



FUTURE RISKS REPORT 2023

10TH EDITION

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Foreword

from Thomas Buberl

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I'm very proud to introduce the 10th edition of the AXA Future Risks Report. Over the years, the unique overview of tomorrow's major risks provided by our annual survey has established this report as an essential reference point for our industry and opinion leaders. We conduct this survey because risks are central to our business. Anticipating these risks helps us to guard against them and prepare for them more effectively, so that the future does not pose a risk to us.

For a decade, the report has tracked the changing perceptions of experts and the general public regarding the vulnerabilities to which our societies are exposed. This year, more than ever, our survey results map out the contours of a world in “polycrisis” where risks are now interconnected. Digital transformation, global warming and geopolitical fractures are combining to create a permanent process of mutation in our economies and societies. Against this background, the concept of risk takes on a new dimension.

This year's report offers us a number of lessons.

Having topped the experts' rankings since 2015,¹ climate change becomes for the first time the public's top risk across all geographies surveyed. Extreme weather events, droughts, fires, biodiversity loss... the increasingly tangible aspects of climate change underline the urgent need for concrete action. AXA decided at a very early stage to take a frontline role in this battle.

A top-three threat since 2018, cyber risks return to second place. A direct consequence of the digital revolution and its impact on our lifestyles, it has also become a credible “weapon of war” on the geopolitical chessboard, and it remains closely linked to geopolitical risks, in third place this year.

This year's report is also marked by a meteoric rise in risks linked to artificial intelligence (AI) and big data. They jump from 14th to 4th in the experts' rankings – hardly surprising, given the spotlight on generative AI and ChatGPT. However, AI risks remain low in the public's rankings, particularly in Europe, which could also be seen as a vector of progress.

Faced with these hybrid threats and the scale of the challenges involved, and despite a general perception of increasing vulnerability, I detect a renewed sense of hope and confidence: 85% of experts and 78% of the public believe “a collective form of progress benefiting individuals, economies and society is still within reach”. This progress

depends on risk prevention, heightened awareness, and open dialogue between institutions, political decision-makers and private sector players. Only consensus will enable us to act collectively and effectively.

I am convinced that the future should not be a risk. This conviction, which was the central message of our latest brand campaign, will be at the heart of our next strategic plan. As a global insurer, our ambition is to protect as many people as possible against risks, to benefit individuals, economies and societal progress.

1. Dislodged only in 2020 by the risk of pandemic.

“The survey results map out the contours of a world in polycrisis where risks are now interconnected. Anticipating these risks helps us to guard against them and prepare for them more effectively, so that the future does not pose a risk to us.”

—— Thomas Buberl, CEO of AXA

Executive summary

“Polycrisis” is the word that sums up best the last three years, in which the global Covid-19 pandemic has been closely followed by the return of war in Europe and renewed tensions in the Middle East, against a backdrop of increasingly extreme weather events as climate change takes hold. In the last year, yet another source of uncertainty has demanded attention: rapid development in artificial intelligence (AI), with the emergence of generative AI and ChatGPT in particular.

In its 10th edition this year, the Future Risks Report 2023 reveals that people around the world feel vulnerable to these and other risks in their daily lives – but share optimistic views on our ability to deal with future crises. The Future Risks Report is the result of our regular questionnaire of experts drawn from AXA and our professional networks, and members of the general population across the globe.

Why should the future be a risk?

By asking this simple yet provocative question, we at AXA want to express our shared optimism in the future, the belief that progress can and must benefit all.

The world changes and new risks emerge. We have a responsibility to do more.

By pushing the boundaries of insurance further, we’re finding new solutions to make life safer, fairer and more inclusive for as many people as possible. As a world player, with the power of 145,000 committed employees and agents in 51 countries, we have the means and the ambition to recast our role, acting for individuals, economies and society’s progress.

If life is full of risks, at AXA we believe the future shouldn’t be one of them.

Read more in our manifesto:  **“Why should the future be a risk?”**

60%
of people
think that our society needs
to take risks to progress.

HOW IS THE RISK LANDSCAPE EVOLVING ACCORDING TO OUR EXPERTS AND THE PUBLIC? HERE ARE OUR THREE MAIN TAKEAWAYS FROM THIS YEAR'S RESPONSES.

Key lesson 1

Artificial intelligence (AI) is now a top-tier concern for experts

The big climber in the experts' risk rankings was AI, jumping to 4th this year from 14th last year. We found that 64% of risk experts, and 70% of the general public, believe there should be a break in research into AI and other disruptive technologies.

When we asked what prompted experts to choose this risk, the most popular answer was the potential of advanced AI to pose an existential threat to mankind. However, AI risks are not even

present in the public's top ten, and the lack of awareness of these risks is particularly important in Europe.

Pandemic risk was the significant faller in the experts' ranking, down from 5th last year to 9th this year – a dramatic decline after topping the list in 2020. But the general public have not moved on from worrying about pandemic risk – they still rank it 2nd, with concern running highest in the Africa and Asia regions.

TOP 5 EXPERTS RANKINGS SINCE 2018

	2018	2019	2020	2021	2022	2023
1	Climate change	Climate change	Pandemics and infectious diseases	Climate change	Climate change	Climate change
2	Cyber security risks	Cyber security risks	Climate change	Cyber security risks	Geopolitical instability	Cyber security risks
3	Geopolitical instability	Geopolitical instability	Cyber security risks	Pandemics and infectious diseases	Cyber security risks	Geopolitical instability
4	Natural resources and biodiversity risks	Social tensions and movements	Geopolitical instability	Geopolitical instability	Energy risks	Risks related to AI and big data
5	Social tensions and movements	Natural resources and biodiversity risks	Social tensions and movements	Social tensions and movements	Pandemics and infectious diseases	Energy risks

Risk under the radar: Future of work

Asian experts lead concern about automation and the future of work

The potential for generative AI to displace jobs at scale is reflected in a sharp rise in the rankings this year for risks related to the future of work – up to 12th from 17th last year. We also saw a rise, from 33% to 37%, in the proportion of experts choosing this risk who said they were primarily motivated by automation fears.

When asked what public authorities should prioritize in handling this risk, experts were almost twice as likely as last year (31% vs 16%) to mention raising awareness – indicating a belief that stakeholders have yet to fully grasp the far-reaching implications of recent technological developments for ensuring a sustainable future for the workforce.

The future of work is a particular concern in Asia, where the risk rose to 9th from 16th last year. As a region that has traditionally been an early adopter of advanced technology, Asian markets may be more aware of the potential impact on the work landscape.

Key lesson 2

Cyber could be the next big global crisis

Cyber security returned to a strong second place this year.

While it displaced geopolitical instability into third, these risks continue to be closely related. This year, for the first time, we offered “cyber war” as an option for experts to explain why they chose this risk – and it was the second most common answer among experts in the US. Overall, like last year, a shutdown of essential services and critical infrastructure was the most-mentioned concern.

Cyber is also entering for the 1st time in the general public’s top 3.

Climate change is however once again the top-ranked risk for experts and the general public alike,

although a lower percentage of experts than last year selected it as their top risk. Concern about climate change is broadening: for the first time this year, it was top ranked by both experts and the general public in every region.

A growing climate-related concern in 2023’s survey, especially for insurance tied agents and brokers, is the backlash in some jurisdictions against companies for their commitments on ESG.



Key lesson 3

Restoring hope: is trust back?

When asked whether people are more or less vulnerable to risks than they were five years ago, experts increasingly say “more vulnerable” at both country level (84% this year, a rise from 76% in 2020) and city level (73%, up from 64% in 2020).

Again, in this year’s survey, experts take a generally pessimistic view of public authorities’ preparedness for the emergence of future risks. Only 7% of experts think authorities are prepared for AI risk, for example – the lowest of all the risks in the survey. Just 15% think authorities are prepared for the emergence of their top risk, climate change – and in Europe and America, this figure is as low as 10% and 9% respectively.

However, in other parts of the survey it is possible to detect cautiously rising optimism. When we asked the public and experts which actors they would trust to handle a future

crisis – such as scientists, companies, NGOs, armies, governments, or international organizations – we found the level of trust had risen across the board compared to last year.

Like last year, a clear majority of people (60%) agree with the proposition that society cannot progress without taking risks. Even stronger majorities of experts (67%) and the public (69%) believe that we have what it takes to fight and manage future risks – while 78% of the public and 85% experts agree that a collective form of progress (benefiting individuals, economies, and society) is still within reach.

Global cooperation will be key to manage future crisis and risks. A majority (52%) of the general public said they think the most effective solutions to future risks should be found at global level, rather than regional, national, or city level – a rise from 49% in 2022.

Finally, this year’s survey found a growing appreciation of the important role of insurers in tackling future risk (cited by 74% of the general public, up from 69% in 2022).

At AXA, we stand ready to play our part.

74%
of people
think that
the role of insurers
in the protection against
these emerging risks
will be important.

Global top 10 emerging risks according to experts

1 CLIMATE CHANGE

2 CYBER SECURITY RISKS

3 GEOPOLITICAL INSTABILITY

4 RISKS RELATED TO AI AND BIG DATA

5 ENERGY RISKS

6 NATURAL RESOURCES AND BIODIVERSITY RISKS

7 FINANCIAL STABILITY RISKS

8 SOCIAL TENSIONS AND MOVEMENTS

9 PANDEMICS AND INFECTIOUS DISEASES

10 MACRO-ECONOMIC RISKS

2023 Experts risks rankings by geography

America

1. Climate change
2. Cyber security risks
3. Risks related to AI and big data
4. Natural resources and biodiversity risks
5. Geopolitical instability
6. Pandemics and infectious diseases
7. Macro-economic risks
8. Financial stability risks
9. Social tensions and movements
10. Monetary and fiscal policies risks

Africa

1. Climate change
2. Financial stability risks
3. Cyber security risks
4. Macro-economic risks
5. Monetary and fiscal policies risks
6. Pandemics and infectious diseases
7. Risks related to AI and big data
8. Geopolitical instability
9. Social tensions and movements
10. Energy risks

Europe

1. Climate change
2. Geopolitical instability
3. Cyber security risks
4. Risks related to AI and big data
5. Social tensions and movements
6. Energy risks
7. Natural resources and biodiversity risks
8. Risks related to changing demographics
9. Financial stability risks
10. Macro-economic risks

Asia Pacific & Middle East

1. Climate change
2. Cyber security risks
3. Risks related to AI and big data
4. Pandemics and infectious diseases
5. Financial stability risks
6. Energy risks
7. Geopolitical instability
8. Pollution
9. Risks related to the future of work
10. Chronic illnesses (cancer, diabetes, heart conditions...)



Historical perspective

The AXA Future Risks Report: a flagship publication

Now in its 10th edition, AXA’s Future Risks Report has become an annual milestone in the industry and beyond, showcasing our expertise in risk anticipation and management.

As an insurance company, AXA needs constantly to analyze how the risk landscape is evolving. Our risk mapping enables us to anticipate and manage future losses, avoid claims, and protect people and property – the core of our activity. Over the last few years, emerging risks have been at the forefront of AXA’s thoughts. **We need to understand the trends that represent a potential future threat to our business, our clients, and society at large.**

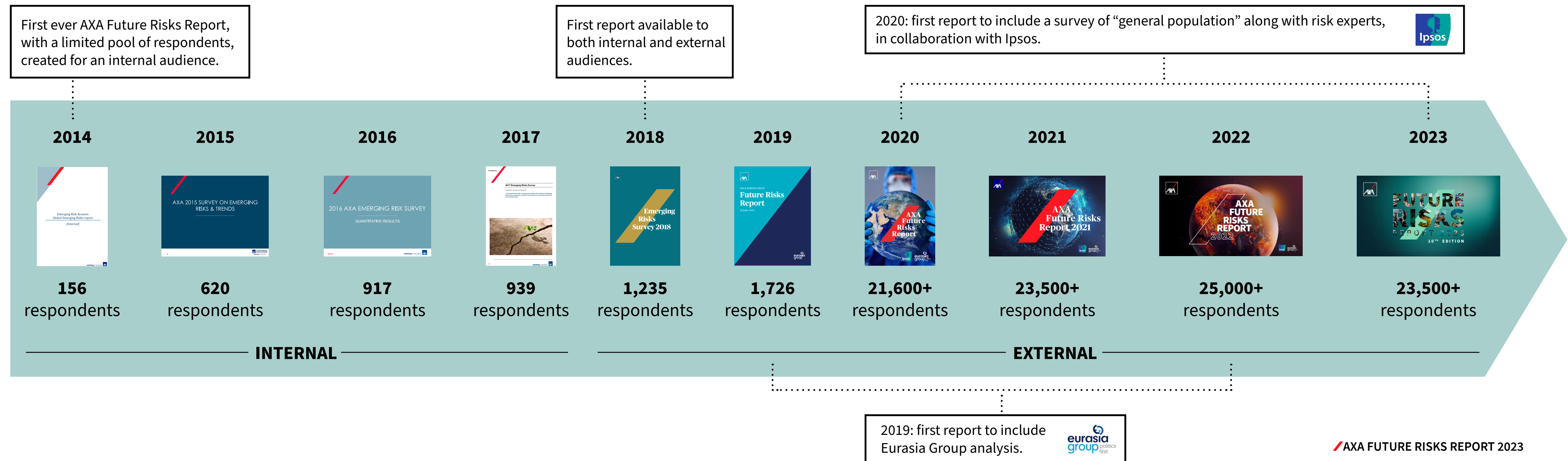
AXA’s Future Risks Report: a decade of research and analysis

Our flagship Future Risks Report began in 2014 as an internal report to raise awareness within the company. We sampled a limited pool of 156 experts across AXA’s 48 entities.

Since then, with each passing year, the report has become bigger and better. In 2018, we published the report externally for the first time. In 2020, we began our partnership with Ipsos to survey the general public: we realized it would be useful to compare the views of experts

at AXA with data on wider attitudes to emerging risks, including the risks to which people feel most vulnerable and the stakeholders they trust to address them.

Comparing the general population and experts in our analysis makes AXA’s Future Risks Report unique in the risk reports literature. It enables us to help our clients and other stakeholders more effectively to anticipate upcoming challenges and highlights the critical role of partnerships between the public sector and private companies in tackling future risks.



What have we learned from a decade of Future Risks Reports?

Looking back at the evolution in risk rankings over the ten years of the Future Risks Report shows how perceptions have shifted – and provides examples of our experts being ahead of the curve.



Pandemics and infectious diseases first appeared in our experts' top ten risks in 2016 and reappeared in 2018, rising further up the ranking in 2019. The Covid-19 outbreak in 2020 proved to be a concrete materialization of these concerns.

What next?

Our experts are increasingly concerned about the potential for climate change to impact the patterns of infectious diseases, and the long-term impacts of Covid-19 – including a developing mental health pandemic set in motion by the 2020-2021 lockdowns.

👉 For other insights on emerging threats, see also “Invasive species: the unseen threat”, page 30.



Financial and economic risks topped the rankings in the first report, in 2014, then steadily declined until falling out of the top ten in 2018. They began to rise again, and in 2022 the top ten contained three eco-financial risks for the first time ever – ahead of the turmoil in the banking sector in the US and Europe in early 2023.

What next?

Survey results suggest that lack of financial education could be storing up trouble for the future: experts say financial instability risks are among the risks about which the public have the lowest level of awareness.



Climate change did not even make the top ten risks in the first report, in 2014 – but rocketed to the top of the list in 2015 ahead of Paris COP 21 summit and has been dislodged from top spot only briefly by pandemic risk at the height of the first wave of Covid-19.

What next?

Beyond physical risks, accelerating the transition to a lower-carbon economy could create new risks that need to be understood and managed, such as liability risks arising from failure to comply with climate-related norms and regulations.

