks
- 9. Financial stability risks
- 10. Monetary and fiscal policy risks

GENERAL POPULATION

- 1. Climate change
- 2. Pandemics and infectious diseases
- 3. Energy risks
- 4. Geopolitical instability
- 5. Pollution
- 6. Natural resources and biodiversity risks
- 7. Social tensions and movements
- 8. New security threats and terrorism
- 9. Cyber security risks
- 10. Financial stability risks

ASIA PACIFIC AND MIDDLE EAST

EXPERTS

- 1. Climate change
- 2. Pandemics and infectious diseases
- 3. Cyber security risks
- 4. Geopolitical instability
- 5. Energy risks
- 6. Financial stability risks
- 7. Pollution
- 8. Natural resources and biodiversity risks
- 9. Macro-economic risks
- 10. New security threats and terrorism

GENERAL POPULATION

- 1. Pandemics and infectious diseases
- 2. Climate change
- 3. Geopolitical instability
- 4. Cyber security risks
- 5. Energy risks
- 6. Natural resources and biodiversity risks
- 7. Social tensions and movements
- 8. Financial stability risks
- 9. Pollution
- 10. New security threats and terrorism

AMERICA

EXPERTS

- 1. Climate change
- 2. Cyber security risks
- 3. Geopolitical instability
- 4. Social tensions and movements
- 5. Pandemics and infectious diseases
- 6. Energy risks
- 7. Natural resources and biodiversity risks
- 8. Financial stability risks
- 9. New security threats and terrorism
- 10. Monetary and fiscal policy risks

GENERAL POPULATION

- 1. Climate change
- 2. Pandemics and infectious diseases
- 3. Cyber security risks
- 4. New security threats and terrorism
- 5. Social tensions and movements
- 6. Financial stability risks
- 7. Energy risks
- 8. Geopolitical instability
- 9. Natural resources and biodiversity risks
- 10. Chronic illnesses

AFRICA

EXPERTS

- 1. Climate change
- 2. Cyber security risks
- 3. Pandemics and infectious diseases
- 4. Geopolitical instability
- 5. Financial stability risks
- 6. Monetary and fiscal policy risks
- 7. Social tensions and movements
- 8. Macro-economic risks
- 9. New security threats and terrorism
- 10. Energy risks

GENERAL POPULATION

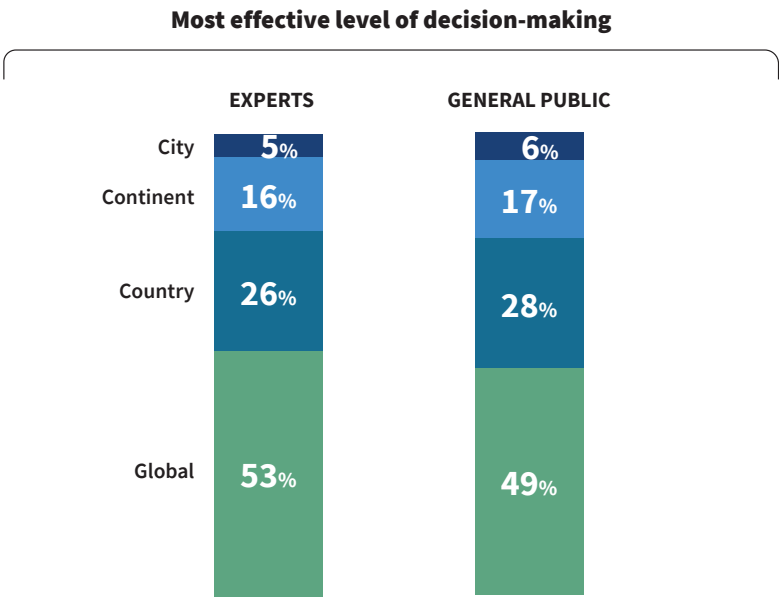
- 1. Pandemics and infectious diseases
- 2. Climate change
- 3. New security threats and terrorism
- 4. Pollution
- 5. Cyber security risks
- 6. Financial stability risks
- 7. Chronic illnesses
- 8. Energy risks
- 9. Natural resources and biodiversity risks
- 10. Long-term exposure to harmful substances

With global cooperation under threat, experts call for closer public-private partnerships

Experts’ opinions are split on the direction of globalization.
Experts are almost equally split between those who believe that countries will try to find collective solutions to global risks and those who foresee a slowdown of globalization as countries try to protect themselves. European experts – except for those from the UK – are notably more pessimistic about globalization, with 59% predicting a slowdown. In other regions most experts – along with the general public – anticipate more collective solutions.



The general public is shifting towards preferring more local decision making.
More than half of experts (53%) continue to believe that decisions at the global level are more effective at managing risks than decisions at the continental, country, or city level. Compared to last year’s survey, members of the public are more likely to say the country level (28%, up from 26%) or continental level (17%, up from 13%), suggesting a move towards thinking that is more based in nationalism and regional blocks. In Europe, both French and UK respondents expressed declining belief in the relevance of continental-level action.



Experts call for greater public-private collaboration on global challenges.
For the first time this year, our survey asked experts which kind of actions they would like public authorities to take in response to each of the risks that most concern them. Engaging the private sector in partnerships consistently emerged as the most popular option in response to a wide range of risks.



AXA is well positioned to incentivize positive behaviours, and is working hand-in-hand with all stakeholders to address future global challenges

With global cooperation under threat, experts are calling for closer public-private partnerships to find solutions. How can AXA contribute?

Frédéric de Courtois : Historically, governments defined norms and regulation, while insurance companies provided capital. Given the rise of major risks and their potentially systemic nature, greater collaboration has become crucial and some governments have set up public-private partnerships (PPPs) with the insurance sector. It is the case in France: together with insurance companies, public authorities cover extreme risks related to natural catastrophes and, more recently, to agricultural disasters.



Frédéric de Courtois

AXA Group Deputy CEO in charge of finance, risk management, strategy, ceded reinsurance and operations

We insurers will keep playing our part, and are actively engaging with public stakeholders to continue improving societal resilience. Discussions are underway to explore potential new public-private partnerships (to deal with cyber risks for instance) and to strengthen the role of insurers and governments in prevention.

Experts have opposing views on the future of globalization: some anticipate a further shift in crisis management to the national level, while others see an opportunity to strengthen international cooperation. What should we expect?

F. de C. : First, we should not jump to conclusions: at this stage, we are not yet observing “deglobalization” everywhere. However, the general impetus and policy support for globalization has taken a hit. We may be entering a new chapter, where economic security will be prioritized over free trade and global exchanges, and resilience will be the key word. The question is: will we continue to find ways to collaborate and find solutions, or will rivalry between superpowers prevail, resulting in a more fragmented world where we cannot address together the challenges that will impact us all?



The uncertain future of globalization

Global trends in geopolitics and macro-economics are driving deglobalization and trade regionalization. Rising geopolitical tensions—most importantly between the US and China – are increasing policy risks, and these risks are compounded by recent economic instability.

This international policy environment will particularly affect deglobalization in trade and technology supply chains. For instance, China's efforts to leverage market access and export dependence to gain support for its foreign policy ambitions have driven many Western governments to tighten their own export controls and take stock of supply chain vulnerabilities to mitigate strategic risks.

The Biden administration has largely maintained its predecessor's policy with tariffs on Chinese goods and encourages reshoring and "friendshoring" more broadly. At the same time, Western-led sanctions on Moscow following its invasion of Ukraine are reshaping and deglobalizing energy markets along geopolitical lines.

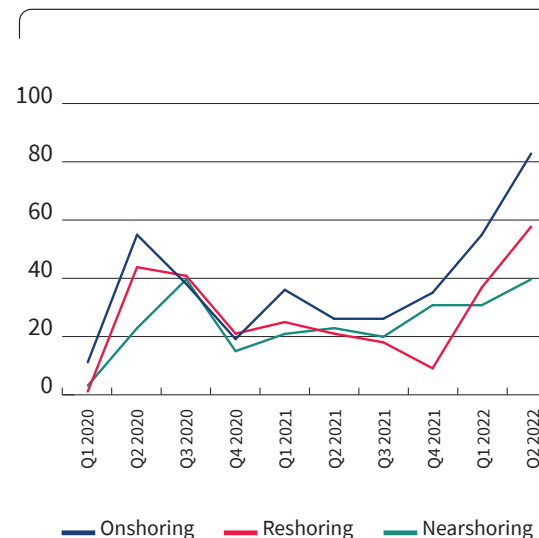
Even where multilateral trade policy remains robust, agreements increasingly reflect geopolitical alignments and seek to shape global standards accordingly. This can be seen prominently in the ratification of both the China-led Regional Comprehensive Economic Partnership (RCEP) and its regional competitor the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Though China has applied to join the latter, it is unlikely to win admission. Meanwhile, despite its early withdrawal from CPTPP, the US has developed and is currently negotiating

an Indo-Pacific Economic Framework that, though not a formal free trade agreement, serves to align participating countries more closely with US standards and economic interests – in an effort, in part, to displace China.

Vulnerabilities in tech supply chains have played a key role in driving deglobalization, as governments – especially in North America, Europe and the Indo-Pacific – move to secure access to foundational technologies critical for industrial capacity. Semiconductors are products of highly innovative yet brittle supply chains, making them distinctively vulnerable to both national security and logistical supply chain risks. Many countries are taking dramatic steps to attract semiconductor chip manufacturing capacity to their shores, while semiconductor supply chain resilience has been a primary topic of discussion in diplomatic forums.

The rise in disruptions caused by a wide range of factors – including political conflicts, weather events, lockdowns and ESG considerations – are driving some companies to regionalize their supply chains, from sourcing to consumer market distribution, in an effort to reduce lead times and mitigate growing risks. While this private sector strategy is only beginning to manifest, the result will be increasing commercial regionalization: according to McKinsey & Company, as much as a quarter of global goods exports – or \$4.5 trillion – could shift by 2025. In the context of deepening geopolitical competition and macro-economic instability, these deglobalizing and regionalizing trends are likely to endure.

Reshoring mentioned in executives calls
(number of mentions during US corporate presentations)



Source: Bloomberg Data - June 2022



The background of the slide is a photograph of an industrial facility, likely an oil or gas field. In the foreground, there are several blue industrial valves with large red handwheels. The pipes extend into the distance, creating a strong sense of perspective. The landscape is a flat, arid desert under a sunset sky with soft orange and pink clouds. The overall tone is serious and industrial.

