

RISK & INSURANCE[®] **WEBINARS**

How to Protect Your Global Supply Chain

Webinar Start Time: 1:00pm EDT

**Please be sure to have the volume turned up on your
computer to hear the audio for this webinar**

Sponsored By:



Webex Information

- Be sure to have the volume turned up on your computer to hear the audio for this webinar.
- If you are having problems hearing the audio through your computer, please click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.
- To ask a question about the content of the presentation during the event, you may use the Q&A panel located in the bottom right corner of your screen. We'll be leaving time at the end of the presentation to answer them.
- Within 48 hours, a link to an archive version of the presentation will be e-mailed to you.
- A copy of the slides will be posted at www.riskandinsurance.com.
- If you encounter a problem during today's Webinar, please send us a message in the chat box located on the right column of your screen. Or feel free to contact Webex Technical Support at (866) 229-3239.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Thank You To Our Sponsor



Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

**RISK & INSURANCE
WEBINARS**

For more than 175 years, many of the world's largest organizations have turned to FM Global to develop cost-effective property insurance and engineering solutions to protect their business operations from fire, natural disasters and other types of property risk. We form long-term partnerships with our clients to support risk management objectives through a unique combination of engineering, underwriting and claims.

For more information about FM Global's unrivaled products and services, visit www.fmglobal.com.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Speakers



Robert Hartwig

President
Insurance Information Institute



Chris Johnson

Senior Vice President
FM Global

Moderator:



Paul Bomberger

Editor-In-Chief
Risk & Insurance®

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Presentation Outline

- Categorizing Supply Chain Disruption Threats
- Recent World Events as Examples of the Need to Protect Against Supply Chain Disruption
 - Earthquakes, Resurgent Terrorism Threats, Tornadoes, Hurricanes...
- Risk and the New World Economic Order
 - Globalization
 - Extended Supply Chains
 - Outsourcing
 - Shifting Trade Patterns
 - Economic and Political Instability
- The Unfortunate Nexus: Opportunity, Risk & Instability
 - Future growth is necessarily fraught with greater risk
- Solutions for Managing Supply Chain Disruption

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:





Categorizing Supply Chain Disruption Threats

The Longer the Chain, the Greater the Likelihood of a Weak Link

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Reasons Why Supply Chains Are Under More Stress than Ever

- Increased Use of Global Supply Networks
- Increased Use of Outsourcing
- Use of Just-in-Time Inventory Techniques
- Rising Number of Natural Catastrophes Globally
- Increased Geo-Political Instability
- Economic Weakness of Business Partners

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Causes of Supply Chain Disruptions

Natural Disasters

Industrial Accidents

Labor Issues (strikes, shortages)

Production Process Problems

Political Upheaval, War, Civil Strife

Trade Disputes

Health & Safety Concerns

Credit/Cash Flow Problems

Supplier Finances/Solvency

There are solutions for most causes of supply chain disruptions that can reduce their severity

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

**RISK & INSURANCE
WEBINARS**



Recent Events Illustrate the Need to Protect Against Supply Chain Disruption

Is the World Becoming a Riskier Place?

Sponsored By:



Having problems hearing the audio?

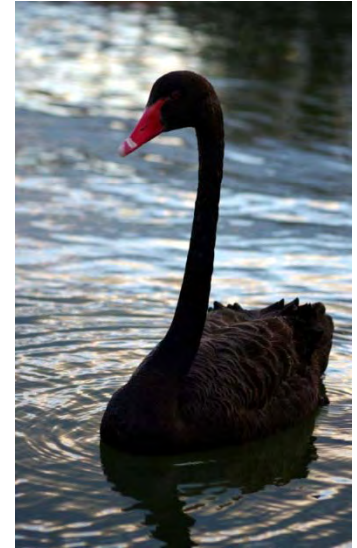
Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Uncertainty, Risk and Fear Abound

- Japan, New Zealand, Haiti, Chile Earthquakes
- Record Flooding Along the Mississippi River
- Record Tornado Activity in the US
- Volcanic Ash In Europe
- Political Upheaval in the Middle East
- Resurgent Terrorism Risk (e.g., Bin Laden Killing)
- Manmade Disasters (e.g., Deepwater Horizon)



Are “Black Swans” everywhere or does it just seem that way?

If We Choose to View Everything as a “Black Swan” then We Consign Ourselves to be Victims

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:





Terrorism, Insurance and Business Interruption

The Killing of Bin Laden Serves as Reminder of the Importance in Protecting the Supply Chain

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

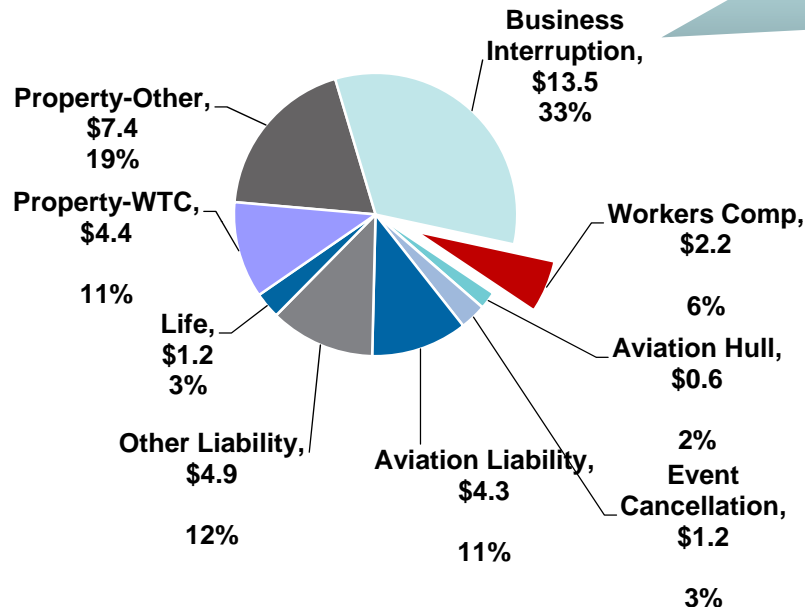
Presented By:



Distribution of Insured September 11 Losses by Line (\$ Billions, 2009 Dollars)

9/11 losses totaled \$40.0 billion in 2010 dollars (\$32.5 billion in 2001 dollars)

9/11 remains the largest insured loss in global history until Hurricane Katrina in 2005. Fully 1/3 of the 9/11 insured losses were related to Business Interruption



(1) Loss total does not include NYC March 2010 settlement of up to \$657.5 million to compensate about 10,000 Ground Zero workers.

(2) Sum of segment totals may not equal overall total due to rounding. Adjusted to 2010 dollars using the Bureau of Labor Statistics (BLS) Inflation Calculator.

Sources: Insurance Information Institute research.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Insured Loss Estimates: Truck Bomb Terrorist Attack (\$ Bill)

Type of Coverage	New York	Washington	San Francisco	Des Moines
Group Life	\$0.3	\$0.2	\$0.3	\$0.1
General Liability	1.2	0.4	0.7	0.2
Workers Comp	3.5	2.8	3.9	1.5
Residential Prop.	0.0	0.0	0.0	0.0
Commercial Prop.	6.8	2.1	3.9	1.2
Auto	0.0	0.0	0.0	0.0
TOTAL	\$11.8	\$5.5	\$8.8	\$3.0

Supply Chain Disruptions Arising from Events Much Smaller than 9/11 Can Still Be Very Disruptive

Source: American Academy of Actuaries, Response to President's Working Group, Appendix II, April 26, 2006.

Sponsored By:



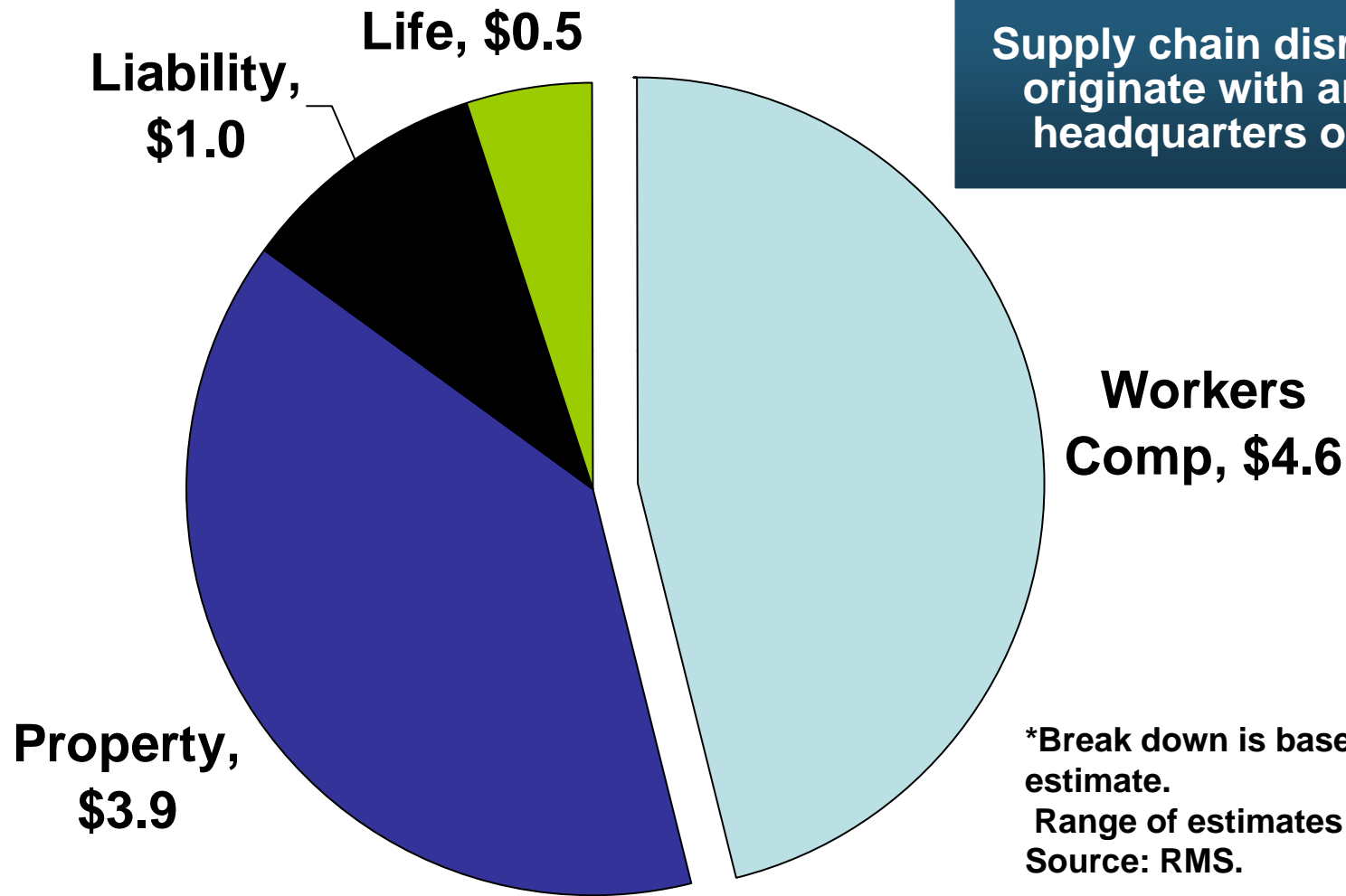
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Potential Insured Losses from Terrorist Attack on Major Corporate HQ in Houston



Supply chain disruptions could originate with an attack on a headquarters or key facility

*Break down is based on \$10 billion loss estimate.