1

Top risks

A polycrisis in the technological era

The Future Risks Report in a nutshell

For this 10th edition, the Future Risks Report again 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 3,500 risk experts from 50 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.¹

The Future Risks Survey enables us to make comparisons:

- between regions,
- over time, and
- between the perceptions of experts and the general public.

1. For more details about the methodology, please refer to “About the research”, page 42.

AI Bot BOT

/imagine prompt technological earth

What are the top risks in 2023?



Everyone, everywhere, is worried about climate change. Just like last year, climate change risks top the list for experts and the general public alike. This year, for the first time, it occupied the top spot for both experts and general public in every single region we surveyed.

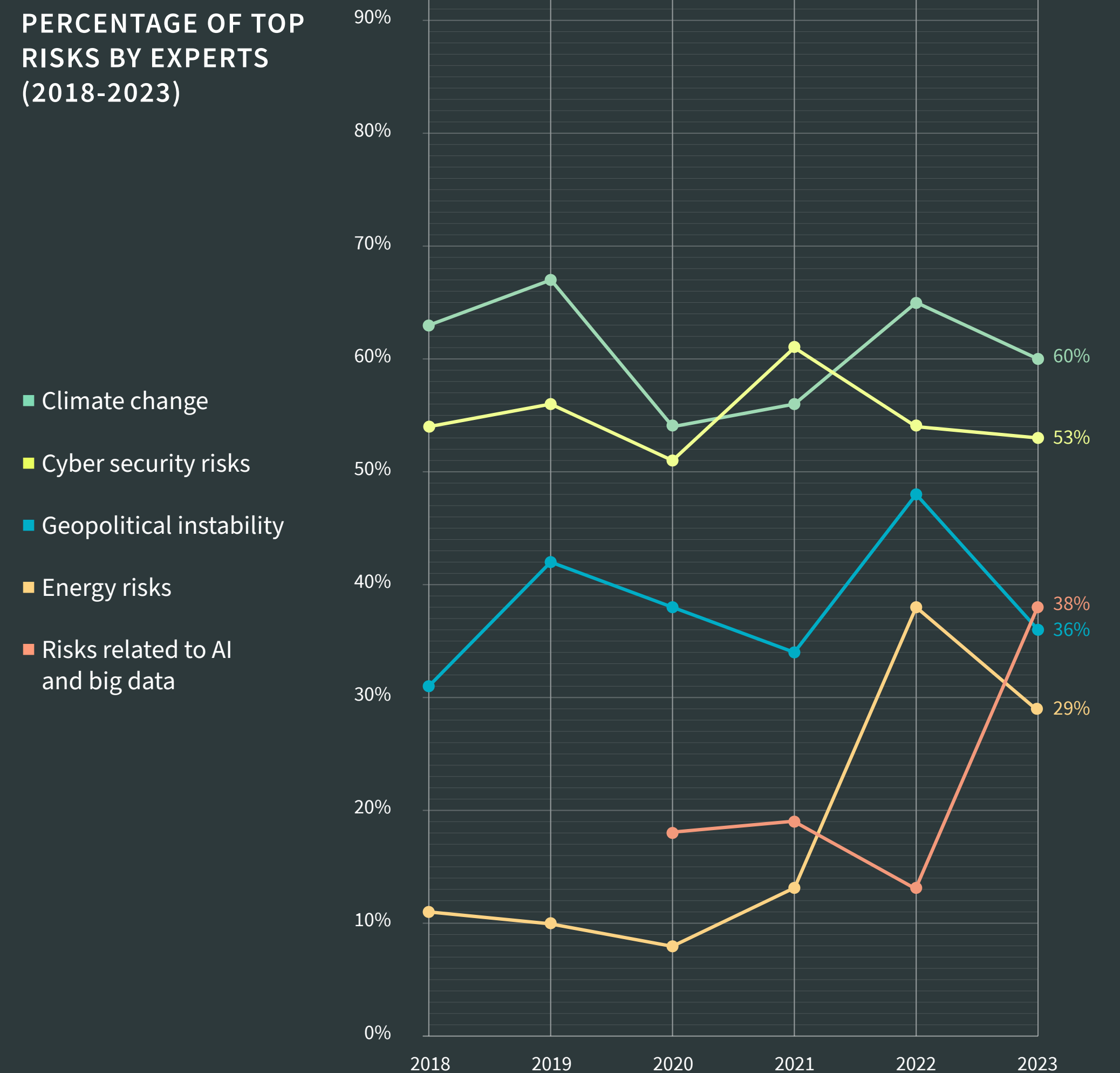


Cyber risks return to a strong second place. One in eight experts put cyber risks at the top of their list, up from one in ten last year. Shutdown of critical infrastructure is the most-cited concern, in a context of turbulent geopolitics and ever-deepening reliance on digital devices.



Geopolitical tensions are still a major threat globally. After surging into 2nd place in experts' lists last year following Russia's invasion of Ukraine, geopolitical instability remains a close 2nd again in Europe this year but drops in other regions to a ranking of 3rd overall. Renewed tensions in the Middle East in late 2023 again underlined how persistent this trend is in the risk landscape.

EVOLUTION OF SELECTION PERCENTAGE OF TOP RISKS BY EXPERTS (2018-2023)



How do experts and the general public differ?

The public worry far more than experts about pandemics. Members of the public again ranked pandemic risk 2nd this year, after climate change. There is now a huge gap in the perception of this risk between the public and experts, who rank it only 9th this year.

Artificial intelligence is alarming experts more than the public. AI-related risks are a big climber in both lists – but while they jump as high as 4th (from 14th) for experts, the public has yet to catch up, with AI still ranking just 11th overall (from 19th).

Terrorism concerns the public, while experts focus on geopolitics. Both groups rated geopolitical instability as a top-three risk last year, but only experts do so this year – for the public, it has dropped to 9th. The public are more concerned about terrorism (6th, unchanged from last year), which is far from the experts' top concerns (16th, down from 11th).

EXPERTS AND GENERAL POPULATION TOP 10 LIST

EXPERTS

- 1 Climate change
- 2 Cyber security risks
- 3 Geopolitical instability
- 4 Risks related to AI and big data
- 5 Energy risks
- 6 Natural resources and biodiversity risks
- 7 Financial stability risks
- 8 Social tensions and movements
- 9 Pandemics and infectious diseases
- 10 Macro-economic risks

GENERAL POPULATION

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

How do risk perceptions compare across regions?

Climate change has surged to unanimity as the main risk. Two years ago, climate change topped the list only in Europe. Last year, it topped the list for experts in every region. This year, it tops the list for both experts and the general public across all geographies.

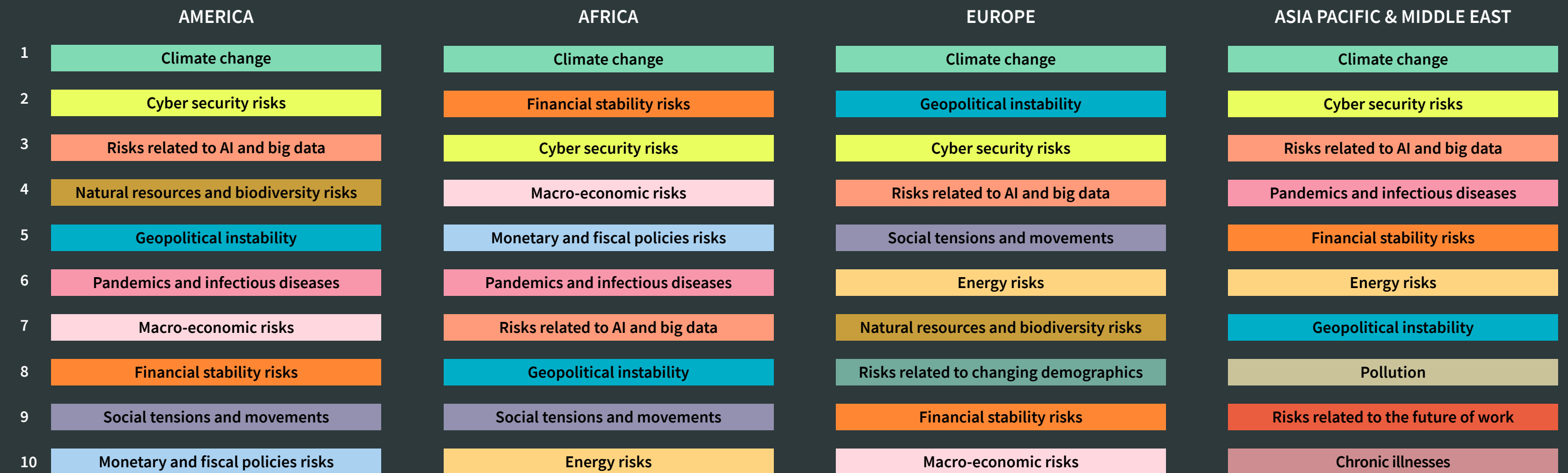
Asian experts are concerned by the future of work. Asia was the only region in which experts put this risk in their top ten. When asked what prompted them to choose it, automation was the most common reply followed by shortages of skilled workers.

Financial stability risks loom especially large in Asia and Africa. Reflecting the potentially severe consequences of financial turmoil for their regions, experts in Africa and Asia ranked financial stability risks in their top five.

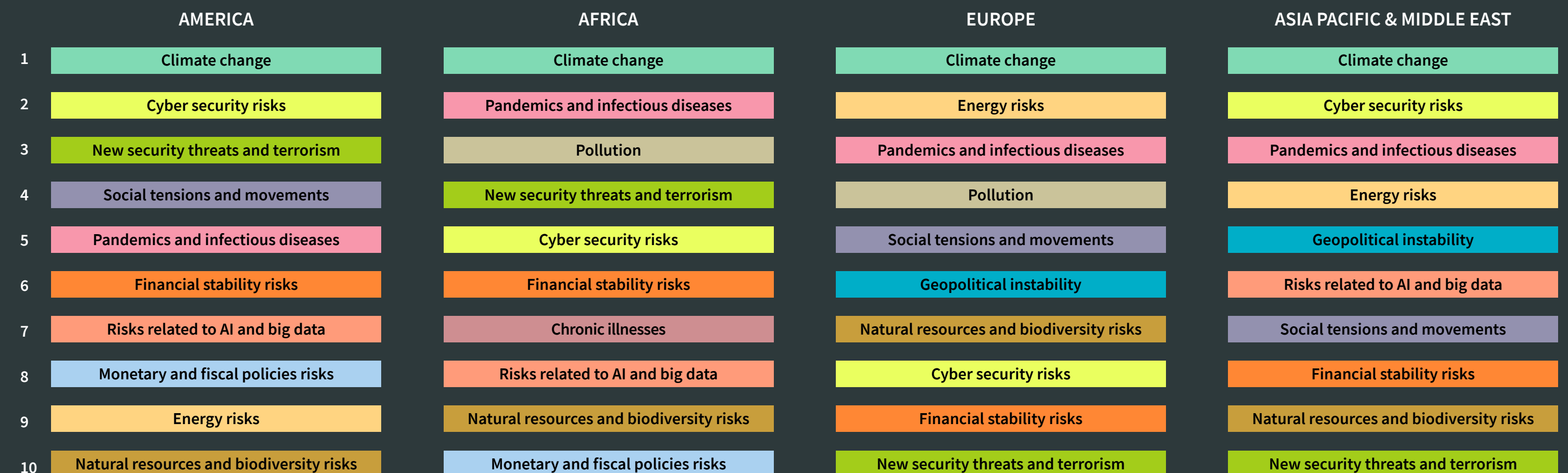
Social tensions are a particular worry in Europe and the US. The general public in the US rank social tensions as their 2nd highest concern, up from 4th in 2022, and it ranks 4th with experts. Europe is not far behind the US, with both groups putting it 5th.

The European public is relatively unconcerned about tech risk. The general public in Europe ranked cyber risk only 8th overall, compared to a global ranking of 3rd. Europeans also ranked AI-related risk markedly lower than in other regions.

TOP 10¹ FUTURE RISKS PER REGION² EXPERTS



GENERAL POPULATION



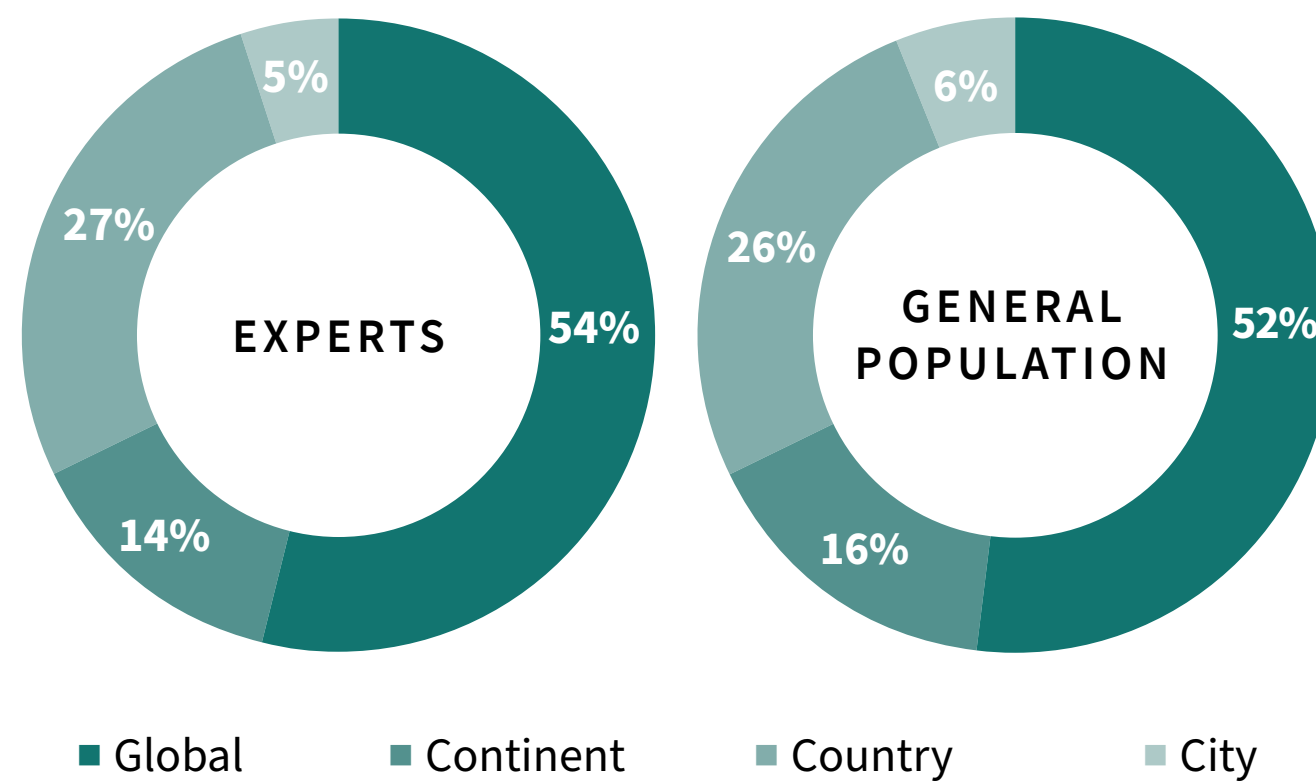
1. This top 10 is a ranking of all risks; it has been calculated the same way since 2018. When a risk is ranked 1st, it gives it 5 points, 2nd 4 points, etc. up to 5th 1 point. The ranking is based on the total numbers of points per risk.
2. See section "About the research", page 42.