2

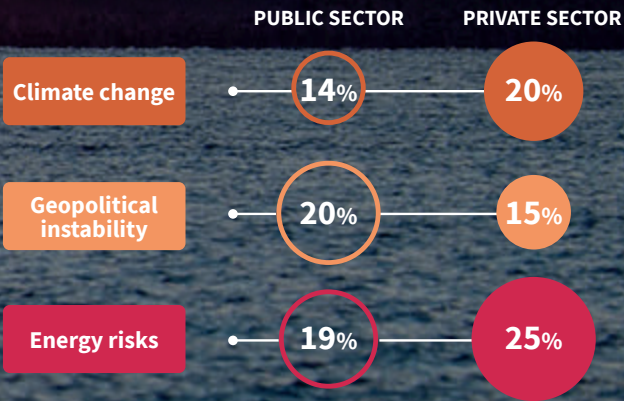
CLIMATE, GEOPOLITICS AND ENERGY: A NEW NEXUS OF RISK

Three of the top four risks ranked by experts – climate change, geopolitical instability and energy risks – have become more deeply interconnected in the last year. After the Russian invasion of Ukraine, geopolitical risks and energy risks have both shot up the rankings in this year’s survey.

As the impacts of climate change become ever more obvious, so does the need to transition to low-carbon energy sources. Meanwhile, worsening geopolitical tensions are raising doubts about the future ability to find global solutions for climate change. The need for a holistic approach to these three major risks is increasingly apparent.

“Collaboration will be crucial to find solutions for these global challenges given experts’ perception of the level of preparedness”

Experts’ perception of preparedness of public and private sector to face these 3 risks



Climate change is here – and public authorities are not prepared

Climate change has topped the experts' rankings every year since 2018, with one exception: 2020, when the survey was conducted as the first wave of Covid-19 was sweeping the world and experts put pandemics and infectious diseases as their top threat.

This year, for the first time, experts in all regions selected climate change as their top threat. Last year, by contrast, American experts ranked cyber risk in top position and the pandemic was the top concern for Asian experts. We see this new unanimity as a positive step towards consensus across regions that urgent action is needed: as the IPCC⁽¹⁾ 2022 report put it, climate change is a *"grave and mounting threat to our wellbeing and a healthy planet"*.⁽²⁾

When asked what aspect of climate change most concerns them, both the general public (80%) and experts (86%) overwhelmingly cite physical risks – such as floods, heatwaves, storms and rising sea levels – rather than other aspects, such as risks related to liability for damages or managing the transition to cleaner energy.



AXA RESEARCH FUND INSIGHTS

The social and economic consequences of catastrophic wildfires is skyrocketing and so is the cost of suppressing fires, according to Apostolos Voulgarakis, AXA Research Chair in Climate and Wildfires. Through his research we have access to unprecedented Earth observation data, and the expertise needed to tackle major challenges.

Another AXA Chairholder, Prof. Mike W. Beck, focuses on strengthening coastal resilience with nature-based solutions. He is working toward quantifying the social and economic benefits of coastal habitats such as coral reefs, marshes and mangrove forests, the critical first line of defence for coastlines. His research will allow us to identify the most cost-effective opportunities to invest in protecting and restoring ecosystems.

ONLY
14%

of experts believe that public authorities are well prepared
(versus 19% in 2021)

This is not surprising, after a year in which the direct impact of climate change has become more and more undeniable: July 2022 saw record-breaking heatwaves in Europe, with temperatures reaching 45.7°C in Spain, hundreds of heat-related deaths in Portugal, and almost 346,000 hectares of land ravaged by wildfires. In Japan, meanwhile, a heatwave put such pressure on the electricity grid that people were asked to switch off lights and ration air-conditioning to avoid power cuts.

Respondents highlight that more extreme climate conditions are likely to lead to an increase in forced migration, exacerbating geopolitical tensions in some regions.

In our survey, we asked experts to rate the pace of emergence of each risk: "already there", "rapidly emerging" or "slowly emerging". The proportion saying climate change is "already there" jumped from 46% last year to 54% this year. Experts also take a dimmer view of public authorities' preparedness, with only 14% saying they are well prepared – down from 19% in last year's survey.

When asked what public authorities should be doing, investments in mitigation and protective infrastructure topped the list, just ahead of public-private collaboration – which will be crucial to leverage the necessary investments. It is increasingly clear that coordinated actions are needed to avert disaster.

(1) Intergovernmental Panel on Climate Change
(2) Climate change: a threat to human wellbeing and health of the planet. Taking action now can secure our future, IPCC, 28 February 2022

“The energy transition has always been a key priority for us”

Why does climate change matter for AXA, and what role can we play?

Renaud Guidée: As insurers, we have always had to cope with extreme weather events and we have been at the forefront bearing the many adverse consequences of climate change. We are committed to supporting and fostering the decarbonization of our societies. Energy transition has always been a key priority for us: we have increased our investments in renewable energies tenfold since 2015, while reducing our investments in fossil fuels at a rate that allows the economy to transform.

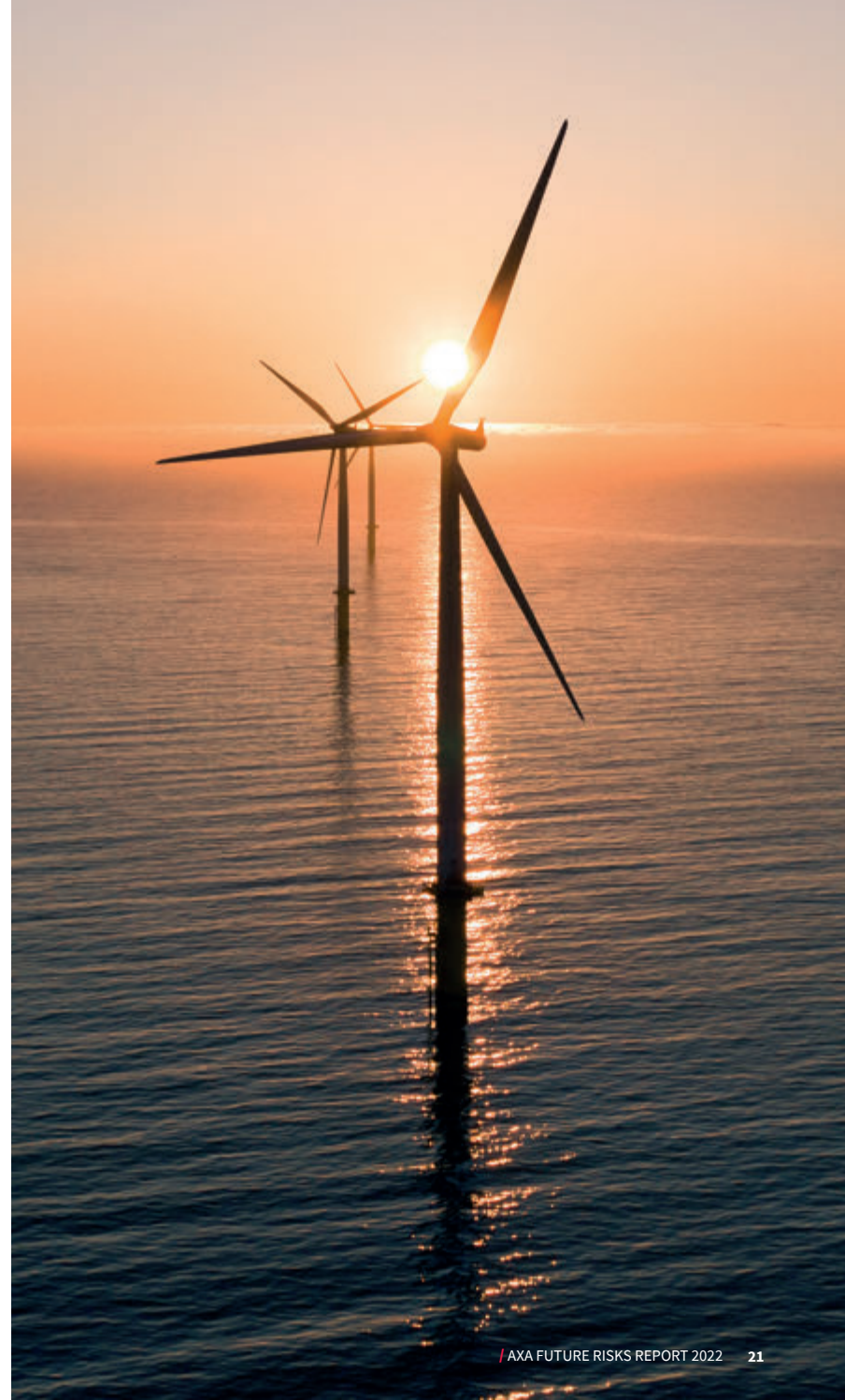


Renaud Guidée
AXA Group
Chief Risk Officer

Beyond its economic impact, AXA has consistently thrown its political weight behind collective initiatives to drive global change. We played a leading role in 2016 in creating the Task Force on Climate-related Financial Disclosures, to fight climate change, and followed up in 2021 as a founding member of the Taskforce on Nature-related Financial Disclosures, to protect biodiversity.

In last year's edition, we talked about the Net-Zero Insurance Alliance, launched in July 2021 and chaired by AXA. Can you share an update?

R. G.: The Net-Zero Insurance Alliance is the insurance industry's most ambitious effort ever to address the climate crisis through underwriting. Together with the United Nations, we are building a blueprint for net-zero insurance. From eight founding members, we have grown to 29 members from all continents, including insurers, reinsurers and marketplaces. We have all committed to reaching net-zero emissions in our insurance activities by 2050, with intermediary targets to ensure steadfast progress. The strength of the Net-Zero Insurance Alliance lies in the fact that we are collectively learning way faster than if we were doing it on our own. The coming months will be decisive, with key milestones such as the publication of global measurement standards and the release of our target-setting protocol.



FOCUS ON youth



Young people are more worried than older generations about environmental risks in general: climate change is their top-ranked risk, with pollution in 3rd position and biodiversity in 5th. They are also more interested than average in liability issues (15% vs 11% for the general public), reflecting a growing tendency for young people to see legal action as a potentially effective way to demand environmental protection measures – as evidenced by a recent case in Australia about the process for approving new coal-mining projects⁽³⁾.

(3) Australian court overturns teenagers' landmark climate ruling, CNN, 15 March 2022

Biodiversity risks are still a concern, notably in Europe

Risks related to loss of natural resources and biodiversity are ranked slightly lower than in last year's survey, though still high: 7th for experts and 9th for the general public, down from 6th and 7th respectively.

When asked what prompted them to choose this risk, more respondents (56% of experts

and 54% of the public) cited loss of biodiversity due to deforestation and desertification than over-consumption of natural resources. Biodiversity risks are ranked highest in Europe, placing 5th among experts and 6th among the general public.

