

“WHEN I MEET PEOPLE, I DON’T SAY THAT I work in reinsurance,” says Swiss Re’s Robert Burr. “I tell them that I work for a company that is predicting tomorrow.”

As Head of Client Markets for Swiss Re’s Life & Health business in Asia, Mr. Burr does in fact work in reinsurance. But if insurance is complex, reinsurance is more so. So Mr. Burr distills the business of Swiss Re to its essence: It looks ahead to the future. Using its balance sheet as a financial backstop to underwrite risk for the world’s largest insurers and governments, Swiss Re forecasts the likelihood of everything from floods and pandemics to future life expectancy. Swiss Re is good, very good, at doing this, as evidenced by 150 years of financial success.

But do not assume that technology has made its mission easier. Proliferating data hasn’t narrowed the element of uncertainty in the calculations made to forecast future outcomes. “The world is getting more complex and unpredictable, technology is transforming our world and, in doing so, creating new risks for societies,” says Mr. Burr.

He believes that the protection Swiss Re offers extends beyond its clients to society at large. Swiss Re is driven by the objective of “making societies more resilient,” he says. From data sources around the world, the company’s deep bench of experts in virtually every scientific field formulates models of the future and puts a price tag on risks, helping society to prepare for and manage disasters in advance, he says.

When it comes to natural disasters, Swiss Re’s work goes beyond calculating the likelihood of future catastrophe based on time-series trends – it involves deep research and insight into the environmental factors behind such events.

One example: The company’s researchers have been working with a nature conservancy to study coral reefs’ underestimated role in protecting coastal areas against storms and floods.

Among the most fundamental projections Swiss Re makes are those that involve the implications of medical and technological advances for human health and longevity – and for insurers.

“The risk areas of tomorrow have shifted as medical advances have led to earlier and more accurate diagnosis of critical illnesses like cancer,” Mr. Burr says. “We are now seeing a much bigger focus on chronic disease and mental health issues as emerging areas of risk, as our bodies seemingly outlast our brains.”

A History of a Better Tomorrow

“Thirty percent of children born today can expect to live to 100 and beyond,” he adds. “That has major implications for how societies organize themselves and how individuals prepare financially. We should be celebrating that people are living longer but if we don’t do what needs to be done to prepare for longevity, in particular how society funds longer lives, then this success could turn into a major disaster.”

Swiss Re is also studying emerging risk areas such as cyber risk and autonomous driving. “How do we insure against cyber issues – who is the victim of a cyber crime and what is the value of the thing that they have lost? These are not simple questions.”

Swiss Re relied on big data before the term was invented. Executive **ROBERT BURR** talks to Brunswick’s **DAVID ASHTON.**



Similarly, who should be responsible when a driverless car crashes into a lamppost – the car owner, the manufacturer or the tech provider?

“We have a lot of smart people who run scenarios and try to understand how different outcomes will impact society. Our job is to close societies’ protection gaps – and it is an honorable purpose. Our ability to do so is dependent on us understanding these risks, knowing what we don’t know,” Mr. Burr says.

What stands behind the forecasts and risk calculations that Swiss Re makes is complex and sophisticated. The Swiss Re formula combines research, data, human expertise and a culture of collaboration and intellectualism.

“We have expertise that spans disciplines – from economists to data scientists to actuarial scientists,” Mr. Burr says. “We employ Chief Medical Officers in every region to stay on top of disease and medical trends, and we employ some of the leading experts in new areas like autonomous driving and blockchain.”

In short, he says, “We are a knowledge company.”

The research and analysis produced by Swiss Re not only underpins the thinking and calculations of the insurance industry, it has become a go-to source of expertise for media, academics and governments. And that’s across a broad range of topics: In the first half of 2018, Swiss Re research touched on subjects ranging from genomics and combustible cladding to cryptocurrency and VR/AR.

“We are often described as being like a university with a balance sheet,” says Mr. Burr.

Much of the company’s thinking happens on the banks of Lake Zurich at the Swiss Re Centre for Global Dialogue – a venue where clients, governments, industry organizations, think tanks and others convene around key risk areas impacting society. “The Swiss Re Institute sees us gather together great minds to discuss items of great importance. Collaboration is very important to us – we are smarter together with our partners than we are alone.”

The company’s partnerships are diverse. A venture between the Swiss Re Institute and Johns Hopkins University School of Advanced International Studies is exploring how extreme weather and other natural catastrophes are evolving in America’s Pacific Northwest. A partnership with University of St. Gallen is studying German consumers’ insurance-purchasing behavior and a project with the IBM Institute is examining demand for cyber insurance.

Swiss Re also partners with a number of tech startups in Silicon Valley and around the world to leverage technology in solving societal problems.

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One result is App in the Air, which provides real-time flight delay insurance. Then there is Cuvva, which offers pay-as-you-go car insurance, and Quilt, which provides renter’s insurance to protect tenants from lease expiry or contract breach.

These partnerships with the newest generation of knowledge companies provide an interesting point of comparison.

For Swiss Re, “it is not just about ‘innovating at speed.’ We take a longer-term and thoughtful approach as we are considering fewer but more strategic and larger topics. We accept that the answers are not instant and may evolve over time, whereas Silicon Valley may have an answer today and a different answer tomorrow. But both are complementary as different questions require different approaches to the application of knowledge. For us, agility is key.”

At the heart of how Swiss Re forecasts the future is data – a fact that is far from new for this company. “We could make a strong case for being the world’s first ‘big data’ company, more than a century before the term even existed,” says Mr. Burr.

Swiss Re employs more than 1,000 data scientists in places as diverse as Bangalore and Bratislava. Making sense of the proliferating data available to them is key.

“Data on its own is meaningless – it requires intelligent analysis to convert it into knowledge and insight,” Mr. Burr says. “We need to be creative with the data. Where we don’t have data on a topic or an area of risk, it’s about having the skills to think laterally and find where similar data does exist and settling upon a smart way to apply it.”

Data and machines are not necessarily reducing the demands on people in Swiss Re’s business.

“We keep hearing about how data and technology will replace people and how before long we will all spend our time relaxing on a beach while the machines take care of everything,” Mr. Burr says. “Yet at the same time we are all faced with a reality where we are all living busier and busier lives. These two themes are difficult to reconcile.”

In an increasingly complex landscape, Swiss Re is unlikely to always be right, but the greater concern is the risk in society that sits uninsured. “Our business is not about whether we get our forecast spot on. We expect to pay out on policies. Our bigger concern is the areas of societal risk that go uninsured, where no calculation is made, and where there is no backstop.” ♦

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