Most of the public again favour global-level solutions to future risks

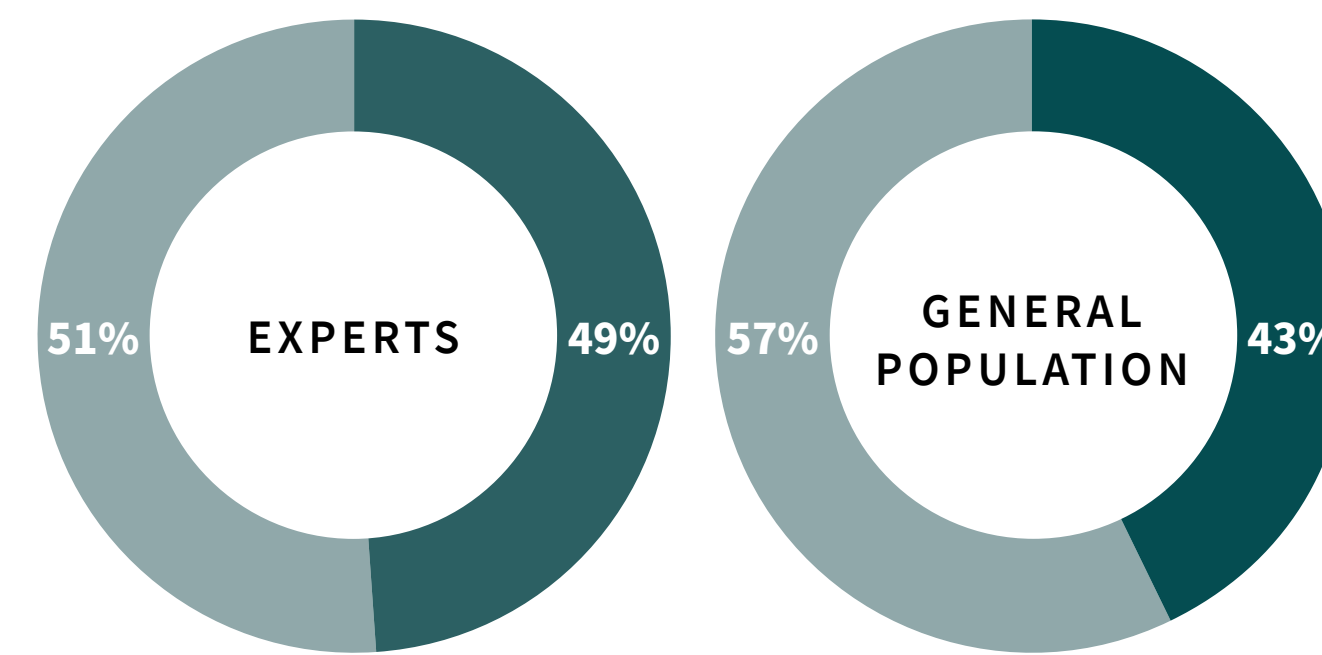
A majority of the general public now favour global solutions to future risks. When asked about the most effective level for decision-making, 52% say the global level – up from 49% last year. A majority of experts still agree (54%, up from 53% last year).

The general public, conversely, have become slightly more pessimistic overall – but still, by 57% to 43% (compared to 59% vs 41% last year), they tend to believe the push for collective solutions will increase over time.

MOST EFFECTIVE LEVEL OF DECISION MAKING ACCORDING TO EXPERTS AND GENERAL POPULATION



EXPERTS' AND PUBLIC'S OPINION ON GLOBALIZATION



- Globalization will slow down over time, as most countries in the world will try to protect themselves from global risks
- Globalization will increase over time, as most countries will try to find collective solutions to global risks

The general public remains more confident than experts on globalization. Experts have become slightly more optimistic about the direction of globalization since last year's survey but are still almost equally split: 51% believe countries will try to find collective solutions to global risks, while 49% foresee a slowdown of globalization as countries try to protect themselves – a reversal of last year's result. Like last year, European experts are most pessimistic about the future of global cooperation.

Gender gap

Are women more risk averse than men?

Women are often labeled as more risk-averse than men, and the Future Risks Report data seems to confirm this. Of all the respondents across 15 countries, for the question "are you someone who usually take risks", 64% of men answered yes, while the percentage drops to 52% for women. In parallel, 20% of men are major risk-takers (answering "Yes, a lot") compared to only 13% of women.

More interconnected risks need more holistic solutions

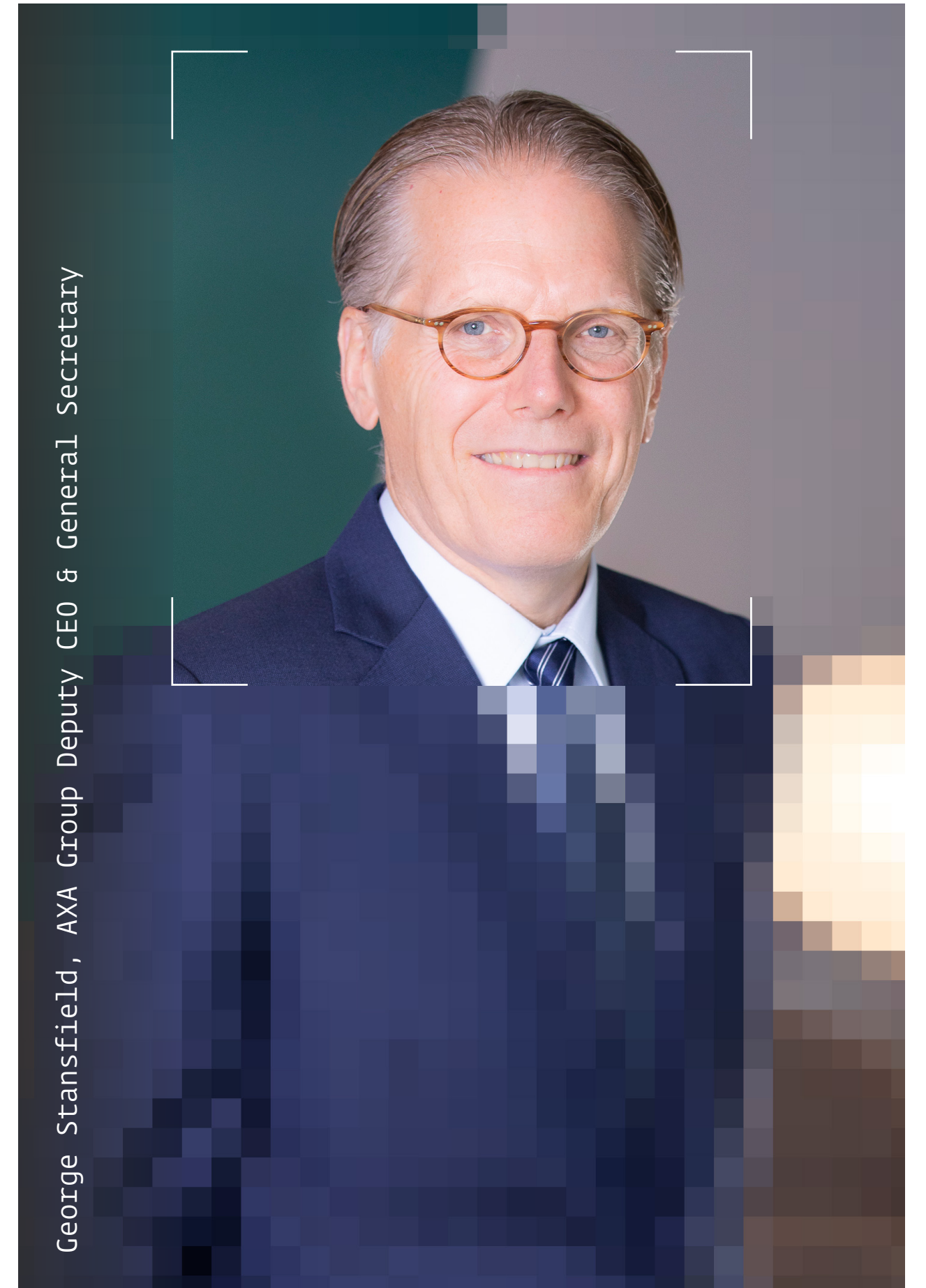
Three-quarters of experts see future risks as interconnected.

In a new question this year, we found that **75% of experts agreed with the idea that “risks are becoming more and more interconnected and need transversal and holistic solutions”**, while only 25% thought “specific and focused” solutions are required.

Opinion is more evenly split on this question among the general public (55% vs 45%), however. People in Nigeria, Japan, Morocco and Switzerland were most likely to perceive risks as interconnected, while those in Italy, Belgium, the US and Mexico were most likely to favour specific solutions.

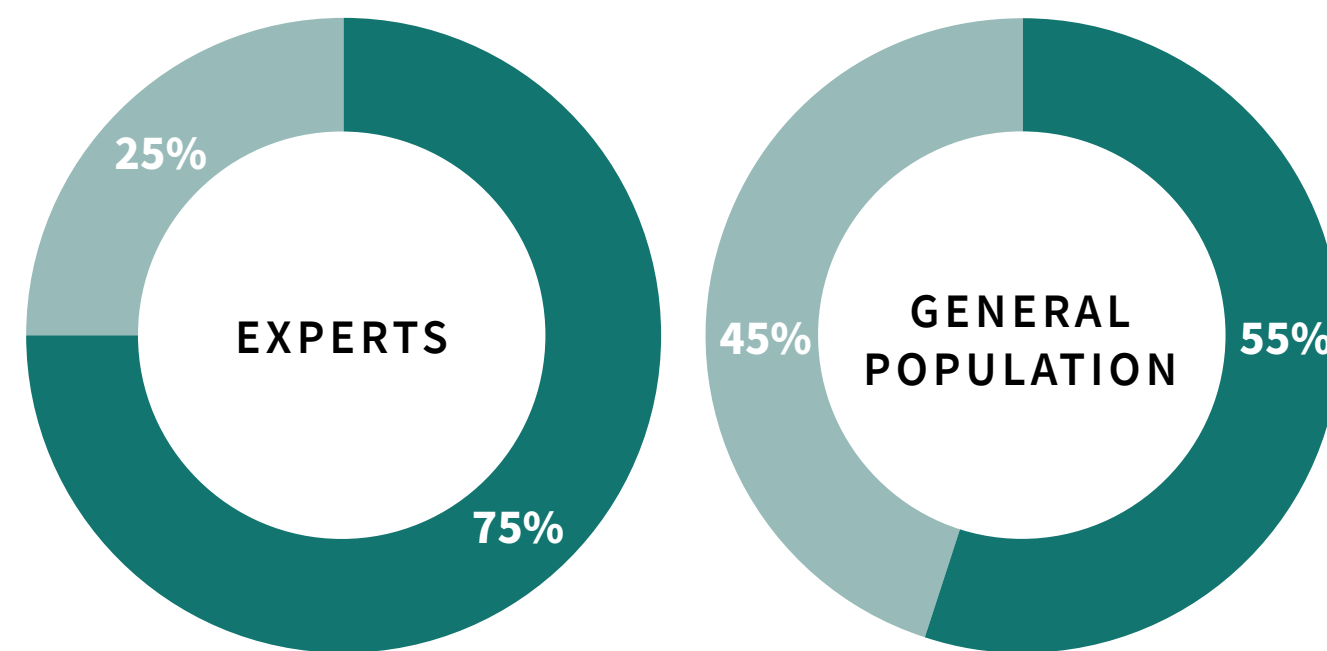
“Both experts and the public favour global-level solutions to tackle future risks. Providing efficient transversal solutions requires cooperation and global commitments, which can only be achieved through proactive engagement and collaboration with our key stakeholders. The results of this year’s survey are encouraging in this respect, even recognizing that there is still much more to do going forward.”

— George Stansfield, AXA Group Deputy CEO & General Secretary



George Stansfield, AXA Group Deputy CEO & General Secretary

MORE INTERCONNECTED RISKS NEED MORE HOLISTIC SOLUTIONS



- Risks are becoming more and more interconnected and need transversal and holistic solutions to avoid future crisis
- Future risks have their own specificities and deserve specific and focused solutions

2

Climate change

is the enduring number one threat

17

2. CLIMATE CHANGE IS THE ENDURING NUMBER ONE THREAT

With alarming evidence now backing up the scientific consensus, climate change continues to be the most important emerging risk. Rising temperatures, melting ice caps, and more frequent extreme weather events are underscoring the urgent need for mitigation and adaptation measures.

However, experts and the general public alike see public authorities across the globe as inadequately prepared for the emergence of the complex challenges posed by climate change. While some progress has been made – reflected in 15% of experts saying

public authorities are prepared, up very slightly from last year's 14% – implementing comprehensive policies and strategies remains a daunting task across the globe.

Insufficient funding, political hesitancy, and lack of coordination among stakeholders hinder the development and execution of robust action plans at the global level – especially as climate change is a long-term, cross-boundary problem, making it difficult to perceive its immediate impact. And just 13% of experts think the public are fully aware of the implications of climate change.

Only 15%
of experts
believe public authorities
are prepared for the emergence
of climate change risks.

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/imagine prompt climate change

Experts and the general public now share the same view across the globe

When asked what policy makers should prioritize, experts highlighted investing in mitigation and infrastructure (35%) – closely followed by raising awareness to increase stakeholder engagement (28%), as collective action is needed more than ever.

ACTIONS THAT PUBLIC AUTHORITIES SHOULD TAKE TO TACKLE CLIMATE RISKS

Top three actions that public authorities should take to tackle climate risks according to experts

	2022	2023
1	Investments in risk prevention and mitigation such as investments in protective infrastructure	Investments in risk prevention and mitigation such as investments in protective infrastructure
2	Engage the private sector in partnerships	Raise awareness of risks to increase stakeholder engagement in policy processes
3	Regulation (including sanctions)	Regulation (including sanctions)

It is crucial to recognize the gravity of the situation, enhance understanding of climate science, and prioritize the allocation of resources and efforts required to mitigate and adapt to this pressing global issue. The findings make clear that the COP28 meeting in Dubai in December 2023 holds immense importance in shaping the future of our planet.

Encouragingly, there is now unanimity about the need for climate action among experts and the global population around the world: this year, for the first time, climate change is the top threat for the general public as well as experts across all geographies. Last year, pandemics topped climate change for the general public in Africa and Asia.

The survey also confirms the continuing importance of other risks related to the environment. Risks related to natural resources and biodiversity rank 6th among experts (vs 7th last year) and stay in the general public's top ten (down from 9th to 10th). The public continue to express significant ongoing concerns about pollution – in 8th position, unchanged from last year.

ENVIRONMENTAL RISKS IN THE 2023 TOP RANKINGS


EXPERTS

1. Climate change
6. Natural resources and biodiversity risks

GENERAL POPULATION

1. Climate change
8. Pollution
10. Natural resources and biodiversity risks

Again, this year, when asked what concerns them most about climate change, the vast majority of both the general public (78%) and experts (84%) nominated physical risks from extreme weather above other options such as financial and liability risks. However, a subset of our expert respondents – insurance tied agents – were equally worried about the rising ESG backlash, illustrating how political pressure is increasingly felt to be curtailing organizations' freedom to deliver on their ESG strategy.

 See box "ESG backlash and greenblushing – a rising concern", page 20.

AXA, as both an insurer and an investor, wants to be an enabler and a supporter of the climate transition. We are taking concrete actions to drive the broader ecosystem in support of these efforts.

The right level of ambition

INTERVIEW

Ulrike Decoene

AXA Group Chief Communication, Brand & Sustainability Officer



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

AXA has made its pioneering commitment to preserving the climate and biodiversity a pillar of its strategy. Could you explain?

Ulrike Decoene: Since the Paris Agreement in 2015, AXA has set concrete and ambitious targets. First as a company, by reducing our own environmental footprint, and by making underwriting and investment levers for the transition to a low-carbon world. We have long been at the forefront of the underwriting challenges posed by climate change, integrating these issues into our solutions and services, as well as into our investment choices and internal methodologies. The decarbonization of investment portfolios is now well established: AXA selects only companies that have a credible transition plan, with well-defined and ambitious indicators and investments. This year, a new dimension is opening up with the decarbonization of various of our property and casualty (P&C) insurance portfolios. We've been the first insurer to announce such targets. And AXA will continue working with all its stakeholders on the next chapters of its climate strategy, which we will announce in 2024, in line with our new strategic plan.