Climate as top risk for experts in all geographies

	AMERICA	AFRICA	EUROPE	ASIA PACIFIC & MIDDLE EAST
1	Climate change	Climate change	Climate change	Climate change
2	Cyber security risks	Cyber security risks	Geopolitical instability	Pandemics and infectious diseases
3	Geopolitical instability	Pandemics and infectious diseases	Cyber security risks	Cyber security risks

☞ Faced with the climate emergency, it is crucial to act collectively to find global solutions. AXA is positioning itself as a driver of change and a fully committed player in the transition of our societies to a low-carbon economy ☞

Ulrike Decoene,
AXA Group Chief Communications,
Brand & Sustainability Officer



Experts worry more than the public about geopolitical tensions escalating into global war

After Russia’s invasion of Ukraine, some commentators predicted that the sustainability agenda would be overshadowed by concern about this crisis and possible future conflicts. The fact that both experts and the general population put climate change in first place does not bear out this idea, but nonetheless geopolitical tensions rose rapidly up the rankings: among experts they jumped from 4th to 2nd position, and among the general public from 9th to 3rd.

Experts are even more worried than the general public about the potential for tensions to escalate further, in Europe and beyond. We asked experts and the public if they agreed more with the idea that “geopolitical tensions are getting more and more serious and could lead to a new era of global wars”, or the idea that the risk of global war is low as such tensions have always existed. Experts were more likely than the public – 77% vs 69% – to fear a new era of war.

Similarly, 95% of experts expect geopolitical tensions to become more persistent and 94% expect them to spread around the world. In the UK especially, experts are pessimistic – almost all of them worried about the global spread of tensions.

When asked what aspect of geopolitical instability most concerns them, both experts and the general public were most likely to cite resurgence of military conflicts. Nuclear threats worried the public more than experts (23% vs 13%), and experts being more likely to cite supply chain disruptions (18% vs 13%).

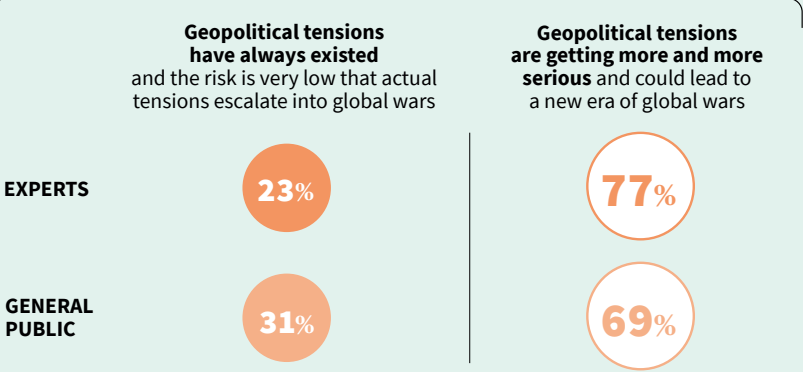
However, even options that rank relatively low on this question remain significant worries. When we asked whether they considered it an important risk that geopolitical tensions could threaten food and energy supplies, 91% of experts and 85% of the public agreed.

EXPERTS AMONG AXA’S CORPORATE CLIENTS FEAR MORE SUPPLY CHAIN DISRUPTION

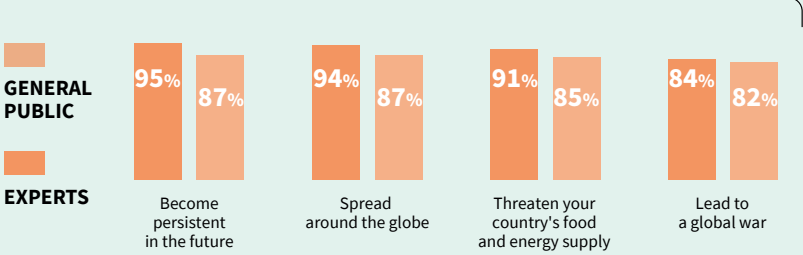
Business interruption is an important fear for risk managers of large corporates, who were almost as likely to rank supply chain disruptions (28%) as resurgence of armed conflicts (30%) in their top concerns about geopolitical instability. During the pandemic, it became clear to both businesses and governments how vulnerable their supply chains can make them to shortages of goods.

Along with geopolitical competition – most importantly between the US and China – this realization is now driving trends such as decoupling in critical minerals and dual-use technologies, reshoring, “friendshoring” and deglobalization. As these trends look set to last, insurers can play an important role by providing risk consulting services in supply chain management.

Opinion towards geopolitical tensions



Consequences of geopolitical tensions



N.B. percentage of experts and general public thinking that there is an important risk that this consequence materializes

FOCUS ON youth



Younger people are less worried about geopolitical instability than older generations, ranking this risk only 10th compared to 3rd for the general public as a whole. They are also more likely to express optimism that geopolitical tensions will not lead to a new era of global war – 41% said they thought this risk was very low, compared to 31% of the general public and just 23% of experts.

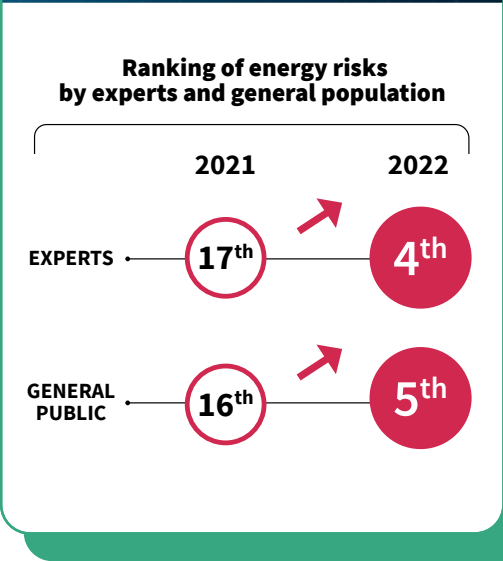
Europeans are especially worried about the looming energy crisis

Energy risks shot up the rankings even more dramatically than geopolitical tensions, rising by more than 10 positions to rank 4th with experts and 5th with the general public. The two are linked: geopolitical turmoil has put the spotlight on this risk, in particular as countries that have historically relied on energy from Russia seek urgently to find alternative sources.

Both experts (61%) and the public (58%) said their main reason for choosing energy risks as a priority was rising prices and supply problems. These worries are particularly acute in Europe, where energy supplies are most directly affected by Russia's invasion of Ukraine. Energy risks ranked higher in Europe than anywhere else, reaching 3rd position among the general public. In Germany, where Russia accounted for 40% of natural-gas imports in the first quarter of 2022, the general population ranks it in 2nd position.

Worries about rising prices and supply interruptions affect businesses as well as families and individuals. When asked if they feel personally vulnerable to a risk in their daily lives, both experts (73%) and the general public (71%) were more likely to say yes in relation to energy risks than almost any other. Similarly, experts were more likely to think the general public is aware of energy risks than any other risk in the list.

Energy risks bring together both geopolitical concerns and climate change, which demands a transformation of energy sources to transition to a low-carbon economy. Only 19% of experts believe that public authorities are well prepared to deal with energy risks – and, as with many other risks, they say collaboration between the public and private sectors should be the top priority for proposing innovative solutions to navigate the current crisis and expedite the energy transition.



“Our expertise will help us to underwrite technologies to secure the energy transition”

As a P&C and specialty risk insurer how is AXA XL supporting the energy transition?

Libby Benet: As a specialty risk insurer, AXA XL understands the vital importance of helping our clients along their energy transition journey. We aim to work with clients that are “transition leaders” – that is, traditional energy suppliers making significant investments in alternatives, and new energy suppliers bringing alternative technology.

To understand their transition plans and make sure they are aligned with our CSR goals, we are using a proprietary framework based on a number of science-based metrics. But as the energy transition challenge is industry-wide, we are also engaging with the wider energy marketplace to help raise the bar across the sector and support our clients on this journey.

What are the underwriting challenges?

L. B.: Much of the technology and many of the processes needed to secure the energy transition are still at the prototype stage, which poses a challenge for underwriters: there's no loss experience and data on which to base decisions. We and the rest of the industry will continue to rely on our underwriting expertise and on experts from the energy sector to help us to underwrite these new and developing technologies. Innovative insurance solutions such as performance insurance – which covers the output of a new piece of technology about which investors may not yet be entirely confident – are another way in which we can support clients.

Libby Benet
AXA XL Global Chief Underwriting Officer



INTERVIEW

How to balance energy security and long-term climate ambition?

Disruptions caused by political crisis are feeding through into higher prices, rising supply uncertainty, and – especially in Europe – greater government intervention in markets to reduce the impact on consumers. The Russian invasion of Ukraine highlighted Europe's energy vulnerability, but oil supplies have also been squeezed by OPEC's discipline and the focus of US shale producers on cash-flows over growth. Meanwhile, energy demand is likely to continue to grow inexorably over the next decade. If governments are to ensure sufficient energy flows in the future, they will need to provide policy and regulatory clarity to encourage long-term investments.

None of this means sacrificing long-term climate ambitions and efforts to reach net-zero emissions by mid-century. The Inflation Reduction Act in the US will provide a major boost to emissions-reduction efforts without sacrificing energy availability or economic growth. Europe's RePowerEU is an even more ambitious illustration that energy security and long-term decarbonization are not mutually exclusive – even as EU governments are being forced to step in to manage short-term availability constraints created by the curtailment of Russian gas flows.

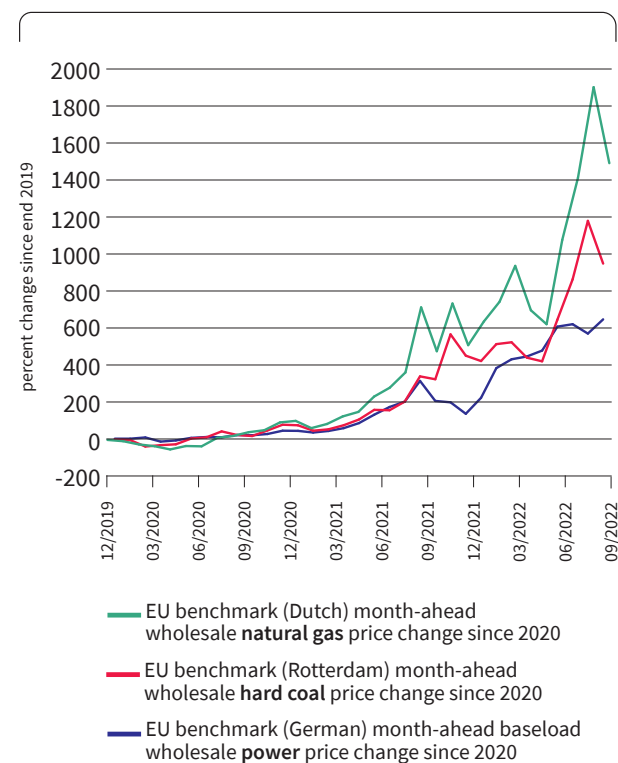
As these policies transform how energy is produced and consumed, new technological drivers will galvanize new geopolitical risks. Growing concern over China's decade-long rise to be the top global supplier of clean energy systems is causing Western allies

to embrace supply-chain diplomacy and targeted domestic industrial policy in ways not seen for decades. Skyrocketing demand for critical minerals to feed the production lines has sparked a new wave of resource nationalism across countries such as Indonesia, and Chile. In this new energy landscape, control of intellectual property and technology transfer will be as critical as control of resource extraction has traditionally been.

