

Risk management's strategic opportunity in a time of turbulence

How CROs are protecting the organization from critical risks and increasing their value contribution to the business.

Second annual EY/IIF global insurance risk management survey



Shape the future
with confidence

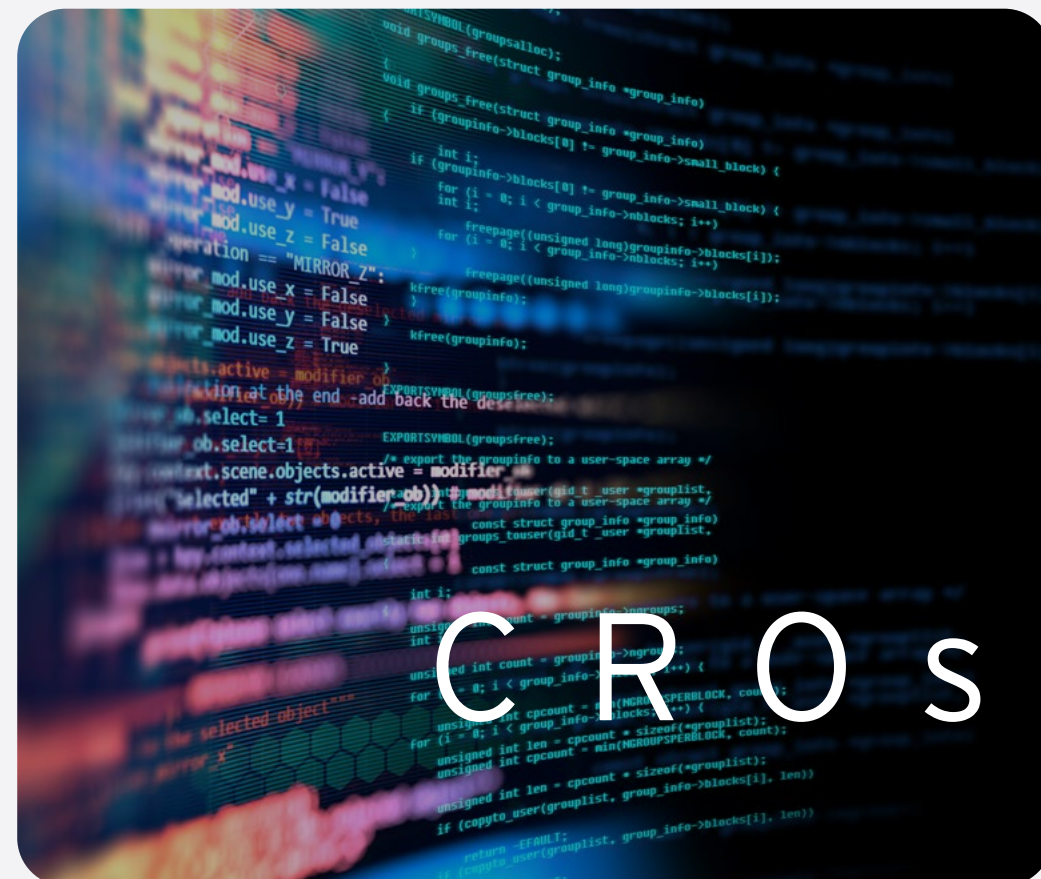
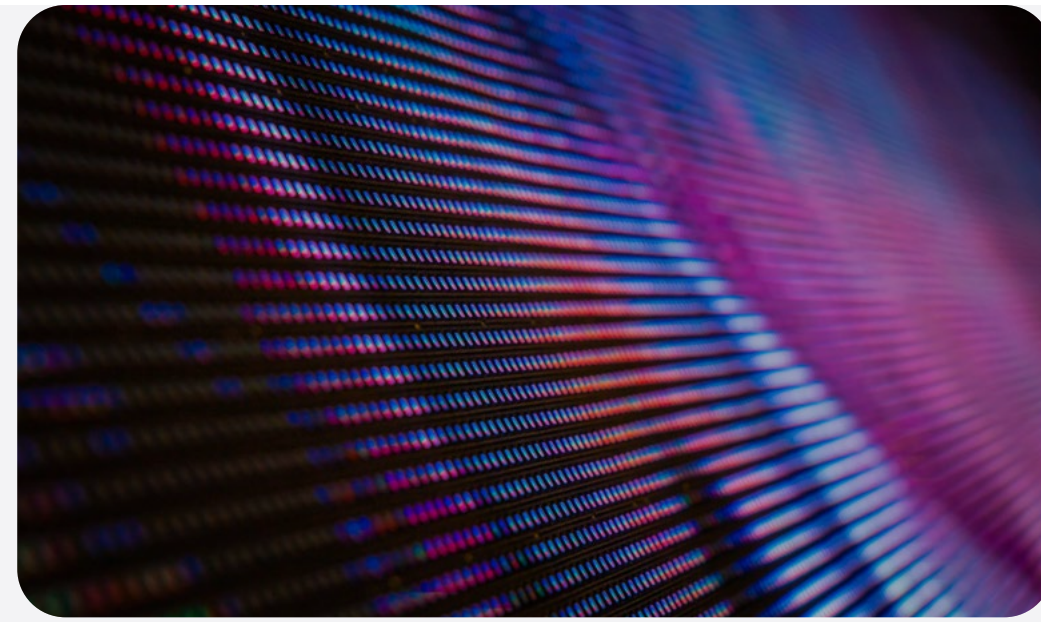


■ ■ ■
The better the question. The better the answer.
The better the world works.

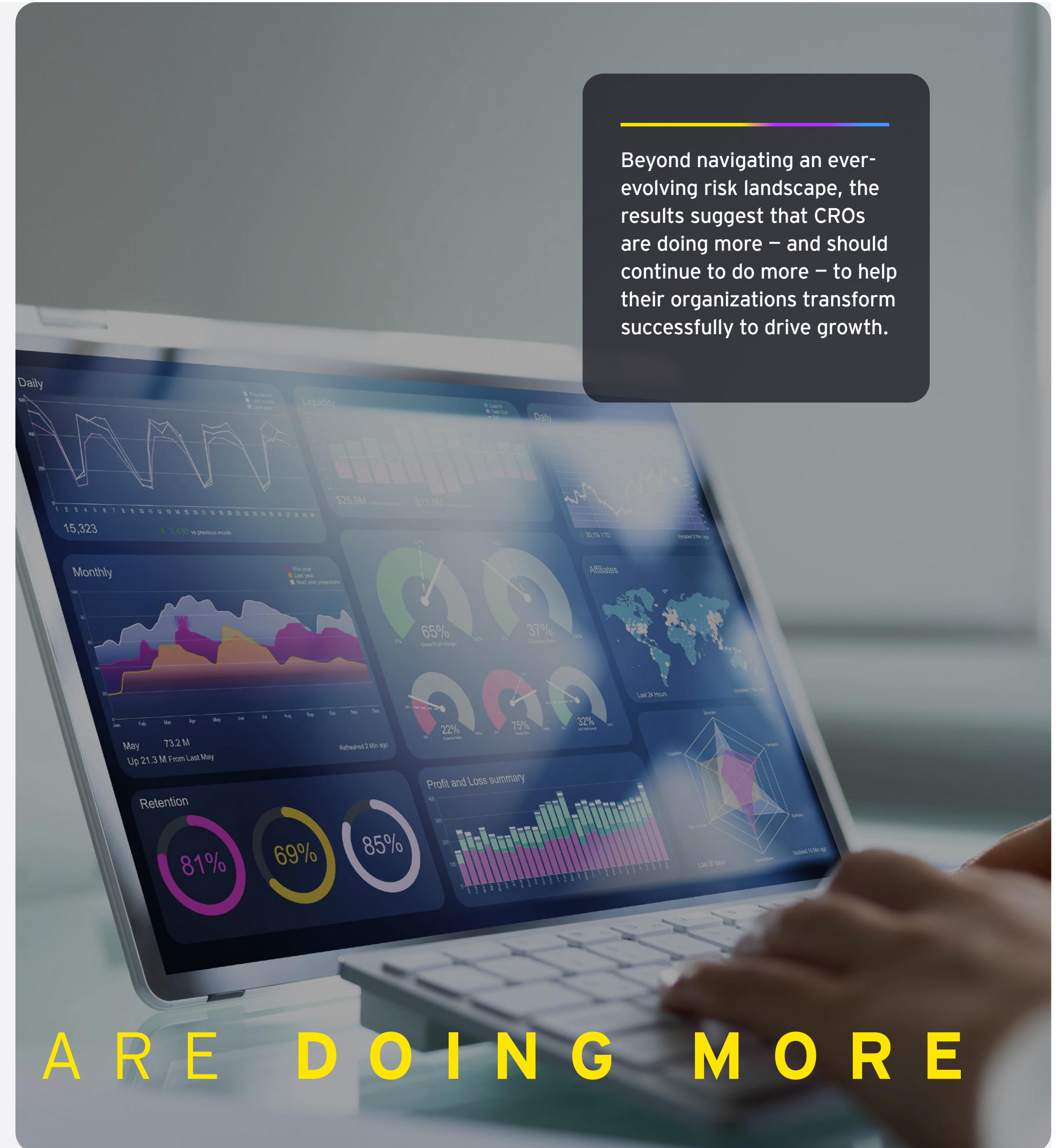
Executive summary

The second annual EY-IIF (Institute for International Finance) survey of chief risk officers (CROs) in the insurance industry highlights both the need for CROs to be more deeply involved across all aspects of the business and to take bold, creative actions to protect their firms against a broad range of risks. Beyond navigating an ever-evolving risk landscape, the results suggest that CROs are doing more – and should continue to do more – to help their organizations transform successfully to drive growth. This is further evidence of risk management playing an enabling, rather than a restrictive, role.

Given the environment of regulatory and macroeconomic uncertainty, CROs have never had a clearer opportunity to assume a larger leadership role and make a greater contribution to the success of their firms. The many surprising events of early 2025, had they occurred before the survey was completed, would likely have resulted in elevated concerns about geopolitical, strategic and equity, and market risks, as well as investment returns. But recent turbulence has only confirmed that CROs play a vital role in helping their firms navigate an evolving – and increasingly turbulent – landscape.



CROs



Beyond navigating an ever-evolving risk landscape, the results suggest that CROs are doing more – and should continue to do more – to help their organizations transform successfully to drive growth.

ARE DOING MORE

TABLE OF CONTENTS

CLICK TO JUMP TO SECTION

Key takeaways **04**

CHAPTER 3 **16**

Risk and the business:
CRO involvement
in major change
initiatives

CHAPTER 1 **08**

The CRO agenda: risk
priorities and planned
enhancements

CHAPTER 2 **13**

The macro view:
economic uncertainty
and geopolitical risks

CHAPTER 4 **20**

Operational
resilience: preparing
the business for times
of crisis

CHAPTER 5 **23**

Technology and
transformation in
risk management:
modernizing for the
age of AI

CHAPTER 6 **27**

Climate risk: taking
the long-term view

CHAPTER 7 **30**

Regulatory risk:
seeking efficiency in
compliance

CHAPTER 9 **37**

Risk management
organization and
operating model:
demand-driven
staffing increases

CHAPTER 10 **40**

Skills and talent:
seeking expertise
beyond technical
domains

CHAPTER 8 **33**

Current state of
controls: maturing
capabilities from a
solid foundation

Looking ahead: **45**

finding the
balance between
immediate-term
pressures and
strategic perspectives

Key actions
for CROs **47**

Further
reading **48**

Appendix:
methodology **50**
and supplemental
data

Key takeaways

1. CROs are expected to work with their C-suite peers to prepare the organization for the impacts of macro forces outside of their direct control.

Along with a big leap in cyber risk, our results see considerably higher concerns around third-party, regulatory, strategic and geopolitical risk. That's no surprise given world developments of the last year, current expectations for ongoing volatility and the increasing complexity of operations at many insurers. CROs expect that the risks associated with cyber threats, geopolitics, machine learning (ML) and artificial intelligence (AI), the climate and the environment will remain priorities during the next three years. Macroeconomic uncertainty and turbulence add further complexity to CROs' agendas.

Top CRO priorities for the next 12 months

(See full list on page 9.)	2025	2024
Cybersecurity	66%	53%
Third-party risk	32%	22%
Regulatory/compliance risk	29%	22%
Strategic risk	24%	18%
Interest rate risk	22%	24%
Geopolitical risk	21%	19%

2. The many different threats to resilience are threaded through the CRO agenda.

Cyber remains the number one risk priority for CROs, cited by 66% of this year’s respondents, up from 53% last year. That increase can be attributed, to some extent, to increasing geopolitical risk, which presents the threat of more intense cyber attacks in the eyes of many CROs. However, the engagement of the EY organization and IIF with risk leaders across the industry confirms that operational resilience is a focal point because of its close links to cyber, technology, third-party and regulatory risk.

Indeed, increased operational resilience can be seen as a target outcome – a key goal in setting strategies and tactics to manage many other types of risks. That helps explain why CROs are acting on multiple fronts to enhance resilience (e.g., governance, critical business service frameworks, tech/disaster recovery). Some firms are even beginning to think about their “recession playbooks” to help ensure financial resilience in the event of an economic downturn.

Survey respondent

“

Risk management has become a vital partner not only in measuring impacts but also in enhancing the company’s resilience through understanding and evaluating potential future risks.

3. Investments in talent and disruptive technology are top priorities, but they must be aligned and synchronized to optimize returns.

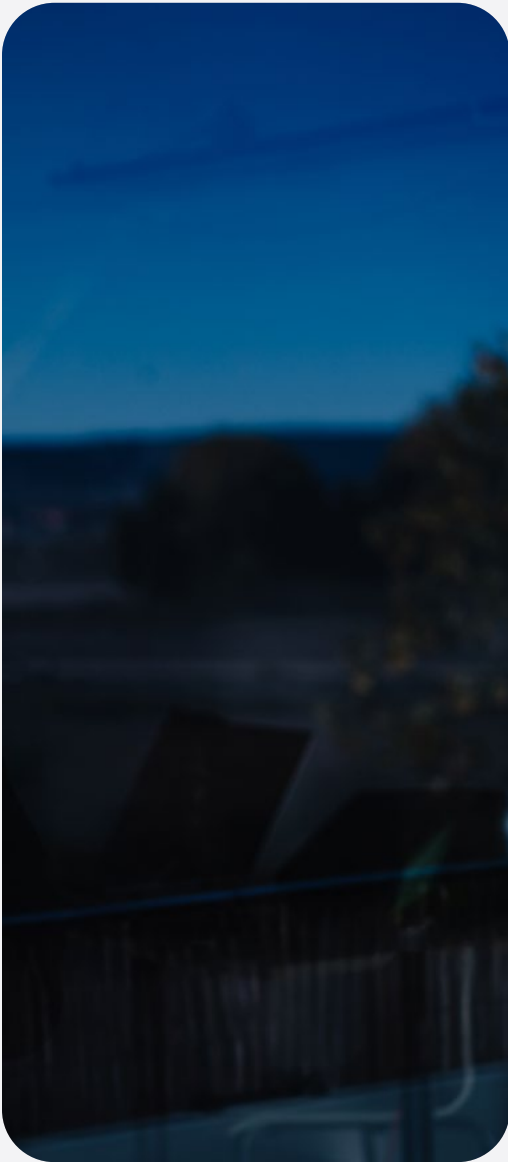
CROs report increased investments in multiple types of technologies (including emerging technologies and foundational tools). The goal is to achieve tech maturity, pay off the tech debt and build strong IT infrastructures to support next-generation risk management capabilities. Investments in key skills and talent (e.g., AI, data science) will be necessary to drive the most value from tech investments, putting a premium on holistic strategies.

Ideally, investments in rich technology will be aligned to technology transformation efforts across the business. Further, CROs should engage with business leaders to identify additional risk insights that may be delivered by deployments of new tech for internal or back-office usage and in customer-facing interactions.

Survey respondent

“

There is a lot more focus on people who can use the technology. The combination of human capital and the technology is a big driver of the value.



4. With growing recognition that talent is the “secret sauce” of effective risk management, more CROs are focused on soft skills, including communication, business skills, leadership and adaptability.

CROs recognize the need for new talent. Significantly more respondents say they plan to add staff this year than said so last year. They believe that workers with cyber (36%), business and product knowledge (27%), change and transformation (25%) and operational resilience (25%) skills and experience would boost risk management effectiveness in the first line over the next five years. In the second line, communication, interpersonal, leadership and critical thinking skills (28%) trail only cyber (40%) as the most important skills to strengthen risk management effectiveness in that same period, along with operational resilience (26%) and AI-based risk model management (25%).

CROs would also like to advance the business knowledge of their teams. While technical expertise and traditional risk management skills remain important, CROs value having well-rounded professionals who see the big picture even as they grasp the details of their specific domains.

Survey respondents

“

We are looking for people who can be curious and inquisitive, ask questions and try to think forward.

What’s important is critical thinking and relationship skills; to hear about things you wouldn’t find in data and making good connections in concert with digital insights.

5. The innovation imperative in risk management starts with sophisticated scenario planning, advanced analytics, richer data and increased automation.

For financial and non-financial risks (including geopolitical and climate), CROs see scenario planning as essential to gaining forward-looking insights and getting ahead of emerging risks. In our market engagements, we’ve seen CROs experimenting with a range of techniques, including structured modeling, tabletop exercises and crisis simulations. A large majority of CROs say that automation is underway or planned for key risk management capabilities, including to strengthen key controls. The implication is that ongoing innovation is necessary not just for increased efficiency but also to generate the insights that will enable risk management to assume a more strategic role.

Survey respondents

“

We can add the most value when we’re brought in early and can spot issues with transformation plans. That’s how we try to be a true thought partner.

We have to be flexible and think in a way that balances strategy, transformation and innovation with due diligence. We can’t release the obligation to assess risk, but how do we do that in a way that enables the business to move forward, versus getting in the way?



6. Looking ahead, CROs must build on the strong foundations of core capabilities they've established (e.g., robust controls) by strategically engaging with business leaders and boosting risk's value contribution.

CROs report an expanded role in engaging with business leaders on transformation initiatives, as well as an emphasis on positioning risk as an enabling force – rather than a roadblock – for seizing new opportunities and facilitating profitable growth. CROs expect their role to evolve in the next five years with increased involvement in strategic planning, business change and innovation (cited by 42% of respondents). These trends are reflected in other EY research; strategic risk is a growing priority for CEOs and boards, which increasingly recognize CROs' high-impact role and ability to provide leadership in addressing threats that affect the entire business.

To fulfill this more strategic role and add more value, CROs need to speak the same language as the business and seek ways to embed risk management practices within innovation and growth strategies. Deploying technology, leveraging data to a greater extent and taking a risk-based approach to resource allocation can help free up capacity and enable an emphasis on high-value activities, including risk analysis, scenario planning and advising the business.