“AXA will continue working with all its stakeholders on the next chapters of its climate strategy.”

— Ulrike Decoene

The net zero journey will be a long one. What are the main challenges ahead for an insurer like AXA?

U. D.: For us insurers, climate action means mobilizing all the levers we have to continue enabling climate change mitigation and nature protection, and at the same time continue protecting our clients, economies and societies. This is what we have been doing for the past years: reducing the carbon footprint of our investments by 50% between 2019 and 2030 while aiming to increase our green investments to 26 billion euros by the end of 2023; supporting our clients on mitigation, climate risk prevention and adaptation through our insurance products, circular claims processes and risk consulting services; and building stronger awareness and skills at AXA internally.

How does the Group coordinate its actions and ensure that climate action is truly a shared goal for everyone?

U. D.: Despite rising climate risks, we believe that the future shouldn't be a risk. But only if we find a consensus. The shift towards low-carbon economies could be one of the biggest and fastest industrial revolutions ever. One of the most difficult as well, because it challenges our ways of life, within the limits of natural resources, and forces solidarity between developed and emerging economies, balancing the interests of present and future generations. Climate change can only be tackled collectively, by working regularly with our partners. That is why AXA has launched this year the first edition of the “Climate Futures Event” in Paris, to explore the pathways to climate action with a varied range of leading voices and experts. It is important that each of us focuses on open dialogue, increased collaboration and joint action.

The right level of ambition

ESG backlash and greenblushing – a rising concern

Environmental campaigners have warned for years about “greenwashing” – when companies attempt to portray their ESG efforts as more impressive than they actually are. Increasingly, some companies are voicing the opposite worry: that by communicating openly about their ESG activities, they are inviting backlash from a growing political constituency that downplays the need for climate action.

Our survey points to the rise of “greenblushing” – when companies downplay their ESG activities in the hope of minimizing the kind of backlash seen over the last year in some US states, which have moved to divest from companies that portray themselves as ESG leaders. Under pressure from both sides, companies can find it hard to decide whether greenwashing or greenblushing best serves their interests.

Instead, the best response is working to increase transparency, develop rigorous cross-cutting standards, and provide stakeholders with concrete evidence of measurable impact. Public and private actors must continue to prioritize ongoing global efforts to build a framework that will ensure access to reliable, robust, comparable and granular data, and press for coherence among different standards and pieces of legislation.

Climate migration and mobility

Escaping the disaster

As societies grapple with the current state of polycrisis, few examples of the inherent interconnectedness of risks are as glaring as the emerging threat of climate migration. A UNICEF report, [Children Displaced in a Changing Climate](#), estimates that 43.1 million children have been internally displaced in the last six years as a result of weather events, a figure set to increase dramatically by 2030, as the storms and flash floods that constitute the primary driver of climate displacement grow more frequent. The decision by the Indonesian government to relocate its capital from Jakarta, which faces sinking land and rising seas, to a new site in East Borneo is also emblematic of the displacement challenges brought in the era of climate change. This solution to build a new city from scratch is a

large-scale version of what many places threatened by climate risks will have to consider ([The New York Times](#)).

The latest report published by the UN Intergovernmental Panel on Climate Change, [Climate Change 2022: Impacts, Adaptation and Vulnerability](#), underlines how estimates on the future scale of climate migration – ranging from the tens to the hundreds of millions in developing countries – vary widely based on the protective and preventive measures that affected countries will be able to adopt. This underscores our experts’ opinion on the importance of investment in mitigation and infrastructure to tackle the consequences of climate change and signals the urgency of collective action.

If the world is currently experiencing a polycrisis, climate migration is one of its main catalysts: migrant flows produced by climate change risk fuelling social tensions in affected countries; and while climate displacement has been happening mostly within countries as of now, its potential to cross borders only grows with the increase in the severity of natural catastrophes. Climate migration could thus soon affect tensions far away from its countries of origin and exacerbate geopolitical instability in vulnerable regions. Coordinated mitigative action by all stakeholders will be necessary to prevent the effects of climate migration from reverberating across all axes of the current polycrisis.

The right level of ambition

INTERVIEW

Nancy Bewlay

AXA Group Chief Underwriting Officer



What are the new decarbonization targets announced by AXA in 2023?

Nancy Bewlay: AXA announced in June 2023 the first ever emissions reduction targets and supporting activities for property and casualty (P&C) underwriting portfolios. Encompassing the most material of our P&C portfolios, the targets to 2030 and the underlying effort to measure emissions associated with insurance portfolios provide the data and analysis needed for meaningful results. Concretely, the Group's targets include to:

- reduce the absolute carbon emissions of its largest commercial insurance clients by 30% and the carbon intensity of other corporate clients by 20% by 2030 compared with a 2021 baseline,
- reduce the carbon intensity of its most material personal motor portfolios by 20% by 2030 compared with the 2019 baseline,
- increase its business in the field of renewable energies, and more broadly across sectors transitioning to low carbon business models, as well as developing environmentally sustainable claims management for its motor business by 2026,
- strengthen dialogue with its customers, particularly its corporate customers, but also with its external stakeholders and partners to better support them in the transition.

“AXA announced in June 2023 the first ever emissions reduction targets and supporting activities for P&C underwriting portfolios.”

— Nancy Bewlay

What are the concrete levers for AXA to insure the transition and to reach these targets?

N. B.: As a global P&C insurer, AXA's commercial clients both large and small are in some way participating in the climate transition – whether to comply with regulatory requirements, as a business strategy for future success, or to simply contribute to climate and sustainability efforts. Our role is to provide the right risk management advice and solutions to enable their efforts no matter where they are in the climate transition journey. AXA's activities include:

- **engaging with clients and partners on the transition:** AXA will be engaging with our top 200 largest commercial clients globally, to increase their knowledge about climate impacts, transition efforts and associated risks as well as sources of emissions, solutions, and the benefits of disclosure,
- **developing new products and solutions that enable insurance innovation for a greener economy:** AXA will increase support for renewable energy installations and infrastructure and expand sustainable claims management options and other climate transition products, including nature-based solutions,

- **measuring and reporting the impact of these efforts against the underwriting emissions reductions objectives:** Measurement of emissions associated with our underwriting portfolios allows us to monitor the progress of our efforts, so that we can prioritize the right activities for concrete results,
- **refining our transition underwriting policies:** AXA's current P&C underwriting policies will also continue to be applied and refined to match AXA climate transition efforts as well as our strategic ambition.

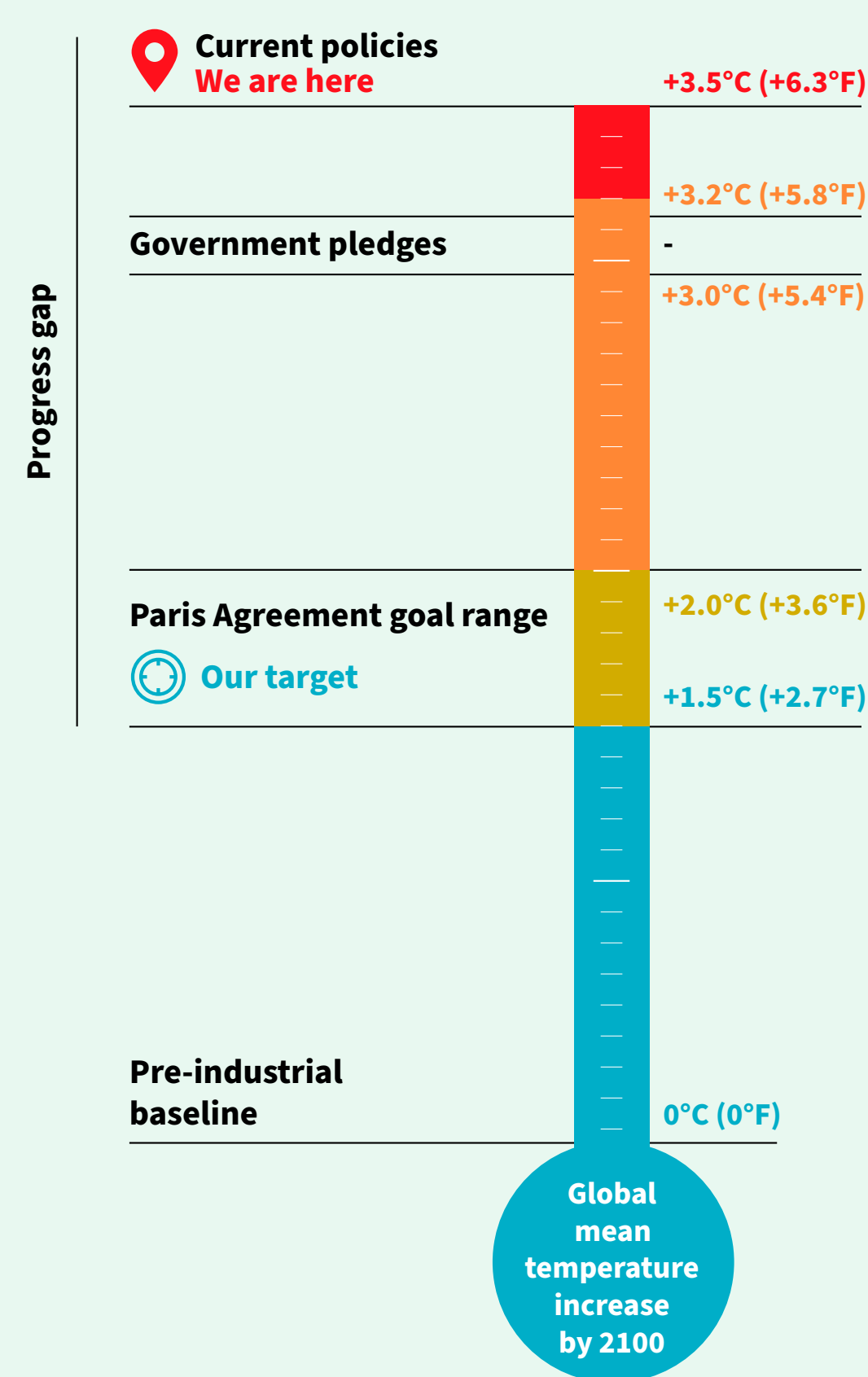
The right level of ambition

Much greater ambition is needed to meet the Paris Agreement's target of limiting global temperature increase to 1.5 degrees over pre-industrial levels by 2100.

With current policies, the temperature is set to increase by 3.5 degrees – and even if all existing policy pledges were to be met in full, the projected increase would still fall between 3 and 3.2 degrees.

REALITY OF PUBLIC AND PRIVATE EFFORTS IN THE ECONOMY

Significant gap currently exists between policy and science. Source: MSCI.



Country	2021 Actual (MtCO ₂ e/year)	2030 Projected (MtCO ₂ e/year)		1.5 pathway (MtCO ₂ e/year)	
		Policies	Pledges	2021	2030
USA	6,315	5,164	-18%	4,043	-36%
Canada	678	629	-7%	440	-35%
Canada (planned)	678	515	-24%	440	-35%
UK	421	312	-26%	251	-40%
EU	3,469	2,847	-18%	2,242	-35%
EU (planned)	3,469	2,159	-38%	2,242	-35%
Australia	514	445	-13%	375	-27%
Total (excl planned)	11,397	9,397	-18%	7,351	-35%
Total (incl planned)	11,397	8,595	-25%	7,351	-35%

Gap of 10 points between the rate of decarbonization needed to achieve 1.5 degrees and the pledges Nationally determined contributions (NDCs). Gap widens when considering policies in place.



Europe	3,974	3,126	-21%	2,365	-40%
North America	5,563	4,579	-18%	-19%	-34%
Total	9,537	7,705	-19%	6,013	-37%

Further analysis from the IEA also highlights a similar gap between policies and pledges.

The policy gap analysis highlights a challenge in committing to an overly ambitious target, and the need to evaluate and make adjustments periodically.

3 Technological advances

could lead to the next global crisis

23

3. TECHNOLOGICAL ADVANCES
COULD LEAD TO THE NEXT GLOBAL CRISIS

After pandemic, war, and natural disasters, could the next big global crisis be technological? Unexpectedly rapid progress in generative AI – a term that encompasses large language models, such as ChatGPT, and image generators – made headlines in early 2023. As our societies become increasingly reliant on digital infrastructure, vulnerabilities to cyberattacks and technological disruptions also escalate.

Cyber risk has risen to 2nd in the experts' overall ranking, up from 3rd last year. Concern is shared across regions, as the risk ranks 2nd in Asia and America, and 3rd in both Europe and Africa. In Europe, the

second-placed risk – geopolitical instability – is also highly interconnected with the risk of cyberattacks. Cyber warfare, data breaches, and identity theft all threaten to disrupt economies, essential services, and international stability.

While the shape of any future tech-related crisis remains unclear, the general sense of cyber risk is becoming stronger. The general population rank it 3rd overall (2nd in America and Asia). Strong majorities of both experts (73%) and the general population (68%) say they feel vulnerable to this risk in their daily lives – higher figures than for last year, and for many other risks in the sample.

AI Bot BOT

/imagine prompt cyber security, AI

Cyber risk, security, and insurance at AXA

INTERVIEW

Libby Benet

AXA XL Global Chief Underwriting Officer



Libby Benet, AXA XL Global Chief Underwriting Officer

“Having a front-row seat at what’s involved to secure our work environment offers us a window into our clients’ complex cyber security needs.”

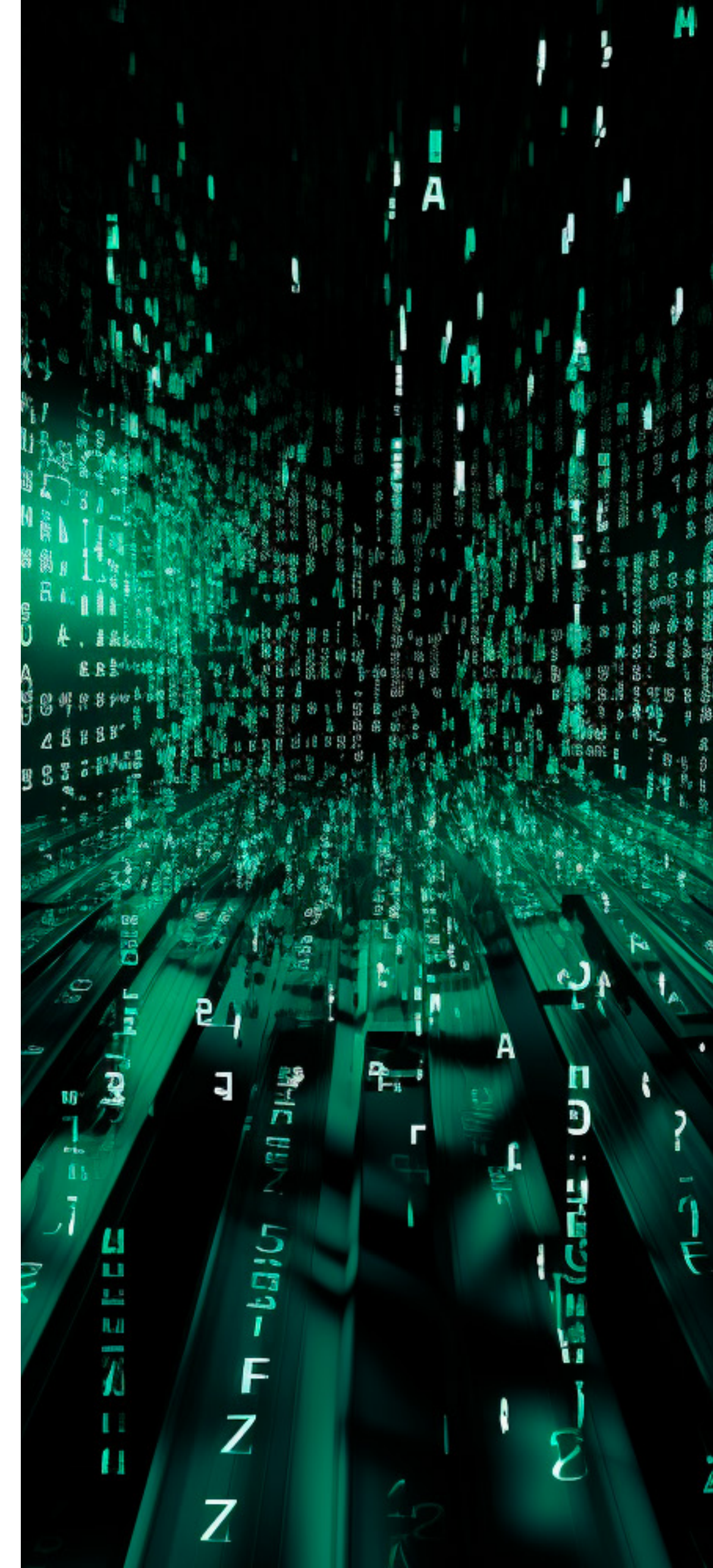
— Libby Benet

Cyber represents both a threat for AXA as a company, but also a business opportunity with cyber insurance. How can we protect our organization from cyberattacks and at the same time develop products for our clients?