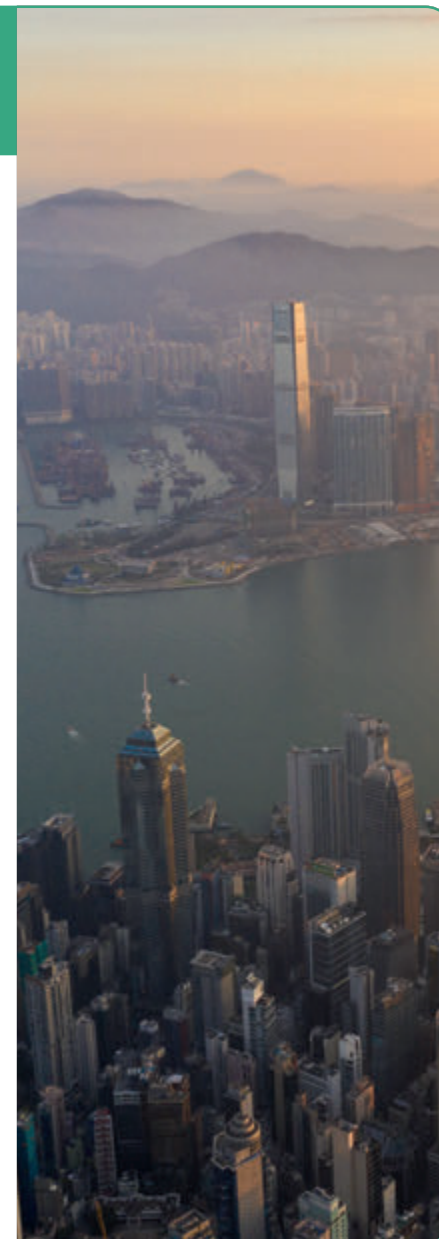
Government and business responses to energy security fears caused by price spikes and supply constraints will shape the overall arc of transition. For instance, it is not just China and India that have increased their short-term reliance on coal in response to global natural gas prices this year; Germany has done the same. Governments in Beijing, New Delhi and Berlin remain committed to long-term emissions reduction; but keeping the lights on and powering their economies is a first priority, even if this means huge fiscal support and the imposition of efficiency measures.

Governments are falling short in setting the agenda. The financial industry can play its part with disclosure policies and capital-allocation decisions based on the decarbonization and climate demands of their investors and shareholders. But rising public concern over energy security, fuelled by the geopolitical crises of the past year, is going to put growing pressure on governments for global cooperation.

Rise in energy prices in the EU



Source: Refinitiv



HISTORICAL PERSPECTIVE

The role of insurers in helping societies face new or evolving risks

It is the role of insurers to protect people from risks. Historically, when new sources of uncertainty have emerged, insurers have found innovative solutions.

Facing uncertainty - The birth of insurance

1600's



It is the role of insurers to protect people from risks. Historically, when new sources of uncertainty have emerged, insurers have found innovative solutions. Indeed, the very beginning of the insurance industry – in the 1600s, in a London coffeehouse frequented by shipowners and merchants – came in response to a new form of risk: the sinking of ships carrying valuable goods, as exploration of the New World led to increasing international trade by sea.

1666



When the Great Fire of London destroyed more than 13,000 buildings in 1666, it brought into sharp focus the risk to property from fire. The maritime insurers responded to public concern by branching out into fire insurance. Over the centuries, the same pattern has played out time and again: a new form of uncertainty arises, and the insurance industry responds by developing new products and services.

Working together to face emerging risks – Insurance pools and public-private partnerships

1950's



Sometimes this has involved finding new ways of working together. As fear of nuclear catastrophe rose in the 1950s, for example, insurers faced the challenge that a nuclear incident in any given country could overwhelm that country's insurance industry – yet people still wanted to buy insurance against nuclear risks. The solution was to pool risks internationally. Today 300 companies in 31 countries pool their capacities in this way⁽⁴⁾.

⁽⁴⁾ Nuclear pools – How does nuclear insurance work? – Nuclear Risks Insurers

1980's



In other cases, the insurance industry has worked with governments on innovative ways to protect the public against emerging threats. In the 1980s, for instance, an increasing number of extreme weather events that were not covered by traditional insurance policies led the French government and insurers to establish the “Cat Nat” system, a public-private partnership combining public reinsurance with private insurers’ expertise.

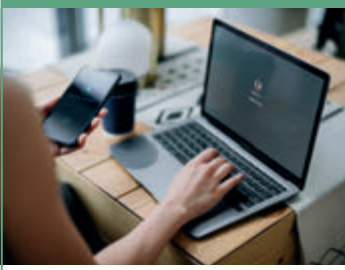
2001



Similarly, after the 9/11 attacks resulted in one of the largest pay-outs in global insurance history, insurers in the US and other countries partnered with governments to share risks of compensation for future acts of terrorism.

From physical to digital risks

1990's - 2000's



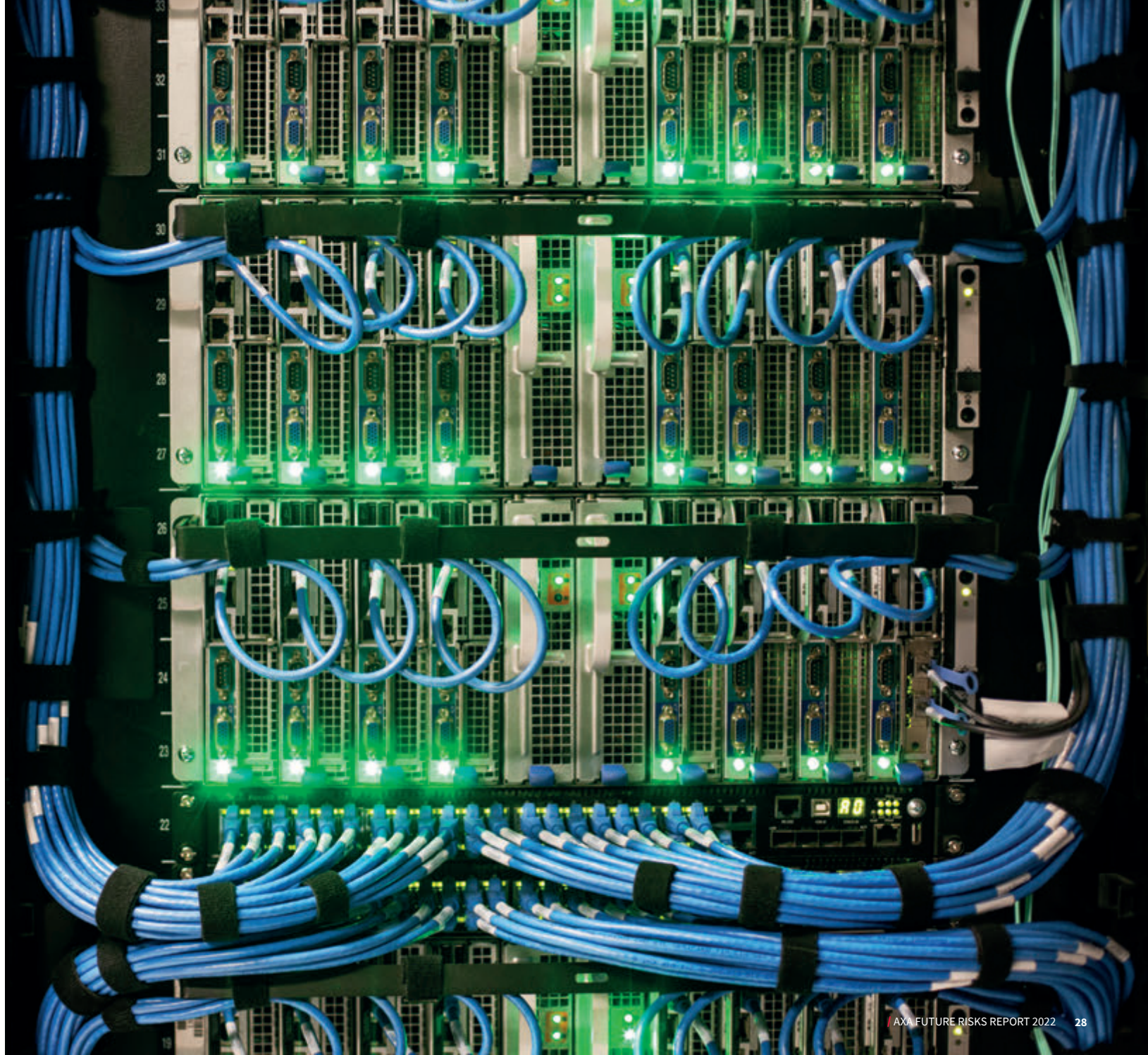
Most recently, the booming IT sector has seen rapid growth in products to insure against cyber risks – initially geared towards IT companies managing systems used by other businesses, but increasingly wide in scope. The parallels with the 1600s are clear: just as economic value and ways of doing business shifted then from land to sea, they are shifting now from the physical to virtual – in both cases creating new uncertainties, and innovations from insurers to support people in managing the unfamiliar risks they face.



3

THE “NEW NORMAL” RISKS: CYBER AND HEALTH

Cyber risks featured strongly once again in this year's survey: with the rise of geopolitical tensions and increasing digitalization of our lives, the prospect of a major cyberattack — targeting essential services and infrastructure — has never seemed so real. In the wake of the pandemic, cyber risks look likely to become part of a “new normal” risk landscape alongside a wider range of health risks: the survey indicates that concern about pandemics is falling in many geographies, but also points to growing concerns about other aspects of health.



FOCUS ON *youth*



As in last year's survey, younger respondents are less likely than their older counterparts to be motivated to select cybersecurity risks by concern about threats to critical infrastructure and essential services – instead, they are relatively more concerned about identity theft (29%) and privacy breaches (25%).