Range of estimates is \$10 - \$12 billion.
Source: RMS.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:





Summary of Japan Earthquake & Impacts on US P/C Markets

The March 11 Quake & Other Major CATs Are Big Events that Caused Massive Supply Chain Disruptions

Sponsored By:



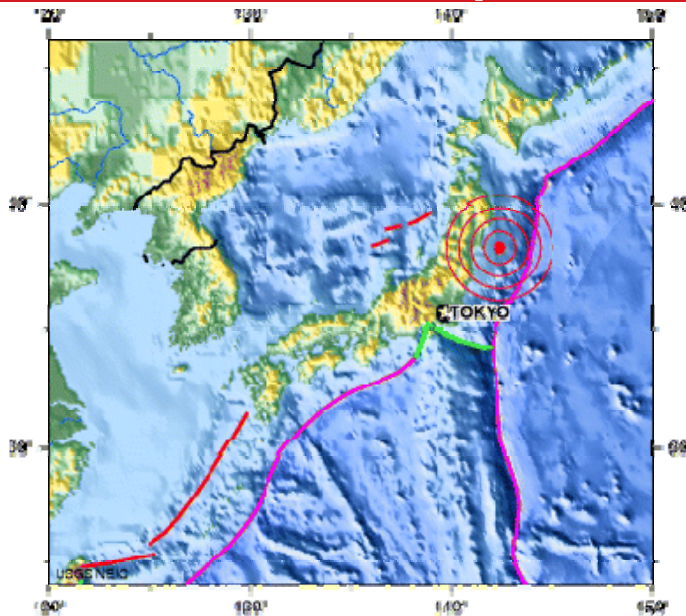
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Location of March 11, 2011 Earthquake Near Sendai, Honshu, Japan



NEAR EAST COAST OF HONSHU, JAPAN

2011 03 11 05:46:23 UTC 38.58N 142.87E Depth: 84.4 km

Earthquake Location

March 11 Earthquake Facts as of 4/21/2011

- Magnitude 9.0 earthquake struck Japan at 2:46PM local time (2:46AM Eastern) off northeast coast of Honshu, 80 miles east of Sendai
- Quake is among the 5 strongest in recorded history and the strongest in the 140 years for which records have been kept in Japan
- 12,000+ fatalities
- Economic loss: \$100 - \$300 bn
- Insured losses up to \$45 bn
- Fukushima Nuclear Plant threat level raised to Category 7 on April 11 (highest, same as Chernobyl)
- Significant tsunami damage was recorded in Japan; relatively minor damage on the U.S. West Coast

LOCATION

130 km (80 miles) E of **Sendai, Honshu, Japan**
178 km (110 miles) E of **Yamagata, Honshu, Japan**
178 km (110 miles) ENE of **Fukushima, Honshu, Japan**
373 km (231 miles) NE of **TOKYO, Japan**

Source: US Geological Service; Insurance Information Institute.

Sponsored By:



Having problems hearing the audio?

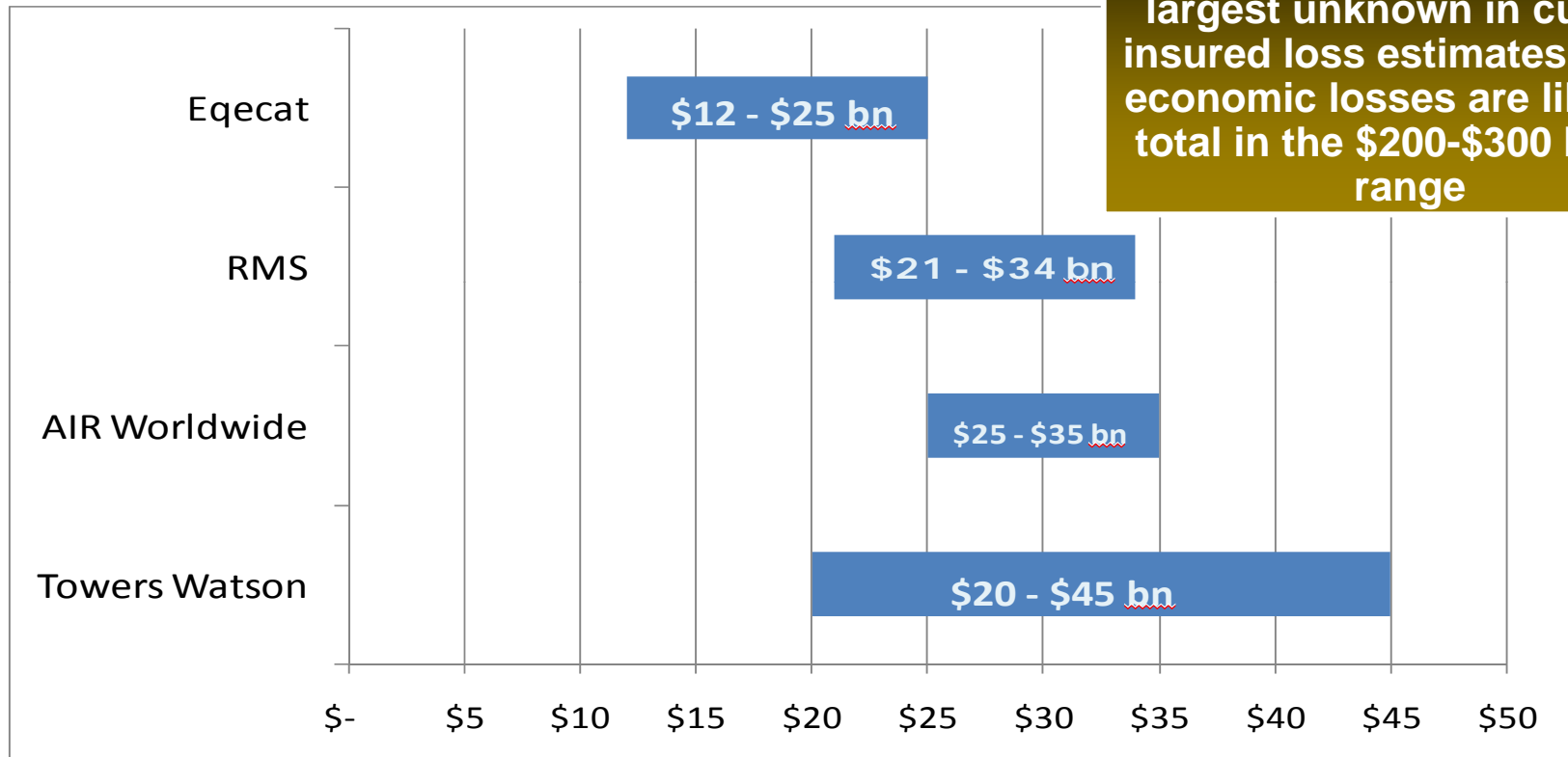
Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Insured Japan Earthquake Loss Estimates*

(Insured Losses, \$ Billions)



Supply chain/Business Interruption Losses are the largest unknown in current insured loss estimates. Total economic losses are likely to total in the \$200-\$300 billion range

*As of April 21, 2011. Towers Watson estimate includes \$3.0 (low) to \$4.9 billion (high) in life insurance losses. RMS estimate includes insured life/health losses of \$3 to \$8 billion.

Sources: AIR Worldwide, Eqecat, RMS, Towers Perrin; Insurance Information Institute.

Sponsored By:



Having problems hearing the audio?

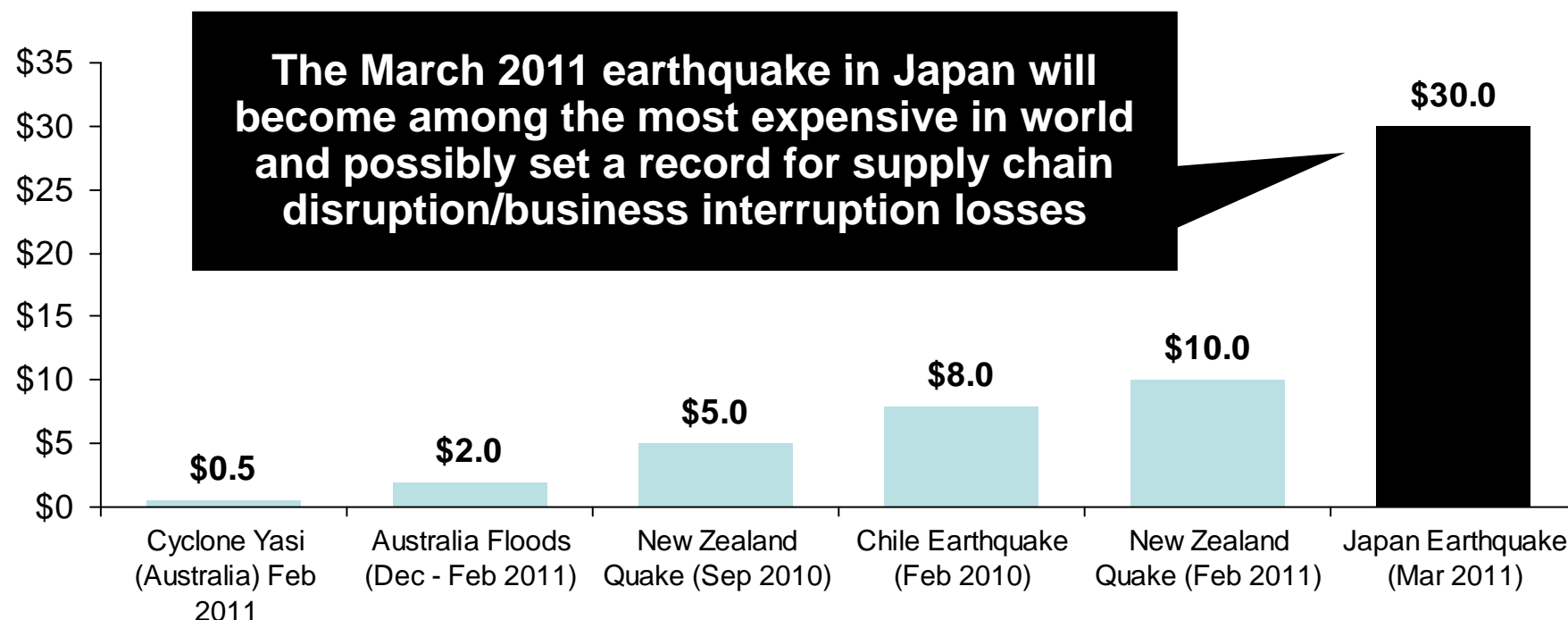
Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Recent Major Catastrophe Losses

(Insured Losses, \$US Billions)



Insured Losses from Recent Major Catastrophe Events Exceed \$55 Billion, an Estimated \$53 Billion of that from Earthquakes