Survey respondents

“

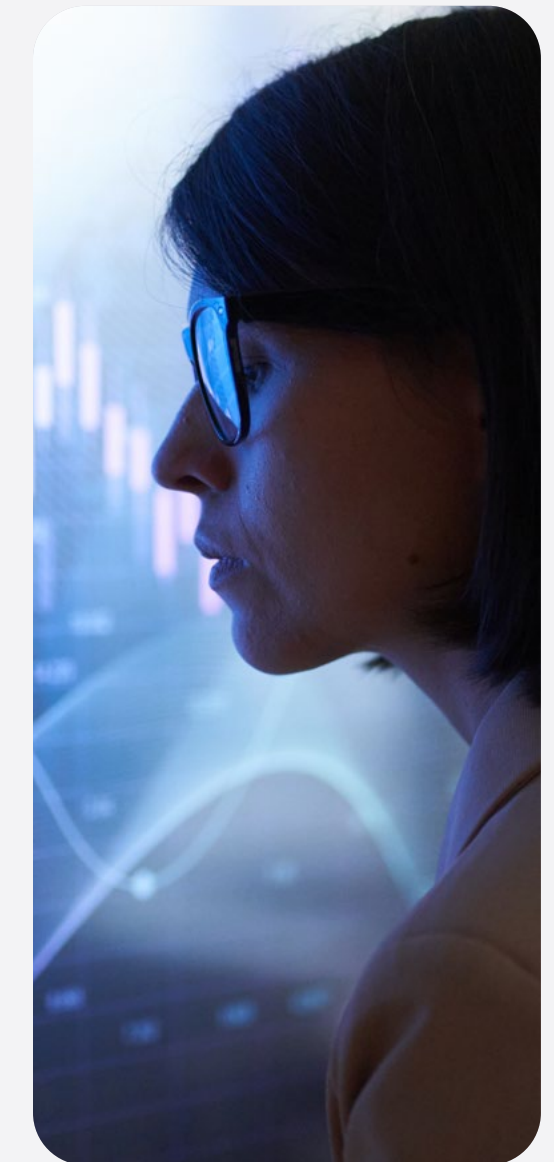
Now that we've matured core disciplines, the focus has shifted to embedding risk into strategy and in support of moving the organization forward.

We have to show we are a connected part in deriving business value.

7. Significant variations across regions suggest a “tale of many markets” and fragmentation across the global industry.

Given the fragmented state of regulation and varying economic conditions around the world, it's no surprise that CROs in different jurisdictions reported different priorities and plans for both the near and longer terms. Our findings also show significant variation across different types and sizes of carriers and by lines of business. Throughout this report, we highlight the largest differentials in our results.

These differences are not surprising given the size, reach and complexity of the global insurance business today. For CROs, that means tailoring action plans and investments to suit the unique needs and objectives of their organizations, though our findings and analysis reveal common themes and leading practices that apply broadly across the global insurance market.



Chapter 1

THE CRO AGENDA:

risk priorities and planned enhancements



Chapter 1

Cyber and third-party risk are CROs' top priorities for the next 12 months. Compliance risks appear to be a more urgent priority for Europe, the Middle East, India and Africa (EMEIA) (which may be a function of the higher volume of rules and requirements there), though they are still important overall to CROs everywhere. Equity risk, which was cited by only 5% of survey respondents, well outside of the top 20 near-term risks, would almost certainly have been higher had our research been conducted deeper into 2025. CROs of European-based companies may also feel some sense of relief relative to third-party risk since the implementation of the Digital Operational Resilience Act (DORA) in January 2025.

Figure 1: Over the next 12 months, what are the top five risk types or risk management topics that will require the most attention from the CRO?



▲ ▼ = Up or down change year over year (YOY).

Technology risk and operational resilience may seem low on the CRO agenda, despite their being urgent topics for many boards and C-suite leaders. It's also worth noting that tech and operational resilience are tied up in many other forms of risk (e.g., cyber risks include concerns about resilience) so survey respondents may not have identified it as a discrete, standalone risk.

The results from our banking CRO survey provide an interesting contrast. Cybersecurity is an even bigger concern in that sector, cited by 75% of our banking survey respondents (66% for insurance). The same is true of operational resilience (38% versus 15%) and geopolitical risks (36% versus 21%).

CROs on their priorities



The biggest concern is the unpredictability of external factors, such as economic and political changes, which can impact the risk management strategy.

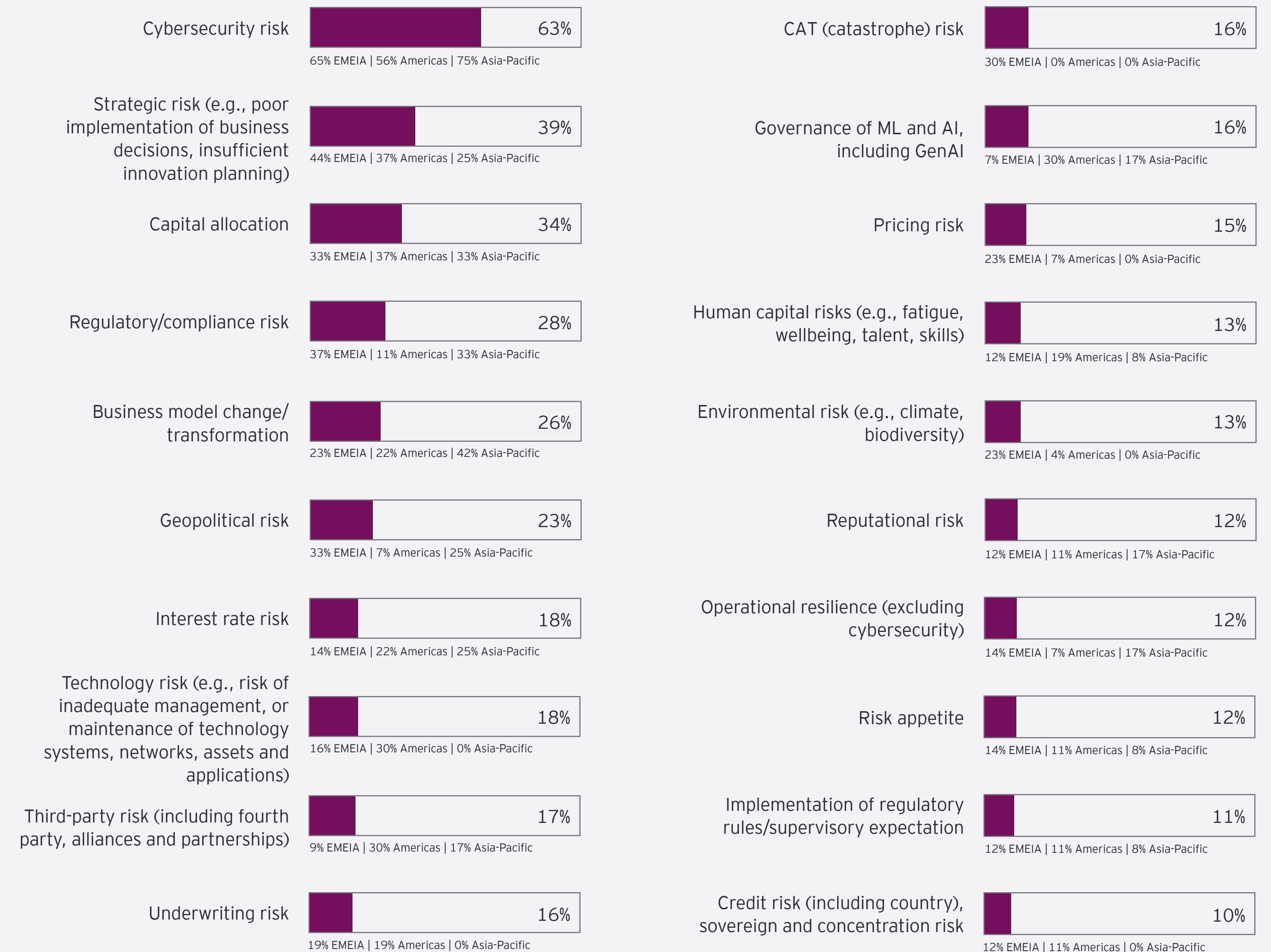
Cyber risks remain paramount.

Strategic risk saw a big jump (from the 15th-highest priority last year to the fourth highest this year). That shift is not entirely unexpected given how more CROs are working to embed risk considerations more deeply into business strategies.

Taking a regional view, conduct risk remains a top priority for CROs in Asia-Pacific, a function of increased regulatory focus in multiple jurisdictions. Conduct risk has also been a regulatory priority in Europe for some time and is typically covered and addressed by compliance programs. Of course, sales practices, consumer protection and other forms of conduct risk are near the top of CROs' agenda. Addressing them represents an excellent opportunity to further engage with the business. CROs of Asia-Pacific-based companies are also more focused on operational resilience than their peers in other regions. It's also worth noting that in some regions, chief compliance officers (CCOs), rather than CROs, are primarily responsible for overseeing regulatory risks.

Board and CRO priorities are largely aligned, according to CROs; that was also the case in last year's survey. This may be evidence of CROs' direct involvement and more frequent communication with the board, which would be a very positive trend.

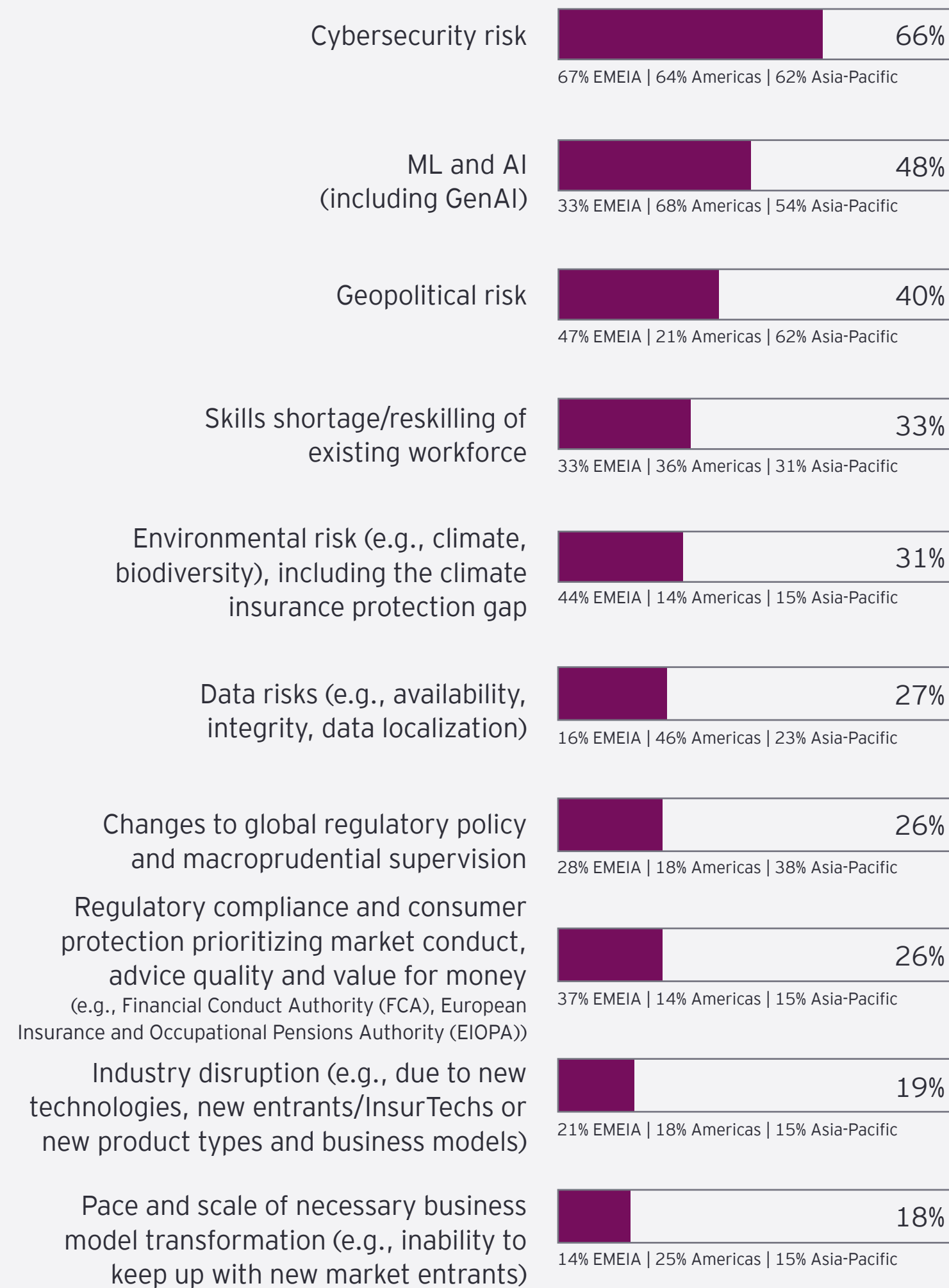
Figure 2: Over the next 12 months, what are the top five risk types or risk management topics that will require the most attention from the board of directors?



Looking at priorities over the next three years, CROs expect many current trends to continue, including increasing cyber and geopolitical risk and continuing adoption of AI. The skills shortage is notably a high priority, reflecting the widespread belief that talent is key to effective risk management, even with much higher rates of process automation.

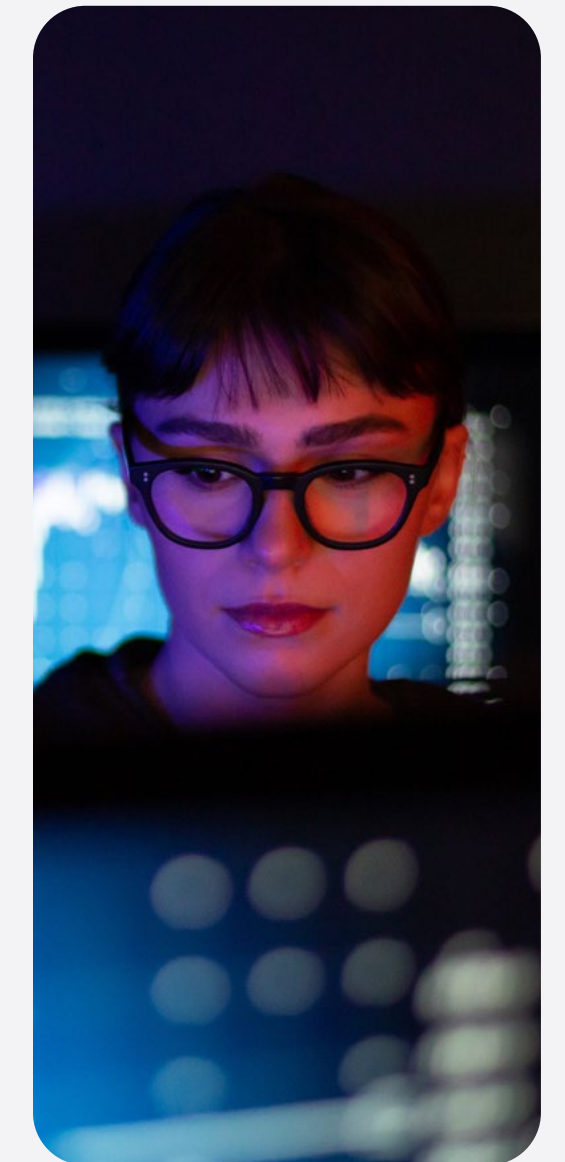
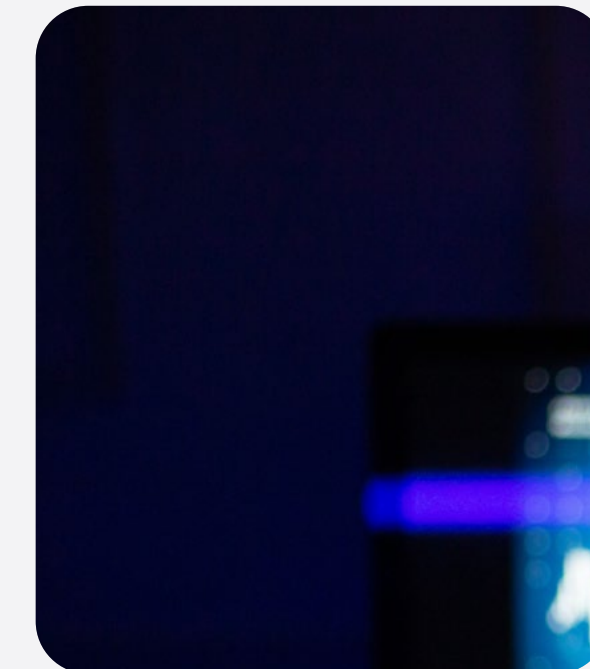
With little reason to believe that macro challenges will be fully resolved in the next three years, CROs express ongoing concerns about geopolitical risk. These risks overlap with regulatory risk in many ways (e.g., fiscal policy, interest rates, potential for sanctions), especially for CROs in Asia-Pacific. Aging populations are also a bigger concern in many Asian-Pacific markets, particularly among life insurers.

Figure 3: Which emerging risks or priorities do you believe will be most important for your organization during the next three years?



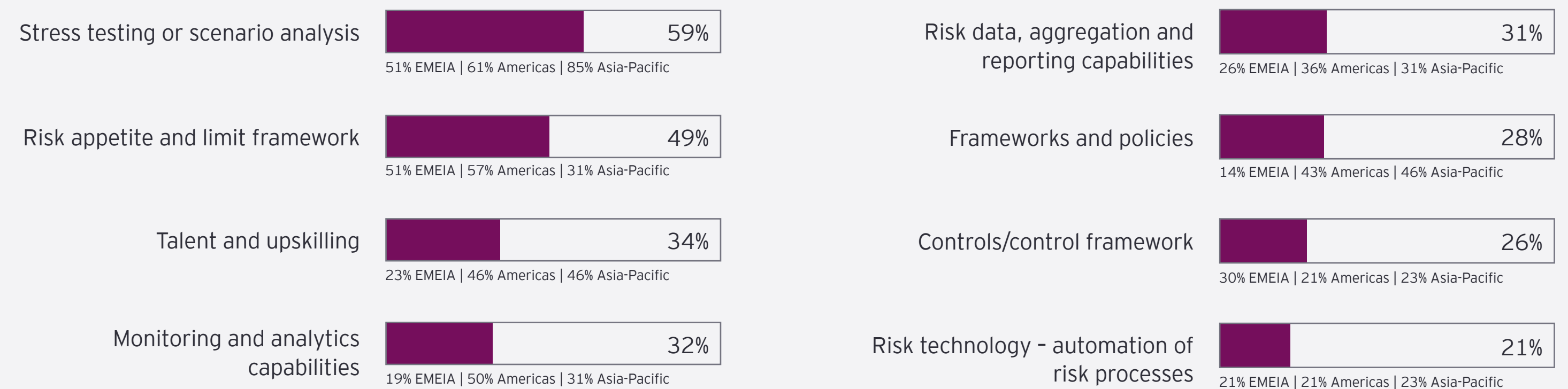
Here again, more banking CROs (87%) expect cyber, data integrity (55%), and geopolitics (45%) to be top risks in three years. Interestingly, similar proportions of CROs in banking (49%) and insurance (48%) expect AI and ML risk to be priorities in the future.

