

# Emerging Risks

## David Cadoux

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**In December 2013, AXA launched an online questionnaire asking its 200 internal experts to list the top emerging risks over the next 5 to 10 years.**

Hélène Chauveau, Head of Emerging Risks, spoke to David Cadoux, AXA Group P&C Chief Risk Officer for his reaction to the results.

### **Environmental risks**

#### **Hélène CHAUVEAU**

Hello David, thank you for answering our questions. According to our study, environmental risks are seen as one of the main risks for society at large. What is your reaction to that?

#### **David CADOUX**

Well it's a not a surprise. What do people have in mind when looking back at the last 18 months: Sandy, the Superstorm that severely affected the East cost of US with unprecedented tide levels Haiyan, the most powerful typhoon ever recorded that devastated a large part of Philippines. Several flood events that hit Central and Eastern Europe, such as in France and the UK. A series of air-pollution alerts in megacities in China and more recently in Paris.

It looks like our society as a whole could become more vulnerable for two main reasons. First, there is an **urbanization phenomenon** leading to an accumulation of population and wealth in megacities that tends to amplify pollution problems and consequently global warming. Second, this concentration is mainly observed in coastal areas that could be the first regions affected by climate change impacts, notably **rising sea levels**.

The new report of IPCC, the international experts on climate change, is very clear: the situation will worsen in the coming decades if we don't reduce greenhouse gas emissions to limit global warming to 2°C, which is the internationally agreed safe limit.

But let's be optimistic as we have signals of rising risk awareness. Just one example: Sandy again. In fact the storm severely eroded South Florida beaches. It's impressive to see how many adaptation actions are currently taken by coastal communities in Florida to save themselves from sinking into the ocean.

#### **Hélène CHAUVEAU**

It also brings a lot of opportunities, so what is AXA's role in front of these new trends?

#### **David CADOUX**

As a leader in the insurance industry, AXA has to leverage its **expertise** and to support **initiatives** to find solutions to the climate challenge. Let me give you examples of what we are currently doing.

- **Innovation**: we all know that renewable energies are one of the solutions to reduce greenhouse gas emissions and limit global warming. AXA strongly supports the development of those energies notably by proposing new insurance products to protect offshore wind farms in the North Sea.
- **Prevention**: we developed a strong partnership with the NGO CARE that includes a prevention program for local communities in developing countries particularly exposed to natural catastrophes. Since 2011, it supported close to 800 000 people in better preparing for climate-related risks.
- **Education**: to increase knowledge on risks, we created in 2008 the AXA Research Fund in which AXA has already invested more than €100m to support around 400 research projects all over the world. So far, about one third of the efforts were dedicated to the improvement of the understanding of environmental risks.