Sources: Insurance Council of Australia, Munich Re, AIR Worldwide; Insurance Information Institute.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Example Supply Chain Disruptions Arising from the Japan Quake/Tsunami

- Automobiles
 - Plants around the world idled or operating at reduced capacity
- Auto Parts
- Electronic Devices
- Electronic Components
 - Parts, chips, processors, etc.
- Specialty Chemicals
- Agricultural Commodities
- Shipping Capacity

The Australian floods caused major disruptions in coal exports, affecting Asian power plants' ability to generate electricity

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:





Summary of April 2011 Tornado Outbreak

Recent Severe Tornadoes Have Caused Supply Chain Problems

Sponsored By:



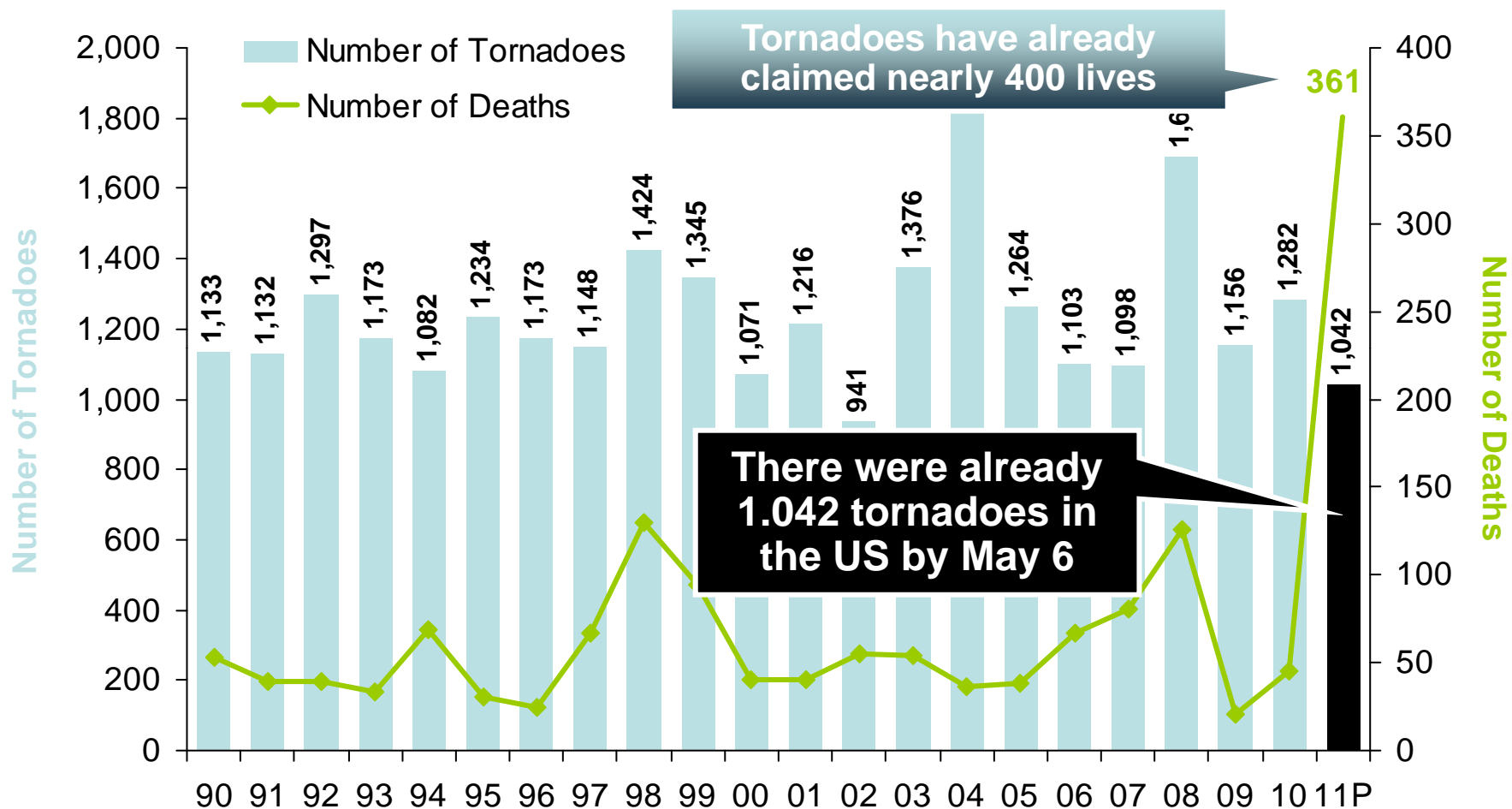
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Number of Tornadoes and Related Deaths, 1990 – 2011*



*2011 is preliminary data through May 6.

Source: U.S. Department of Commerce, Storm Prediction Center, National Weather Service.

Sponsored By:



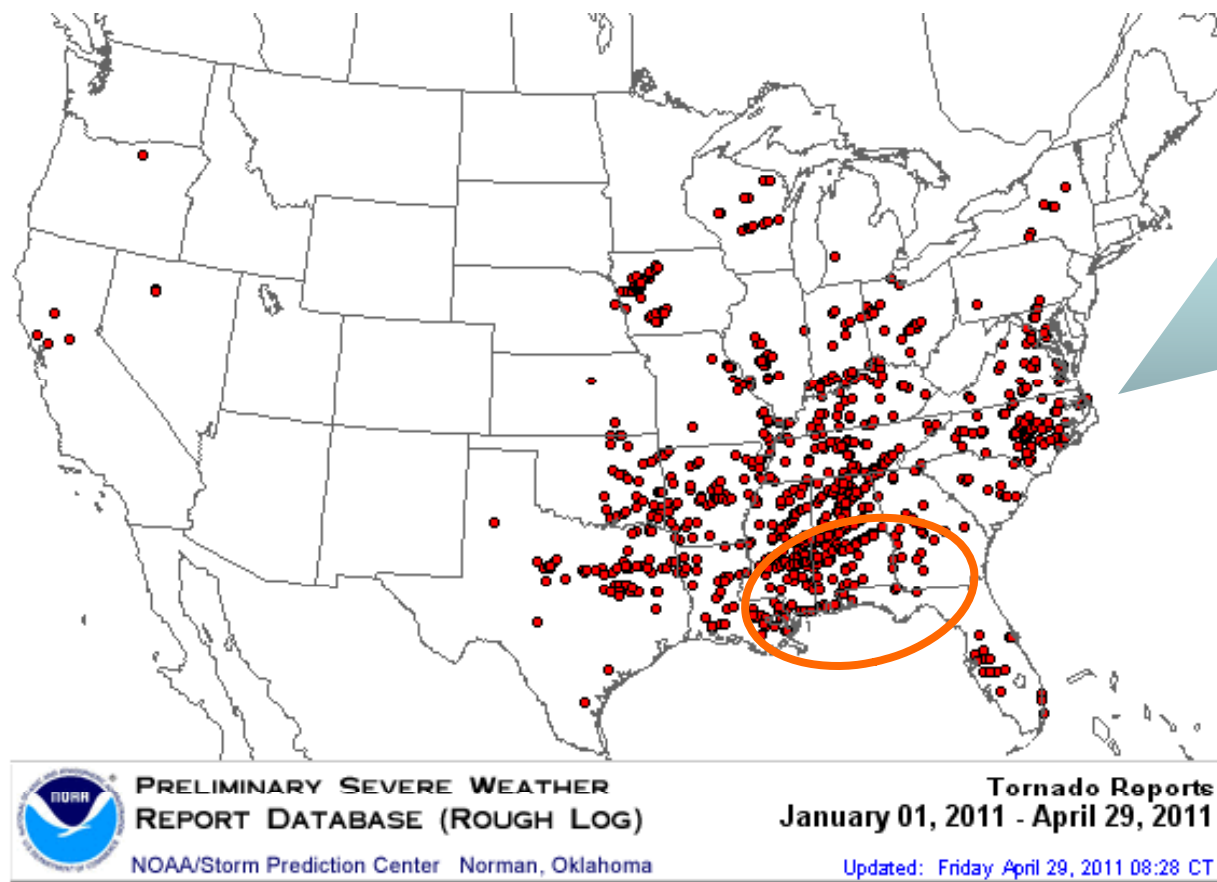
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Location of Tornadoes in the US, January 1—April 29, 2011



877 tornadoes
had killed more
than 400 people
through late April,
including at least
340 on April 26,
the second
deadliest tornado
outbreak in US
history

Source: NOAA Storm Prediction Center; http://www.spc.noaa.gov/climo/online/monthly/2011_annual_summary.html#

Sponsored By:



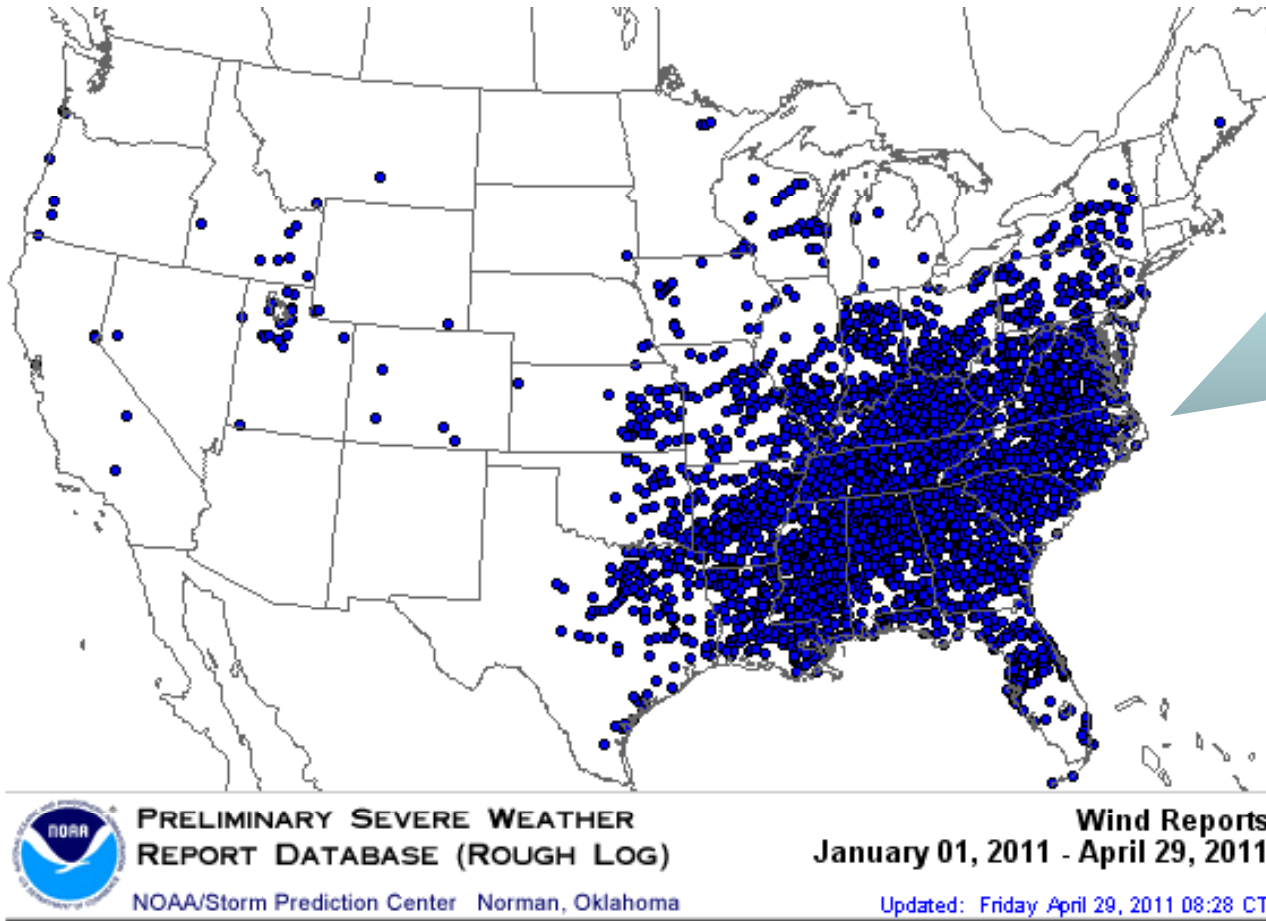
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