The regional variances are also interesting: the slower pace of AI and ML adoption in EMEIA, as compared to the Americas, continues a trend seen in last year's results. Views of environmental risk reflect the significant differences in the political and regulatory agendas across jurisdictions, even as European authorities are considering simplification of Corporate Sustainability Reporting Directive (CSRD) requirements and applicability thresholds.



So how are insurance CROs planning to address these issues specifically, as well as preparing the organization for a broadening and diversifying risk portfolio? Their key enhancements to financial and non-financial risk management capabilities show that many CROs remain focused on “foundational” risk management work and strengthening core aspects of risk management (e.g., risk appetite, monitoring, stress testing). Talent and upskilling are also top-three enhancements for financial and non-financial risk management practices.

Figure 4: What key enhancements are your company planning for financial risk management (e.g., credit, market, liquidity) over the next 12 months?



CRO on their planned enhancements

“

A critical unknown in our risk management strategy is the correlation of insurance risks and the need for indicators that effectively evaluate these risks, including the impact on balance sheets and conduct risks.

Chapter 2

THE MACRO VIEW:

economic uncertainty and geopolitical risks

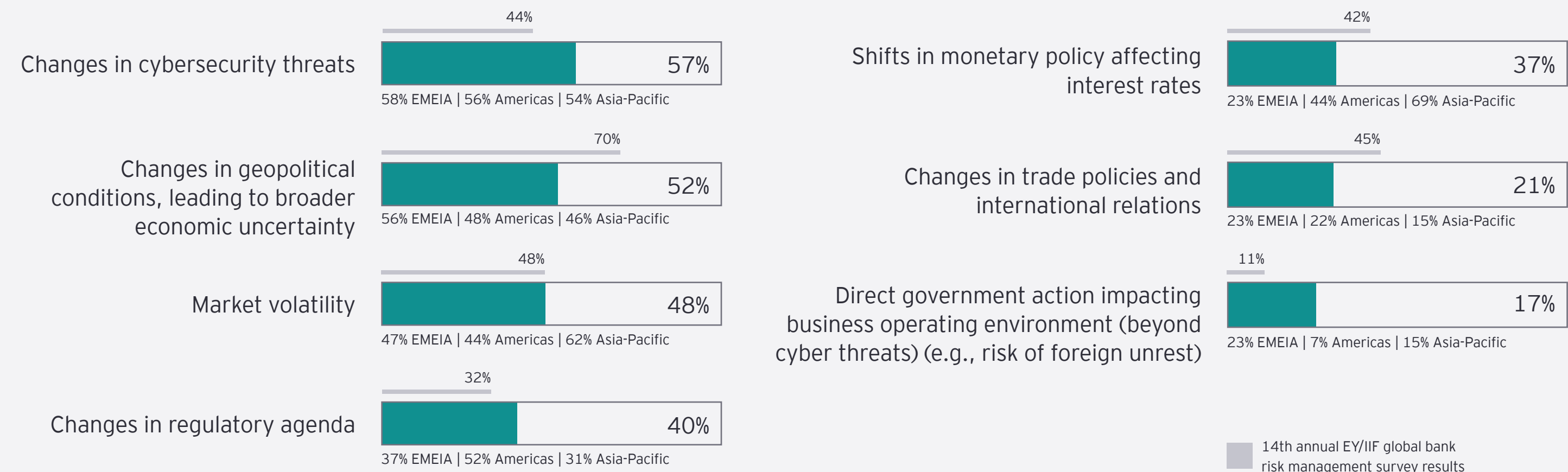


Chapter 2

A volatile world means new concerns for CROs, as reflected by the rise of geopolitical risks in this year's survey from an already prominent position last year. Geopolitical worries largely manifest as heightened concerns about even greater cyber threats and a worsening of macroeconomic conditions. Fiscal policy and sanctions represent an intersection of geopolitical and regulatory risk – and, potentially, additional concerns for CROs. Given the announcements of tariffs in early 2025, CRO concerns about macroeconomic risks have likely grown worse since the survey was completed in January 2025.

Political polarization, regulatory interventions and sudden shifts in fiscal policy may also lead to increased reputational and financial risk (e.g., stranded assets in some markets). But it's the increased uncertainty that makes CROs' jobs much more difficult; as one told us, "Geopolitical risks are on everyone's mind all the time. The difficult part is taking action rather than just being worried."

Figure 5: Which geopolitical shifts do you anticipate will have the biggest impact on your institution in the next year?



CROs on geopolitical and macroeconomic risk

“Geopolitical risks are acknowledged as critical factors influencing market stability, operational resilience and stakeholder relationships. Pandemics, cyber attacks and tariffs have already materialized as risks that require proactive management.

A lot of the decisions need to be taken with a lot of uncertainty. So, a risk-based approach with scenario modeling and risk management tools can provide a lot of value to companies these days.

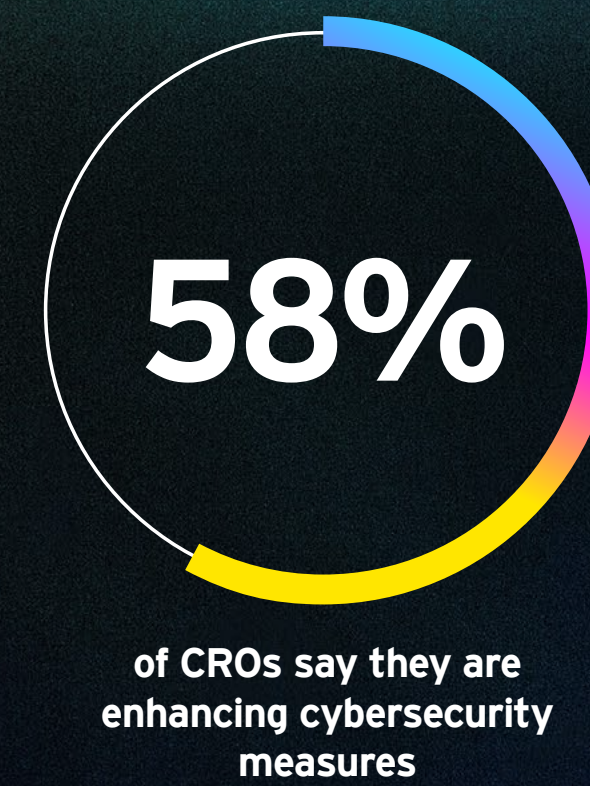
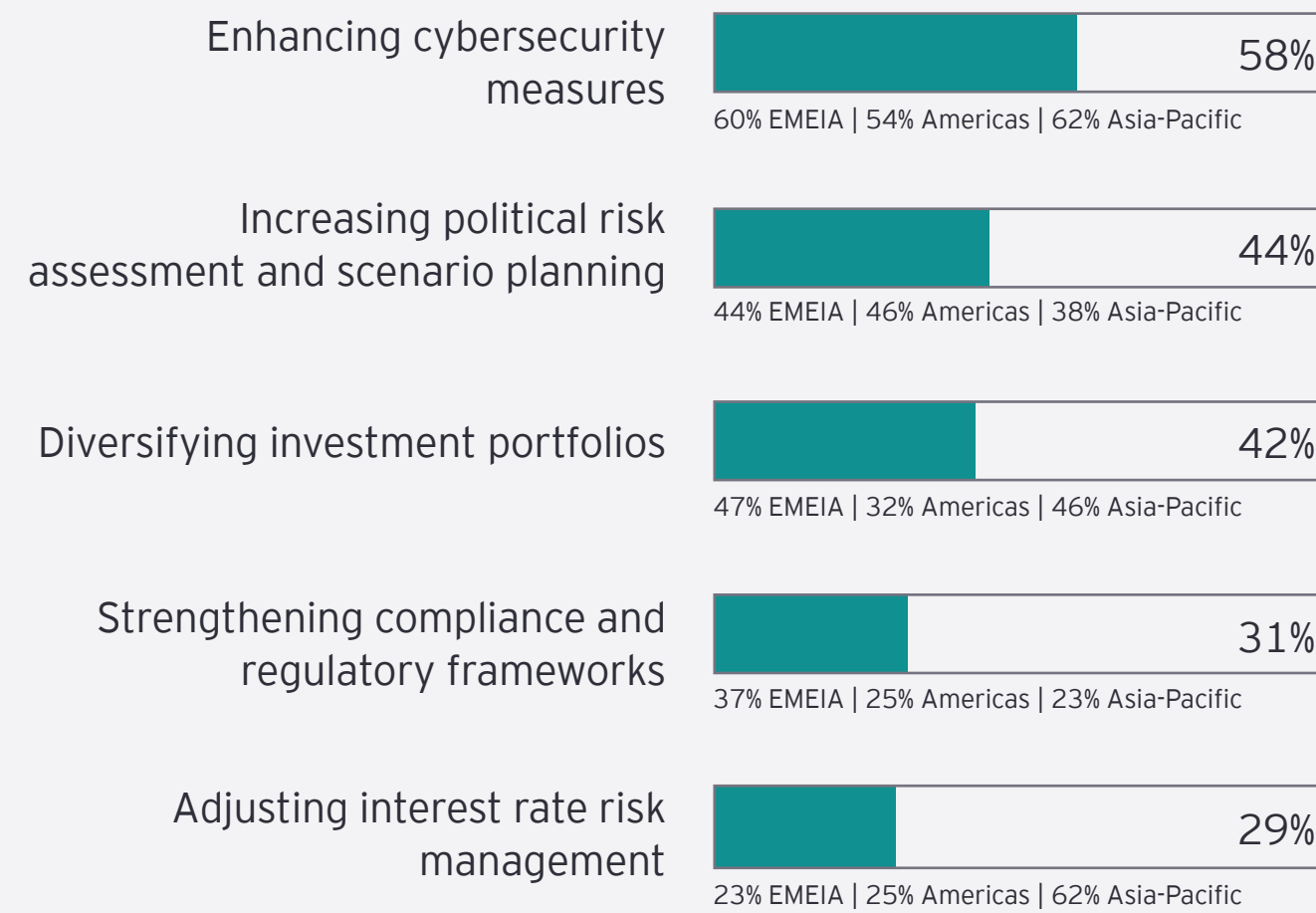
Geopolitical risk will impact different types of insurers to varying degrees, with large commercial insurers (including marine and aviation) and reinsurers facing the greatest risk, as well as carriers that operate close to or underwrite risks in “hot zones.” Those regional insurers that had relatively little exposure to armed conflicts now face heightened uncertainty from trade tensions and currency fluctuations.

Continuing changes in trade relations (e.g., tariffs, trade agreements and economic sanctions) are poised to affect the global economy and, therefore, the insurance market. Trade tensions among major economic powers may contribute to further instability – and potentially a global recession – that impacts insurers' value chains across markets, as well as those of their large corporate customers.

The impact of macroeconomic conditions can also be seen in the ongoing involvement of private equity (PE) in the insurance sector, which has been a major industry development during the last decade. PE investments are fueling adoption of alternative risk transfer strategies, for instance, as well as new reinsurance arrangements, which seem likely to expand if geopolitical or macroeconomic conditions worsen. Changes to the investment strategies of PE firms due to market volatility present additional considerations for CROs, potentially in markets where there are concerns about systemic risk. In the meantime, most CROs (58%) say they are enhancing cybersecurity measures, modeling more scenarios to assess political risk (44%) and diversifying investment portfolios (42%).

The likely impacts vary across regions: for example, CROs based in Asia-Pacific are significantly more concerned about market volatility and monetary policy impacting interest rates; their mitigating actions speak to that elevated concern, with 62% of CROs at Asia-Pacific insurers saying they are adjusting their interest rate risk management, compared with 29% of all CROs.

Figure 6: What strategies are you considering to mitigate geopolitical risks?



Chapter 3

RISK AND THE BUSINESS:

CRO involvement in major change initiatives

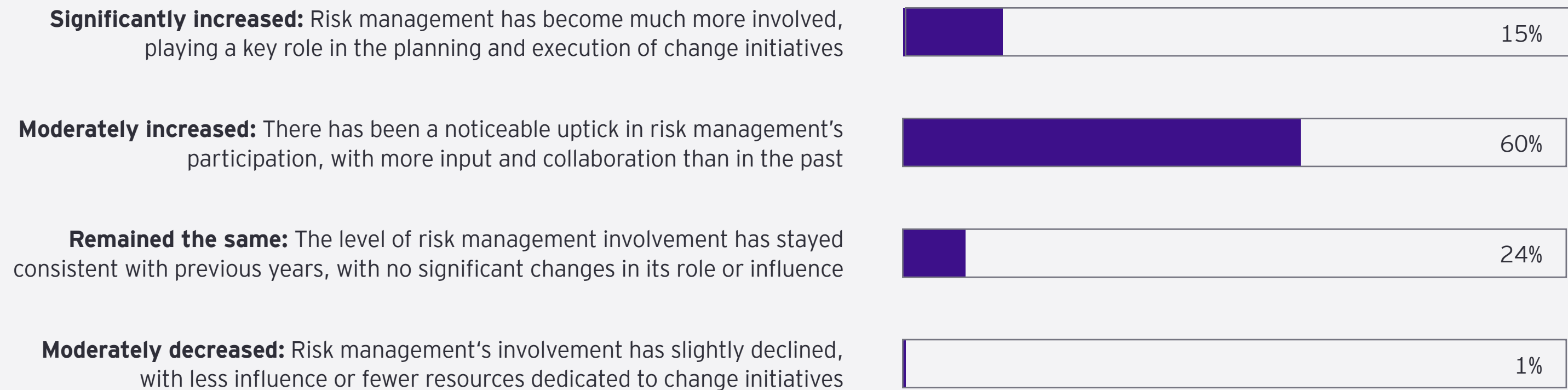


Chapter 3

A large majority (75%) of CROs say risk’s involvement with major change initiatives is increasing and virtually no survey respondents report a reduction in risk’s involvement. That’s very good news, confirming our theory from last year about CROs’ expanding strategic role. As one CRO told us, “We think about every piece of transformation and innovation as a partnership opportunity between the business and risk.” Another commented: “If you aren’t an active participant, that’s a problem. This should be a requirement of every CRO in the future.”

Business-first perspectives such as these will continue to drive the evolution of the CRO role, though they are not the rule at every insurer. However, raising independent challenges when appropriate remains a critical part of CROs’ jobs, which may be more challenging if they are involved in formulating strategies.

Figure 7: Please describe the evolution of risk management’s involvement in your organization’s major enterprise-wide change initiatives over the past year.



What CROs say about change initiatives

“

Risk management plays a pivotal role in fostering discussions at the board level, ensuring that strategic decisions are informed by a comprehensive understanding of potential risks. However, the business areas sometimes feel discomforted by this dynamic.

The relationship is evolving toward greater integration, but there is a desire for risk to be more involved in the conceptualization and development of the overall business strategy.

Survey respondent

“

EY-Parthenon CEO Outlook Survey shows that CEOs would certainly welcome more CRO engagement with change initiatives. When asked where their organization needs to improve their approach to transformation, 68% of CEOs say more collaboration across functions and the C-suite was key, their top answer.

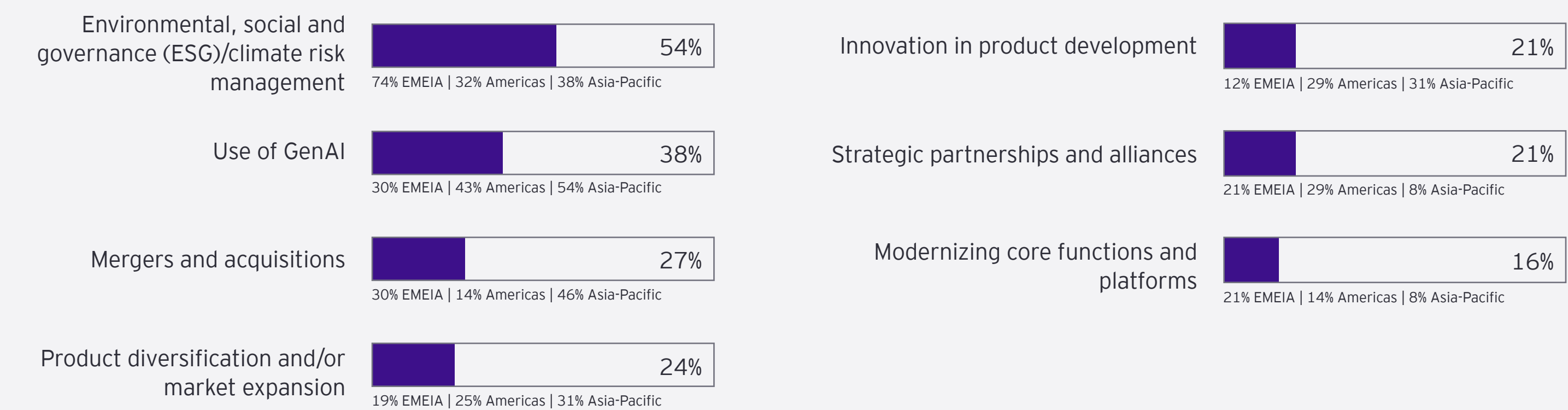
To be clear, CROs are investing most of their time in traditional risk management activities: 83% of CROs spend at least 25% of their time on core tasks. But significant effort is also going into advising the business (49% of CROs spend a quarter or more of their time in this way), enterprise-wide change initiatives (42%) and the business strategic planning process (31%). In contrast, only 24% of CROs spend as much time on remediation activities. This is strong evidence of the value of taking a proactive approach to risk management.

Looking out five years, more than half of CROs (54% overall) say they expect sustainability-related and climate-related change initiatives to demand most of

their time and attention, followed by adoption of GenAI, which was cited by 38% of respondents. Interestingly, GenAI was the top initiative cited in last year’s survey.

Sixty-eight percent of CROs at property and casualty (P&C) carriers are focused on climate and environmental initiatives, reflecting the greater exposure in that line of business. The findings also make clear that CROs are taking a long-term view of environmental and climate risks, with regional variations largely a factor of regulatory priorities across jurisdictions.

Figure 8: Of your organization’s planned transformation and growth initiatives, which will require the most CRO attention in the next five years?

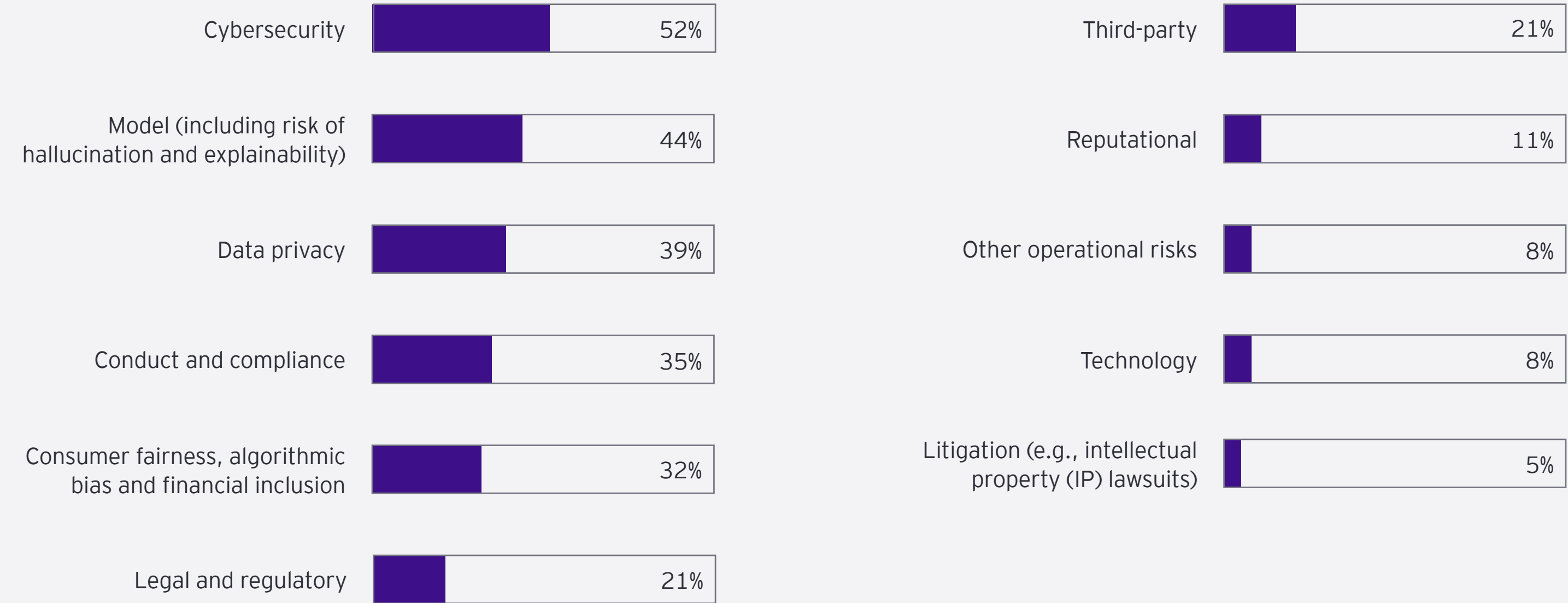


With increasing adoption of AI in all its forms, more than half of CROs (54%) report that talent and bandwidth constraints are a challenge to establishing robust oversight of these deployments in the business. Forty-one percent say development of responsible AI programs (including enhancements to risk methodology, governance and monitoring) are a barrier. These trends will bear watching in the future as GenAI tools become even more common in insurers’ technology stacks.

CROs see many potential risks emerging from AI deployments, starting with cyber (52%), model risk (44%) and data privacy (39%). Conduct and compliance risk (35%) and concerns about consumer fairness and bias (32%) were also cited by significant proportions of respondents. With increasing application of AI in underwriting and claims processes, addressing potential bias is a particularly significant concern related to the industry’s longstanding efforts to ensure fair treatment across all customer segments. As one CRO told us, “Bias in AI applications is a significant concern that must be addressed.” Interestingly, reputational (11%) and litigation risks (5%) were cited by far fewer CROs than legal and regulatory risks (21%).

To manage these risks, 90% of insurers have implemented or are implementing enterprise AI governance structures. Similarly large proportions of insurers have established or are working to establish governance frameworks (86%) and are enhancing specific policies (80%). All of these figures represent major increases since last year, further evidence of AI’s rapid adoption across the business.

Figure 9: For which risk areas/types do you expect the most heightened risk from the use of AI/GenAI, large language models (LLMs) and ML?



Chapter 4

OPERATIONAL RESILIENCE:

preparing the business for times of crisis



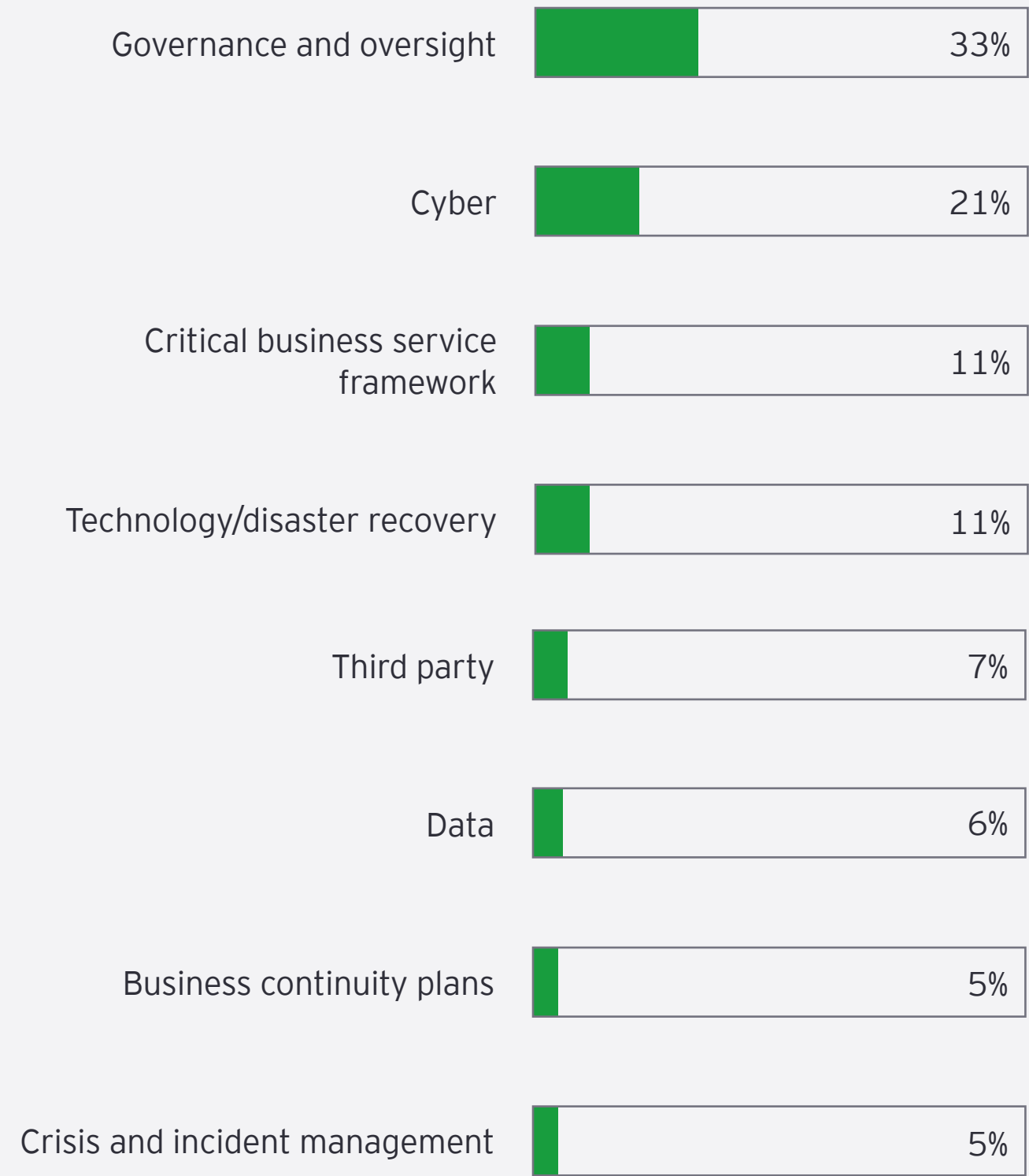
Chapter 4

Given proliferating risks and increasingly volatile conditions, operational resilience has become a critical objective for more CROs in insurance. In our market engagements and at industry events, we see that the importance of operational resilience is increasingly viewed in terms of maintaining the ability to support customers and minimize the financial impacts of unexpected events. Indeed, some firms are even tailoring their overall risk management approaches to be resiliency-led. In Europe, the implementation of DORA this year reflects the importance of operational resilience in the eyes of regulators.

Governance and oversight (cited by 33% of CROs and 46% of those in Asia-Pacific) and cyber (21%) top the list of enhancements to operational resilience. Disaster recovery, business continuity, and crisis and incident management plans have been refreshed recently at many insurers, which explain their relatively low level of priority. But there is opportunity – and indeed a need – for CROs to push their teams to build on these baseline capabilities.

The impetus of the planned enhancements largely comes from the board and C-suite. But regulatory factors also play a role (e.g., Australia’s Prudential Standard CPS 230 for operational risk standard, which comes into effect in July 2025, the Operational Resilience Objectives set out by the International Association of Insurance Supervisors (IAIS)). In some cases, regulatory requirements can seem to undercut operational resilience; some rules that make insurers responsible for third-party vulnerabilities may discourage carriers from seeking external partnerships that would shore up their protections or promote business continuity.

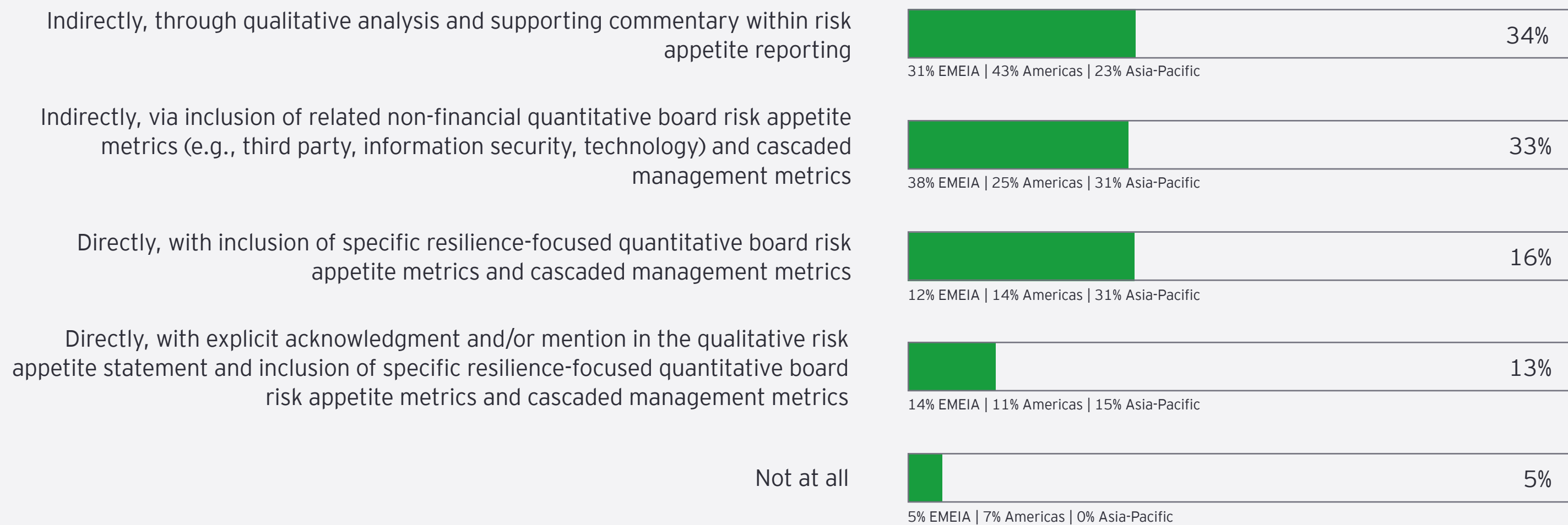
Figure 10: What level of priority would you assign to each of the following areas of operational resilience for enhancements over the next five years?



For 67% of respondents, operational resilience is addressed within organizational risk appetite indirectly (either through qualitative statements/analysis and supporting commentary within risk appetite reporting or via inclusion of related non-financial quantitative board risk appetite metrics). The good news is that only 5% of CROs say operational resilience is not addressed in the risk appetite.

In our discussions with CROs and other industry executives, we have seen growing interest in principle-based approaches to operational resilience. Firms are working to develop frameworks, including formal definitions and rankings of critical services based on customer impacts. They are also mapping processes to services and defining specific impact tolerances.

Figure 11: How is operational resilience addressed within the organizational risk appetite?



33%

of CROs say governance
and oversight top the
list of enhancements to
operational resilience

Chapter 5

TECHNOLOGY AND TRANSFORMATION IN RISK MANAGEMENT

modernizing for the age of AI



Chapter 5

Similar to how technology has transformed the business of insurance, it's transforming the practice of risk management. The results show results show that risk management teams are advancing their use of automation and advanced analytics (including AI) in their own operations but still have

a significant way to go. Less than a quarter (23%) have deployed the technology for at least one use case, while nearly twice as many (44%) are in "exploration mode" and a third (33%) have not implemented automation.

Figure 12: To what extent has your institution's risk management function implemented risk management capabilities enabled by automation or advanced analytics (including AI/GenAI and ML)?

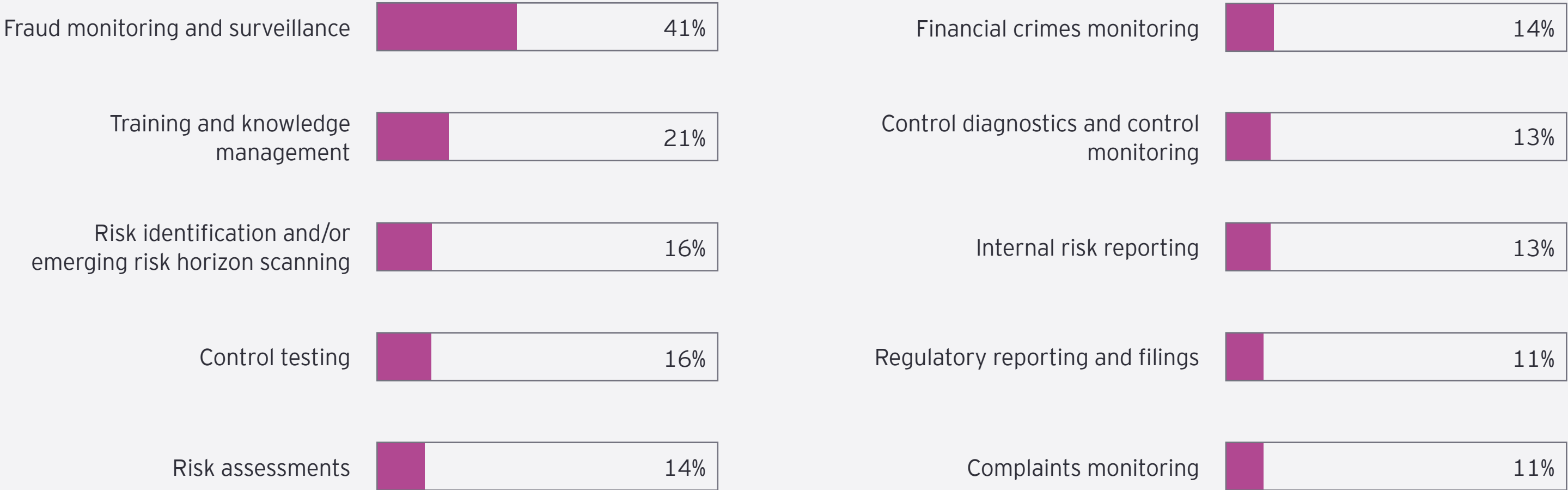


The state of AI adoption in financial services

The annual EY-IIF research into AI usage in financial services charts the pace and trajectory of AI and ML by financial services firms, including insurers. Not only are all firms increasing their investments, according to our research, but the vast majority (88%) of firms already have applications in production. The most common deployments of predictive AI applications are in risk, fraud, operations and compliance functions. CROs and chief data officers (CDOs) are usually responsible for overseeing governance. [Download the full report.](#)

AI deployments in risk management so far have focused on threat monitoring, surveillance and other internally facing and operational applications. AI usage for core risk management functions – risk identification, assessment, control testing, reporting – are relatively rare, with between 10% and 20% of CRO insurance survey respondents saying they are using AI for those tasks. Relatively few CROs say they are using or considering AI for these risk activities today, but there's every reason to believe that adoption will increase in the future, once first-generation deployments are complete and the potential advantages become clearer to more CROs.

Figure 13: What are the most significant ways your organization is using AI/GenAI and/or ML to digitally transform risk management practices?



Limited budgets (cited by 45% of CROs) and lack of expertise (31%) are the primary barriers to further adoption. In some cases, that's a function of business applications taking precedence over AI deployments in risk management. As one interviewee told us, "We have a few use cases where we have plans to use AI in risk but most of the money for AI goes to operations."

But, given the potential upside, CROs should be working on the business case to accelerate and expand adoption. CROs understand the importance and potential of adopting GenAI at scale: 42% say that GenAI-enabled risk solutions are a top priority for future investment, trailing only enterprise governance, risk and compliance (GRC) platforms (44%) as a priority. Automated controls testing was the third-highest priority (23%) tied with development of a central risk data hub.

These new technologies will build on current technology ecosystems that typically feature collaborative productivity tools (74%), governance, risk and compliance (GRC) platforms (65%) and analytics tools (59%) as the most common elements of risk technology ecosystems. Data hubs (44%) and workflow automation tools (28%) will likely see further adoption in the future, as CROs seek more sophistication in their tech environments. It's no surprise that GRC platforms are used for risk identification, risk assessment, monitoring and issues management to a much greater extent than other tools. There's little doubt that AI will play a bigger role in all of these areas in the future, with risk functions enjoying benefits as powerful as those realized by the business.

Figure 14a: What are your organization's top priorities in risk management technology solutions and capabilities over the next three to five years?

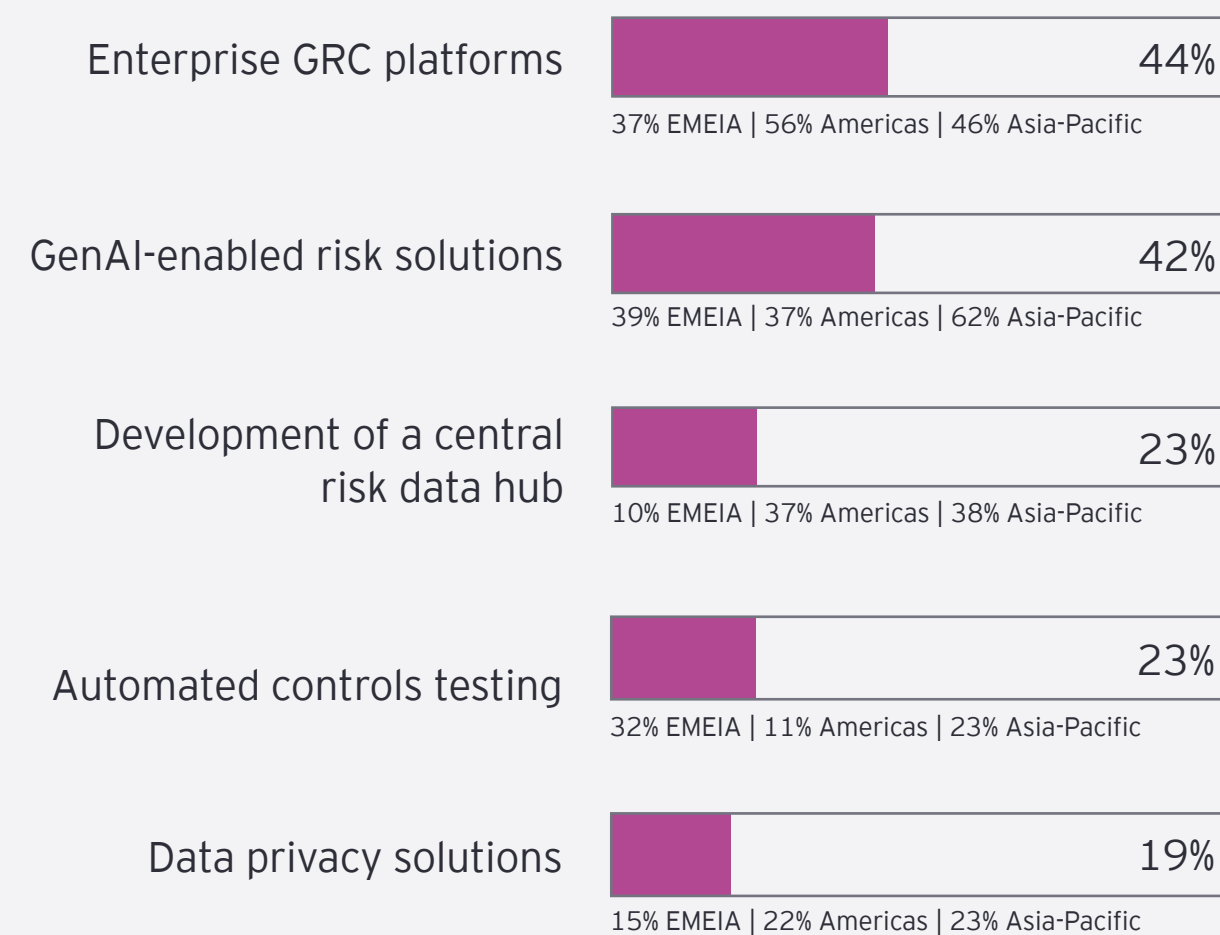
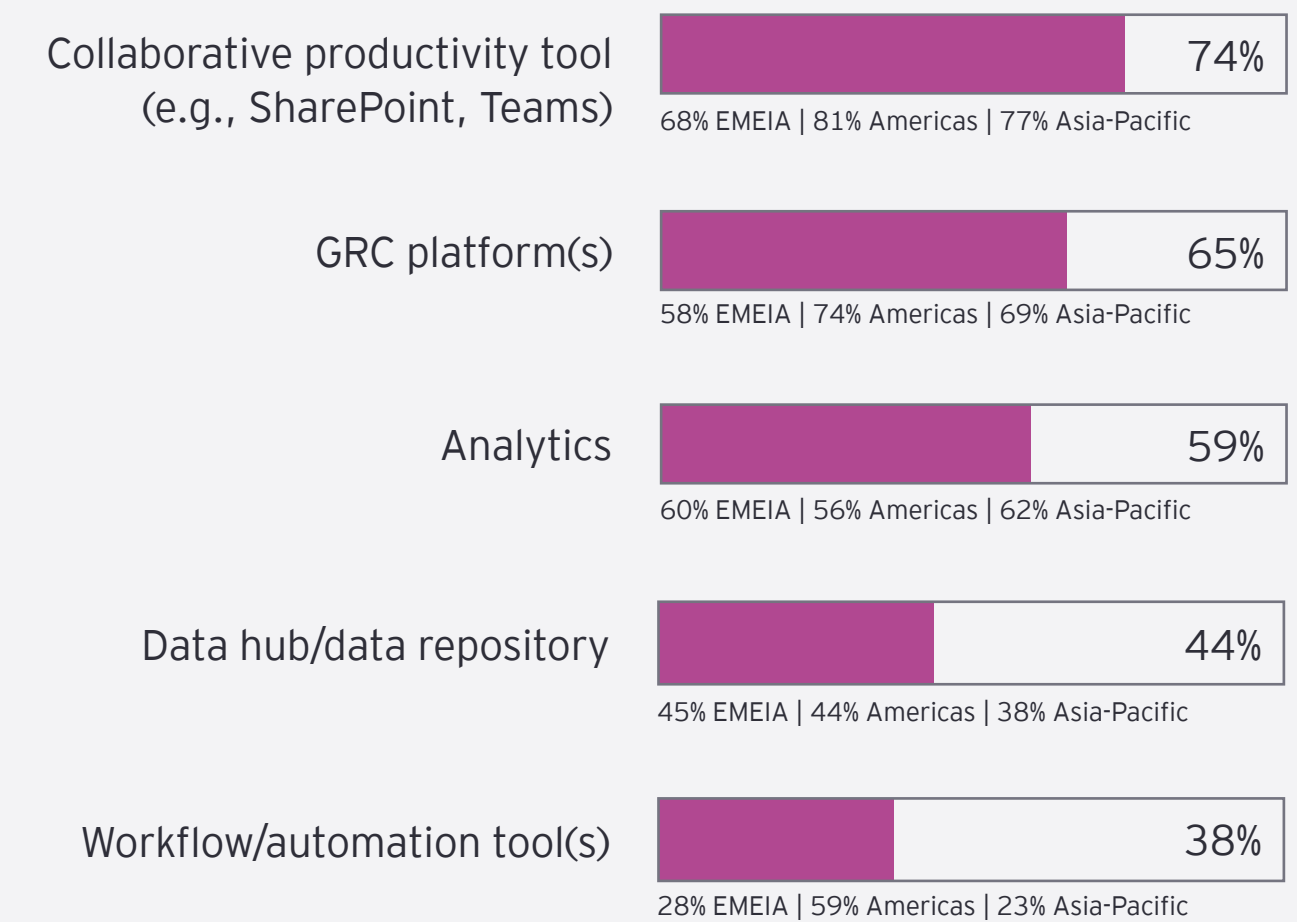


Figure 14b: Which tools are currently part of your risk technology ecosystem?



CROs on AI and other technology

“

We are capitalizing on the need for advanced analytics and data within the profession to be looking at the right risks at the right time with the right approach.

How do we get better at using data to take away some of the basic things humans do today?

The need for modernization is urgent, as outdated technology not only hampers our efficiency but also poses risks to our overall risk management strategy.

Chapter 6

CLIMATE RISK:

taking the long-term view



Chapter 6

Overall, environmental risk was cited by only 14% of CROs as a top five risk type for the next 12 months, down slightly from last year (15%). It's worth noting that significantly more CROs at P&C carriers (22%) and in Europe (21%) say climate risk is a priority for the next year (likely because large insurers will submit their first CSRD reports this year), reflecting higher risk exposures and more intense regulatory oversight, respectively.

CROs also seem to view environmental risk as a longer-term concern; 31% of all CROs (including 49% of P&C CROs and 44% of European CROs) say it is a top five risk priority for the next three years. It's also worth remembering that CROs expect climate- and sustainability-related transformation and growth initiatives to demand considerable time during the next five years. That's certainly true in Europe, where sustainability strategies may be impacted by the European Commission's proposed simplification of sustainability reporting requirements, and in the UK, where the Prudential Regulation Authority (PRA) is focused on updating its supervisory approach overseeing firms in their management of climate risks.

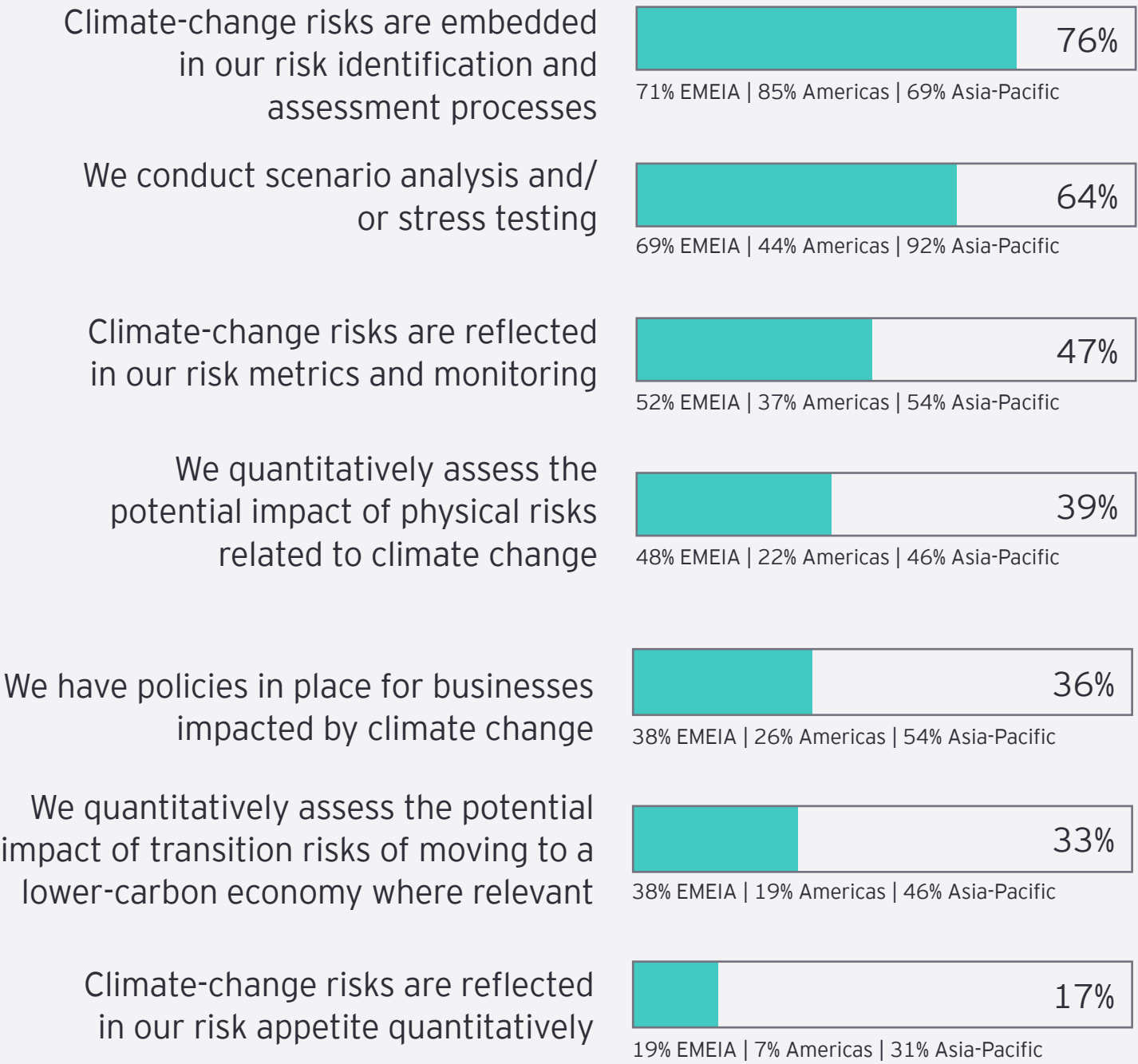
In terms of risk management focus, CROs prioritize the regulatory aspects of climate risk, including making the mandatory sustainability disclosures (cited by 60% of CROs), well ahead of climate-related physical risks (43%) or transition risks (37%). Interestingly (and unsurprisingly), more P&C CROs prioritize climate-related physical risks (76%) than mandatory disclosures (66%).

The implication is that some CROs may be increasingly accustomed to climate risk and focusing on what's right in front of them and what they know they can impact (e.g., compliance). But it may also be true that insurers have embedded climate risk directly into their underwriting models and otherwise matured their climate risk management capabilities, which might cause some of our survey respondents to downplay climate risk to a certain extent. As one CRO explained, "The primary variable in our risk management strategy is climate variability. Analytical forecasting to effectively address climate variability is crucial."

Still, certain types of carriers (e.g., reinsurers and those with portfolios focused on the agricultural sector) view climate risk more urgently, especially relative to the likelihood of facing severe claims. There are also substantial differences across regions, both in terms of how they view climate risks and their strategies and tactics to mitigate it.

In terms of important mechanisms to manage climate-change risks, CROs say those risks are embedded in risk identification and assessment processes (76%) and that they conduct scenario analysis and/or stress testing.

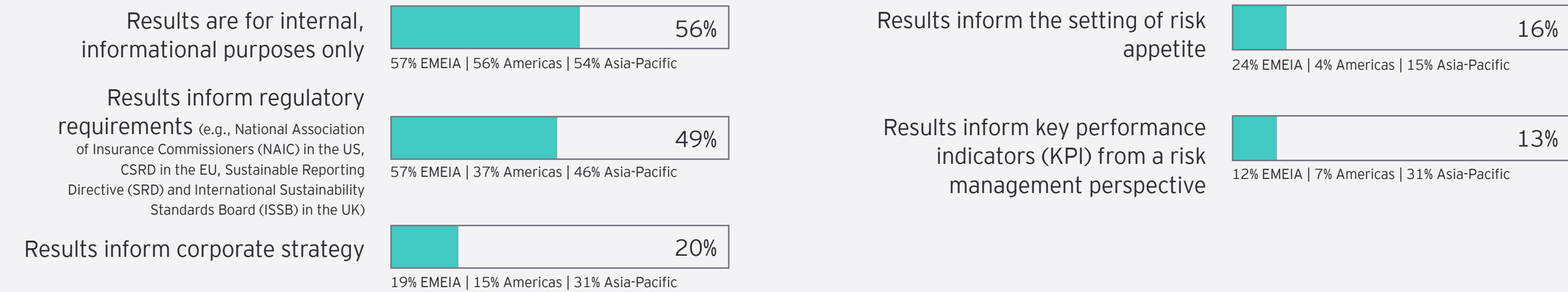
Figure 15: Which of the following are the most important mechanisms that support management of climate-change risks?



The fact that climate risk mechanisms are embedded is clear evidence of risk management's maturation in this area. CROs in Asia-Pacific are also much more likely to say that they conduct scenario analysis and/or stress testing (92% of Asia-Pacific CROs versus 64% of all respondents), have policies in place for businesses impacted by climate change (54% of Asia-Pacific CROs versus 36% of overall), and quantitatively assess the potential impact of transition risks of moving to a lower carbon economy where relevant (46% versus 33% overall).

Interestingly, the results of climate scenario analyses are used for internal, informational purposes only (56%) or inform regulatory requirements (49%). But only 20% of CROs say the results inform corporate strategy and only 16% say they inform the setting of risk appetite.

Figure 16: How does your organization use the results of climate scenario analyses?



60%

of CROs prioritize
the regulatory aspects of
climate risk

Chapter 7

REGULATORY RISK:

seeking efficiency in compliance



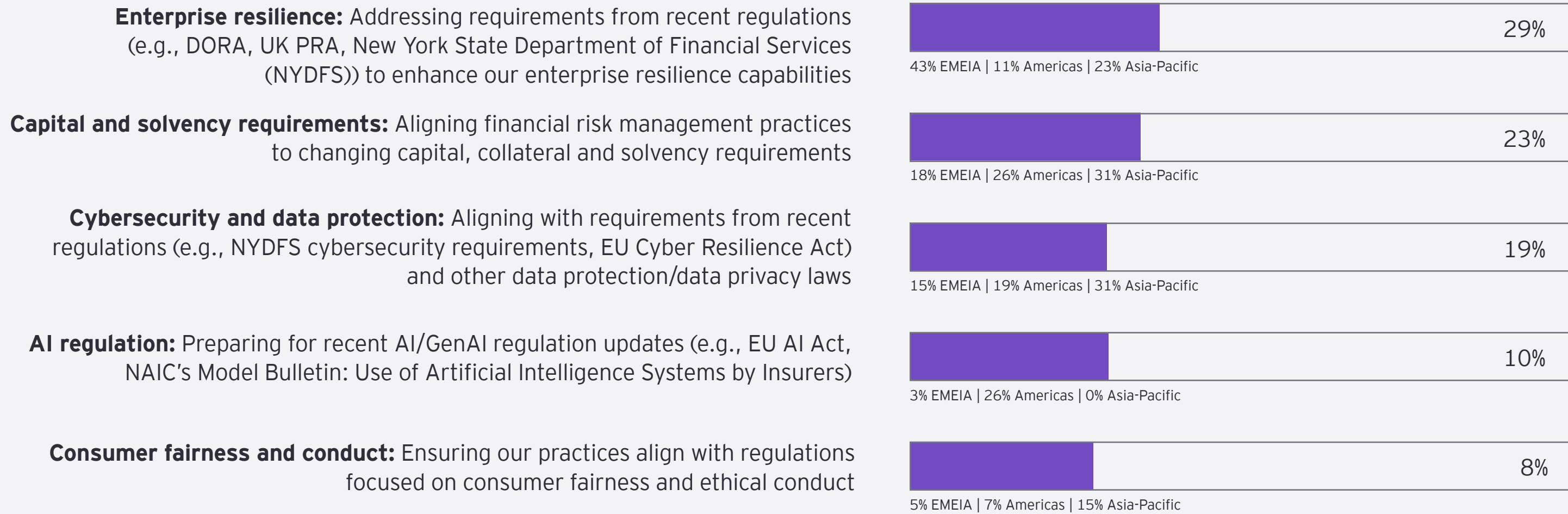
Chapter 7

Regulatory risk is never too far from CROs’ minds and our results clarify that enterprise resilience (29%) and 43% for EMEIA, capital and solvency requirements (23%), and cyber/ data security regulations (19%) and 31% for Asia-Pacific are the top concerns regarding compliance. Again, the implementation of DORA has CROs thinking about compliance. Interestingly, AI regulation was cited by only 10% of respondents but was the top choice for CROs in the Americas (tied with capital and solvency requirements at 26%).

Despite the AI Act in Europe and a generally stringent regulatory environment in the region, CROs in that region rated AI regulatory risk fairly low. That’s likely due to many insurers having incorporated algorithmic bias concerns into their AI governance, model validation and underwriting practices. It’s also worth noting that full implementation of the AI Act will be a multiyear process.

Conduct risk is a regulatory focal point across Asia-Pacific. In Australia, for instance, recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, led to a number of reforms designed to improve consumer outcomes. In Vietnam, Indonesia and other markets, mis-selling issues caused regulators to step in with new guidelines and regulations to provide increased customer protection. In Hong Kong, regulators are ratcheting up their focus on the fair treatment of customers, as well as anti-money laundering and know-your-customer requirements.

Figure 17: Considering the spectrum of existing and forthcoming regulations that impact your organization, please rank the following regulatory focus areas based on your organization’s level of concern for ensuring compliance.



CROs on regulatory risk

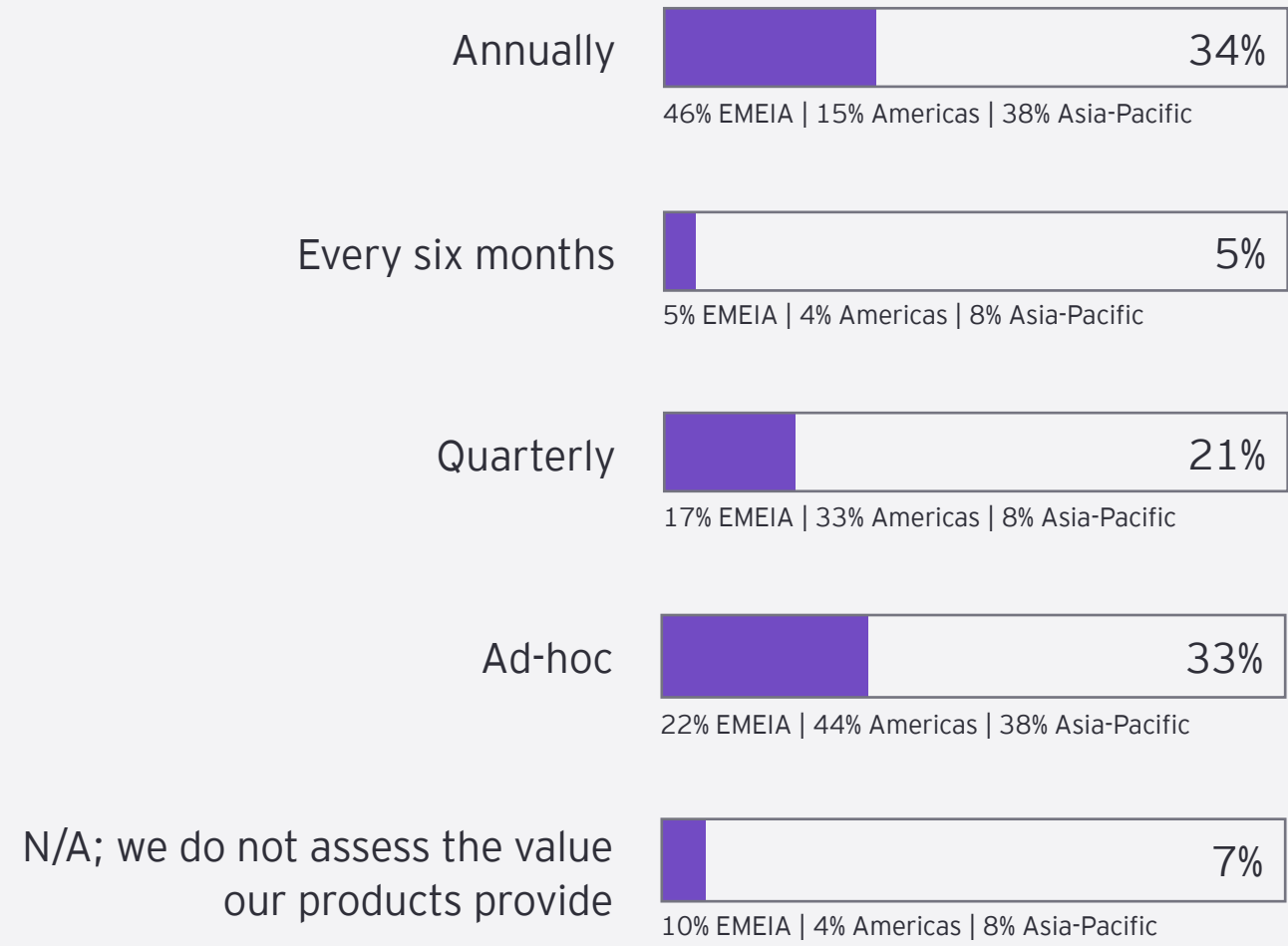
“Risk management is considered essential for anticipating regulations, with ongoing contact with the business to serve in a consulting and supervisory role.

The biggest topic in internal discussion is regulation in Europe. We try to take a pragmatic approach to comply with the law but in a way that is practical and sensible, and which requires taking on a bit of regulatory risk.



Assessing product value may develop into a higher priority, especially if regulators (e.g., EIOPA) look for more frequent or more detailed evaluations and disclosures. Currently, annual assessments are the most common, cited by 34% of our survey respondents. That significantly more EMEIA-based CROs (46%) conduct annual assessments illustrates the impact of EIOPA's Insurance Distribution Directive (IDD) and the UK's Consumer Duty. To improve these assessments, CROs will have to address their biggest challenges, including determining customer expectations (54%) and the availability of management information (35%).

Figure 18: How frequently does your organization assess the value its products provide?



Chapter 8

CURRENT STATE OF CONTROLS:

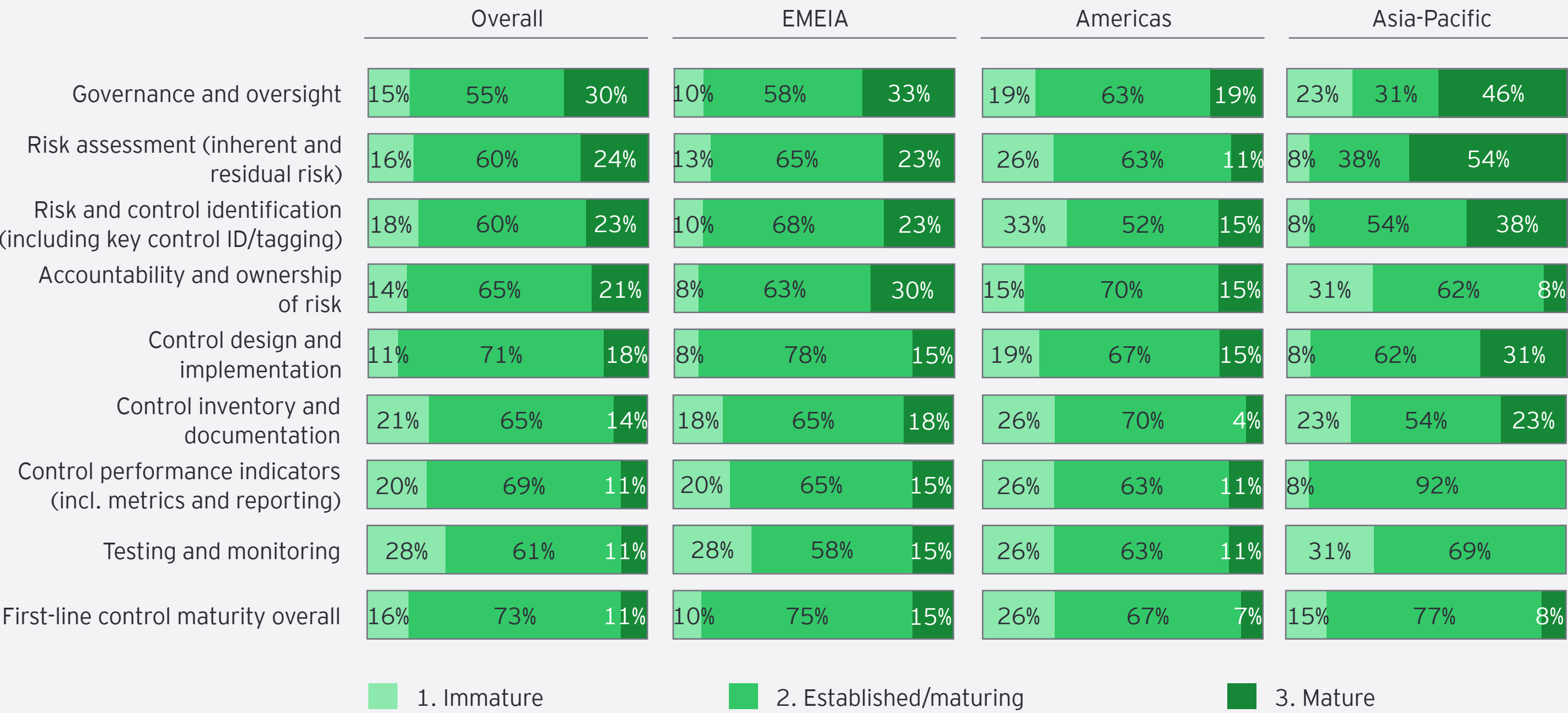
maturing capabilities from a solid foundation



Chapter 8

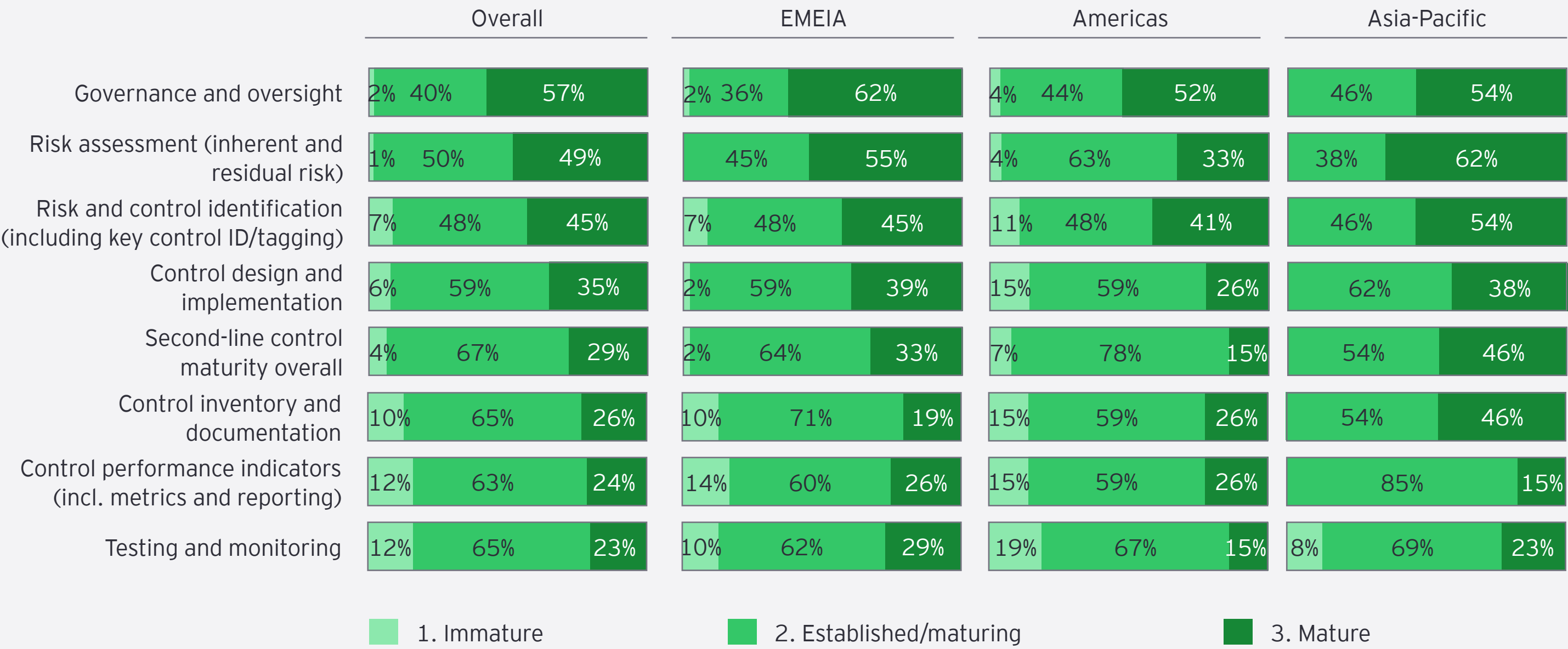
Our survey results show clear maturation of controls environments on both the first and second lines, though ample work remains to be done. The most mature aspects of the control framework are governance and oversight, risk assessment, and risk control and identification. Testing and monitoring are the least mature aspects. There is much more room for maturation when it comes to first-line adoption of specific components of the internal control framework, with no more than 30% of respondents saying that any aspect of their control environment is mature.

Graph 1: How mature are the following components of the internal control framework in terms of first-line adoption?



Note: Numbers may not add to 100% due to rounding.

Graph 2: How mature are the following components of the internal control framework in terms of second-line development and implementation?



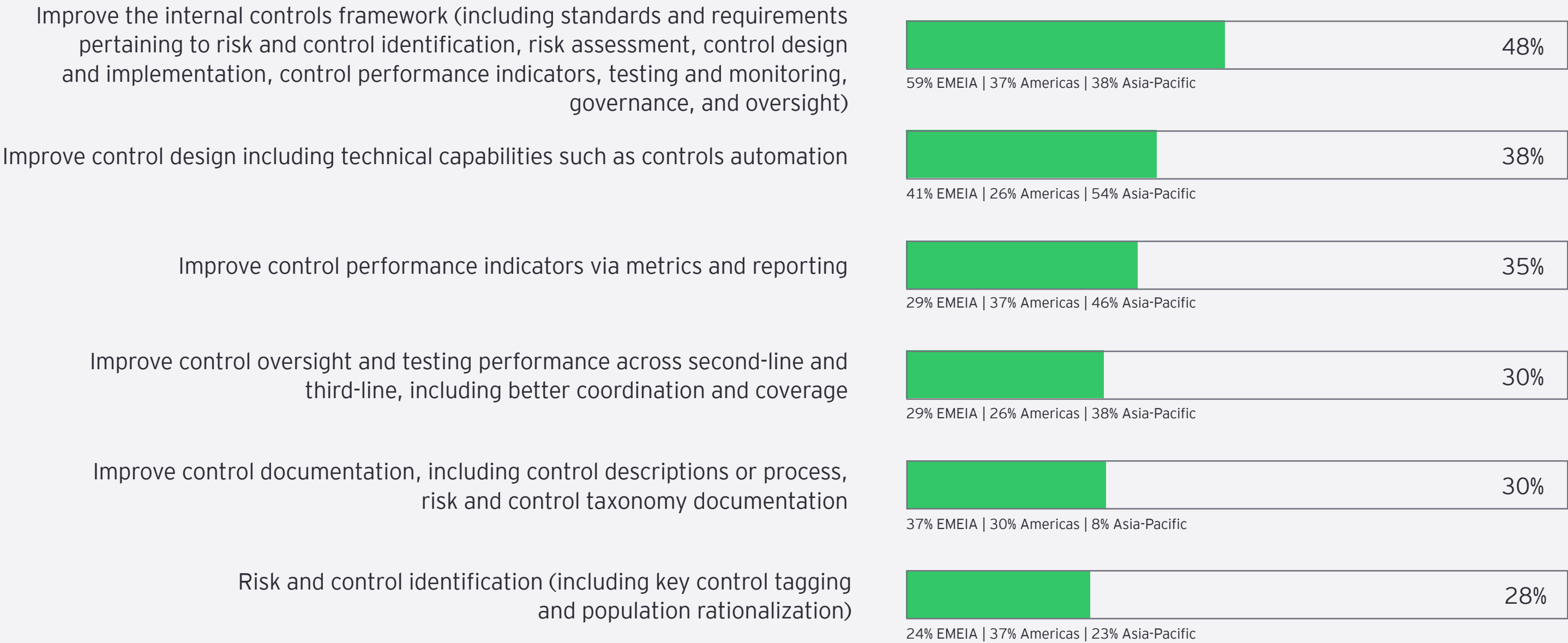
Note: Numbers may not add to 100% due to rounding.



Planned enhancements for the control environment focus on the internal framework (cited by 48% of respondents, with 59% of EMEIA and 37% of Americas), followed by 38% who say improving control design technical capabilities (e.g., controls automation) and improved control performance indicators (35%) are the priorities. The implication is that CROs recognize the many different ways they can enhance and further mature the controls environments.

Proactive self-identification and reporting of control issues is increasingly the norm, with 41% of respondents saying they do so for 51%-75% of such issues and another 33% saying they do it for more than 75%. The use of AI and other forms of electronic communications and surveillance may also prompt further gains in proactive risk management. CROs certainly expect technology to be a difference-maker; one CRO told us, “In the future, we will be able to embed tech in a way that will tell me with some degree of precision the operating effectiveness of controls.”

Figure 19: What are the organization’s top priorities as related to enhancing the control environment?



Chapter 9

RISK MANAGEMENT ORGANIZATION AND OPERATING MODEL:

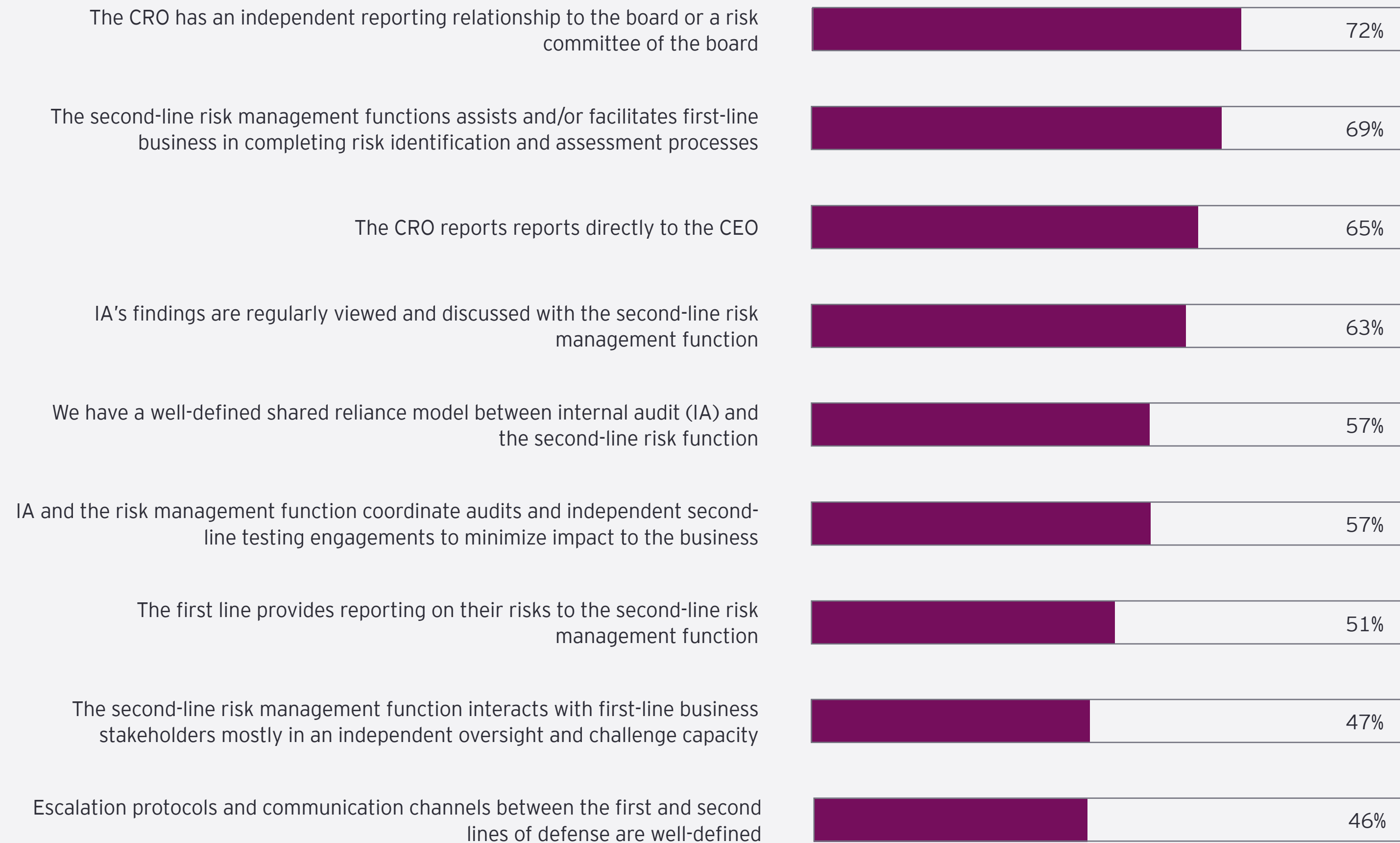
demand-driven staffing increases



Chapter 9

In terms of reporting lines, responsibilities and interactions with different functions, our results show the expanding remit of CROs and their increased involvement across the business and with different levels of the organization. A large majority (72%) of CROs have a direct relationship with the board or a board-level risk committee and nearly as many (65%) report directly to the CEO, with about a quarter (27%) reporting to the CFO.