Libby Benet: As a global company, we have resources dedicated to protecting our business. Our cyber security colleagues are unsung heroes to me. They face a fast-changing and complex world of cyber security risks in their journey to secure our information and infrastructure, keeping us safe from cyber criminals. We’ve built a culture here where security is seen as everyone’s responsibility. One unsuspecting employee clicking on a malicious link can damage an organization. Ensuring our employees are part of our cyber security shield is important. Having a front-row seat at what’s involved to secure our work environment offers us a window into our clients’ complex cyber security needs. We design cyber insurance products and services to support their cyber security journeys based on our own real-world experience.

Why should AXA be proud of our Cyber Center of Expertise? What are the key challenges?

L. B.: With the Cyber Center of Expertise, AXA is bringing together our collective technical knowledge of cyber risk, supported by our skilled cyber underwriters, cyber risk experts, and best-in-class data and analytics. The Center will develop and offer cyber risk services and risk transfer, using innovative insurance program structures to bridge the gap between clients’ overall exposure and available market capacity. Through the Center, we’ll share our cyber knowledge, including loss prevention efforts and crisis management lessons we’ve learned in handling cyber claims, with all AXA entities. This is another step in aligning AXA’s capacity to bring our full capabilities forward to support our global clients. We understand how fast paced and challenging cyber issues are and we want to make the most of our available resources and expertise to help all AXA entities to best serve our clients’ cyber needs. This Center will be a valuable resource for all AXA entities and, in turn, for clients.



Risk of a global cyberattack: the question is not if, but when and with what consequences

We asked respondents whether they consider the risk of a massive cyberattack to be significant, in their country and globally. Almost 90% of experts say the risk of a massive cyberattack is significant at a global level, and almost half say this risk is very important. Experts in the US (96%), UK (96%) and Asia (91%) are especially fearful about the risk of massive cyberattack.

Among the general population, almost 80% consider this risk to be significant, leading to a high level of personal fear about the security of bank accounts, social networks, and identity. According to a separate survey¹ carried out in 2022 by Ipsos on behalf of Sopra Steria, one in five bank customers have already been the victim of a phishing attempt (one in three in the United States).

Addressing the looming technological crisis will require global cooperation. It is especially critical for policy makers to work with private actors to strengthen security measures and foster responsible technological development, given that experts identify a major difference in their level of preparedness: only 26% of experts think public authorities are well prepared for the emergence of cyber risks, compared with 45% for the private sector.

1. Find out more about the survey:

 "Digital Banking Experience Report 2022"

EXPERTS AND GENERAL PUBLIC MAIN CONCERNS FOR CYBER RISKS

EXPERTS	
1	Shutdown of essential services and critical infrastructure
2	Identity theft
3	Cyber extortion and ransomware
GENERAL PUBLIC	
1	Identity theft
2	Shutdown of essential services and critical infrastructure
3	Privacy breaches

Both experts and the general public have a high level of awareness about the potential consequences that a massive cyberattack could have. The risk of health services becoming paralyzed is mentioned most often – by 86% of experts, and 80% of the general public – followed by the risk of collapse of the banking and financial systems (83% of experts and 79% of the public). Even the risk at the bottom the list – of a cyberattack causing a nuclear or serious industrial catastrophe – is still perceived as significant by two-thirds of experts and almost three-quarters of the general population.

Focus on youth

Under-25s are less concerned about cyber risk

Our survey suggests that young people are either less aware of cyber risk, or more confident about cyber defences. Under-25s rank cyber risks lower overall and are less worried about the possible occurrence and consequences of cyberattacks: 65% say there is an important risk that a massive cyberattack could occur in their country (compared to 76% in the overall sample), while 69% say the same for a global scale (vs 78% overall).

42%
of experts
think public authorities should
invest in protective infrastructure
to mitigate cyber risks.

Risk of a global cyberattack: the question is not if, but when and with what consequences

Pace of emergence

Technological risks are emerging quickly – and people say they outweigh the benefits

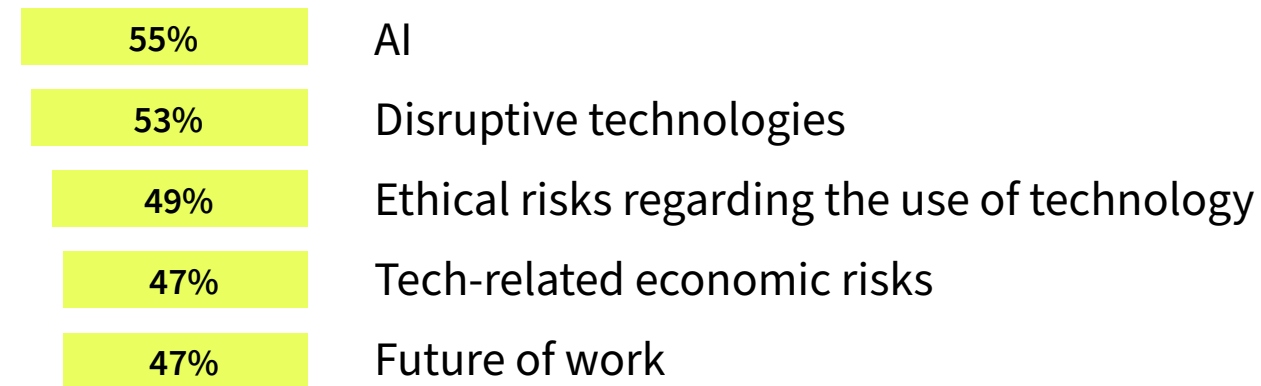
When we asked experts to rate each risk as “slowly emerging”, “rapidly emerging” or “already there”, the top 5 risks in the “rapidly emerging” category were technology-related: risks linked to artificial intelligence and big data; disruptive technologies (e.g., quantum computing, 3D printing, nanotechnologies, metaverse); ethical risks linked to the use of technology; tech-related economic risks (e.g., crypto currencies or Fintech); and the future of work, for which automation is a key concern.

The rapid evolution of technologies is generating fears in other areas too: medical advances and innovations rank 9th among rapidly emerging risks.

People are more likely than last year to say that technological advances create more risks than opportunities (50% in 2023 vs 47% in 2022). The gap is biggest in Africa (where 57% put risks above opportunities) and Asia (52%), whereas people in Germany (38%) are among the most sanguine about the balance of risks and opportunities. Younger respondents, aged under 45, are less confident about technological advances than older people. Finally, there is also here a gender gap, with women being more concerned by technological progress: 48% of men say it creates more risks than opportunities, while 51% of women agree with this statement.

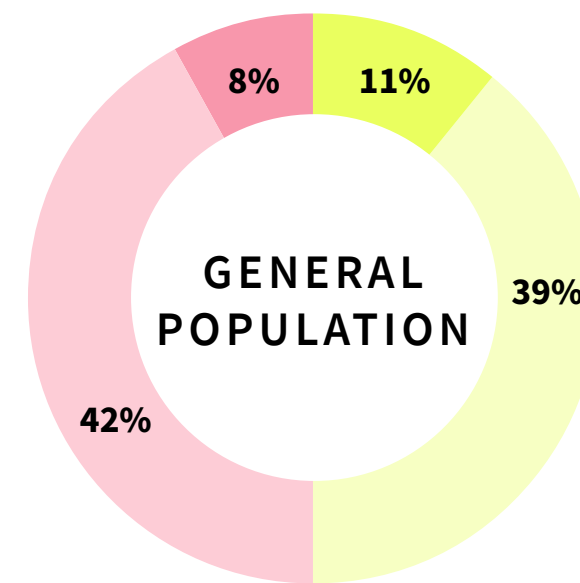
RANKING OF RAPIDLY EMERGING RISKS

Percentage of experts answering “rapidly emerging” to the question: “How would you qualify the pace of emergence of this risk?”



TECHNOLOGICAL ADVANCES CREATE MORE RISKS THAN IT SOLVES?

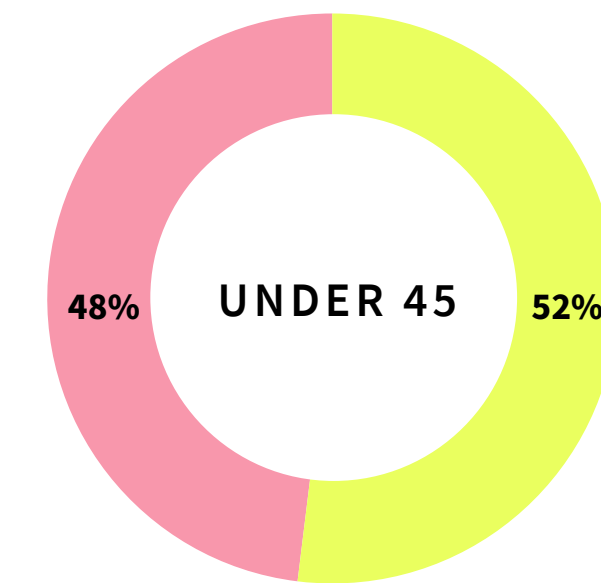
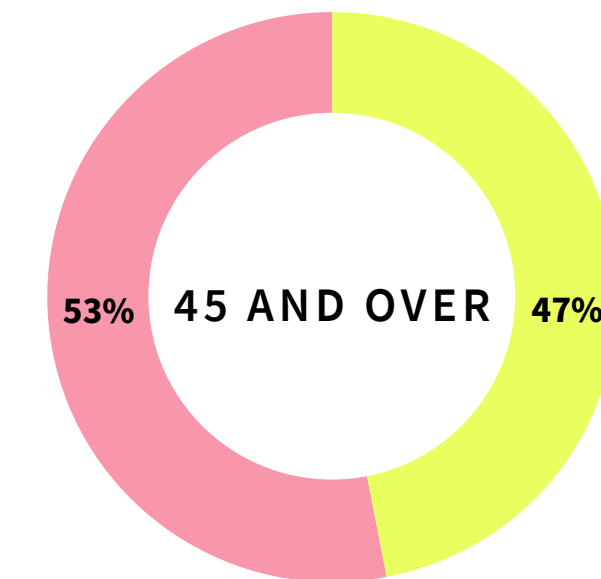
Percentage of general population answering the question: “Do you agree or disagree that technological advances create more risks than it solves?”



■ Totally agree ■ Somewhat disagree
■ Somewhat agree ■ Totally disagree

YOUNGER PEOPLE ARE MORE CONCERNED ABOUT TECHNOLOGICAL PROGRESS

Percentage of general population agreeing that technological progress creates more risks than it solves



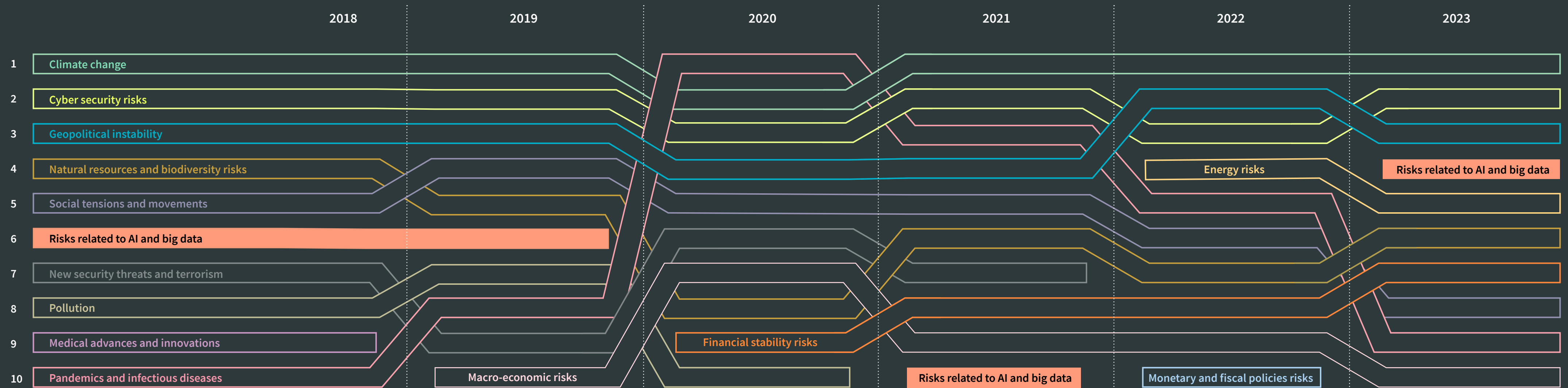
■ Agree ■ Disagree

Experts see regulation as important for the responsible development of AI

Risks related to AI shot up to 4th position in the experts' ranking in 2023, its highest position ever. Significantly more experts say they feel vulnerable to this risk in their daily lives (52%) than last year (44%). More experts than last year (55% vs 46%) also say this risk is emerging rapidly, with a similar finding among the general public.

Experts and the public share the view that public authorities and the private sector are totally unprepared to the emergence of this risk – to an even greater extent than last year. Only 7% of experts say public authorities are ready for the emergence of risks associated with AI, down from 14% last year. For the private sector, the figure is 16%, down from 22%. This is the lowest score of all risks.