**RISK & INSURANCE
WEBINARS**

Severe Wind Reports, January 1—April 29, 2011



There have been 7,136 severe wind reports through April 29; 5,280 of those (74%) were in April; There have also been 1,992 “Large Hail” reports

Source: NOAA Storm Prediction Center; http://www.spc.noaa.gov/climo/online/monthly/2011_annual_summary.html#

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

**RISK & INSURANCE
WEBINARS**



Outlook Is for a Severe 2011 Atlantic Hurricane Season

**Hurricane Katrina Caused Enormous
and Long-Lasting Supply
Chain Disruptions;**

Will History Repeat Itself in 2011?

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Outlook for 2011 Hurricane Season: 75% More Active Than Average

	Average*	2005 (Katrina Year)	2011F
Named Storms	9.6	28	16
Named Storm Days	49.1	115.5	80
Hurricanes	5.9	14	9
Hurricane Days	24.5	47.5	35
Intense Hurricanes	2.3	7	5
Intense Hurricane Days	5.0	7	10
Accumulated Cyclone Energy	96.1	NA	160
Net Tropical Cyclone Activity	100%	275%	175%

*Average over the period 1950-2000.

Source: Dr. Philip Klotzbach and Dr. William Gray, Colorado State University, April 6, 2011.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Probability of Major Hurricane Landfall (CAT 3, 4, 5) in 2011

	Average*	2011F
Entire US Coast	52%	72%
US East Coast Including Florida Peninsula	31%	48%
Gulf Coast from FL Panhandle to Brownsville, TX	30%	47%
<i>ALSO...Above-Average Major Hurricane Landfall Risk in Caribbean for 2011 (61% vs. 42%)</i>		

*Average over the period 1950-2000.

Source: Dr. Philip Klotzbach and Dr. William Gray, Colorado State University, April 6, 2011.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:





Global Catastrophe Losses Have Interrupted Trade Flows

Infrastructure, Transportation Networks, Facility Damage and Destruction

Sponsored By:



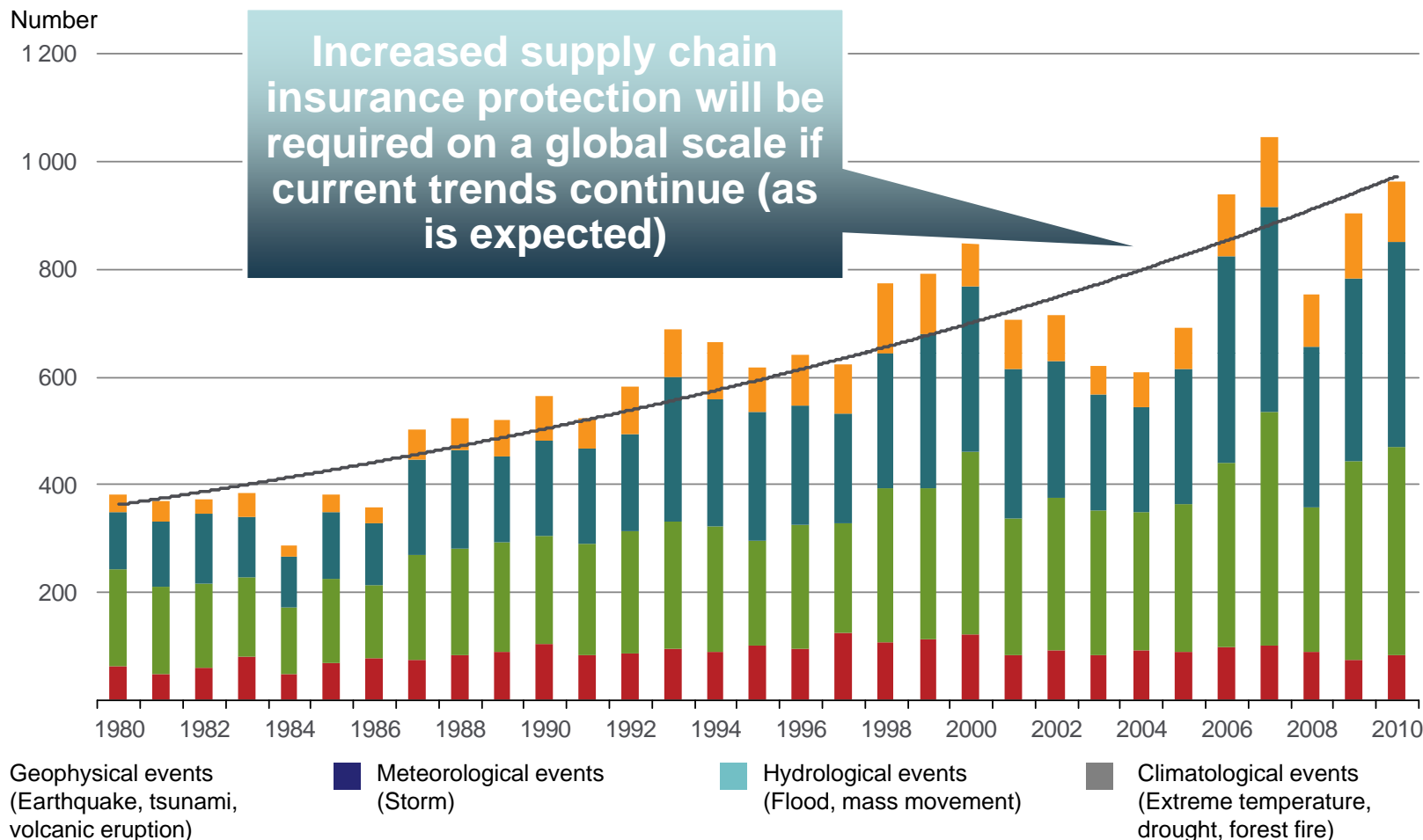
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Natural Catastrophes Worldwide, 1980–2010 (Number of events with trend)



Source: Geo Risks Research, NatCatSERVICE.

Sponsored By:



Having problems hearing the audio?

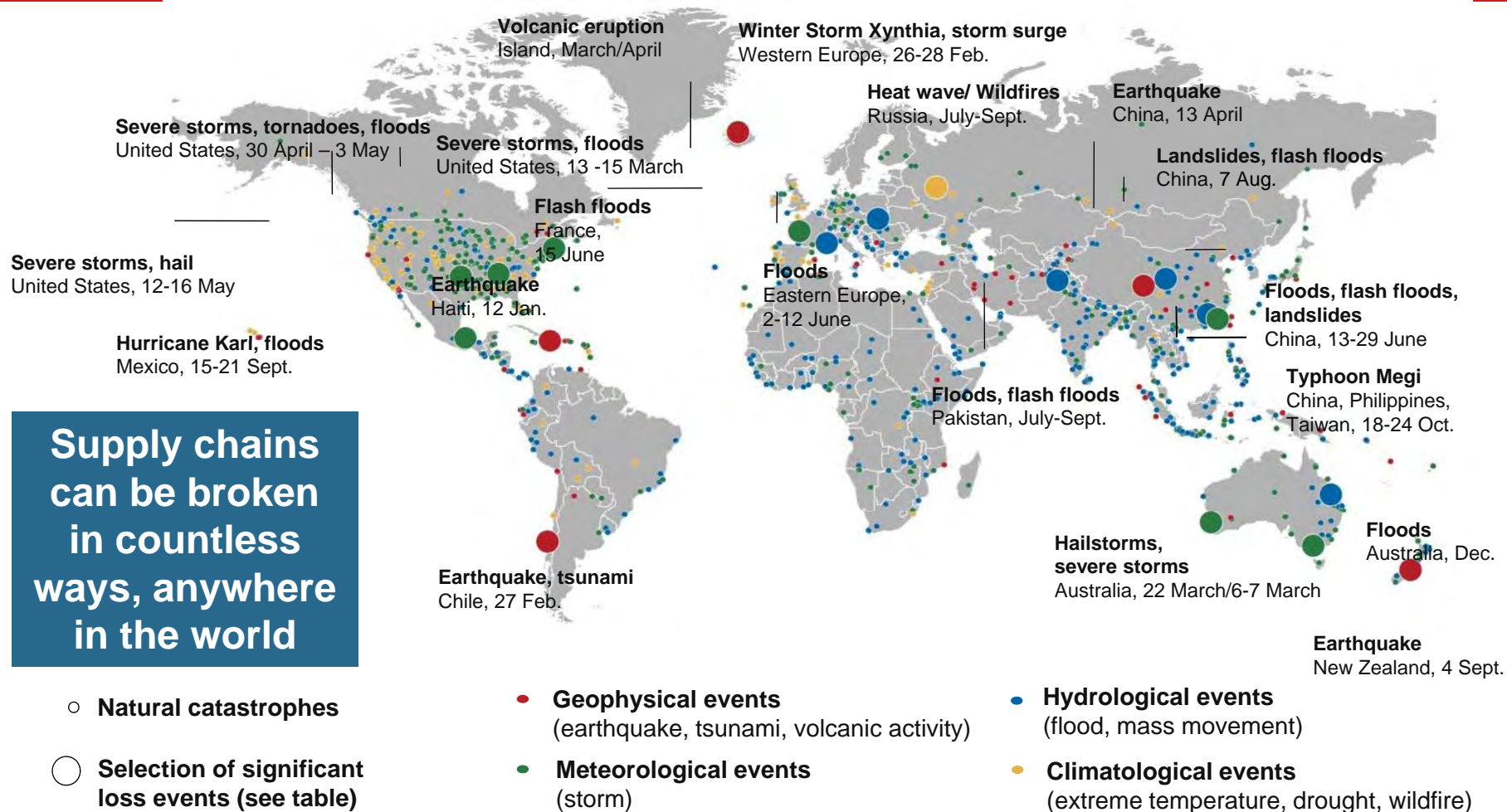
Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Natural Catastrophes, 2010