Cybersecurity concerns remain high amid rising geopolitical tensions

Cybersecurity risks have featured in experts' top three every year of the survey. They were displaced from second position only by pandemic risk in 2020, when the survey coincided with the emergence of Covid, and by geopolitical risk this year when it followed Russia's invasion of Ukraine. With ever more of life dependent on technology, cybersecurity risks seem – like health – to be an enduring feature of the future risk landscape.

This is especially true as the expected spread and persistence of geopolitical tensions feed directly into concern about cyber risks. When asked about the main concern that motivated them to choose this risk, experts this year were marginally more likely than last year to cite shutdown of critical infrastructure and essential services (51% vs 47% in 2021). Conflicts between nation states are a major risk factor for attacks targeting a country's essential services, such as health systems – which are already under severe strain in many countries, as they seek to deal with the aftermath of Covid.

As with many risks, experts cited public-private collaboration as the biggest priority for public authorities in tackling this risk. Experts are much less likely to say that the public sector (25%) is well prepared for cyber risks than the private sector (42%) – indeed, they consider the private sector to be better prepared for cyber risk than any other.

Experts and general population main concerns for cyber risks

EXPERTS	GENERAL POPULATION
1 Shutdown of essential services and critical infrastructure	1 Identity theft (personal and corporate)
2 Identity theft (personal and corporate)	2 Shutdown of essential services and critical infrastructure
3 Cyber extortion and ransomware	3 Privacy breaches

RISKS UNDER THE RADAR – HOW FAST ARE TECHNOLOGICAL DISRUPTIONS EMERGING?

When we asked experts to rate each risk as “slowly emerging”, “rapidly emerging” or “already there”, the top two risks in the “rapidly emerging” category were both technological: technology-related economic risks (50%) and disruptive technologies (48%). Among technology-related economic risks, the most-cited concern – mentioned by 38% of respondents last year and 41% this year – was related to cryptocurrencies and digital tokens.

Disruptive technologies remain towards the bottom end of the rankings overall, though slightly increased this year compared to last among both experts (up from 21st to 20th) and the general public (24th to 23rd). After a year of hype about the metaverse, advanced human-machine interfaces and virtual and augmented reality continued to be the concerns most cited by respondents who chose this risk.

Artificial intelligence (AI) and big data is another technology-related risk that was widely considered as “rapidly emerging” (46%). Both experts and members of the public who chose this risk were more likely this year than last year to cite advanced AI being an existential threat to mankind as their main reason for prioritising this risk – by contrast, regulatory and liability concerns were more often mentioned in last year's survey.

An emerging “technopolar” world

Events in 2022 reinforced the sense that power is shifting broadly from nation states to a handful of global technology companies. The war in Ukraine showed that these companies can exert more geopolitical influence than many countries: Microsoft detected Russian cyber activity, and Starlink provided connectivity to Ukrainian cities and troops. Meanwhile, when Western countries looked for sanctions that would weaken the Russian government, high-end tech components were high on the list.

The emerging “technopolar” world is arguably seen most clearly in how business leaders, journalists and political activists now communicate with the public primarily through a few social media platforms. The companies that own these platforms continue to be left largely to their own devices: when the Supreme Court overturned *Roe vs Wade*, for example, they decided for themselves how to regulate speech on abortion and reproductive health.

Tech companies’ executives are also championing various bets against the state – or at least private provision of historically public goods. These include the commercialization of space, advocacy for the adoption of cryptocurrencies – which reduces the

power that states can exercise through monetary policy – and attempts to popularize the metaverse as a future medium of communication.

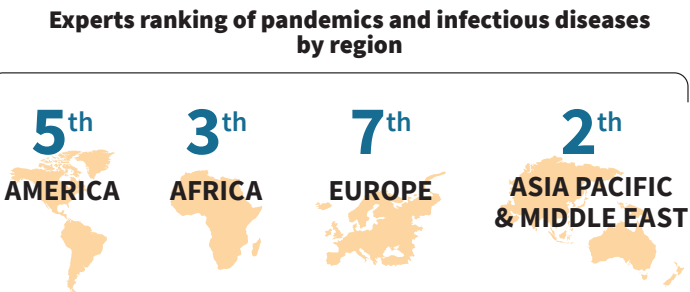
Despite some momentum in the US, antitrust and privacy legislation remain far off – though even without Congress, regulators in the US acted against growing tech power. Other states, such as the EU and Australia, have gone further in pushing back against tech platforms. China staged a crackdown that was ostensibly to rein in monopolies, but in reality to subordinate tech power to political power.

Technology companies will only grow more powerful in 2023, and they will increasingly stake out positions commensurate with their power. Those positions may align with governments – as mostly happened in Ukraine – but they just as easily may not.



Public worries about health are persisting and widening

For experts, risks related to pandemics and infectious disease are becoming less salient – ranking 5th in this year’s survey, down from 3rd last year and 1st in 2020. It dropped furthest in Europe, while experts in other geographies – notably Africa and Asia-Pacific and the Middle East – continued to give it a higher rank. Members of the public also remain more concerned than the experts: they ranked this risk top last year, and it has fallen only to 2nd in this year’s ranking. It is still top ranked in Africa and Asia.



The survey results indicate that persisting health concerns are broadening from Covid. Last year, 41% of general public respondents who selected pandemics among their top risks cited the long-term impacts of Covid as their main concern. That proportion more than halved, to 19% – instead, members of the public were more likely to say they worry about new strains of other infectious diseases (32%, up from 23%).

With new health scares regularly featuring in the media – from the spread of monkeypox to a surge in hepatitis among children and findings of polio in UK sewage waters – the public focus on health risks looks likely to continue.



RISKS UNDER THE RADAR – HOW CLOSE ARE WE TO A MENTAL HEALTH CRISIS?

The general public may be underestimating the long-term consequences of the Covid pandemic on mental health, especially when combined with the potential mental health impacts of growing geopolitical turmoil.

In the survey, mental health is classified under risks related to changing health practices and new occupational diseases. Overall, the public ranked this risk slightly higher this year than last year (17th vs 18th). Last year, however, most people (39%) cited mental health as their main reason for choosing this risk, likely motivated by the persistence of lockdowns as a policy response to the pandemic. This year, mental health (27%) has fallen well behind over-dependence on medication (45%) as the top concern within the category.

Among experts, by contrast, concern about mental health remained the overriding reason for choosing this risk, cited by 57% last year and 54% this year.

AXA Research Fund supported scientist Dr. Jasmin Wertz points to several promising solutions: teletherapy and online counselling; integrating mental healthcare in primary care settings; and innovative efforts to train physicians to combine expertise in physical and mental healthcare, putting the patient at the centre.

Covid-19 and its impacts are a key factor in AXA’s Mind Health Study, which finds that in almost every country mental wellbeing is second only to the economy as the biggest casualty of the pandemic(5).

(5) <https://www.axa.com/en/insights/axa-mind-health-survey-findings>

Experts and general population main concerns for pandemics and infectious diseases risks

- 1 New strains of infectious diseases: Ebola, Zika, Lassa fever, SARS...
- 2 Changing patterns of infectious diseases due to the impact of climate change
- 3 Long Covid

AXA Research Fund INSIGHTS

The recent global health crisis highlighted the lack of resources to fully meet public healthcare demands. Our societies are experiencing multiple “syndemics” – when two or more diseases, whether infectious or non-communicable, are made worse by interacting with each other and with structural and societal inequities. According to Prof. Lara Dugas, AXA-supported researcher at University of Cape Town, social determinants and environments are key to explaining differences in access to good health.



FOCUS ON youth



Young people are more likely to be concerned about long Covid than the general public at large, and less likely to worry about the impact of climate change on infectious diseases, despite their broader concern about environmental risks. A similar tendency to focus on long-term health threats is seen in relation to chronic illnesses, with young people more likely (44%) to say they are concerned by behavioural risk factors such as diet and sedentary lifestyles while the public at large is more concerned (39%) by the burden of healthcare costs.



Daniel Bandle,
CEO of AXA Mexico

☞ In 2019, we launched AXA Keralty, offering an integrated health system focused on prevention ☞

Latin America faces a number of endemic health issues, including unhealthy populations and saturated public health systems. In Mexico, the region's second largest economy, 70% of the population is overweight. This translates into a high incidence of high blood pressure, cardiovascular diseases, diabetes and other chronic diseases. The public healthcare system is overburdened, and a mere 8% of Mexico's 130 million inhabitants buy private health insurance.

In 2019, we launched AXA Keralty, offering an integrated health system focused on prevention including check-ups and healthcare programs, diagnostics (such as blood analysis and X-rays), general, pediatric and gynecological primary care, and ten specialties including orthopedic, urology and psychology services. At the core of AXA Mexico's healthcare strategy, this initiative is aimed at serving uninsured population segments while preventing or facilitating early detection of chronic diseases.

Three years after its launch, the program has opened 14 clinics, and – thanks to the strategic alliances with private hospitals – we have presence in over 20 cities where we attend more than 300,000 patients and provide more than 21,000 medical checkups and 245,000 consultations. An early indicator of its impact is that corporate customers that combined AXA Keralty services with their traditional medical insurance coverage are reporting that their employees are healthier and hence more productive.



Delphine Icart,
CEO of DHP Inc.

☞ In partnership with Microsoft, AXA is developing an open healthcare ecosystem to orchestrate care pathways for patients ☞

Moving from a siloed perspective towards a collaborative approach is the way forward for healthcare. That's why, in partnership with Microsoft, AXA is developing DHP (Digital Healthcare Platform), an open healthcare ecosystem to orchestrate care pathways for patients. Connecting existing solutions from different players in optimized and patient-centric journeys will lead to better engagement, faster access, and greater data control and efficiencies.

This collaborative framework will lead to more flexible and sustainable systems as it relies on multiple players and solutions. It drives collective resilience. Openness, connection and orchestration are at the core of this innovative proposition for all healthcare players – including pharmaceuticals, health tech companies, insurers and hospitals – to collaborate and leverage collectively existing solutions to deliver more a patient-oriented experience.

☞ Emma offers a range of 25 insurance, health and wellness services ☞

In Asia, AXA has developed a mobile app called "Emma". With over 4 million registered users across six markets, Emma offers a range of 25 insurance, health and wellness services. It is a holistic payer-to-partner ecosystem that delivers a seamless, omni-channel experience in a personalized, proactive and humanized manner. Emma addresses three core healthcare challenges. First, it is improving access to timely care by integrating digital healthcare partners offering 24/7 services. Emma offers seamless orchestration through on-demand services such as teleconsultation, medicine delivery, a symptom checker, chronic disease management, psychological

counselling, physical activity tracking and nutrition counselling. Second, Emma is enhancing quality of care. By embedding health and wellness services with insurance products, AXA provides complete propositions that are both curative and preventive. Emma also provides functionalities for customers to request cashless access, search hospitals and doctor networks, submit claims online and get progress updates on their claim. Finally, Emma is managing costs better. By laying a strong and secure data foundation for health, lifestyle and behavioural data, it sharpens our pricing and underwriting to provide affordable solutions.