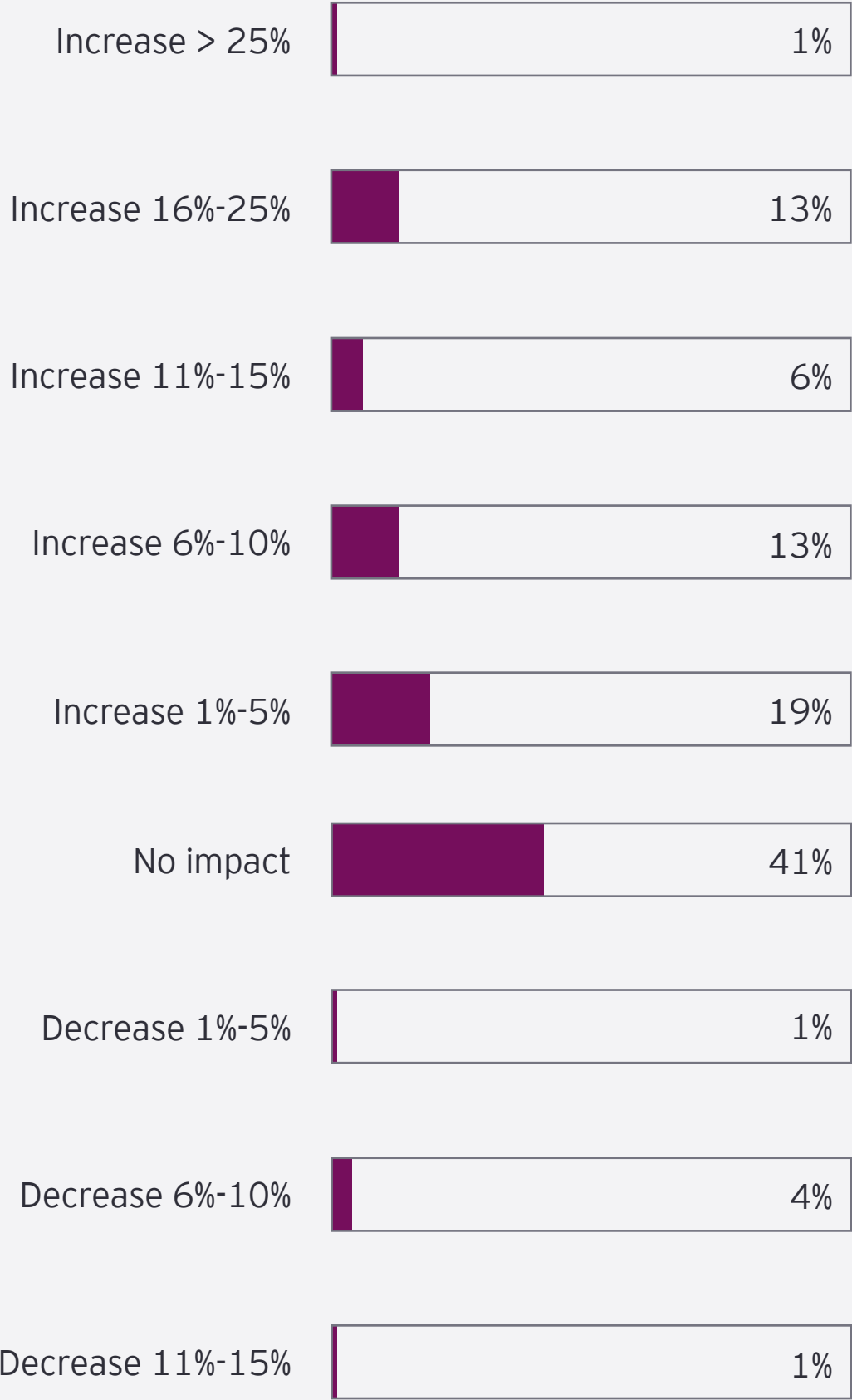
Figure 20: Please select the statements that best describe the risk management operating model within your organization, focusing on reporting lines, responsibilities and interactions among different functions.



Beyond reporting lines, our results also show increased coordination across the three lines of defense, including extensive engagement with internal audit and the business. These are signs of maturity, though a case can be made that these numbers, large as they are, should be even higher. We believe there is opportunity at many insurers to align risk management methodologies and taxonomies across second-line programs and with internal audit.

More than half of CROs (52%) say the number of full-time risk management employees in the first line will increase, with 41% saying there will be no change. CROs expect relatively modest staff increases in the first line compared to last year, when 52% said there would be no impact on hiring.

Figure 21: How do you expect the number of full-time risk management professionals across the first line to change over the next five years?

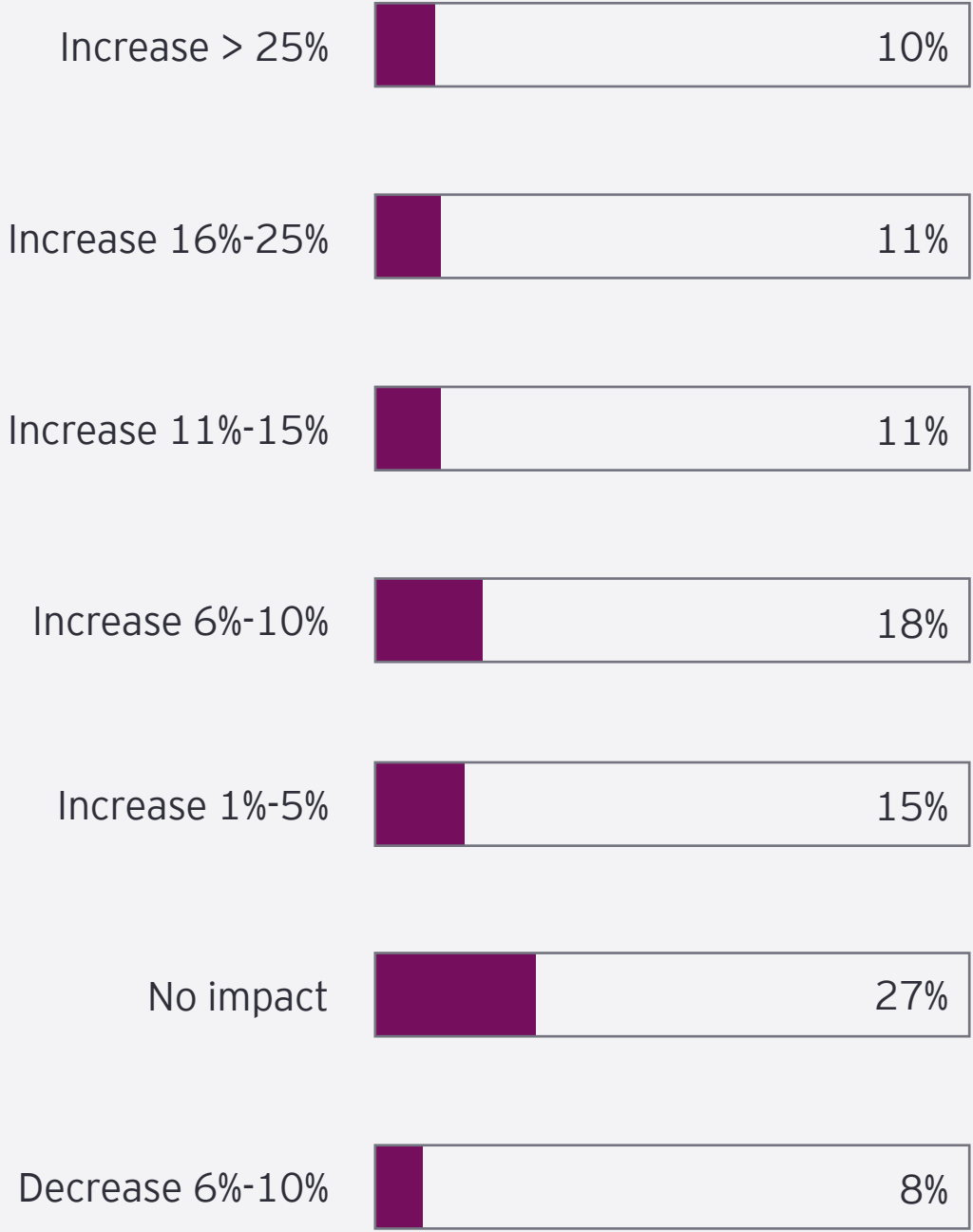


Note: Numbers may not add to 100 due to rounding.

Second-line resources will grow even more, our results suggest: 65% of CROs expect increases (up from 52% last year), versus 27% (down from 32%) who say there will be no change and 8% who expect decreasing headcount (down from 16%).

Business growth is driving the need for more risk management resources, according to 45% of CROs, while 29% cite regulatory factors as the primary cause. It also helps explain the ongoing push for automation within the risk management function.

Figure 22: How do you expect the number of full-time risk management professionals in the second line to change over the next five years?



CRO on access to key skills

“We can co-source to supplement technical skills.”

Chapter 10

SKILLS AND TALENT:

seeking expertise beyond technical domains

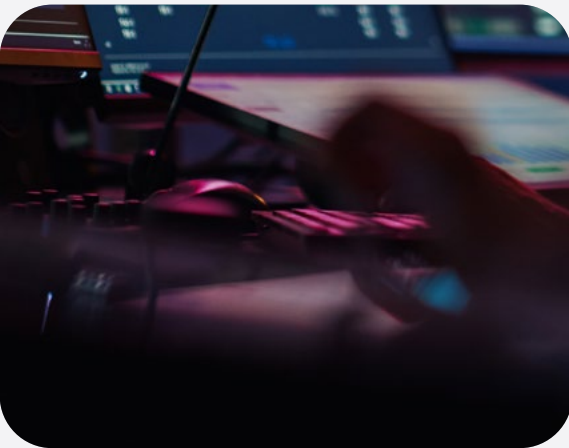
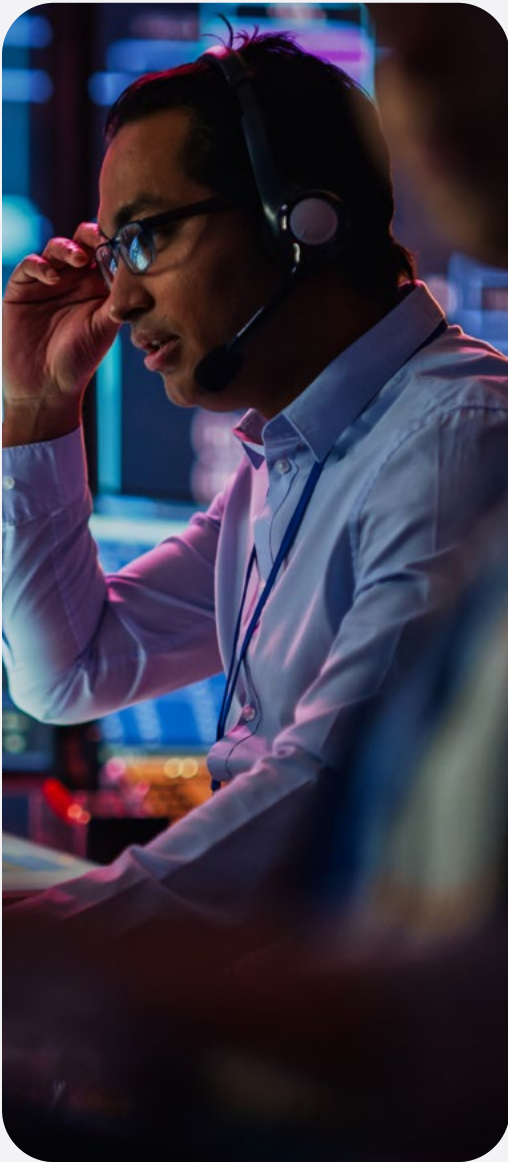
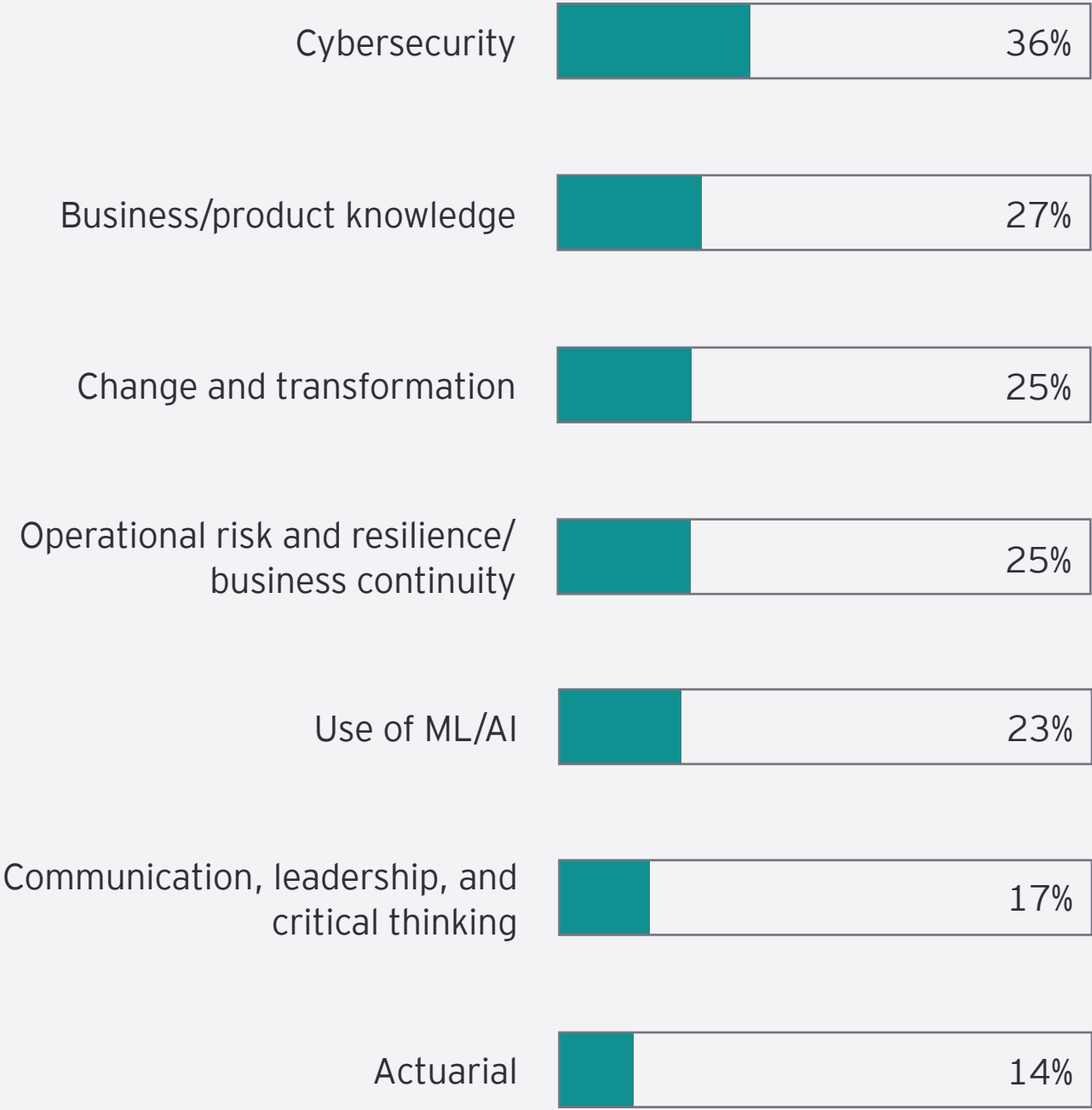


Chapter 10

In terms of the most important skill sets for the next five years, CROs see several different types of talent as comparably valuable. Diverse and holistic skills are necessary for effective risk management on both the first and second lines.