950 loss events



Source: Geo Risks Research, NatCatSERVIC.E

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

**RISK & INSURANCE
WEBINARS**

Significant Natural Catastrophes: 1980 – February 2011

10 Costliest Events Ordered by Overall Losses

Period	Event	Affected Area	Overall losses	Insured losses	Fatalities
			US\$ m, original values		
25-30.8.2005	Hurricane Katrina	USA: LA, New Orleans, Slidell; MS, Biloxi, Pascagoula, Waveland, Gulfport	125,000	62,200	1,300
17.1.1995	Earthquake	Japan: Hyogo, Kobe, Osaka, Kyoto	100,000	3,000	6,400
12.5.2008	Earthquake	China: Sichuan, Mianyang, Beichuan, Wenchuan, Shifang, Chengdu, Guangyuan, Ngawa, Ya'an	85,000	300	84,000
17.1.1994	Earthquake	USA: Northridge, Los Angeles, San Fernando Valley, Ventura, Orange	44,000	15,300	60
6-14.9.2008	Hurricane Ike	USA. Cuba. Haiti. Dominican Republic. Turks and Caicos Islands. Bahamas	38,300	18,500	170
May-Sept. 1998	Floods	China: Jangtsekiang, Songhua Jiang	30,700	1,000	4,200
27.2.2010	Earthquake, tsunami	Chile: Bio Bio, Concepción, Talcahuano, Coronel Dichato, Chillán; Del Maule, Talca, Curicó	30,000	8,000	520
23.10.2004	Earthquake	Japan: Honshu, Niigata, Ojiya, Tokyo, Nagaoka, Yamakoshi	28,000	760	50
23-27.8.1992	Hurricane Andrew	USA: FL, Homestead; LA. Bahamas	26,500	17,000	60
27.6-13.8.1996	Floods	China: Guizhou, esp. Guiyang; Zhejiang; Anhui; Jiangxi; Hubei; Guangxi	24,000	445	3,050

About 50% of the industrial losses paid in Chile were for business interruption.

There is a large gap between overall economic and insured losses which could be narrowed if supply chain disruptions were more adequately insured

© Munich Re, Geo Risks Research, NatCatSERVICE – As at 11 March 2011.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Natural Catastrophes, 2010 Overview & comparison with previous years

	2010	2009	Average of the last 10 years 2000-2009	Average of the last 30 years 1980-2009
Number of events	950	900	785	615
Overall losses (US\$m)	130,000	60,000	110,000	95,000
Insured losses (US\$m)	37,000	22,000	35,000	23,000
Fatalities	295,000	11,000	77,000	66,000

Overall losses in 2010 were more than 3 times insured losses. Insuring against supply chain disruption can narrow that gap.

Source: Geo Risks Research, NatCatSERVICE.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:





Risk and the New World Economic Order

Future Growth Will Be More Challenging/Risky

Sponsored By:



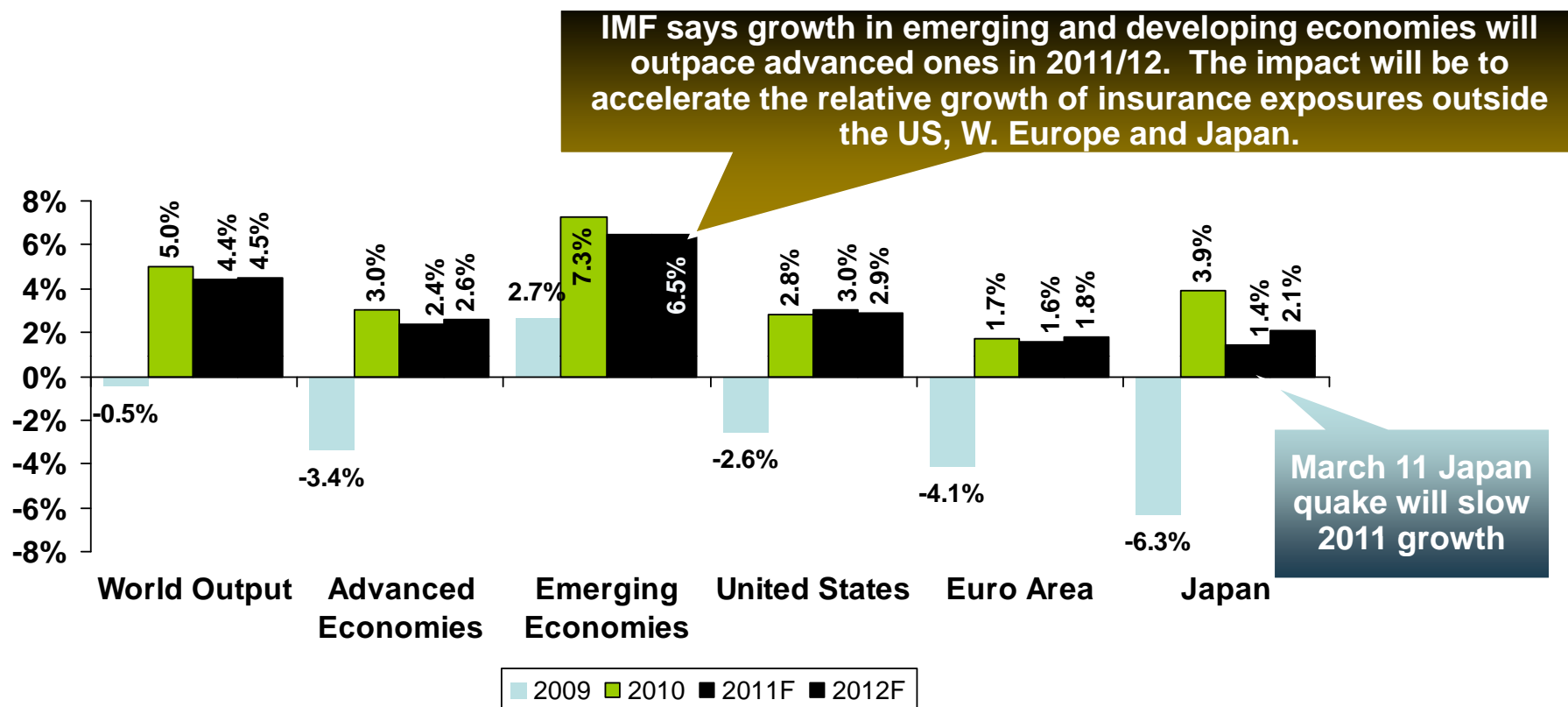
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



World Economic Outlook: 2009-2012F



Outlook uncertain: The world economy continues to recover from the global economics, but activity is reviving at different speeds in different parts of the world, according to the IMF. A clear set of “winners” has emerged with direct implications for all industries and their insurers.

Sources: IMF, World Economic Outlook, Apr. 2011; Insurance Information Institute.

Sponsored By:



Having problems hearing the audio?

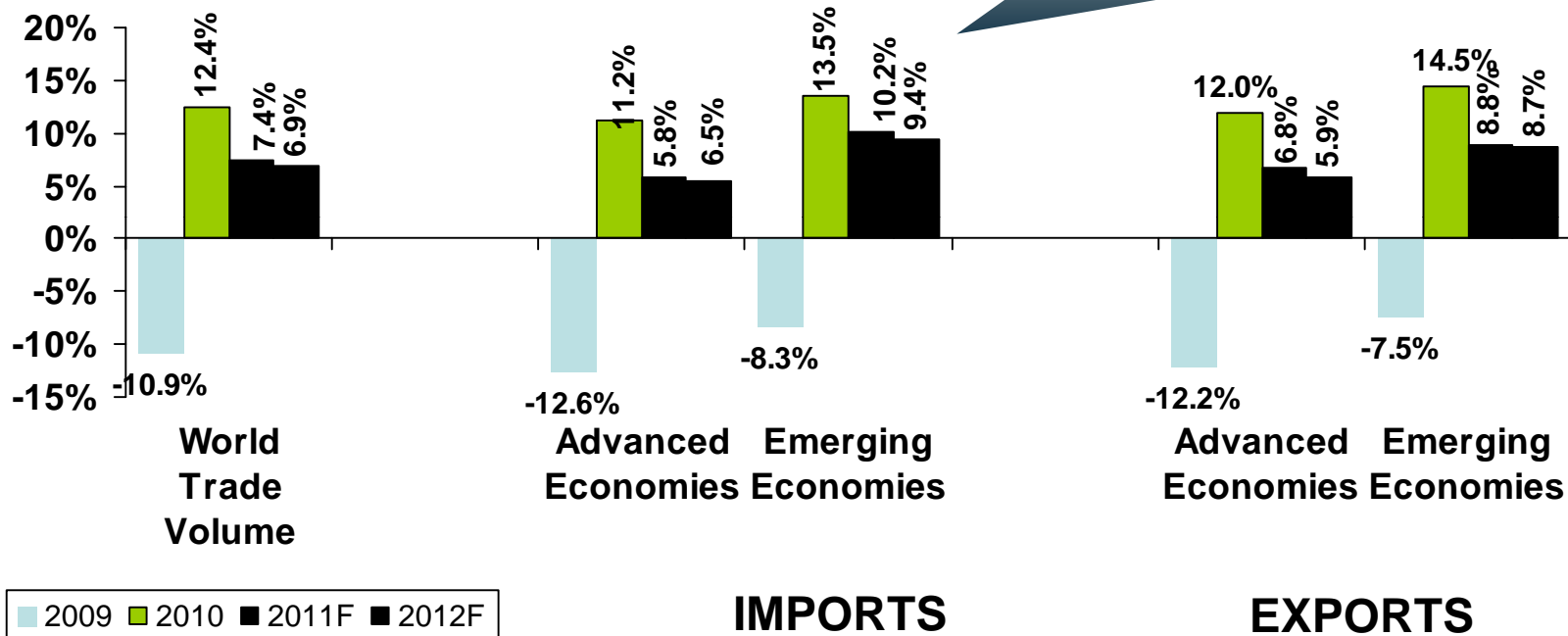
Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



World Trade Volume Outlook (Goods and Services): 2009-2012F

Surging import and export growth in Emerging Economies will stress supply chains and make them more vulnerable



Rising global trade flows illustrate both the vulnerability and need to insure supply chain exposures. Import and export growth is stronger in emerging economies.

Sources: IMF, World Economic Outlook, Apr. 2011; Insurance Information Institute.

Sponsored By:



Having problems hearing the audio?