Françoise Gilles,
Chief Strategy
Development Officer
of AXA Asia



4

RAPIDLY EMERGING FINANCIAL RISKS COULD FUEL SOCIAL TENSIONS

Concerns about economic risk have been growing over the past five years. In 2018, no economic risk featured in the experts’ top 10. Financial instability risks entered the top 10 first, followed by macro-economic risks. This year, monetary and fiscal policy risks enter the experts’ top 10 for the first time. However, experts’ opinion is fragmented on how quickly these risks are likely to manifest. Only 13% of experts believe £ the risk of financial instability is “already here” – one of the lowest scores for any risk in the sample – with the remaining respondents divided between those who believe it is emerging rapidly (46%) and slowly (41%).

A similar pattern is visible on macro-economic risks, with 22% believing the risks are already with us, and respondents otherwise equally divided between rapid and slow emergence (39% each). However, experts believe we have less time to prepare for monetary and fiscal policy risks: 45% think these risks are rapidly emerging.



Evolution of financial and economic risks in experts ranking since 2018

Risks	2018	2019	2020	2021	2022
1	Climate change	Climate change	Pandemics and infectious diseases	Climate change	Climate change
2	Cybersecurity risks	Cybersecurity risks	Climate change	Cyber security risks	Geopolitical instability
3	Geopolitical instability	Geopolitical instability	Cybersecurity risks	Pandemics and infectious diseases	Cyber security risks
4	Natural resources management	Social discontent and local conflicts	Geopolitical instability	Geopolitical instability	Energy risks
5	Social discontent and local conflicts	Natural resources management	Social discontent and local conflicts	Social discontent and local conflicts	Pandemics and infectious diseases
6	Artificial intelligence and big data	Artificial intelligence and big data	New threats to security	Natural resources and biodiversity risks	Social tensions and movements
7	New threats to security	Pollution	Macro-economic risks	New security threats and terrorism	Natural resources and biodiversity risks
8	Pollution	Pandemics and infectious diseases	Natural resources and biodiversity risks	Financial stability risks	Financial stability risks
9	Medical advances and innovations	New threats to security	Financial stability risks	Macro-economic risks	Macro-economic risks
10	Pandemics and infectious diseases	Macro-economic risks	Pollution	Risks related to artificial intelligence and big data	Monetary and fiscal policy risks

The general public is not yet aware enough of economic risks

Our survey suggests that the general population does not yet seem to share experts' growing concern about the economy. Like last year, the public included only financial instability in their top 10 risks, with monetary and fiscal policy risks unchanged in 12th place.

Experts think members of the public are not as aware of economic risks as they believe themselves to be. When asked to rate the awareness of the general public about risks, only 26% of experts said the general public is either fully or somewhat aware of financial instability risks, whereas 49% of the public thought they were aware. For macro-economic risks, 55% of the public rated general awareness as high versus just 30% of experts.

When looking across regions, the general public in Europe were least likely to rate their peers as aware of economic risks, while those in Africa thought awareness was highest.

ONLY
26%

of experts believe the general public is aware of financial instability risks



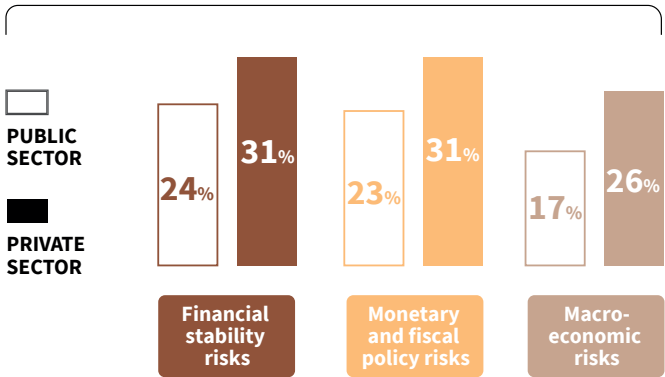
Experts doubt public and private preparedness for financial risks

For all three financial risks in their top 10, experts seriously doubt the preparedness of public authorities: for example, only 24% of experts believe public authorities are ready to face financial instability risks, though the general public is more optimistic, at 37%.

Asian experts are most likely to be positive about preparedness, while American experts were especially downbeat: only 12% considered public authorities to be ready to face financial instability risks, 13% for macro-economic risks, and 19% for monetary and fiscal policy risks.

Overall, both experts and the general public from all geographies tend to consider the private sector more prepared than public authorities for financial risks. This should encourage the private sector and insurers to propose solutions. It also bolsters the case for the private and public sectors to work hand in hand on addressing market crises: for each of these three risks, experts considered public-private partnerships the best approach.

Experts rating of public and private sector preparedness for financial risks



N.B: percentage of experts thinking that the public/private sector is ready to tackle financial risks

Experts are concerned about systemic market failures

Financial instability is the only economic risk to appear in the top ten ranking of both experts and the general public. The two groups of respondents are mostly aligned on their main reason for choosing this risk: systemic failure in financial markets. The next two concerns are asset bubbles and lack of coordination to tackle financial risks – which is much needed in a context of digitalization making economies ever more interconnected.

Market failures also motivated experts who chose macro-economic risks as one of their priorities: the top two concerns cited as the reason for choosing this risk were instability in the Eurozone and crises in emerging markets.

3 main concerns of general population and experts with regard to financial stability risks



FOCUS ON youth



Young people ranked financial instability risks higher than the general public as a whole, in 4th position. This may reflect their personal experiences of the job market after the Covid crisis, though they were slightly less likely than average to say they feel vulnerable to this risk in their daily life: 60% compared to 63% of the public overall. Young respondents have more trust in the preparedness of public authorities (43% vs. 37%) and the private sector (48% vs. 38%) for financial risks. They are slightly less concerned than average about monetary and fiscal policy and macro-economic risks.



Inflation could lead to social unrest

Inflation is eroding people’s purchasing power: in the United States, for example, inflation reached 9.1% in June, and in the UK, it reached 10.1% in August – in both cases, the highest in the last 40 years. In this year’s survey, experts included monetary and fiscal policy risks in the top 10 for the first time. When asked why they chose this risk, 66% cited concern that ineffective monetary policy might lead to hyperinflation.

Our survey respondents worry that persistent inflation could lead to social unrest and riots. The International Monetary Fund warned in April about possible riots in Southern Africa⁽⁶⁾, while the United Nations expects food security to worsen into 2023⁽⁷⁾ and has warned that no country is immune to social erosion caused by rising prices of basic commodities. Several developing countries already experienced “food riots” due to volatile prices in the mid-2000s⁽⁸⁾.

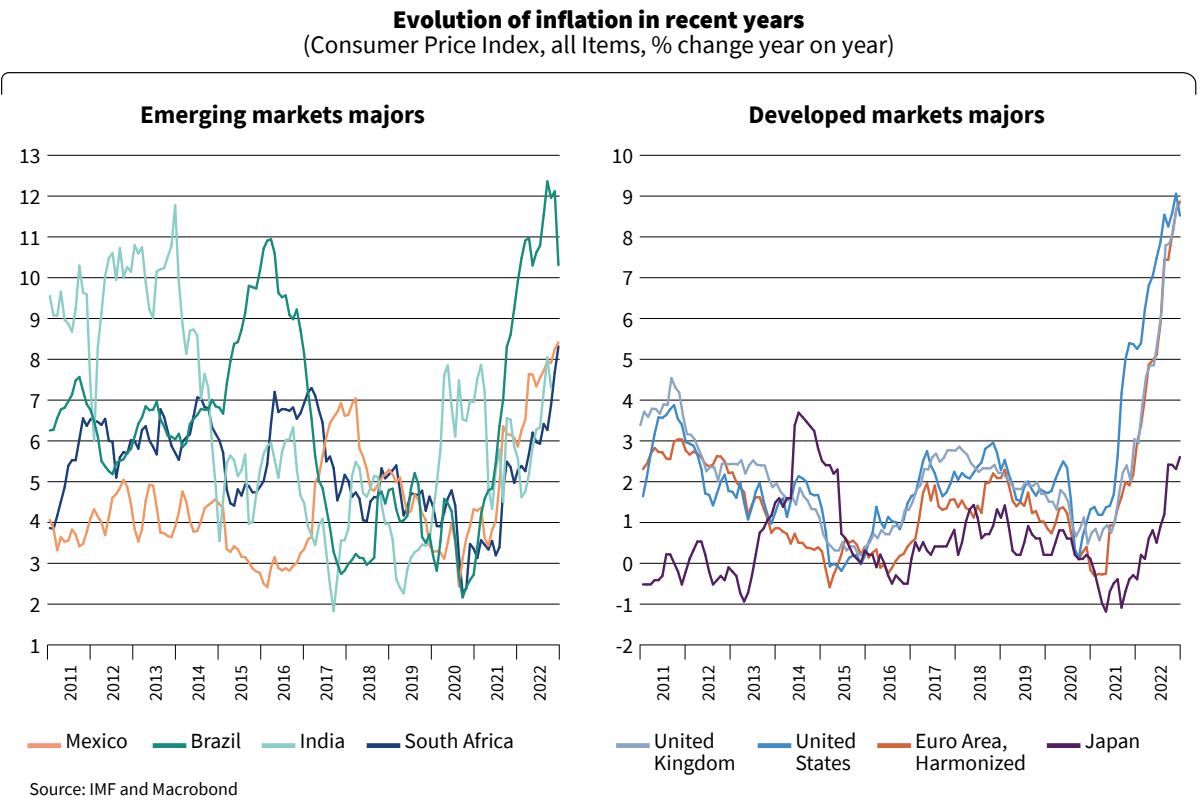
Social tensions and movements featured in the top 10 risks for both experts (6th) and the general population (7th). When asked what main concern motivated them to choose this risk, both categories of respondents were most likely to cite rising inequalities, social violence (riots) and food and water insecurity, which is a rising concern this year. However, the general public does not feel more vulnerable to social tensions in their daily lives this year compared to 2021, and nor do they believe that this risk is emerging faster.

Social tensions are especially on the minds of respondents from the Americas, where the general public ranked this risk 5th and experts ranked it 4th. In the United States, new threats to security and terrorism also feature among the top concerns of both experts (7th) and the general public (4th), motivated mainly by concern about mass murder and shootings. This higher-than-average concern likely reflects the Capitol riots and the increasing polarization of society.

Polarization could become a major and lasting trend in another way: between developed and developing countries. In its

2021/22 Human Development Report, the UN expresses concern about a widening gap between the most developed countries – which are mostly managing to maintain high scores on the Human Development Index – and developing countries, where declines are often rapid and worsening. In this context, the UN underlines the role of insurance “to protect everyone from the contingencies of an uncertain world”.

(6) Soaring food prices due to Ukraine war may stoke 'unrest' in Africa, says IMF, France 24, 28 April 2022
 (7) Food insecurity threatens societies, exacerbates conflicts and 'no country is immune', UN News, 19 May 2022
 (8) Food Riots and Food Rights, Institute of Development Studies, June 2014



Facing the food crisis

Following Russia's invasion of Ukraine, higher food prices have begun to alarm consumers even in wealthy countries. Food inflation is an even more serious concern in lower and middle-income states, where households spend on average 30-40% of their income on food. About 1.2 billion people were food-insecure at the end of 2021⁽⁹⁾. By mid-May 2022, that had increased to 1.6 billion, and this figure is expected to continue to rise.

Geopolitical instability threatens food security: people living in conflict-affected states are 2.5 times more likely to be undernourished than others, according to the World Food Programme. But the dynamic can also work in reverse: food insecurity can trigger destabilizing protest, particularly in countries with other fragilities, such as poor governance. While Eurasia Group believes that a widely destabilizing wave of unrest is unlikely in 2022-23, sporadic pockets of protest will persist. The number of major food – and agriculture – related protests in the first half of 2022 already topped the number of all similar events in the previous five years, according to data from the Carnegie Endowment for International Peace. Recent examples include protests in Sri Lanka, Ecuador, and Iran.

In the years to come, climate change will further amplify the unexpected threats to food security posed by shocks such as wars and pandemics. An analysis cited by the UN's Intergovernmental Panel on Climate Change indicates that yields of key food crops are expected to drop by 10-25% for each degree of global warming. The share of crop land affected by drought is expected to more than triple globally by 2050, reaching close to 32%. Extreme weather events have heightened risks to food

security in 2022: yields are expected to decline in European countries which reeled from intense summer heat, and India banned wheat exports in May 2022 in response to a heat wave that damaged its crops.

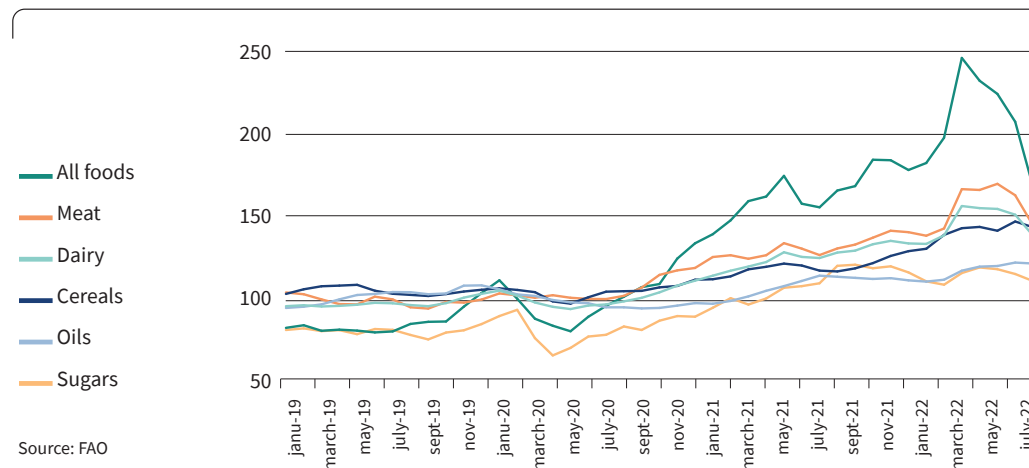
Avoiding such export bans is one step policymakers can take to mitigate food security risks, as part of open trade policies that address broader imbalances in trade and national food stocks. More effective food aid should be provided to lower-income countries, particularly those that are net food importers, with programs to support smallholder farmers where possible as they produce much of the food consumed in the developing world. Insurers can play a role through providing innovative risk management products to producers and major buyers of foodstuffs.

In the near term, policies should seek to shield the most vulnerable consumers from price rises and reduce the costs of agricultural inputs, such as fertilizers and fuel. Over the medium to long term, climate change adaptation and mitigation and more sustainable agricultural practices will be necessary. As about a third of global production currently goes to waste, investment in food storage, logistics, and distribution will also be critical.

(9) Research produced by Eurasia Group and Devry BV Sustainable Strategies drawing on data from Gro Intelligence



FAO Real Food Price Index between 2019 and 2022
(2014-2016 = 100)



Source: FAO

A photograph of a man with a beard and a blue shirt carrying a baby in a grey patterned sling. A young girl with blonde hair and a pink patterned scarf sits next to him, looking out a train window. The background shows the interior of a train with other passengers.

5

5 RISING VULNERABILITY SEES A LOSS OF TRUST IN EXPERTS AND AUTHORITIES

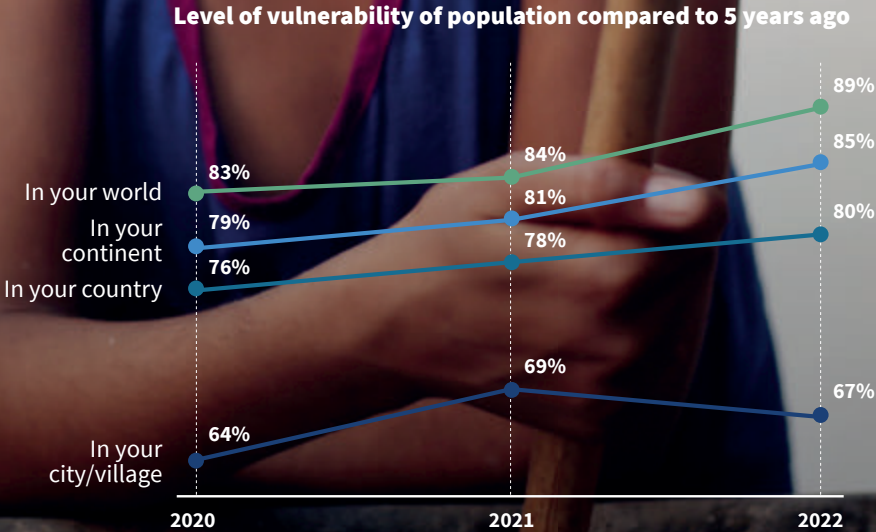
Experts perceive that people around the world are becoming more vulnerable to risks, as rising geopolitical tensions combine with market volatility, the climate crisis and ongoing health risks.

When asked if people globally are more or less vulnerable to risk than they were five years ago, 89% of experts said more vulnerable – up from 84% last year.

Experts and the general public alike tend to believe that people are more vulnerable in the world at large than in their own continent, country or city: the closer to home we asked them to think about, the less likely respondents were to say that vulnerability is increasing. Only 67% of experts – and 61% of the general public – agreed that people in their own city or village were more vulnerable than they were five years ago, in both cases slightly down on last year. This suggests that familiar environments and networks of personal bonds alleviate the feeling of vulnerability.

When we asked whether respondents feel vulnerable to specific risks in their daily life, they were more likely to say yes in relation to more tangible risks – such as pollution, terrorism, chronic illnesses, pandemics and energy – than those which may still feel more abstract but rank higher overall, such as geopolitical tensions and climate change.

When asked about vulnerability of the world population overall, environmental risks – climate change, pollution and energy risks – dominate among the general public, while experts put other risks at a similarly high level, including cyber risks, pandemics, monetary and fiscal policy, and ethical risks related to technology.



FOCUS ON youth



Young people feel both more willing to take risks and more vulnerable to them. Only 53% of under-25s agree that they try to avoid taking risks in their daily life, versus 64% of the population as a whole. Only 39% agree that they would rather give up some of their dreams than take too many risks, against 54% of the wider population. But 55% say they feel vulnerable to risks in their daily lives, against 47% of the wider public.

People have become more risk averse in the last two years

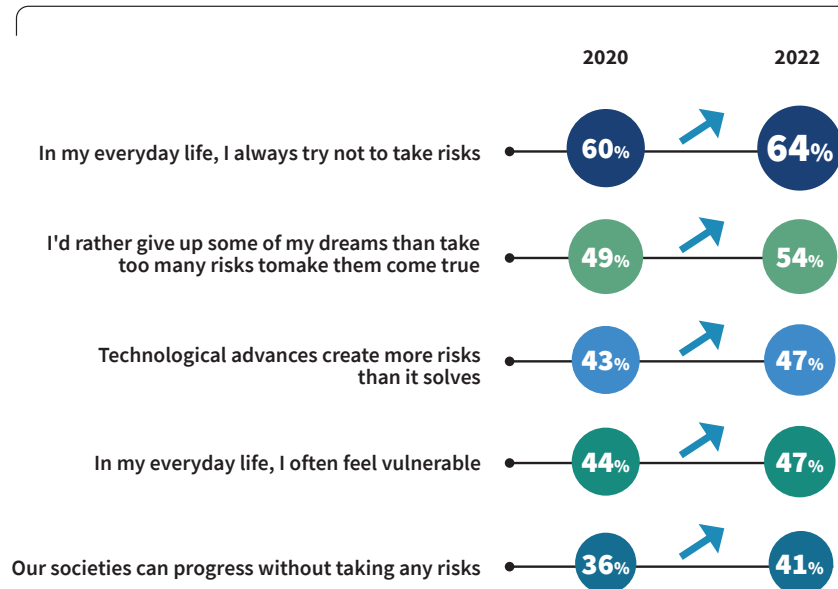
Over the last two years, the general public have become less inclined to take risks on a personal level and less inclined to support risk-taking at a societal level.

When we asked people if they often feel vulnerable in everyday life, 47% agreed – compared to 44% in 2020, the last time we asked this question. Although only a small increase, it holds across almost every geography. Similarly, 64% of the public agree that they try to avoid taking risks in their daily life (up from 60% in 2020), while 54% say they would rather give up some

dreams than take too many risks (up from 49%). Even in the US, famous as the land of the “American dream”, the majority of respondents (52%) now share this view.

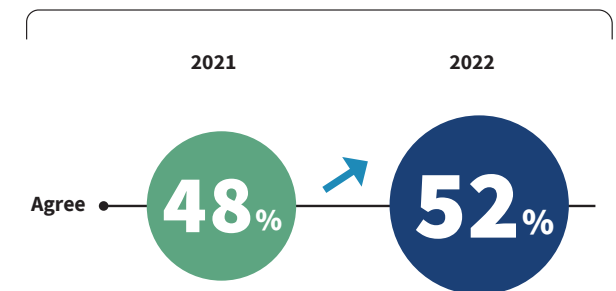
The general public is also less convinced that taking risks is necessary for reaching success. When asked if they believe that society can progress without taking any risks, 41% said yes – up from 36% in the previous survey. Likewise, 47% believe that technological advances create more risks than they solve, up from 43%.

General population opinion on risks



NB: Percentage of people who agree with the statement / This question was not proposed in the 2021 survey

Zoom on the US - The end of the “American dream”?



NB: Percentage of people in the US who agree with the statement “I'd rather give up some of my dreams than take too many risks to make them come true”

☞ As a leading insurer, we aim to give people reassurance by providing support and helping to protect against a range of risks ☞

One of the main lessons of the Future Risks Report is the growing feeling of vulnerability and risk aversion among the general public. The role of an insurer is to protect its customers against risks. What message can AXA send to its clients today in the face of this feeling of vulnerability and this growing need for protection?

Claudio Gienal : It's concerning to see that such a large proportion of people have low confidence and feel vulnerable to the risks that surround us. As a leading insurer, we aim to give people reassurance by providing support and helping to protect against a range of risks.

Claudio Gienal
CEO of AXA UK
& Ireland

The report confirms that many people recognize the safety net insurance provides and understand its benefits, particularly in these uncertain times. However, we need to work hard to raise awareness among those who perhaps don't yet understand the importance of having protection for what matters to them and how this can help reduce these feelings of vulnerability.

How can we adapt our offering to address new expectations from clients?

C. G.: At AXA UK we are on a digital transformation journey which is focused on improving customer outcomes, giving greater flexibility and more choice to cover their ever-changing needs in an optimal way. We have also embedded customer insights into our product and journey design. A recent example of this is the launch of Moja, AXA UK's new digital-only brand, initially available for motor insurance customers. It aims to provide maximum simplicity and flexibility to suit our customers' evolving needs and their budgets.

Innovation is key to not just surviving but thriving in the face of the various challenges the insurance industry confronts today.



FOCUS ON youth



Young respondents are more likely than average to believe that risks are easy to predict (57% vs 49% for the public as a whole). They also display higher than average trust in various actors to handle future crises, including scientists, international organizations, public authorities, civil society, private citizens and companies. These levels of trust have also fallen since last year's survey, although more slowly than for other age groups, with scientists seeing the biggest drop in trust (from 77% last year to 71%).

Public trust in experts and governments has fallen in the last year

The public's trust in institutions to protect them from future risks is eroding. Compared to last year, general public respondents are less likely to say that they would trust a wide range of actors to limit any future global crisis that might occur: trust in scientists, for example, has fallen to 66% from 75% in last year's survey; members of the public are also less likely to trust international institutions (64% to 61%), national authorities (62% to 58%), civil society (56% to 53%) and private companies (47% to 45%).

Among experts, levels of trust are generally higher, and the trend is more mixed. Trust in scientists has also fallen – from 87% to 82% – along with trust in companies; but trust in international organizations, national authorities and civil society has improved.

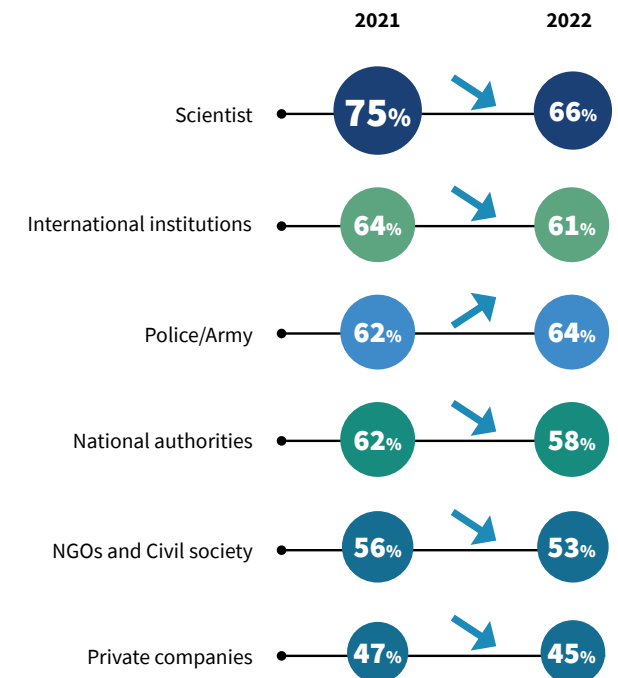
Trust in the army and police to handle future crises has increased among both experts (64% to 69%) and the general public (62% to 64%), likely reflecting the rise in concern about issues such as terrorism, geopolitical tensions and social discontent.

George Stansfield,
AXA Group
Deputy CEO



“Geopolitical tensions, the erosion of certain fundamental principles of international law and their direct consequences on energy security are raising doubts about the ability of various players to maintain the same level of ambition in terms of action against climate change. Yet this is imperative. The current energy crisis we are experiencing proves that we need to maintain focus to achieve our climate objectives and contribute to building greater energy sovereignty”

Public trust in experts and governments



NB: Percentage of selection by the general public of most trusted actors to mitigate future crises

How insurers can play their role in tackling future risks

The general public is more likely than experts to think that future risks are either “very” or “somewhat” easy to predict. This discrepancy may help to explain the rising sense of popular frustration towards public institutions and the private sector for failing to protect them against risks they may feel it should have been possible to foresee.

In this climate of growing vulnerability, mistrust and scepticism, insurers can and should play a major role in enabling people to pursue their objectives. Nearly 70% of the general public agreed that insurers will play an important role in mitigating future risks. Insurers have an opening to contribute to building trust and hope by responding to the public’s growing desire for protection.

When asked what insurers should be doing, experts mentioned supporting innovative risk transfer solutions, contributing to prevention and resilience, sharing expertise in risk management, and participating in building a common culture of risk prevention.

UPCOMING PUBLICATION FROM THE AXA RESEARCH FUND

Building societal resilience through inclusive growth: The role of individuals, insurers and institutions in a fragmented world

Although more than 1.1 billion people have been lifted out of extreme poverty over the past 30 years, the benefits of economic growth in terms of improving quality of life have been unevenly distributed. Wealth has accrued disproportionately to the top 10% of the world’s population. The gap between the richest and poorest is wider than at any time since 1985. “Inclusive growth” – which refers to more equal distribution of economic growth across income levels, genders and regions, among other factors – supports resilience by lifting individuals out of poverty and increasing opportunities for all.

The AXA Research Fund supports independent research around risk and provides knowledge for informed decision-making based on science. Blending business, academic and institutional perspectives, the Fund’s upcoming publication aims to provide a holistic view of the most salient issues in inclusive growth and societal resilience. It will explore the issues that have contributed to today’s global landscape of inequality, case studies of success in meeting the challenge of cultivating inclusive growth, and the role insurers have to play in building societal resilience.



“Enduring and worsening inequality jeopardizes societal resilience. It is essential that economic players focus on the central issue of social inclusion to ensure that we develop healthy, peaceful societies”

Marie Bogataj,
Head of the AXA
Research Fund
& Group Foresight



Future Risks Survey 2022 was conducted by IPSOS on behalf of AXA. It involved presenting online questionnaires to two distinct groups: experts and members of the public.

Experts

We surveyed 4,449 experts in 58 countries between 10 May and 9 June 2022. The average age of respondents was 45. 59% were men, and 41% women. Most – 86% – worked at AXA, with underwriting and risk management the most represented professions. The remaining 14% were drawn from AXA’s professional networks, primarily working in the financial services sector and for large companies.

General public

We surveyed 18,999 members of the public in 15 countries between 13 May and 9 June 2022. Respondents were sampled among people aged 18 and over to be representative in terms of age, gender and occupation, with countries chosen by region and market size.

We surveyed 4,999 people in the United States, and 1,000 in each of Australia, Belgium, China, France, Germany, Hong Kong, Italy, Japan, Mexico, Morocco, Nigeria, Spain, Switzerland and the United Kingdom. Country results were weighted to produce the global and regional results.

The 25 risks

We presented survey respondents with 25 risks, divided into five categories, and asked them to choose their top five. We ranked the results by assigning 5 points to each top answer, 4 to the second answer, etc.

Health and medicine: chronic illnesses; long-term exposure to harmful substances; pandemics and infectious diseases; risks related to changing health practices and new occupational diseases; and risks related to medical advances and innovations.

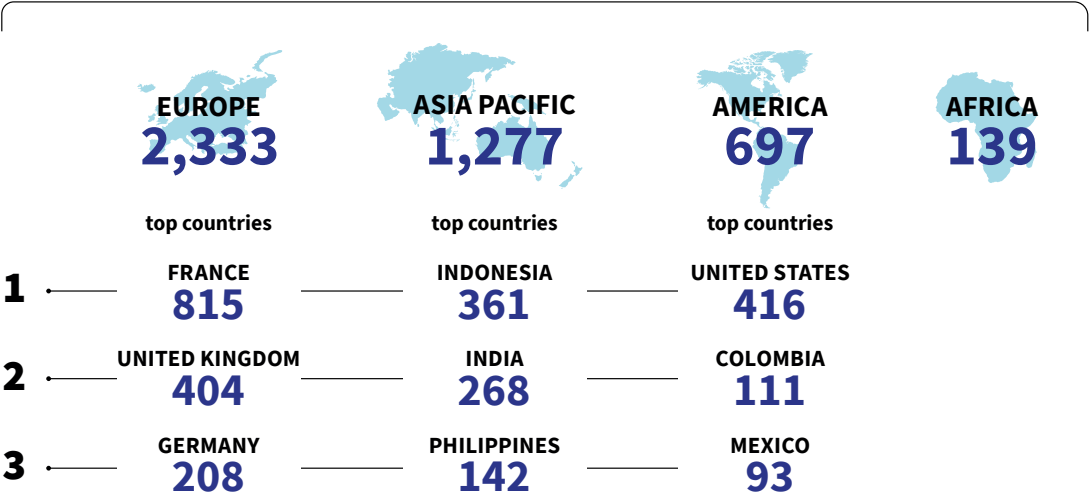
Environment and energy: climate change; energy risks; pollution; space and planetary risks; natural resources and biodiversity risks.

Technology and data: cyber security risks; disruptive technologies; ethical risks regarding the use of technology; risks related to smart and autonomous systems; risks related to artificial intelligence and big data.

Economics, finance and business environment: financial stability risks; macro-economic risks; monetary and fiscal policy risks; risks related to the future of work; tech-related economic risks.

Society, politics and regulation: geopolitical instability; new security threats and terrorism; risks related to changing demographics; risks related to evolving regulation and litigation; social tensions and movements.

The global spread among experts comprised





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