EVOLUTION OF AI RISK IN EXPERTS' RANKING SINCE 2018¹



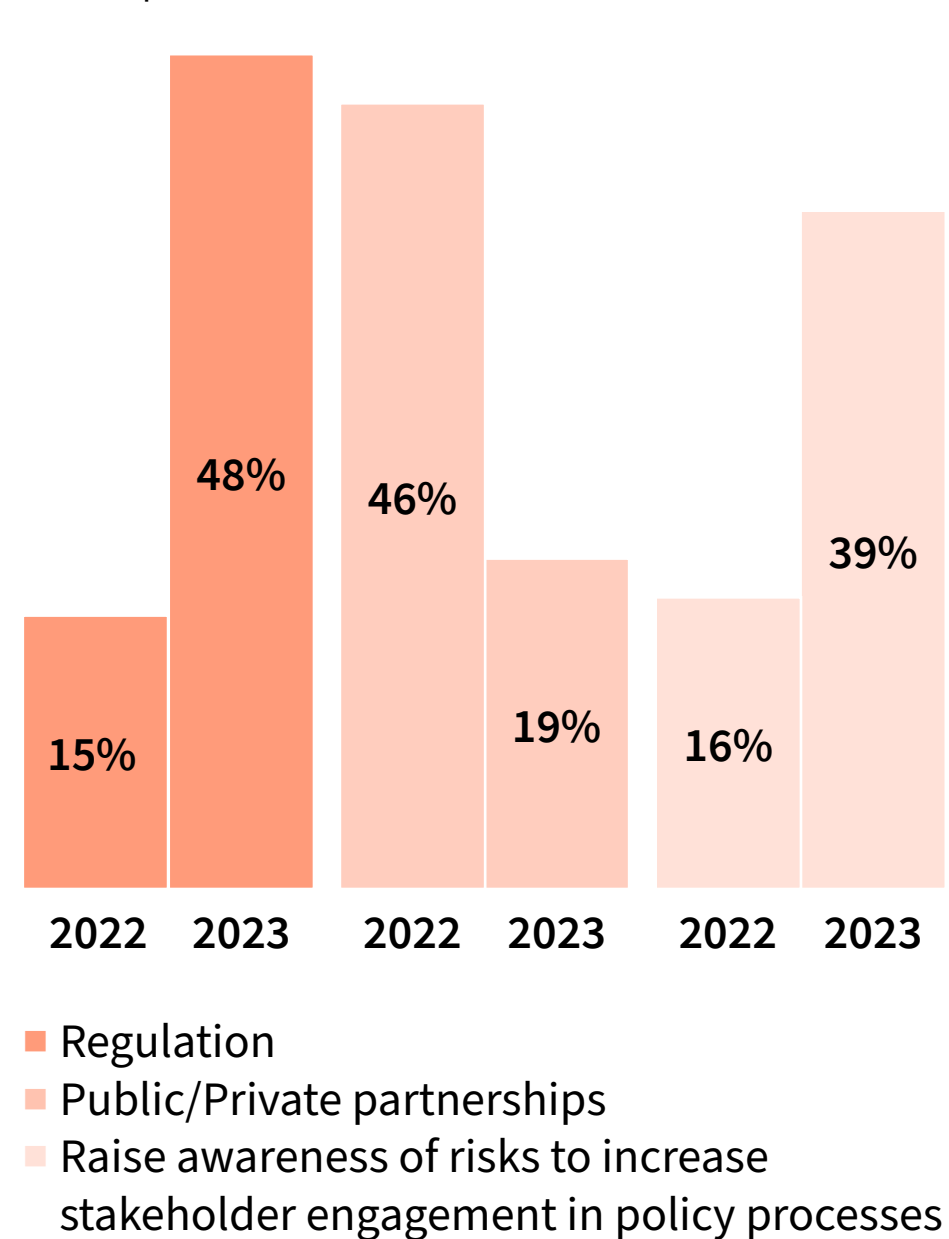
1. This top 10 is a ranking of all risks; it has been calculated the same way since 2018. When a risk is ranked 1st, it gives it 5 points, 2nd 4 points, etc. up to 5th 1 point. The ranking is based on the total numbers of points per risk.

Experts see regulation as important for the responsible development of AI

Opinion has shifted dramatically since last year on how public authorities should approach AI risk. In 2022's survey, the most popular answer (46%) was engaging in partnerships with the private sector. In 2023's survey, 48% of respondents favour regulation instead. A similar shift has occurred for other tech-related risks, including augmented reality, smart and autonomous systems, crypto currencies and FinTech.

WHAT SHOULD PUBLIC AUTHORITIES DO TO TACKLE AI RISKS?

Percentage of experts answering the question: "Which actions public authorities should take to tackle this risk?"



Support for regulation may further evolve as AI advances and its impacts on economic sectors become more apparent. While regulations can hold back progress, they can also – when clear and efficient – help to guide the responsible development and deployment of new technologies, for example by preventing biased decision-making and ensuring AI operates in an equitable manner.

MAIN CONCERNS RELATED TO AI RISK FOR EXPERTS AND GENERAL PUBLIC

1	Emergence of advanced AI and existential threat to mankind
2	Liability challenges and lack of uniform regulation of AI
3	“Black box” effect: lack of interpretability of AI

We added generative AI, exemplified by ChatGPT, as an option this year for experts to explain why they chose AI among their top risks. While only 15% cited it as their top priority, 34% (up 6 points on last year) said they worried primarily about advanced AI posing an existential threat to mankind – a concern that has increasingly been discussed in the context of how models such as ChatGPT potentially represent quicker-than-expected progress towards artificial general intelligence.

Do we need a break?

Both experts and the public demand a break in AI research

A clear majority of experts (64%) and the general population (70%) believe it is necessary to take a break from research into AI. Experts in Asia (80%), and both experts (71%) and the general public (75%) in America were especially likely to agree. Concern is lower among experts in Europe (51%), particularly in Germany (43%) and France (40%).

Experts see regulation as important for the responsible development of AI

OPINION

Françoise Gilles
AXA Group Chief Risk Officer



“Artificial intelligence presents both significant risks and unparalleled opportunities in our sector. At AXA we believe it is essential to carefully navigate the technological landscape to harness its potential while managing its inherent dangers.”

— Françoise Gilles

Technological progress generates new risks that insurers never had to contemplate before

AI relies heavily on data, making it vulnerable to breaches. Safeguarding sensitive customer information is paramount for us, as our business is based on trust. Any data breach can result in damage for our clients, regulatory fines and reputational issues.

What matters most to us is to treat our customers fairly. Algorithms can however perpetuate biases present in historical data, leading to unfair pricing or claim processing, and thus potentially also resulting in lawsuits and liability claims.

On the operational side, the rapidly evolving regulatory landscape surrounding AI poses a challenge. Compliance is a moving target, and uncertainty can generate failure to adhere. Moreover, automation driven by AI can displace jobs in many places such as underwriting and claims processing. Managing the social and ethical implications of this transition remains an important area of focus.

AI technologies bring opportunities for our customers

As AI can analyze vast datasets, it helps our teams to make more accurate predictions about risk, and this allows for better pricing and the potential to reach new markets, such as insuring previously underserved populations.

AI-powered chatbots and image recognition can also streamline claims processing, making it faster and more efficient. This enhances customer satisfaction and reduces costs in the end. These chatbots and virtual assistants can provide 24/7 customer support, improving the overall experience.

Another key application in the insurance sector is also for fraud detection: AI can identify fraudulent claims more effectively than traditional methods, benefiting all customers as the savings are reflected in the pricing.

Finally, AI can help insurers develop innovative products, such as personalized coverage options, tailored to individual needs.

The balancing act: how can insurers harness the opportunities while mitigating the risks?

Our sector can grasp the opportunity to better serve customers in several ways.

Robust cyber security measures are essential to protect data from breaches, and we should also strive for fairness and transparency in algorithms, regularly auditing and retraining them to minimize bias. As insurers, we also have to invest in employee training to equip the workforce with the skills necessary for an AI-driven future, and in research and innovation to stay competitive.

Working hand in hand with policy makers is key. A proportionate approach is needed in the development of regulation for a responsible AI sector. The insurance sector is subject to a comprehensive framework relevant to oversee AI usage, and we should be sure not to stifle innovation.

AI is definitely a double-edged sword for the insurance sector. Our role is to strike a delicate balance, ensuring that we harness the potential of AI while safeguarding our customers and maintaining the ethical integrity of our industry. The path forward involves careful planning, robust risk management, and a commitment to responsible AI adoption.

Experts and the public prioritize different health risks

Experts are quickly putting pandemic fears behind them: pandemics and infectious diseases ranked 9th in their list, down from 5th last year. **The public, however, remain extremely wary:** it remains their number two risk, and makes the top three across geographies. From an insurance point of view, these figures are reassuring in the sense that if another pandemic were to manifest, populations would remain well prepared.

Elsewhere in health concerns, pollution continues to rank higher among the public (8th) than experts (15th). In Asia, experts are increasingly worried about chronic illnesses – it enters their top 10 for the first time, compared to a global rank of 17th, reflecting concern over factors such as sedentary lifestyles and unbalanced diets.

Two of the experts' top 10 most “rapidly emerging” risks are related to health: changing health practices and new occupational diseases, and medical advances and innovation. The main concerns in these categories are mental health and gene-editing technology. In both cases experts call for public authorities to raise awareness as a priority measure.

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	Antimicrobial resistance and “super bugs”
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AXA Research Fund

Invasive species: the unseen threat

Human, animal and environmental health are interconnected. Climate change is increasingly impacting on all three, notably through more frequent extreme weather conditions, damage to natural resources, and shifting patterns of disease. The changing climate is linked to the expansion of invasive species, which is driving exposure to new diseases around the globe.

Invasive species are animals introduced, accidentally or intentionally, into new ecosystems. As these animals quickly reproduce, they risk damaging the ecosystem, the local economy, food security, and sometimes human health.

The threat of invasive species was recently highlighted by IPBES, the United Nations Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, with the publication of the [Invasive Alien Species Assessment](#). It revealed that invasive

species incur annual costs estimated at over 423 billion dollars. These costs have quadrupled every decade since 1970. Up to 3,500 invasive harmful species have been listed to date.

The [AXA Chair on Invasive Biology](#), headed by Franck Courchamp at the University of Paris-Saclay since 2020, aims to improve forecasting of invasive species spread and their effects on biodiversity and the economy. Supported by the [AXA Research Fund](#) with a EUR 1 million grant, it will inform strategies on preventing and mitigating the impact of invasive species.

Find out more about the unseen emerging threat of invasive species in MasterScience, a master class by Professor Franck Courchamp:



“Biological invasions, the unseen threat”

4

Rising social tensions

point to a more fragmented world

31

4. RISING SOCIAL TENSIONS
POINT TO A MORE FRAGMENTED WORLD

Social tensions rose sharply in the general public's top ten risks this year, from 7th to 4th. The risk also remains in the experts' top ten. When we asked, "do you feel vulnerable to this risk in your daily life", 66% of the general public and 62% of experts said yes – in both cases, up six percentage points on last year.

More experts than last year (43% vs 37%) said they think the general public has a high level of awareness of this risk. However, experts were only slightly more likely than last year (14% vs 13%) to say they thought public authorities are well prepared for the emergence of this risk – one of the lowest scores in the sample.

More than ever, collaboration and dialogue are necessary to minimize the scope for further polarization.

5th risk

Social tensions and movements rank 5th for both experts and the general public in Europe.

AI Bot BOT

/imagine prompt social tensions

Social tensions are expected to escalate especially in the US and France

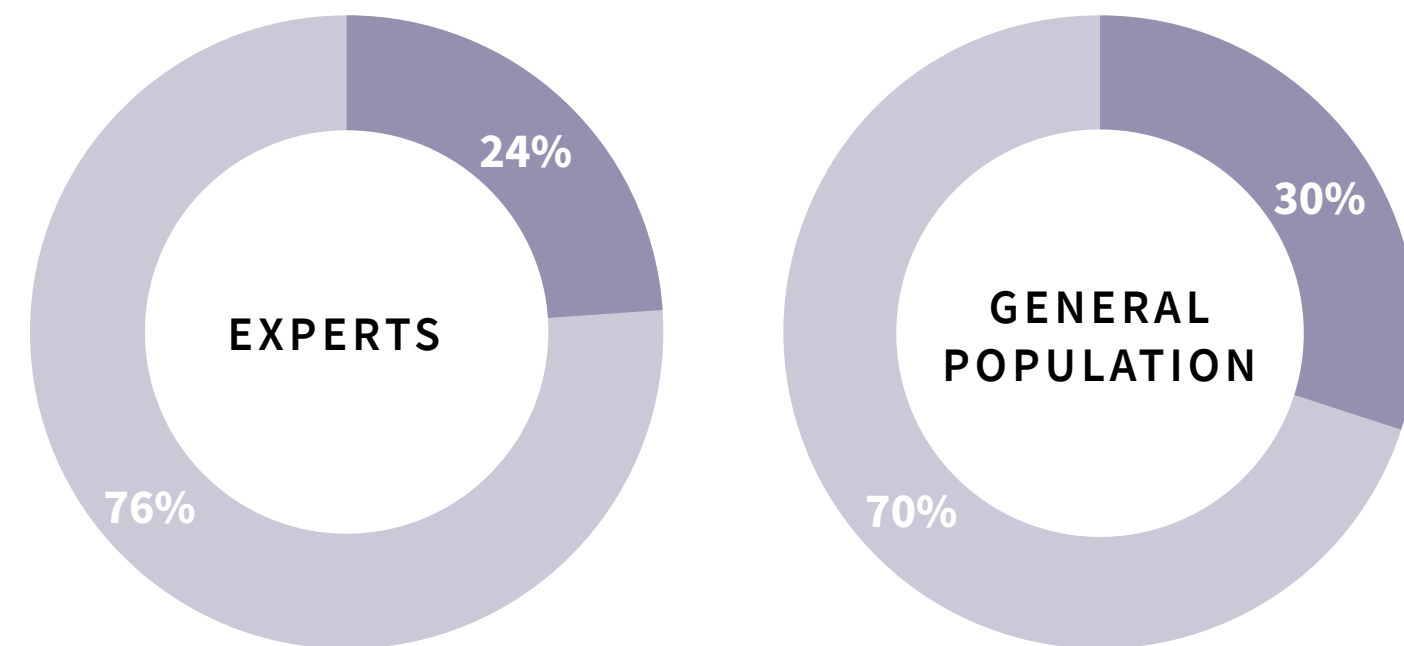
Strong majorities of both experts (76%) and the general population (70%) say they identify more with the idea that “in my country inequalities are becoming more and more serious and could lead to increasing social tensions and fragmentation” than the idea that tensions may not escalate because inequalities have always existed.

These figures point to a real fear of increasingly serious social problems – and that fear is global. The highest levels of agreement with this proposition were in France (89% for experts and 81% for the general public) and the US (90% and 78% respectively). In France, the survey data was collected before the July 2023 riots.

The lowest level of concern was found in Switzerland, but even here 57% of experts expect the situation to deteriorate.