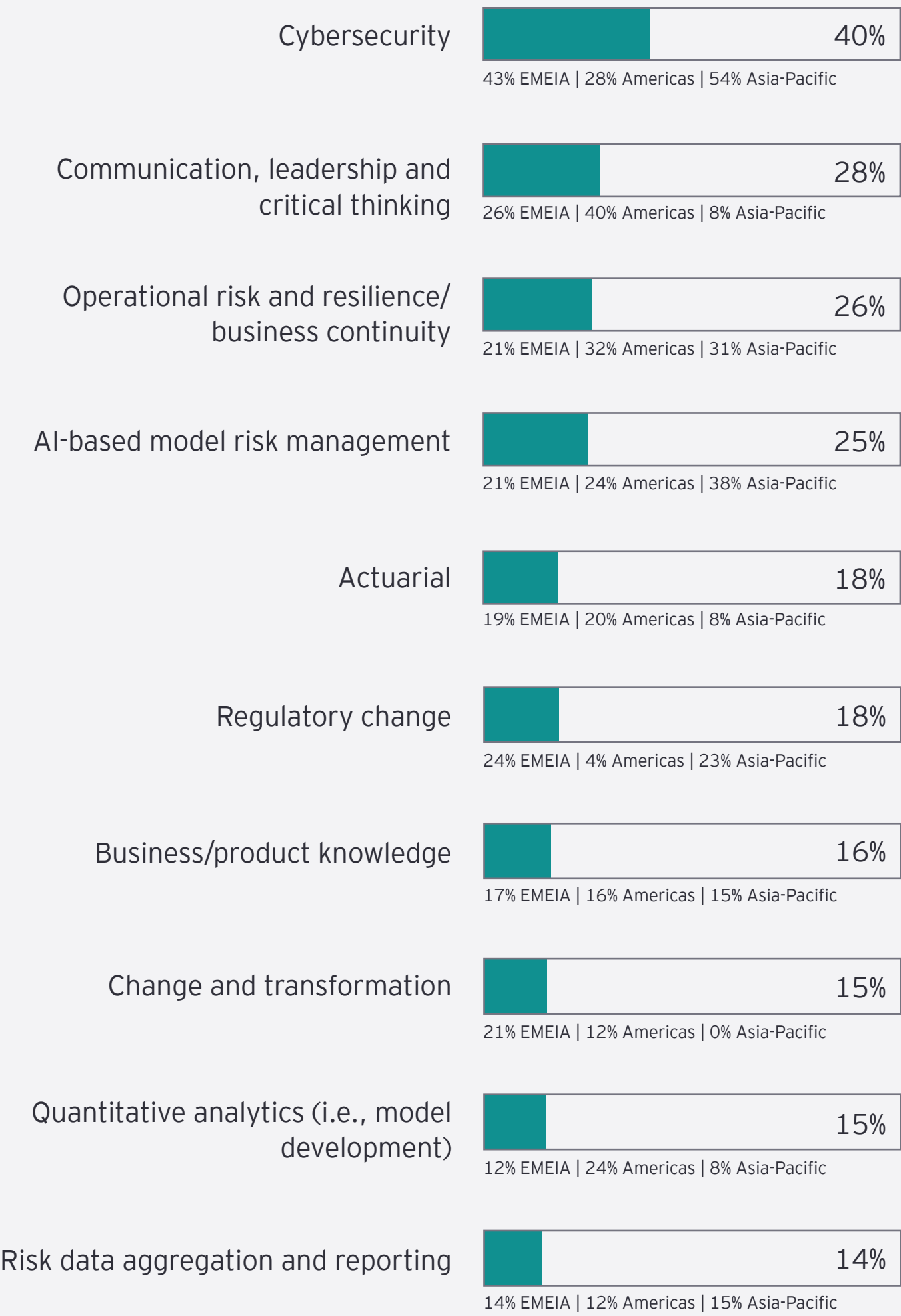
On the first line, the priorities are cybersecurity (36%), business/product knowledge (27%), change and transformation (25%), operational risk and business continuity (25%) and ML/AI (23%).

Figure 23: What are the most important skill sets required in the first line of risk management over the next five years?



On the second line, CROs see cybersecurity (40%), communication, leadership and critical thinking (28%), operational risk and resilience (26%) and AI-based model risk management (25%) as the top four skill sets.

Figure 24: What are the most important skill sets required in the second line of risk management over the next five years?



CROs on key skill sets

“We are looking for an ‘investigative journalist’ type of skill set. We want curious people who think innovatively.

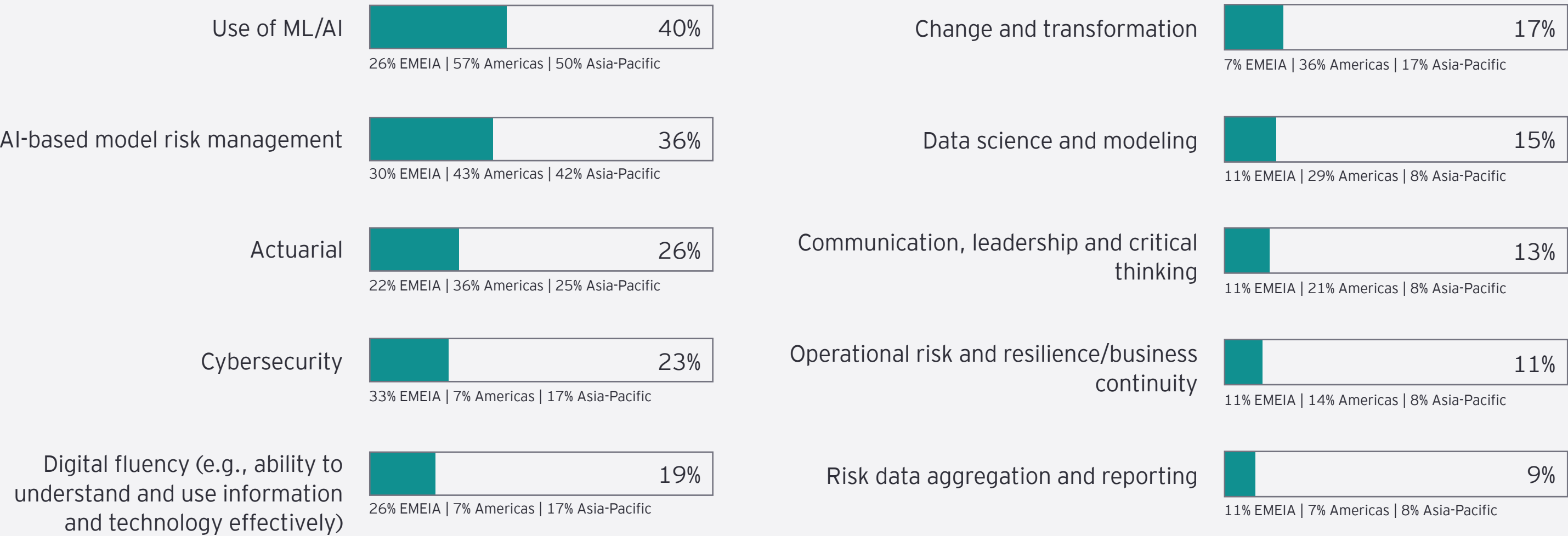
Communication is critical. I need professionals who understand the complexity of the models and are able to simplify and clearly communicate these concepts. This skill set is one of the hardest to hire because a lot of quants and actuaries are very detailed and not as focused on good communication.

CROs say that ML and AI are the skill sets most challenging to attract and retain (cited by 40% of respondents, including 57% of CROs in Americas, but only 26% in EMEIA), followed by AI-based model risk management (36%), actuarial skills (26%), and cybersecurity (23%), down from 35% last year.

That actuarial skills are more in demand than cybersecurity highlights that CROs recognize that such skills remain the heart for the insurance business. It may also reveal underlying concerns that not enough young talent is attracted to the insurance sector.

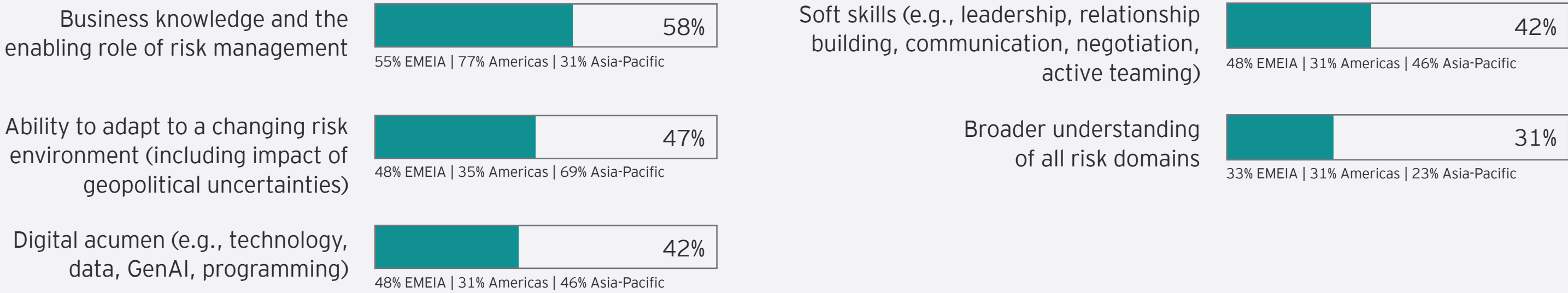
Communication, leadership and critical thinking are lower on the list (13%, down from 35% last year) despite being skills that CROs clearly value, our results show. Last year, data science and modeling (41%) and business/product knowledge (35%) were the hardest skills to attract and retain.

Figure 25: For which of the following skill sets does your organization face challenges attracting and retaining talent?



When asked what will help their organization better manage risk, CROs cited business knowledge and the enabling role of risk management (58%), the ability to adapt to change (47%), soft skills, including leadership, communication and digital acumen (42%), and relationship building (42%) as having the most powerful impacts.

Figure 26: In the coming three years, which of the following will help your organization better manage risk?



Less than a third (31%) of CROs say it will become increasingly difficult for the insurance industry to attract and retain talent over the long term, a huge drop from last year (64%). About a quarter of respondents (24%) say they face an “intense challenge” to find and keep the talent they need. In contrast, 42% of CROs say attracting and retaining talent is about as difficult as it has always been, while 6% say talent risk is overdone and that insurance remains an attractive employer of choice.

Just a few years after the headline-making “war for talent,” these numbers may seem somewhat low. However, in interviews, CROs explained how they were finding the skills they need. One said, “At the moment, we’re able to recruit good talent because tech companies are letting people go, making it a good hiring market.”



LOOKING AHEAD:

- finding the balance between immediate-term pressures and strategic perspectives



Looking ahead

Effective risk management has always been at the heart of the insurance business and remains so today. With a more diverse range of risks presenting greater threats to operations, CROs' jobs are increasingly difficult. They've also never been more important. Risk leaders that can keep their organizations aware of the most threatening risks and ahead of tomorrow's emerging risks will make the greatest contribution to growth and innovation.

What's clear from our results is that the trend toward more engagement with the business and more involvement with key initiatives will only accelerate. When asked how their roles will evolve over the next five years, our survey respondents selected increased involvement in strategic planning, business change and innovation as their top choice, followed by embedding a strong risk culture across the three lines of defense and serving as a "watchtower" for triangulating and advising the board and senior management on intersecting risks.

Figure 27: In what areas do you envision the role of the CRO will evolve over the next five years?



This year's EY-IIF survey of banking CROs found that developing and growing the next generation of risk leaders was the top priority, cited by 55% of respondents.

To effectively manage the many priorities on their agendas, insurance CROs are turning to modernized technology, richer data sets and new skill sets. Risk management teams need both deeper technical expertise and broader business knowledge and workers who are tech-savvy, data-fluent, and adept at critical thinking. Ironically, as risk management gets more automated and digitized, the value of effective communication, relationship building and seeing the "big picture" has never been clearer.

CROs on future priorities

“

We need to rethink the value proposition of risk for the next five to 10 years.

Let's dictate the future risk management, not let the future get in front of us.

If we don't show value in the second and third lines, we will become obsolete.

By positioning itself as a strategic advisor, risk management can significantly contribute to the organization's overall success and resilience.

Key actions for CROs

Our survey results suggest that this powerful combination of capabilities is what it will take to establish high-performing risk management functions in the future. In the meantime, CROs can prioritize the following actions.

Given all the uncertainty in the market today and the likelihood of more disruptive change, CROs must take a holistic approach in boosting the effectiveness of current risk management techniques. The big-picture objective is to ensure risk teams can deliver maximum strategic value and that risk management is viewed as a resource for achieving key goals.



Further reading



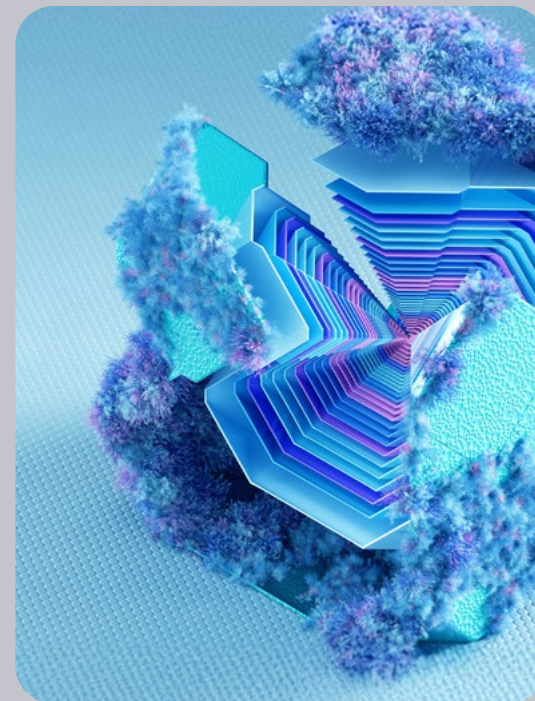
2025 EY Cybersecurity Study:
Bridging the C-suite disconnect



2025 Global Insurance Outlook



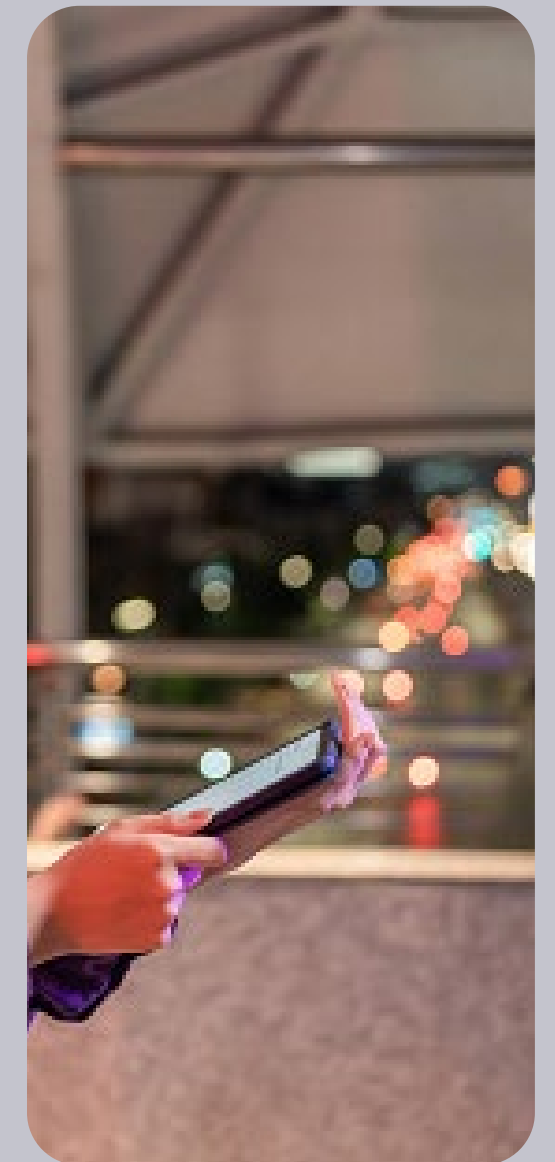
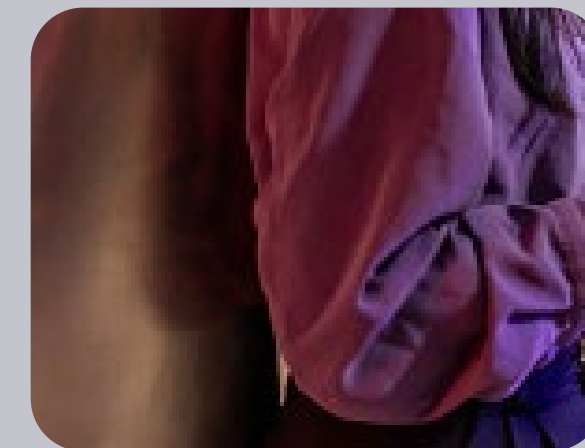
IIF-EY AI Research



2025 EY-IIF Global Banking
Risk Management Survey



Understanding the EU
Omnibus proposal: key insights
and resources



Contacts

EY Global

Isabelle Santenac
EY Global Insurance Leader
Ernst & Young AG
isabelle.santenac@fr.ey.com

Jonathan Zhao
EY Global Insurance Leader, effective 1 July 2025
Ernst & Young Asia-Pacific Services (HK) Limited
jonathan.zhao@hk.ey.com

Stuart D. Doyle II
Principal, Global Financial Services
Ernst & Young LLP
stuart.doyleii@ey.com

EY Americas

Jeff Gill
US
jeffrey.gill@ey.com

Chris Raimondo
US
chris.raimondo@ey.com

Tom Campanile
US
thomas.campanile@ey.com

Nimna Varghese
US
nimna.varghese@ey.com

Chad Runchey
US
chad.runchey@ey.com

Marcelo Lustosa
Brazil
marcelo.lustosa@ey.com

EY EMEIA

Philip Vermeulen
Switzerland
phil.vermeulen@ch.ey.com

Eamon McGinnity
UK
eamon.mcginnity@uk.ey.com

Pierre Santolini
France
pierre.santolini@fr.ey.com

Hanna Ulanska
Poland
hanna.ulanska@pl.ey.com

Kristin Bekkeseth
Norway
kristin.bekkeseth@no.ey.com

Maarten Bocksteins
Belgium
maarten.bocksteins@be.ey.com

Andre Dylan Kohler
Switzerland
andre-dylan.kohler@ch.ey.com

EY Asia-Pacific

Sun Young Bong
South Korea
sun-young.bong@kr.ey.com

Tze Ping Chng
Hong Kong
tze-ping.chng@hk.ey.com

Martyn Van Wensveen
Singapore
martyn.van.wensveen@sg.ey.com

Stacey Hooper
Australia
stacey.hooper@au.ey.com

Damien O'Meara
Australia
damien.o'meara@au.ey.com

IIF contacts

Andrés Portilla
Managing Director, Regulatory
Affairs
aportilla@iif.com

Melanie Idler
Associate Policy Advisor
midler@iif.com

A special thank you to these contributors:

- Kristin Karst
- Patricia Davies
- Rasika Karnik
- Katie Karlix
- Megan Palazzo
- Cassidy Zimmerman
- Krista Vivian
- Lauren Raiford
- Shravan Kumar
- Edmond Nana Jimngang
- Michael Castelli
- Chinwook Baek
- Harvey Chiu



Appendix: methodology and supplemental data

The global EY organization, in collaboration with the IIF, surveyed CROs and other senior risk executives from 86 IIF member firms and other insurance companies in EMEIA, the Americas and Asia-Pacific between October 2024 and January 2025. Participants were interviewed, completed an online survey or both. The research included a cross-section of the insurance sector in terms of asset size, geographic reach and line of business (e.g., P&C, life, health, reinsurance and specialty).



EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2025 EYGM Limited.
All Rights Reserved.

EYG no. 004084-25Gbl
2504-11217-CS
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com

About the Institute of International Finance

The Institute of International Finance (IIF) is the global association of the financial industry, with about 400 members from more than 60 countries. The IIF provides its members with innovative research, unparalleled global advocacy, and access to leading industry events that leverage its influential network. Its mission is to support the financial industry in the prudent management of risks; to develop sound industry practices; and to advocate for regulatory, financial and economic policies that are in the broad interests of its members and foster global financial stability and sustainable economic growth. IIF members include commercial and investment banks, asset managers, insurance companies, professional services firms, exchanges, sovereign wealth funds, hedge funds, central banks and development banks.

The Institute of International Finance (IIF)
1333 H St NW, Suite 800E
Washington, DC 20005-4770
USA

Tel: +1 202 857 3600
Fax: +1 202 775 1430
www.iif.com
info@iif.com