



51%

PROBABILITY OF DYING
IN THE NEXT 5 SECONDS



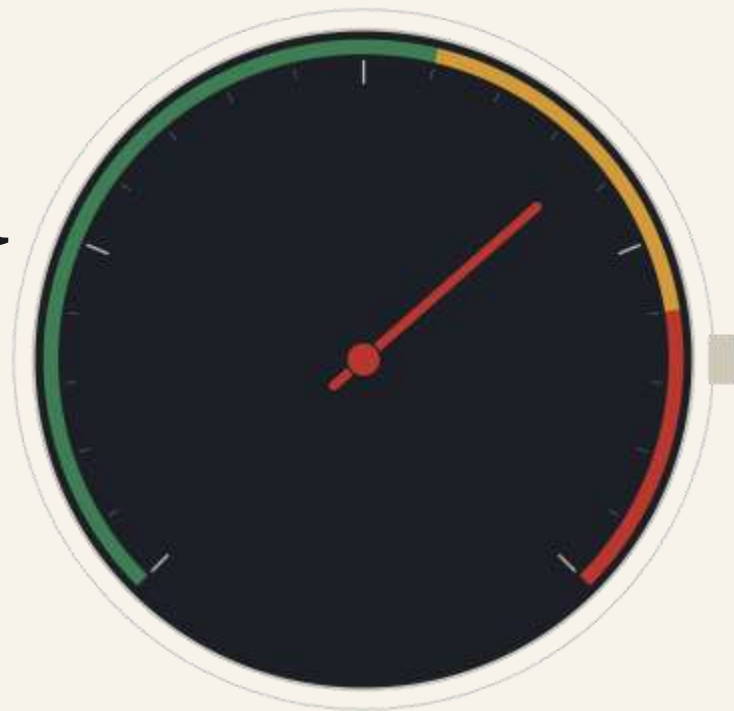
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AIIF 2026 · BAKU · ABSORBING THE SHOCK

The Cassandra Watch

*Beyond registers and models: risk management
as a tool for insurance market resilience.*

Elina Moshkovich · Ex-CRO Allianz & MetLife · riskuni.com





Imagine a watch that does not tell the time.

after Bernard Werber, Cassandra's Mirror

THE ORIGINAL CASSANDRA · TROY, 1200 BC

Troy had walls. Troy had a prophecy. Troy fell.

Cassandra saw the future. She was cursed never to be believed. Knowledge that is not wired into decisions protects no one.

OUR INDUSTRY IS FULL OF CASSANDRAS

- i.** Risk registers: reviewed quarterly
- ii.** Models: calibrated on the past
- iii.** Reports: filed, noted, archived
- iv.** **Decisions: made elsewhere**



WHERE THIS TALK BEGINS

Our models have never been more powerful.

And companies with the best models still fail. The failure does not live in the model. It lives in the gap:

MODEL OUTPUT

PML, AAL, return periods

THE GAP

- ✗ no trigger defined
- ✗ no named owner
- ✗ no deadline
- ✗ committee debates, nobody acts

THE DECISION

limits, pricing, capacity,
the underwriter's signature

A model can estimate the loss. It cannot decide when to stop underwriting, reprice, buy more cover, or change the strategy. **That is where risk management earns its place.**

FROM MY OWN DESK · JANUARY 2020

“Should we prepare for aliens too?”

I was CRO at a large US insurer. Our China offices were already in lockdown. I called the leadership team and proposed a concrete plan: what do we do if a lockdown reaches our country?

*“This simply cannot happen.
Should we also prepare for an
alien invasion?”*

the COO, in that meeting

I did not argue. I showed the numbers: how each scenario would hit our key metrics and our targets if we did nothing. That was enough. We started acting that day.

The information was on the table. What closed the gap was turning it into numbers tied to our goals, and a decision.

The cliff is not theoretical.

\$220bn

global economic losses
from
natural catastrophes in
2025

49%

insured, a record share.
The rest fell on society

88%

of insured losses came
from
wildfire, storm and flood

80-90%

of cat losses in emerging
markets stay uninsured

The watchmaker's question: a model is only as good as its assumptions, and a changing climate makes yesterday's assumptions stale. The perils once treated as secondary now drive the loss bill.

NOT A HYPOTHESIS · KAHRAMANMARAŞ, 6 FEBRUARY 2023

It has already happened next door.

Over fifty thousand lives. Around thirteen million people affected. The same kind of fault that runs under this region.

~\$25bn

economic loss
(Moody's RMS)

~\$5bn

insured: about 20%
of the damage

~80%

of the loss fell on
society, not insurers

**under-
insured**

even policyholders
had cut their cover

The model saw the seismic risk. Reinsurance paid on what was insured. But four-fifths of the loss was never on anyone's dashboard, because it was never on the books.

THE SAME EARTHQUAKE • ONE TOWN STOOD

Erzin: no deaths. No collapses.

In the middle of the destruction, one town in Hatay province came through almost untouched. Same regional catastrophe. Same legal code on paper. Different enforcement. Different outcome.

The difference was one decision, held for years: the mayor refused to permit a single building that broke the code. People were angry. He held the line.



0

deaths from collapse, in a town of 42,000

Erzin is not a story about perfect prediction. It is a story about governance holding the line before the shock. *The difference was a system that turned the warning into a decision, and held it. That is the watch.*

THE DIAGNOSIS

We measure the oil level. Not the distance to the cliff.



Loss ratio, combined ratio, reserve development: all lagging. They report decisions made 12 to 24 months ago.

WHY THIS IS A MONEY QUESTION

Weak risk management opens two costly gaps

GAP ONE · INFORMATION TO DECISION

1

Nobody acts

the signal exists, the decision does not

MODEL SAYS
"act now"



DECISION
never happens

The report is right. It just never reaches a decision.

THE COST

A loss you could have stopped.

GAP TWO · MODEL TO REALITY

2

Assumptions wrong

the number was real, the world moved

model says:

€ X

reality sends



much more

The model ran on yesterday's climate.
The assumption broke before the loss.

THE COST

A loss bigger than any model showed.

The weaker the risk system, the wider both gaps, and the bigger the cheque. Strong risk management is the only thing that closes them.

WHY OUR WATCHES STOPPED

Three failures hiding in plain sight



01

RISK THEATRE

Registers presented, heat maps reviewed, mitigation approved. The same risks come back next quarter. A show about risk is not risk management.



02

APPETITE ON PAPER

Every insurer has an appetite statement, the regulator asks for it. Almost none turn it into a real limit, with an action and a named owner.



03

THE ORSA PARADOX

ORSA was built to be this watch, linking risk, strategy, capital. In practice: an 80-page report read once a year. Right tool, dead version.

Ask yourself, no need to answer aloud: if your amber KRI fired tomorrow, what decision would it trigger, and who owns it?

BUILDING THE WATCH

Seven links. One decision chain.

STRATEGY: are we aiming at the right thing?

CONTROL: what can weaken it, and who acts?



CSF (critical success factors) is the link most decks miss: the conditions that must hold for the goal to be reachable. Indicators can glow green while a critical success factor is already broken.

The watch does not decide for you. It guarantees a decision cannot fail to happen.



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A WORKED CASE · ILLUSTRATIVE COMPANY, REAL MARKET MATHS

“Khazar Insurance”

AZN 130m

gross written premium · top-5 in a 1.5bn market

AZN 48m

own capital

AZN 28m → 56m

goal: double the property book in 3 years

ZONE VIII · MSK-64

The strategy is right: a building boom. The question is what the company watches while it grows.

THE FUEL GAUGE • WHAT THE BOARD SEES

Everything is green.



+27%

property GWP vs plan



19%

property loss ratio



67%

combined ratio



104%

sales plan delivery

Why all green? No major event since 2000. Lagging metrics measure a past in which the catastrophe did not happen.

THE WATCH · SAME COMPANY, SAME DAY

Four KRIs nobody was reading



KRI-1 · THE SCISSORS

TIV in Zone VIII up 44% in 18 months. Cat XL limit up 11%. Exposure growing ~4x faster than protection.



KRI-2 · NET TAIL

Gross PML AZN 108m, above the 100m programme. Net loss = retention 5 + 8 above the limit = AZN 13m = 27% of capital vs 12% appetite (plus reinstatement cost to rebuild cover).



KRI-3 · MODEL DRIFT

Outside model calibration: new high-rise, coastal flood, energy & infrastructure builds. Share of portfolio 18% > 31%.



KRI-4 · SUM EROSION

Rebuild costs +22% in 2y; sums insured +8%. Hidden underinsurance = claims inflation.

None appears in the P&L or quarterly report. All four are computable from data the company already holds.



8% → 27%

net exposure vs 12% appetite. Not one report showed it move.

THE COMPANY'S WATCH

This is what Khazar's watch would show.



WIRING THE WATCH TO THE WHEEL

Escalation by design

LEVEL	TRIGGER - THRESHOLD	PRE-AGREED ACTION	OWNER	CLOCK
 GREEN <i>Normal</i>	Net single-event loss under 12% of capital Scissors ratio under 2 : 1	Standard monitoring. Quarterly KRI pack to the risk committee.	Risk function	Quarterly
 AMBER <i>Watch</i>	Net loss 12–15% of capital, or cover gap widening past 2 : 1	Automatic, no meeting: facultative cover on new Zone-VIII risks > AZN 2m · buy capacity · top-up · reprice the zone.	Chief Underwriting Officer	10 days
 RED <i>Brake</i>	Net single-event loss over 15% of capital (retention + above-limit tail)	Stop new business in the zone until cover is restored. The board already pre-authorised this. No committee needs to convene.	CRO, then Board (pre-voted)	Same day

Every threshold owns an action, an owner, and a deadline, agreed before the conflict. The watch never forbids growth; it makes sure whoever grows can see the cliff.

THE WATCHMAKER'S RULES

If you remember one thing

Every threshold owns a decision.

Risk Appetite with no action and no owner is just decoration. A number that fires a decision is a watch.

- 1 Start from goals, not from fears.
- 2 Look forward, not back.
- 3 Run it always, not once a quarter.
- 4 People decide; the system makes sure they do.



*the needle is useless
until it fires a decision*

FROM COMPANY TO MARKET RESILIENCE

Resilience is a shared decision chain



INSURED
policyholder

- honest information for underwriting
- actions to avoid and reduce risk
- insure to the right value



INSURER
earns and prices the risk

- accumulation control, underwriting limits
- pricing and risk selection
- claims inflation, the watch



REINSURER
absorbs the shock

- capacity and attachment points
- exclusions and terms
- reinstatement cost



REGULATOR
market association

- protection gap, affordability
- solvency stress testing
- concentration of risk



GOVERNMENT
infrastructure owners

- building codes and enforcement
- climate adaptation
- emergency response

A market fails when each actor sees a fragment, but nobody owns the decision chain.

Three questions for your next risk report

01 *“Which of our top decisions last year did risk team see before the decision, not after?”*

Tests if the watch is wired in, or just signing off.

02 *“Name one threshold that, if crossed, changes a decision on its own. Who owns it?”*

Tests if risk appetite is a real limit, or words on paper.

03 *“What are we measuring that looks back, and what tells us the cliff is coming?”*

Tests lagging versus leading.

You do not need to build the watch yourself. You only need to ask the questions that make someone build it.



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Cassandra knew the future. She could not act.

*We have the models. We have the data.
We have no such excuse.*

Risk systems built to work in practice. Not just on paper.

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