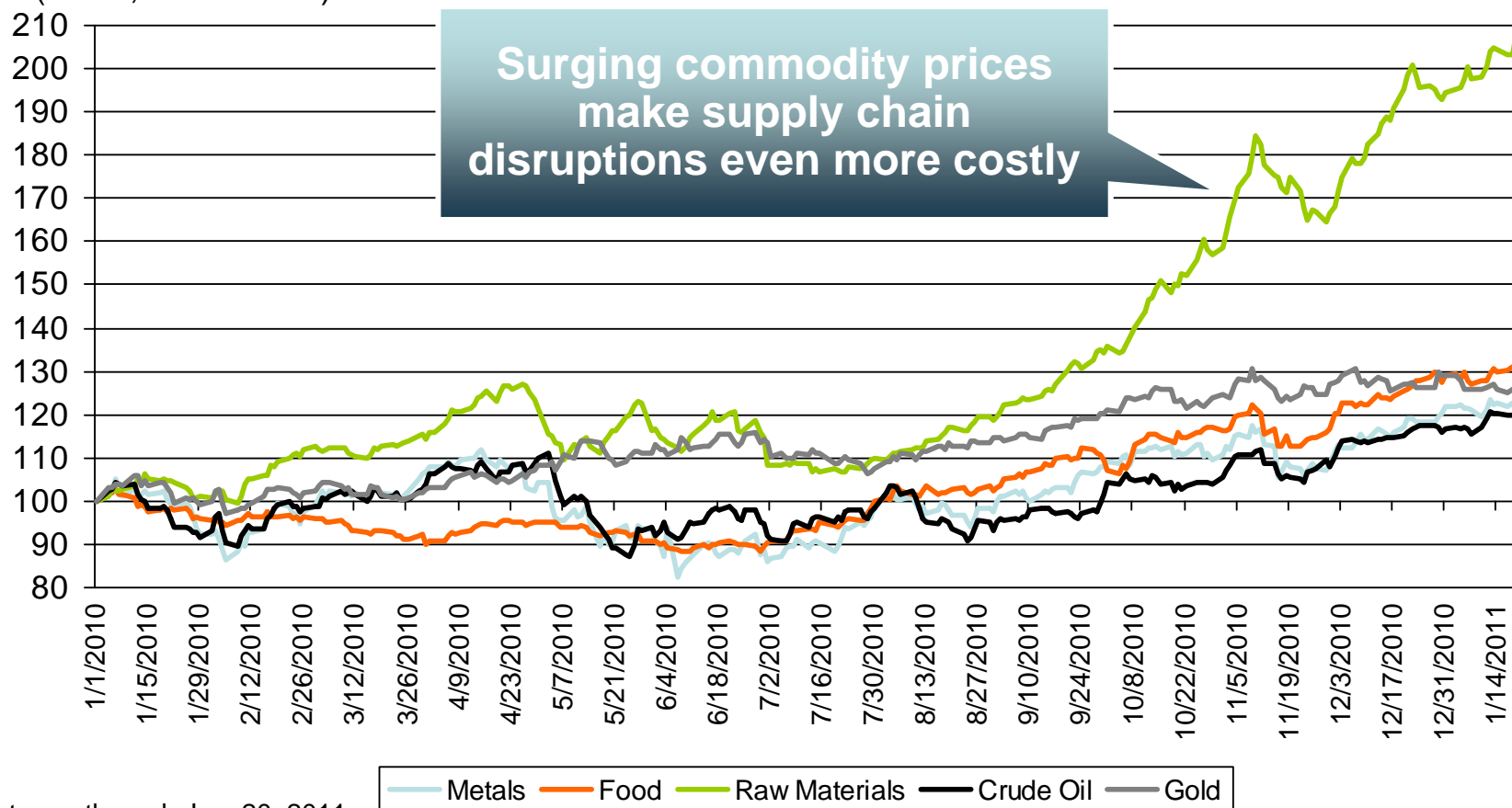
Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Commodity Price Changes in 2010-2011*

Index (Jan 1, 2010 = 100)



*data are through Jan. 20, 2011

Source: International Monetary Fund World Economic Outlook January 2011 update at http://www.imf.org/external/pubs/ft/weo/2010/update/01/data/figure_2.csv

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



GDP Growth: Advanced & Emerging Economies vs. World, 1970-2012F

GDP Growth (%)

10.0

8.0

6.0

4.0

2.0

0.0

(2.0)

(4.0)

Emerging economies (led by China) are expected to grow by 6.5% in 2011 and 2012. Role of FDI in exposure growth key.

World output is forecast to grow by 4.4% in 2011 and 4.5% in 2012, following growth of 3.0% in 2010 and a 0.6% drop in 2009.

Advanced economies are expected to grow at a relative modest 2.5% in both 2011 and 2012.

— Advanced economies — Emerging and developing economies — World

70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12

Source: International Monetary Fund, *World Economic Outlook Update*, January 2011; Ins. Info. Institute.

Sponsored By:



Having problems hearing the audio?

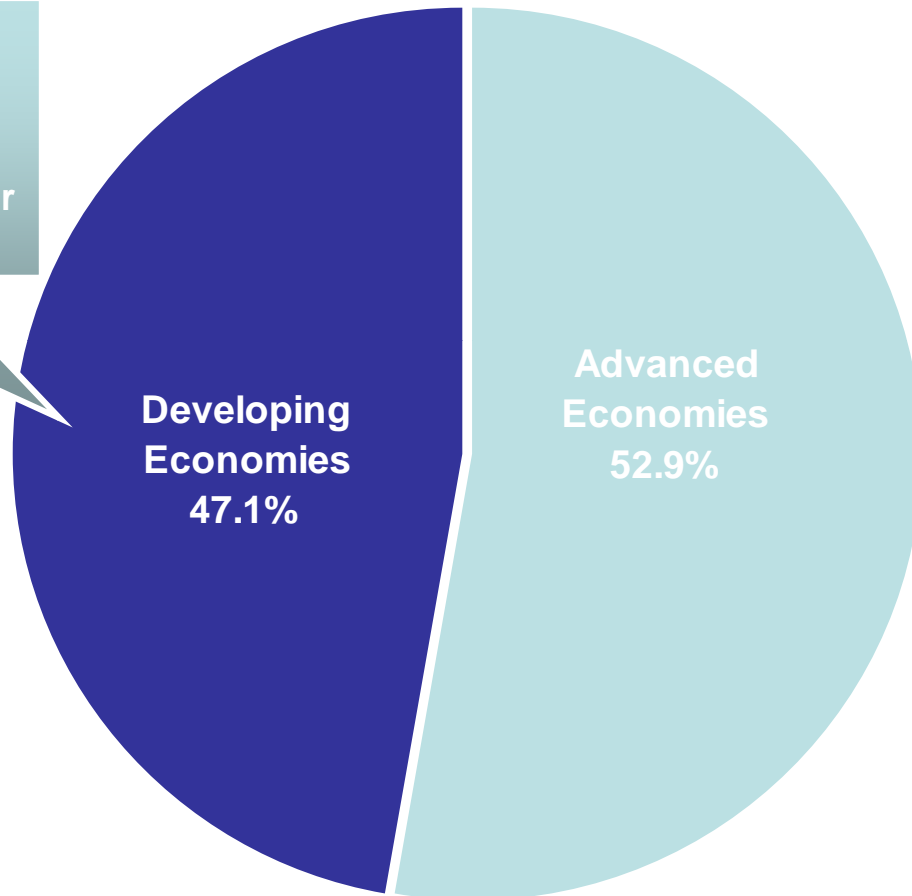
Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

**RISK & INSURANCE
WEBINARS**

Relative Shares of Global Output, Advanced vs. Developing Economies, 2009

An increasing share of global economic output originates in developing economies, illustrating increasing globalization and consequently the rising potential for supply chain disruption



Source: EDC Economics, "The Moment of Truth: Global Export Forecast Fall 2010, at http://www.edc.ca/english/docs/gef_e.pdf

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:





**INSURANCE
INFORMATION
INSTITUTE**

The Unfortunate Nexus: Opportunity, Risk & Instability

**Most of the Global Economy's Future
Gains Will be Fraught with Much
Greater Risk and Uncertainty than in
the Past—Insurance Is There to Help**

Sponsored By:



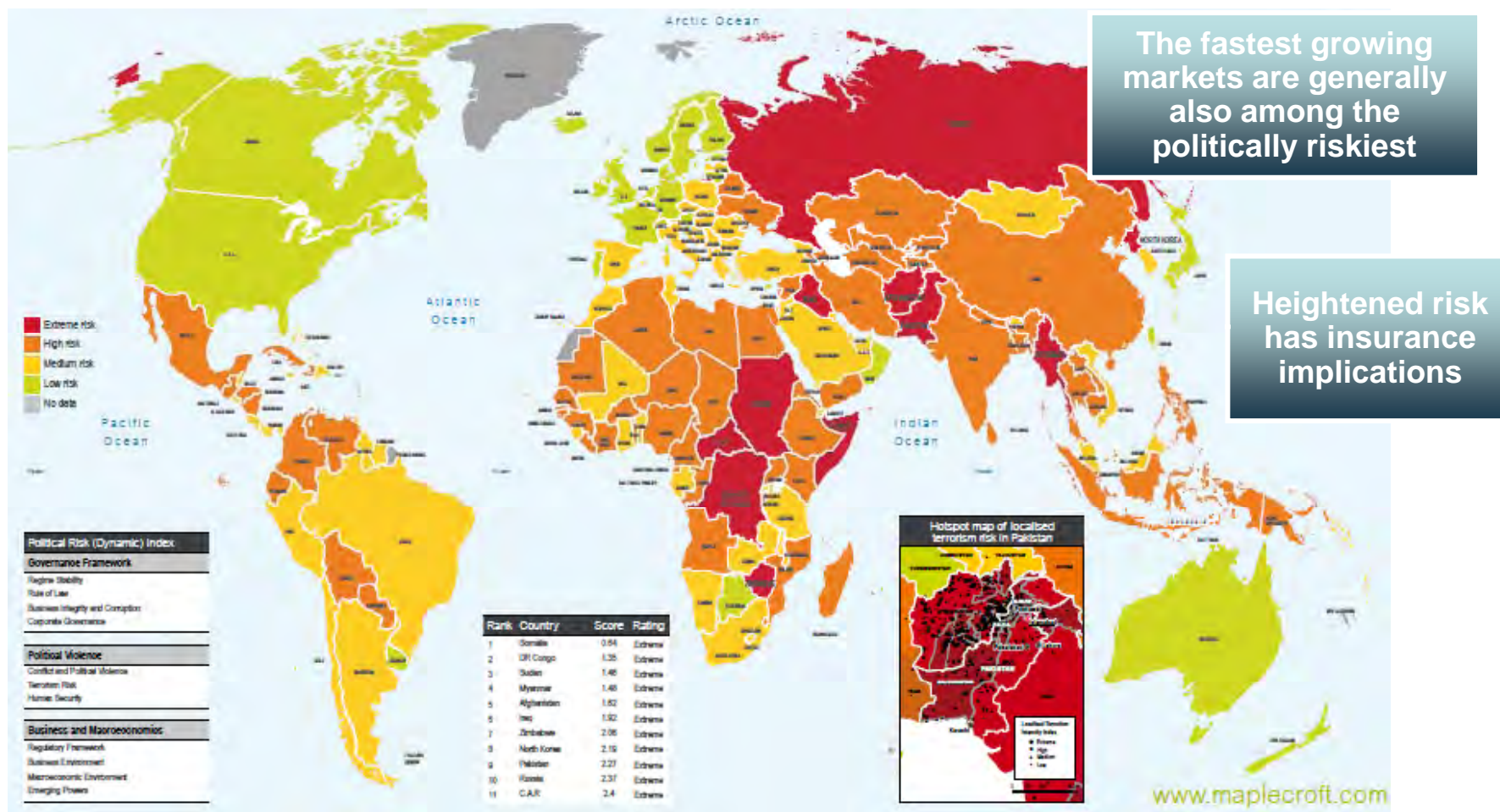
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Political Risk in 2010: Greatest Business Opportunities Are Often in Risky Nations



Source: Maplecroft

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

**RISK & INSURANCE
WEBINARS**



Solutions for Managing Supply Chain Disruptions

Basic but Thorough Risk Management Techniques Must Be Employed

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Risk Management Techniques for Managing Supply Chain Disruptions

- **Identification of Risk**

- Conduct thorough supply chain mapping exercise
- Look at processes as they come together to create final products
- Look in reverse: starting with where profits are generated and work backwards to identify greatest financial threats

- **Avoidance**

- Remove the threat of exposure to the supply chain

- **Mitigation**

- Reduce the threat associated with exposures

- **Manage**

- Includes transfer of risk through insurance

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Speakers



Robert Hartwig

President
Insurance Information Institute



Chris Johnson

Senior Vice President
FM Global

Moderator:



Paul Bomberger

Editor-In-Chief
Risk & Insurance®

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



So What's New?

