

# Critical infrastructure

The term “critical infrastructure” is used to denote various types of infrastructure whose damage or disruption would seriously undermine public health and safety, the environment and social well-being. Energy, information and communication technology (ICT) and transport must be seen as sectors that are particularly critical. In many parts of the world, critical infrastructure is aging, mainly due to insufficient maintenance, underinvestment in renewal and complex ownership structures. In the US, for example, investment needs for infrastructure renewal are estimated by some sources to be about USD 2 trillion – currently not a single US infrastructure element gets more than a C grade on a scale from A (excellent) to D (poor).

For the insurance industry, aging infrastructure may lead to increased property exposure through higher loss frequencies and repair costs, and to subsequent liability claims. However, the potential impact is at present not fully understood. For this reason, we have defined “critical infrastructure” as an emerging risk and have started to conduct a thorough assessment of possible threats. In particular, we have been looking at the likelihood and potential severity of impacts on insurance emanating, for example, from dams and levees, power grids etc. Insurance could be a powerful tool in stimulating sufficient risk transfer solutions and investment in critical infrastructure, in addition to its primary role in recovery.