OPINION ON INEQUALITIES AND SOCIAL TENSIONS (ALL COUNTRIES)



- Inequalities and social tensions in my country are continuous and may not escalate in the future
- Inequalities are becoming more and more serious and could lead to increasing social tensions and fragmentation in my country

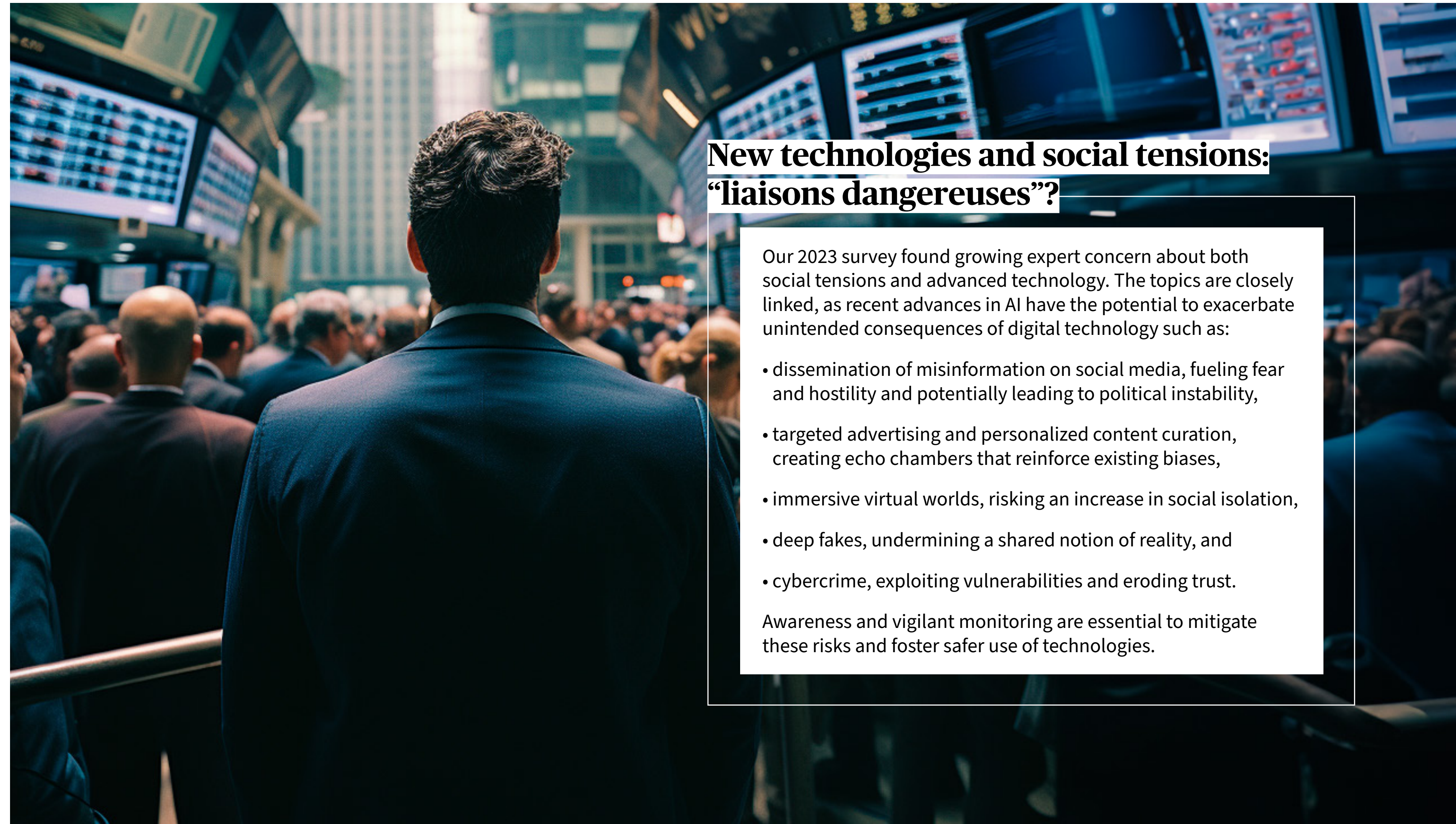
Social tensions raise the need for better governance to tackle financial stability risks

In the context of an increasingly febrile social situation, it is especially concerning that experts continue to sound the alarm about economic and financial risks. The risk of financial instability edged up from 8th to 7th in the experts' ranking this year, while macro-economic risks (9th to 10th) and monetary risks (10th to 11th) fell only slightly. Worry about economic and financial risk was especially strong in America – the only geography where all these three risks still made the top 10.

When asked what public authorities should do about these risks, the most popular answer in all three cases was good risk governance through transparent and accountable management systems.

This represents a change in expert opinion since last year, when engaging the private sector in partnerships was the top answer in each case.

The general public are less concerned about macro-economic risks (18th, down from 15th) and monetary risks (12th, unchanged from last year), but share experts' rising sense of worry about financial stability risks (7th, up from 10th). **Younger people are especially aware of this risk, which ranks 4th among respondents aged 25 to 34.**



New technologies and social tensions: “liaisons dangereuses”?

Our 2023 survey found growing expert concern about both social tensions and advanced technology. The topics are closely linked, as recent advances in AI have the potential to exacerbate unintended consequences of digital technology such as:

- dissemination of misinformation on social media, fueling fear and hostility and potentially leading to political instability,
- targeted advertising and personalized content curation, creating echo chambers that reinforce existing biases,
- immersive virtual worlds, risking an increase in social isolation,
- deep fakes, undermining a shared notion of reality, and
- cybercrime, exploiting vulnerabilities and eroding trust.

Awareness and vigilant monitoring are essential to mitigate these risks and foster safer use of technologies.

Economies and democracies are at risk in a fragmenting world

Both experts and the general public are acutely aware of the potential consequences of rising social tensions. These include threatening social cohesion (cited as either “very” or “somewhat” important by 91% of experts and 83% of the general public) and the functioning of democratic institutions (88% and 81%); paralyzing government decision-making (86% and 77%); disrupting economic activities (88% and 81%); and hampering the ability to find common solutions to challenges (89% and 83%).

Concern about social cohesion is especially severe in France and the US, where 56% and 61% of experts respectively rated the risk as “very” important – among the highest levels in the survey.

3 MAIN CONCERNS OF EXPERTS AND GENERAL POPULATION WITH REGARD TO SOCIAL TENSIONS

EXPERTS	
1	Increasing inequalities and cost of living crisis
2	Failure of institutions and declining levels of democracy
3	Misinformation (fake news)
GENERAL POPULATION	
1	Increasing inequalities and cost of living crisis
2	Failure of institutions and declining levels of democracy
3	Social violence (i.e., riots)

Focus on youth

Younger generations are relatively less worried about social tensions

It ranked only 9th among respondents from the general public under 25 years old, compared to 4th overall. While a majority (62%) of under-25s agree that inequalities are becoming more serious, this is lower than the 70% figure for the overall population.

What could explain this difference? Given that young people also take a more positive view of the rise of generative AI, we gave ChatGPT an opportunity to audition for a risk management role at AXA by analysing these results. It said:



A ChatGPT analysis of young people and social tensions



“There could be several reasons why younger people may appear to be less worried about social tensions:

- 1. Diverse and inclusive upbringing** – younger generations have generally grown up in a more diverse and inclusive environment which can foster acceptance and tolerance.
- 2. Social activism** – young people have witnessed various progress movements like BlackLivesMatter or LGBTQ+ rights and climate change activism, making them more hopeful and empowered to address social tensions.
- 3. Technological interconnectedness** – social media used by younger people helps them connect globally, facilitating dialogue and reducing anxiety about social tensions.
- 4. Optimism and resilience** – young people often exhibit higher levels of optimism, which may influence their perception of social tensions and they may believe in the potential for positive change.”



Inequalities and social tensions: what's the reality behind the figures?

OPINION

Gilles Moëc

AXA Group Chief Economist



Gilles Moëc, AXA Group Chief Economist

Sensitivity to income inequality has become more acute in developed nations: in the [International Social Survey](#), the percentage of those agreeing with the notion that “income inequality is too wide in my country” has been rising since the early 1990s, **reaching 80% on average in OECD countries** in the latest survey, conducted just before the pandemic.

This can, of course, heighten social tension, since the usual response – government redistribution – is colliding with the deteriorated state of public finances, with debt ballooning under the weight of the support provided during the pandemic and the return of positive interest rates.

Designing the right policy approach is made even more difficult by the fact that there is often a wide gap between perceptions of income inequality and the level statistically observed. Oliver Hauser and Michael Norton in the [Harvard Business Review](#) demonstrated that Americans tend to underestimate the level of inequality in their country, while French people widely overstate it: Americans believe income distribution is a pyramid with a large base while in reality it is more of a reversed “pear shape” with a significant top, while French people under-estimate the base and overstate the top.

In 2021, the top 10% of French earners made 3.5 times what the bottom 10% make, while the gap stood at 5.4 in the US. Even by European standards, France is a fairly equal society (3.7 in Germany, 4.6 in Italy and 5.0 in Spain). Despite this, 86% of French respondents agree that inequality is too high in their country, against 63% of Americans.

“There is often a wide gap between perceptions of income inequality and the level statistically observed.”

—— Gilles Moëc

Beyond cultural differences, an explanation for this differing level of tolerance to inequality may lie in public opinion conflating objective income disparity with inequality of opportunity – that is, a sense that the social system is unfair in its capacity to “reshuffle the cards” across different social groups.

From this point of view, the lessons from the [OECD’s Programme for International Student Assessment \(PISA\) survey](#) – suggesting that the French education system is quite inefficient at delivering social mobility across generations – may be crucial. Yet dealing with inequality of opportunity would call for a more holistic approach than the usual “tax and transfer” response to inequality – an approach that would need to be much longer term and less politically visible.

5 Restoring hope

Trust in our ability to face future crises

AI Bot BOT
 / imagine prompt hope for the future

The survey shows that the feeling of vulnerability to risk is getting stronger. Each year we ask respondents to think back five years and say whether people are more or less vulnerable to risk today. On a global and continental level, perceptions of increased vulnerability have remained high and stable. On a country and city level, however, expert perceptions of vulnerability have been increasing year on year.

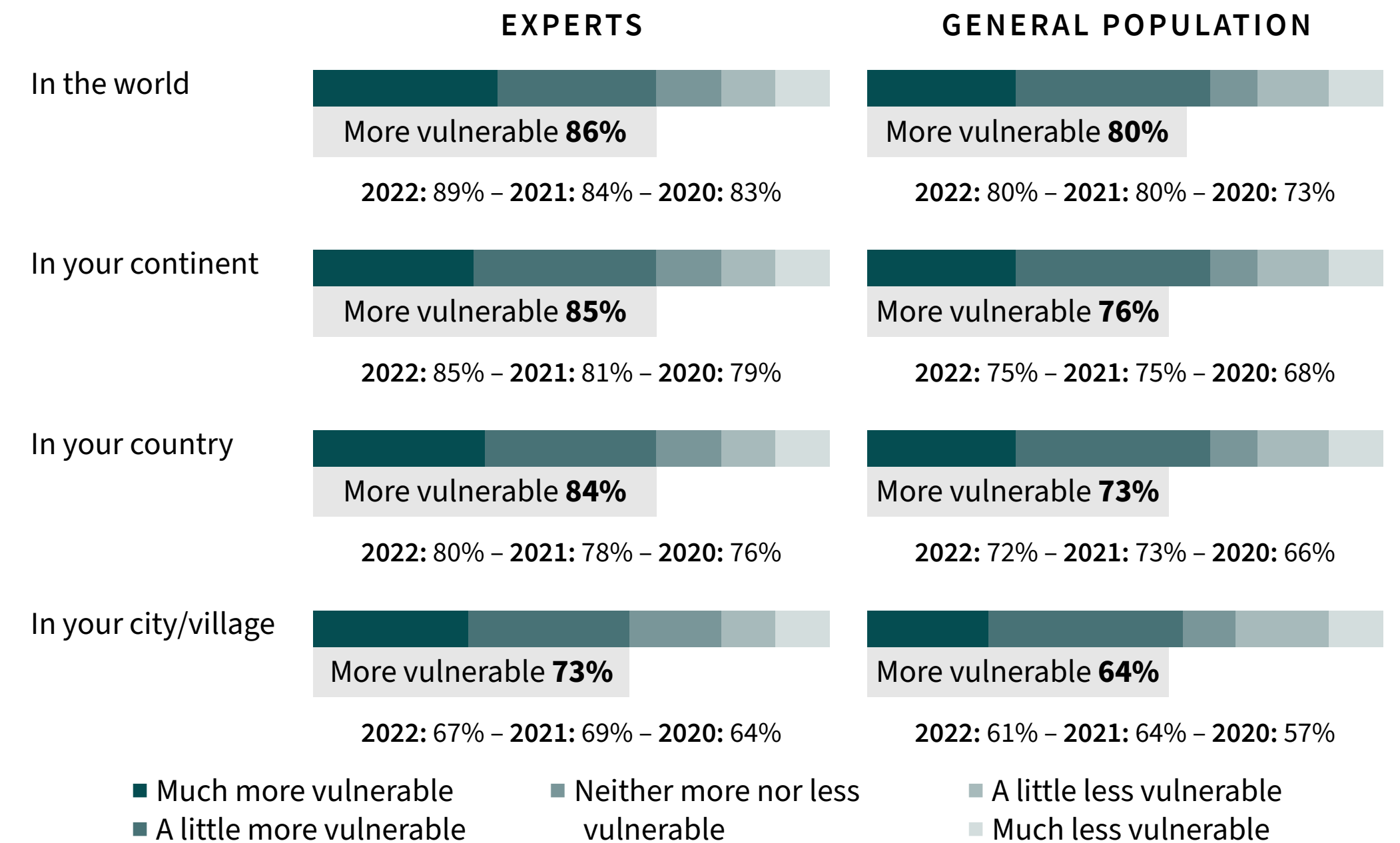
In this year's survey, 84% of experts said they believe people are more vulnerable at the country level – the highest figure ever reached in the survey, up from 80% in 2022 and 76% in 2020. At the city level, 73% of experts consider people to be more vulnerable – again, a significant increase from 64% in 2020.

When asked whether they feel personally vulnerable to specific risks, people were most likely to say yes in relation to environmental risks – notably climate change, pollution, and long-term exposure to harmful substances – along with cyber risks and ethical risks related to technology.

Despite this rising sense of vulnerability, there are reasons for hope. Survey results also show optimism about progress and risk management. And there is growing confidence in the capacity of various players to limit the consequences of crises.

LEVEL OF VULNERABILITY OF POPULATIONS COMPARED TO 5 YEARS AGO (ALL COUNTRIES)

Percentage of experts and general population answering the question: "When you think about the way in which things have been evolving in the past 5 years, would you say that people are..."



Most people agree we can deal with future risks and make collective progress

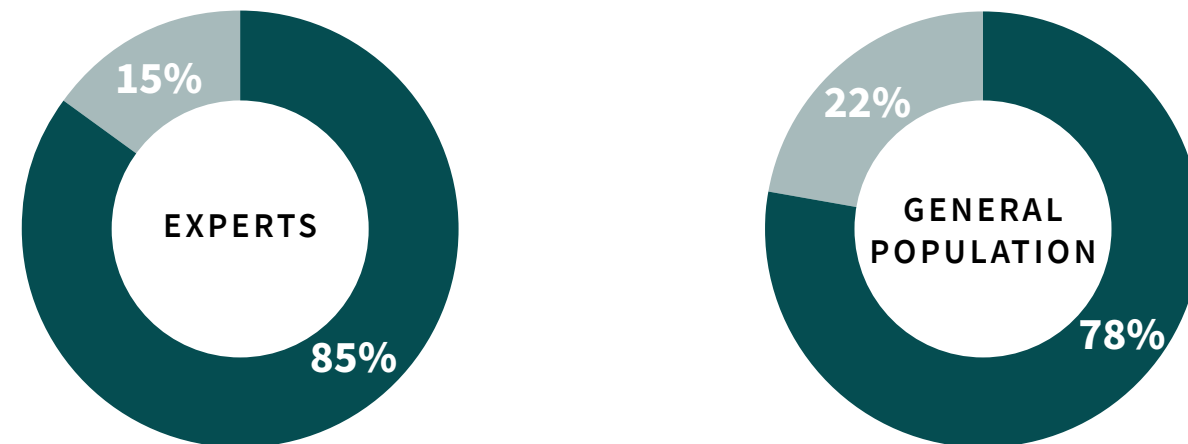
A strong majority of both experts (85%) and the general public (78%) agree with the statement: “A collective form of progress benefiting individuals, economies, and society is still within reach.” Within this figure, 30% of experts “totally” (as opposed to “somewhat”) agree – and only 2% of experts and 3% of the general public “totally disagree”.

Asian and American experts are more likely to agree, and European experts least likely.

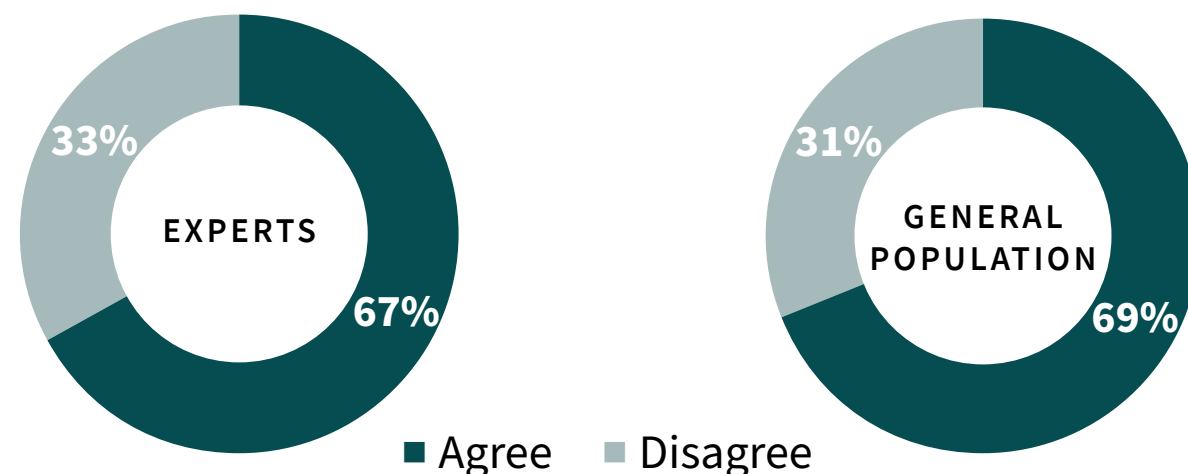
OPINION ABOUT PROGRESS AND RISK MANAGEMENT (ALL COUNTRIES)

Percentage of experts and general population answering the question: “Do you agree or disagree with the following statements?”

A collective form of progress (benefiting individuals, economies and society) is still within reach



We, as individuals, economies, and society, have what it takes to fight and manage future risks



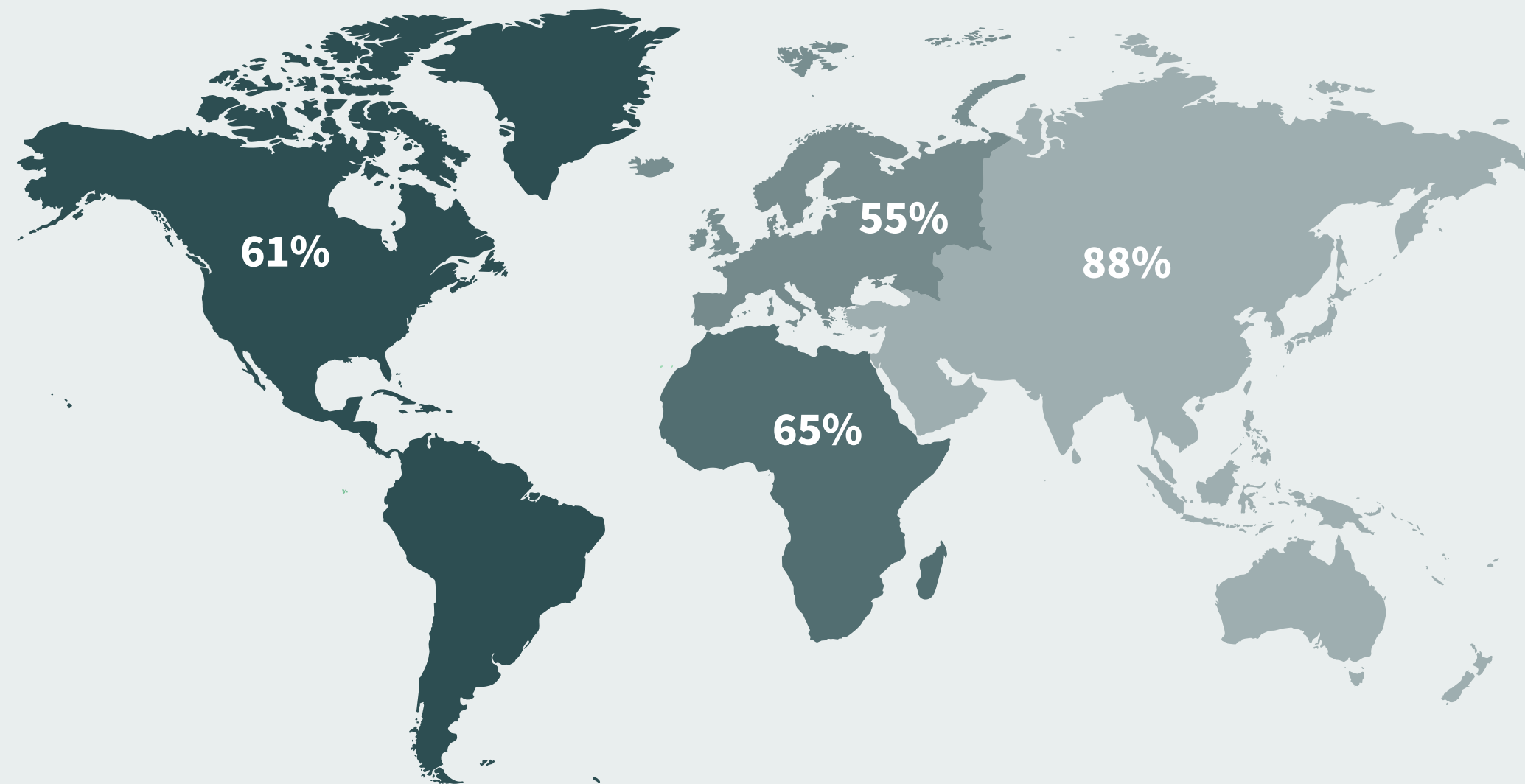
■ Agree ■ Disagree

Levels of optimism were somewhat lower when we put forward the statement: “We, as individuals, economies and society, have what it takes to fight and manage future risks” – still, 67% of experts and 69% of the

public either totally or somewhat agree. The same geographical divide is evident, with figures as high as 92% in Asian countries such as Thailand, the Philippines and Indonesia, and as low as 38% in France.

REGIONAL DIFFERENCES: DO WE HAVE WHAT IT TAKES TO FIGHT AND MANAGE FUTURE RISKS?

Percentage of experts agreeing with the statement: “We, as individuals, economy, and society, have what it takes to fight and manage future risks”



Gender gap

Women are more pessimistic than men about risk preparedness of public authorities and private actors

Women take a generally more negative view than men of the extent to which public authorities and the private sector are prepared for the emergence of future risks. Across every risk in our sample, a higher proportion of women than men said “no” when asked if public or private actors were well prepared. For example, 70% of women vs 65% of men say public authorities are not prepared for the emergence of social tensions; 65% vs 59% for new security threats and terrorism; 62% vs 56% for cyber risk; and 71% vs 69% for climate change.

Most people agree we can deal with future risks and make collective progress

INTERVIEW

Guillaume Borie

CEO of AXA France



There remains a high sense of vulnerability to emerging risks, such as climate change and cyber security. What role can companies play?

Guillaume Borie: Every year, we become more acutely aware of the acceleration and the multiplication of risks that affect how we operate. Of them all, the risk posed by climate change is undoubtedly the key challenge of this century. In France, as elsewhere, this risk comes out on top in this year's survey of the general public. Our fellow citizens are also particularly concerned about the issue of pollution, and – in a world riven by upheaval – they are worried about geopolitical and cyber security risks: two-thirds of French people think that the country could be targeted by a massive cyberattack. And in an economic context marked by uncertainties, more than 8 in 10 French people are worried about the possible increase in inequalities and social tensions for the future.

A large majority feel that companies in general, and insurers in particular, have an important role to play in limiting these risks. This trust obliges us, and indeed encourages us, to go beyond simply pooling risks, and to press ahead with implementing practically effective solutions for preventing them. This is

“The best insurance against risk is still prevention.”

— Guillaume Borie

particularly true for us as the leading insurer of businesses and SMEs, which often find themselves at the intersections of risks. That's what we and our 20,000 employees are now working on every day.

Increasingly, insurers are expected to play a more prominent role in combating risk. What in practical terms can AXA France do to support customers and the wider population of France?

G. B.: We can never hope to develop solutions to risk without understanding our customers, their needs and the realities of their lives. AXA enjoys a vantage point unique in France, largely as a result of our extensive national coverage: we are represented everywhere – one in three insurance agents in France is an agent for AXA – and we have strengthened our regional divisions to bring them even more closely in touch with our customers and all local stakeholders as part of building long-term relationships.

Our high level of local presence has encouraged us to introduce new products and adapt existing ones to address tomorrow's risks even more effectively, with particular emphasis on climate-related risks. This includes solutions for sectors involved in the

ecological transition, such as photovoltaics and wind power, and “green guarantees” that allow us to work with policyholders to co-finance investments intended to reduce their ecological impact.

We believe strongly that the best insurance against risk is still prevention. We are seeing a rapid expansion of the prevention culture in cyber security, where we have the broadest product range of any insurer. But, as with climate, we must all work together to step up our efforts to prevent cyber security risks. As insurers, we have a key role to play in this by working hand in hand with public authorities so that everyone – from private individuals to businesses – can anticipate these transformational changes more effectively and no longer see the future as a risk.

Public trust in various actors is coming back, after last year's fall

In the 2023 survey, respondents are more likely than in 2022 to say that they have confidence in a range of actors to tackle any new global crisis that might occur in the next 12 months. **Confidence levels are higher across the board for experts than for the public.** They are closest for the police and army, trusted by 68% of experts and 65% of the public.

Experts are most likely to trust scientists (84%, up from 82%) and international organizations (73%, up from 71%). The public are also most willing to trust scientists (70%, up from 66%), followed by the police and army (65%, up from 64%) and international organizations (62%, up from 61%).

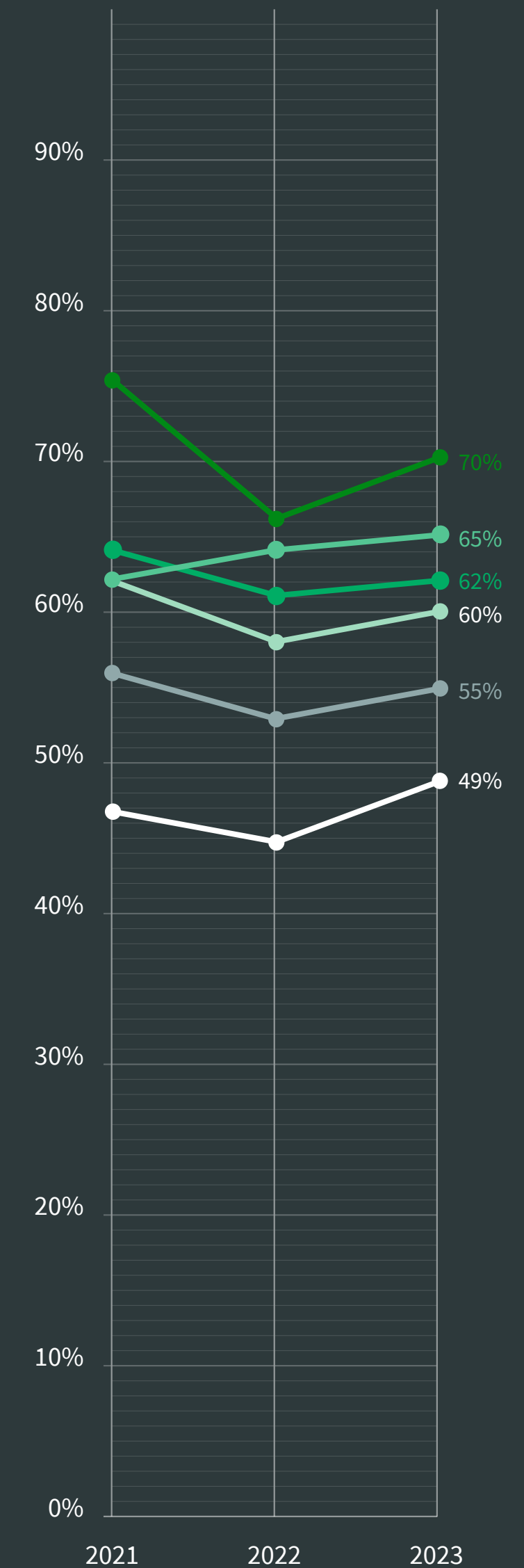
Public trust in the police and army to address future crises has risen in the last two surveys, which may indicate that when asked to think about a possible crisis occurring in the next 12 months, crises that would call for the involvement of the police or army – such as social and geopolitical tensions and security concerns – come most readily to mind.



Public trust in experts and governments

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

- Scientists
- International institutions
- Police/Army
- National authorities
- NGOs and Civil society
- Private companies



Prevention should be a priority focus

CONCLUSION

Frédéric de Courtois AXA Group Deputy CEO



Frédéric de Courtois, AXA Group Deputy CEO

Can you explain why the role of insurers is so fundamental to face emerging risks and future crises?

Frédéric de Courtois: Insurance plays a pivotal role in managing emerging risks for several reasons.

Firstly, insurers are experts in risk assessment and mitigation. We have developed sophisticated models and data analytics that help us understand and quantify new risks. For example, in the case of climate change, we are able to assess the potential impact of extreme weather events on our policyholders and the broader economy. This knowledge enables us to price policies accurately and incentivize policyholders to take precautions against such risks.

Secondly, insurers are powerful motivators for risk reduction. By offering discounts or other incentives for proactive risk management measures, we encourage individuals and businesses to adopt safer practices. This not only protects our policyholders but also contributes to overall risk reduction in society.

In that sense, prevention should be a priority focus: it is relevant for all businesses, and it makes a consistent link with our role in society. By leveraging data we can

“Prevention is relevant for all businesses, and it makes a consistent link with our role in society.”

— Frédéric de Courtois

help our clients to mitigate risks in all areas, from health to climate to cyber – and by reducing our clients’ risks, we can continue to insure them in a world becoming even more risky and difficult.

How is AXA adapting to this evolving risk landscape, while also remaining innovative?

F. d. C.: Adaptation is key in our industry. In response to emerging risks, we’ve been investing heavily in innovation and technology. Beyond

our response to climate change and cyber risk, which this report has described, AXA has also invested in digital technologies and customer-centric platforms to enhance customer experience and streamline operations on health issues. Our partnership with Microsoft, for instance, helps orchestrate care pathways for patients thanks to an open healthcare ecosystem.

We identify emerging risks with constant monitoring, through our annual Future Risks Report, and a

recurrent watch on weak signals and new trends (recent examples include supply chains relocation, or future energy storage solutions).

Addressing future risks also means extending the scope of insurance by enabling populations who have traditionally been less well-protected to access insurance innovatively. That’s why we developed a solution via AXA Emerging Customers. When we created this program, we really had to look closely at all these issues and reimagine our products and distribution networks to address these points. In 2022, AXA Emerging Customers insured nearly 10 million customers.

In conclusion, insurers like AXA play a fundamental role in addressing emerging risks by leveraging expertise, incentivizing risk reduction, and adapting to the evolving landscape. Our commitment to innovation and responsible risk management positions us to navigate these challenges while continuing to protect our policyholders and contribute to a more resilient society.

More people appreciate the fundamental role of insurers

The general public increasingly appreciate the critical role of insurance in protecting against emerging risks: 74% of people in this year's survey agreed that the role of insurers is important, including 28% who rate it as "very" important – with both figures up from last year (69% and 24% respectively).

AXA will continue to take seriously its role in protecting people and property against new risks, working in collaboration with all stakeholders to deliver value to our clients and partners – including by calling for collective action when needed, and investing time and resources for the benefit of the next generation.

74%
of the population
believe the role of insurers
in the protection against emerging
risks will be important.

About the research

The AXA Future Risks Report 2023 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 3,226 experts in 50 countries between 10 May and 16 June 2023. The average age of respondents was 44, 54% of respondents were men, and 46% women. Most – 87% – worked at AXA, with distribution/marketing and risk management the most represented professions. The remaining 13% were drawn from AXA’s professional networks, primarily working in the financial services sector and for large companies.

The global spread comprised:

- Europe: 1,248 (top countries: France – 385; United Kingdom – 240; Belgium – 128),
- Asia-Pacific: 1,025 (top countries: Indonesia – 403; Thailand – 195; Philippines – 145),
- Americas: 816 (top countries: Colombia – 480; Mexico – 158; United States – 139),
- Africa: 134.

General public

We surveyed 19,016 members of the public in 15 countries between 10 May and 14 June 2023. 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 5,000 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.

If you have any question on AXA’s Future Risks Report, write an email to emerging.risks@axa.com.



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