- Over 50% of Fortune 500 profit now comes from overseas
- Supply chains have become more complex, extending to tertiary levels and beyond
- Demographic change has placed more business in harm's way
- We are in a truly intertwined global economy
- Catastrophe events are having deeper impact

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



The Opportunity

“60-70% of a firm's cost is typically controlled by the extended supply chain.”

- “Supply Chain Risk: It's Time to Measure It”, Harvard Business Review Blog, Feb 5, 2010

Sponsored By:



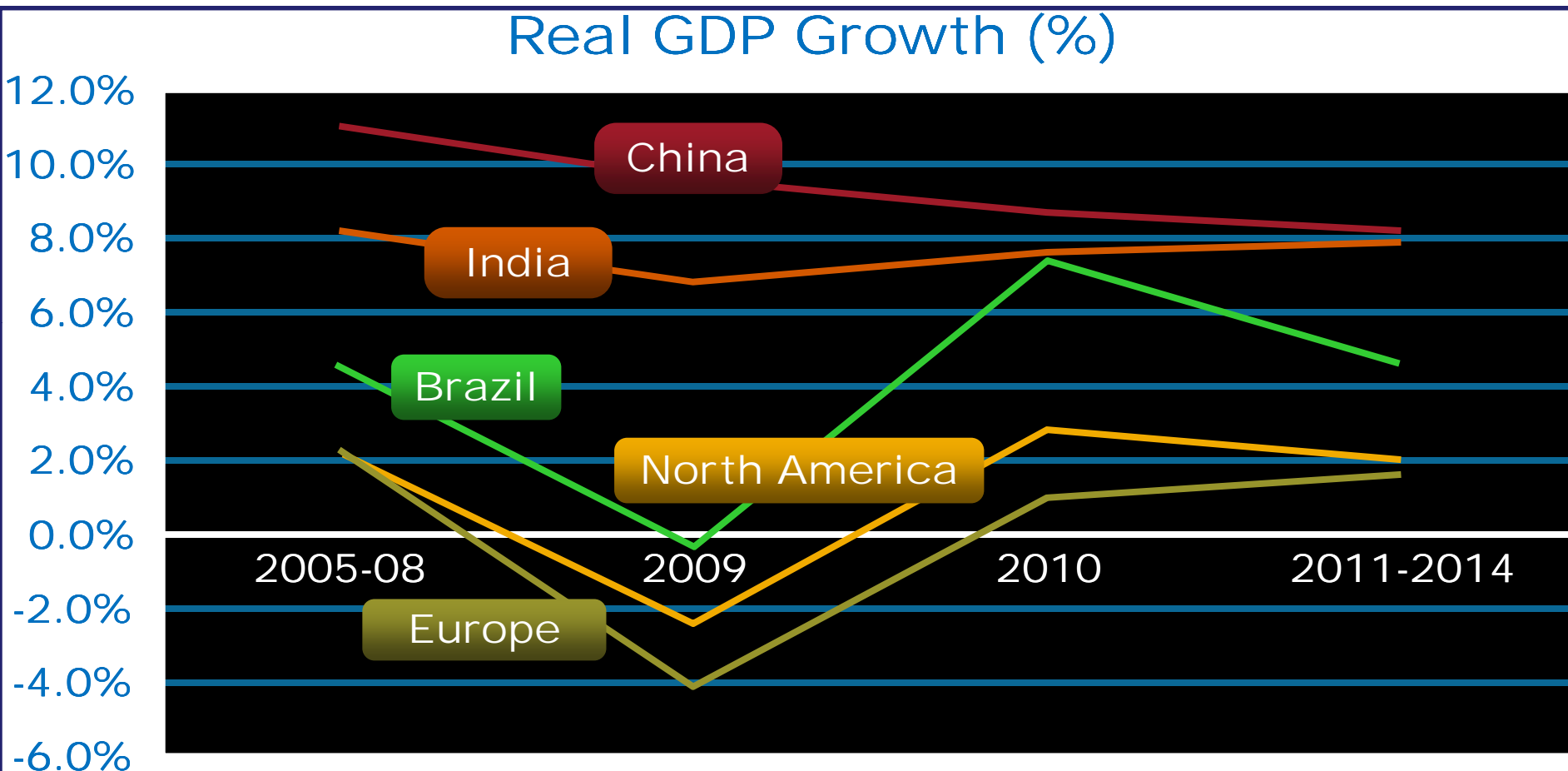
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Emerging Market Opportunities



Sponsored By:



Having problems hearing the audio?

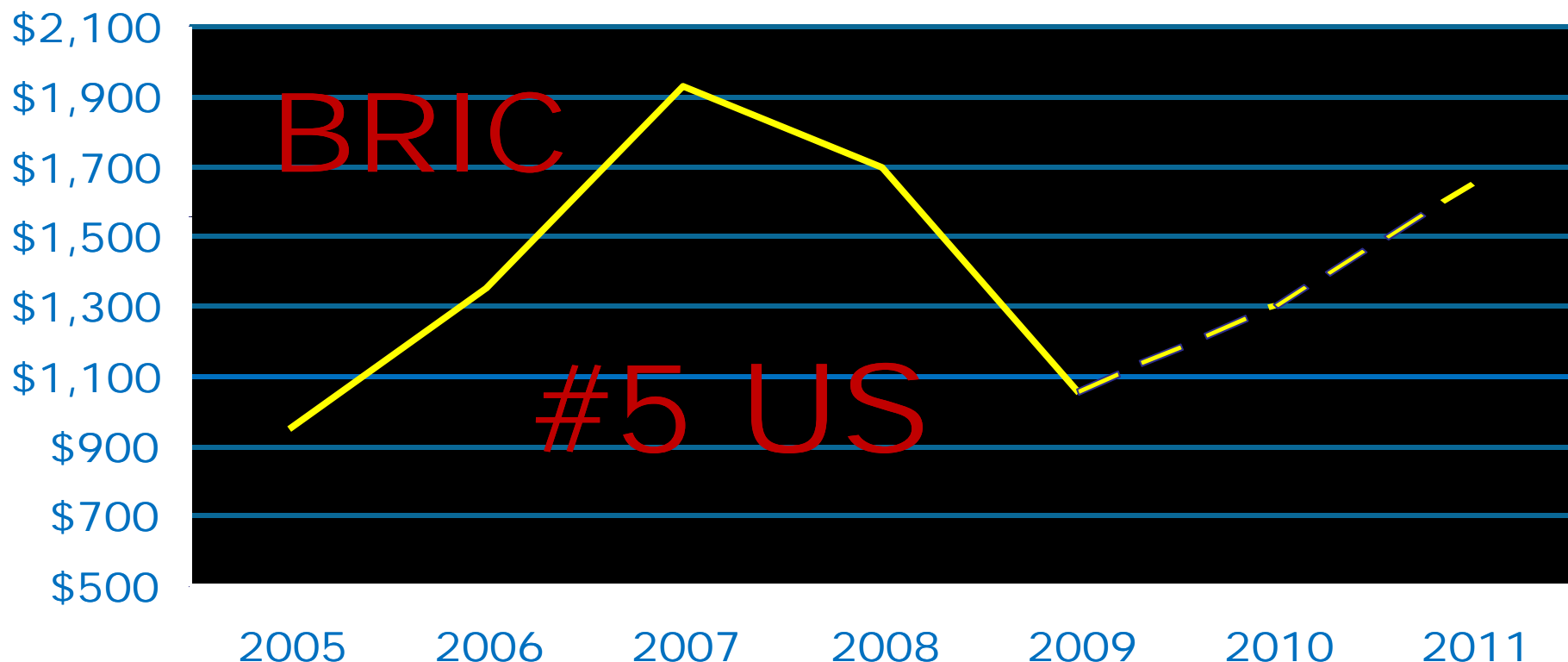
Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Foreign Direct Investment Grows

Global FDI Flows 2005-2011



Source: UNITAD, World Investment Report 2009

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



The Challenge: Risk

- Outsourcing operations ≠ Outsourcing risk



Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Future: Two Trading Blocks

Primary, Secondary



Tertiary, High Tech



Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Evolution Never Errs To Simplicity



Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

**RISK & INSURANCE
WEBINARS**

Implication Interdependency & Complexity



Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



The Challenge: Risk

“Nearly 90 percent of firms do not conduct a risk assessment when outsourcing production.”

“Supply Chain Risk: It's Time to Measure It,”
Harvard Business Review Blog, Feb 5, 2010

Sponsored By:



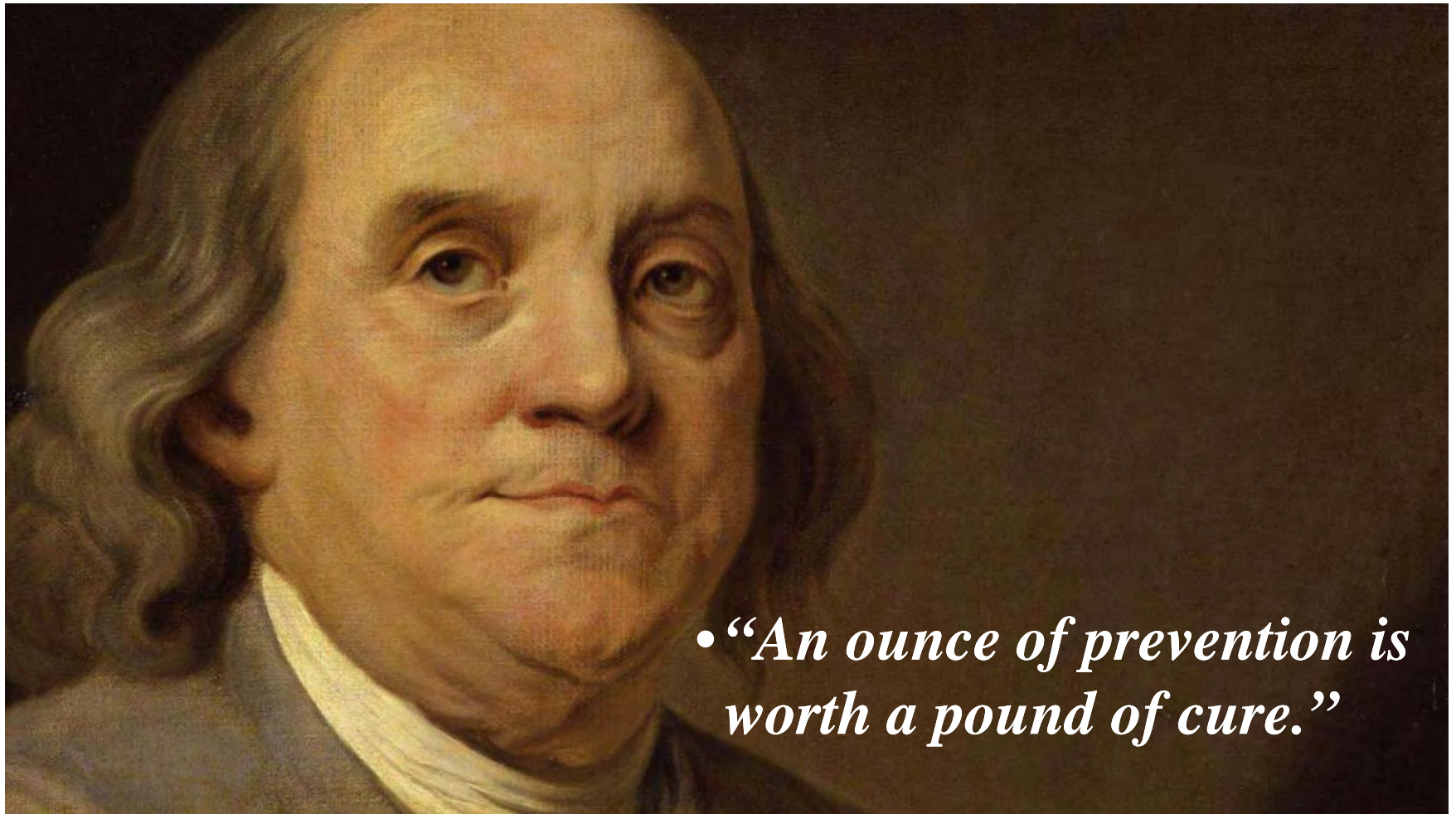
Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



A Timely Reminder



• *“An ounce of prevention is worth a pound of cure.”*

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



FM Global's Belief

- The majority of property loss is preventable, even in supply chains.



Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

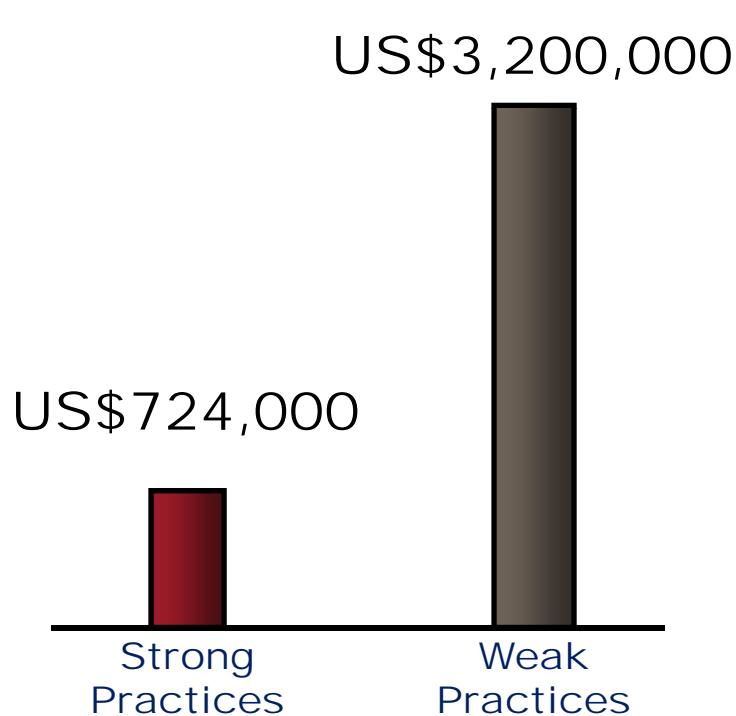
Presented By:

**RISK & INSURANCE
WEBINARS**

The Consequences Can Be Dire

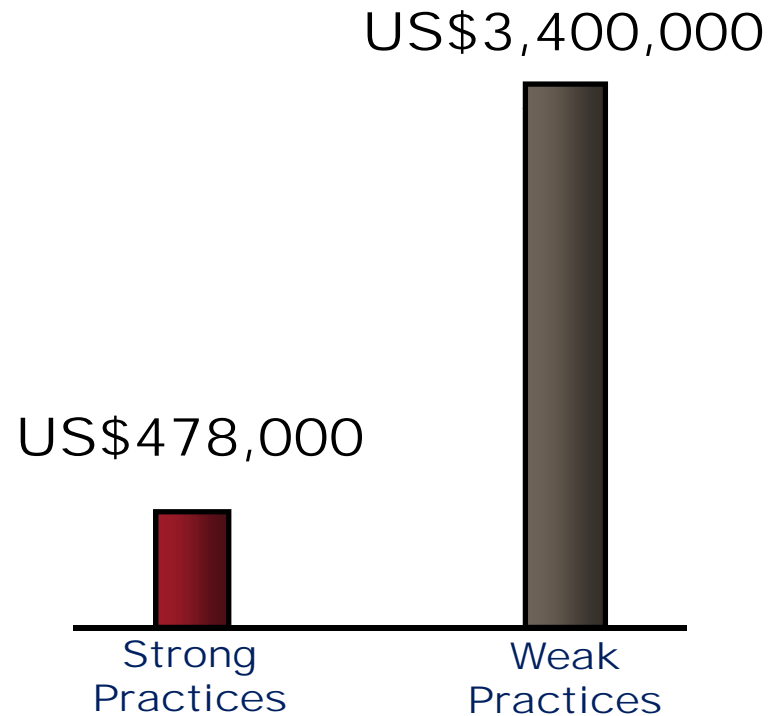
Fire

Physical Risk Management
Practices versus Ave. Loss
Severity (2005-08)



Natural Catastrophes

Physical Risk Management Practices
versus Average Loss Severity (2005-08)



Sponsored By:



Having problems hearing the audio?

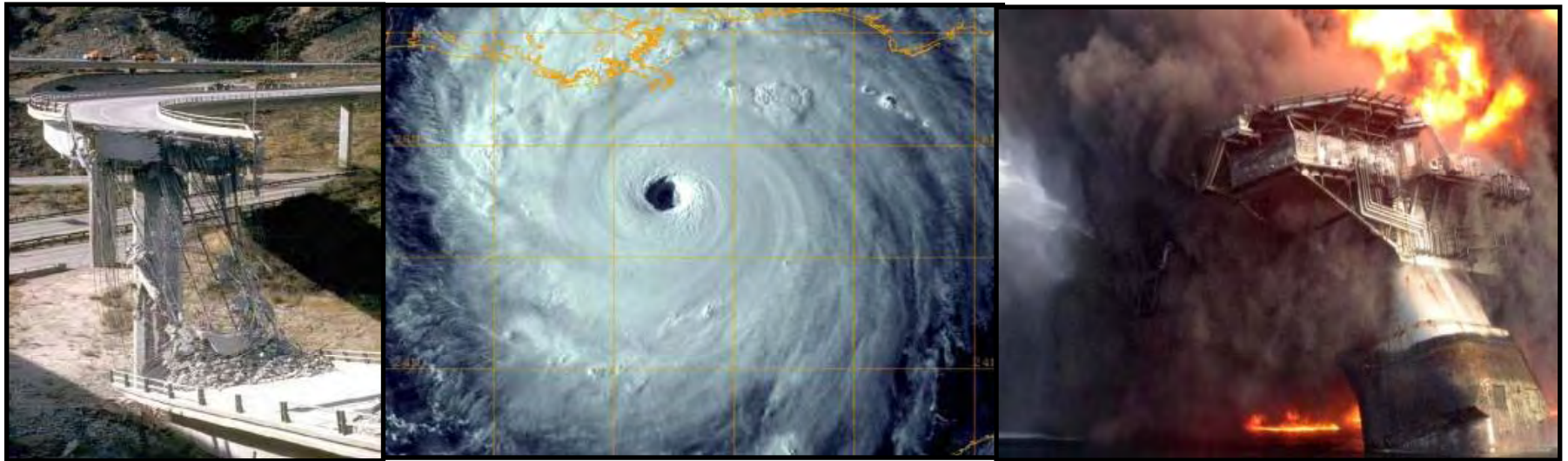
Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Let's Get Real . . .

Instead of trying to anticipate low-probability, high-impact events, we should reduce our vulnerability to them.



Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Resiliency = Competitive Advantage



Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Solutions

- Avoid or mitigate the supply chain exposures
- Manage the financial impact
- Seize the opportunity

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Avoid or Mitigate the Interruption

- Thoroughly understand your supply chain at every tier – loss control and business impact analysis
- Map the manufacturing process
- Identify weaknesses
- Harden facilities, owned or otherwise
- Duplicate if necessary
- Overlay with financial mapping
- Define acceptable risk
- Create contingency and disaster plans

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Avoid or Mitigate the Interruption

- Requires top level commitment
- Must engage multiple disciplines
 - Governance
 - Risk tolerance
 - Finance and balance sheet considerations
 - Manufacturing
 - Logistics
 - Sales and Marketing
 - Human Resources
 - Risk Management
 - And More!

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Risk Transfer Products

- **Part** of the solution
- Insurance product is evolving
- Traditionally, physical damage, business interruption, CTE
- Business Interruption, two flavors
 - Gross earnings
 - Gross profits
- CTE – Typically direct and/or named, first tier

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Risk Transfer

- Solutions continue to be created
 - Broad master global insurance policy (DIC & DIL)
 - First party property coverage
 - Time element select/extended period of liability
 - Contingent time element
 - Contingent time element extended

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Risk Transfer (continued)

- Solutions continue to be created (*cont.*)
 - Service interruption
 - On premises services
 - Civil or military authority (typically 30 days/5 miles)
 - Ingress/egress
 - Computer systems physical/non physical damage

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



The Opportunity

- Own and manage the risk
- Understand the exposures
- Harden the supply chain, owned and non-owned
- With knowledge of the exposures, tailored supply chain insurance solutions can be created

Together these steps create:

COMPETITIVE ADVANTAGE

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:



Questions



Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

**RISK & INSURANCE
WEBINARS**

For more than 175 years, many of the world's largest organizations have turned to FM Global to develop cost-effective property insurance and engineering solutions to protect their business operations from fire, natural disasters and other types of property risk. We form long-term partnerships with our clients to support risk management objectives through a unique combination of engineering, underwriting and claims.

For more information about FM Global's unrivaled products and services, visit www.fmglobal.com.

Sponsored By:



Having problems hearing the audio?

Be sure the volume on your computer is turned up or stop your Audio Broadcast and then restart it or click on the Request Teleconference button, located at the bottom of the Participant Panel in the upper-right corner of your screen.

Presented By:

