

2025

Emerging Risks Report

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We believe in an anticipatory leadership capable of navigating uncertainty and complexity while restoring confidence in the future



Carlo Cimbri
Chairman

The **vision** is the primary element of **our DNA**, enabling us to **anticipate change and to promptly intercept societal transformations**, so that we can actively lead the evolution of our Group. Operating in an evolving market demands an **adaptive approach**, one that begins with a deep understanding of what matters most in order to be chosen and requires having the **courage to leave space to new forms of innovation** that will **open new ways over time**.

The future will be characterized by risks stemming from increasingly interconnected, systemic and hardly predictable events. **Anticipating future scenarios** and **managing emerging risks enhances** our understanding of **potential exposures that require attention** and enables us to **envision the future** by building today the conditions to compete effectively tomorrow.

In an increasingly uncertain world, the mere ability to **react to change is no longer sufficient** and it is, in fact, limiting. Organizations must develop more and more tools that help them to **safeguard the present while envisioning the future**, in order to **proactively evolve** their business models and turn challenges into meaningful opportunities.

At Unipol Group **we stand with those who deal with change everyday**, providing solutions to the daily challenges encountered by individuals and companies. That is why we **developed and embedded within our vision a structured approach** that, in a fast-evolving and constantly shifting context, enables us to anticipate change, read the weak signals and **manage uncertainty, supporting strategic decisions and strengthening our Group's ability to adapt** to the challenges of the insurance system.

We believe in an **anticipatory leadership** capable of navigating uncertainty and complexity, of facing transformation with courage and managing it with responsibility while restoring confidence in the future.

The 2025-2027 Strategic Plan is strongly future-oriented and integrates the main macro trends considered as structural challenges that the insurance market must address in order to seize change as an opportunity



Matteo Laterza
Chief Executive Officer

The 2025-2027 Strategic Plan is strongly **future-oriented** and integrates the **main macro trends** considered as **structural challenges**, requiring a **long-term vision** and an **adaptation capacity**, and that the insurance market must address in order to **seize change as an opportunity**. The **ability to anticipate future macro** trends is a key factor in defining an **evolutionary strategy**, and for this reason, Unipol Group has established the Reputational & Emerging Risk Observatory over 10 years ago.

Italy is one of the countries with the **highest life expectancy worldwide**, but it also has among the highest life expectancy not in good health. This leads to a **growing demand for healthcare services**, in a context where the national health system is struggling to provide effective responses. The private insurance sector can and must play an increasingly important role by **offering healthcare and welfare solutions** that address people's real needs. At the same time, **climate change** is profoundly reshaping our daily lives and represents both a **responsibility** and an **opportunity for us to continue protecting individuals and businesses** through innovative, targeted insurance products. **Artificial Intelligence** is a key enabling factor in **reimagining our business model**, that we intend to adopt with the goal of **enhancing**, not replacing, our people's **skills**, thereby **valuing and investing in human capital**. Lastly, **evolving consumer behaviors**, particularly among younger generations who represent the customers of the future, are inspiring us to rethink our **offering** towards a natively **omnichannel, personalized, and accessible model**.

By **integrating the major macro trends of change in the external context** into our Strategic Plan, the Group is able to **steer innovation** toward the emerging needs of both customers and society as a whole.

To meet the challenges posed by the demographic and social evolution, as well as the digital transformation, Unipol has launched UNICA, an omnichannel solution that enables a comprehensive protection for families by covering all the risks with a single insurance policy



Enrico San Pietro

Group Insurance General Manager

The insurance market is undergoing profound changes, driven by two **main trends** representing the most relevant forces behind innovation: on one side, **social and demographic transformation** leads to a growing diversification of protection needs; on the other, the **digital transformation** redefines the expectations of customers in terms of accessibility, flexibility and clarity of the overall experience.

To meet these challenges, Unipol has launched **UNICA**, an insurance solution encompassing **14 protection scopes** in 4 macro-areas: **mobility and vehicles, home and family, person and activity**. One flexible and modular offering, designed to provide complete and personalized protection.

UNICA introduces a truly innovative experience: the **policyholder** can, with a single contract, ensure full protection, also on behalf of their family members, marking **a true revolution on the insurance market landscape**. Moreover, premiums can be **split into monthly installments** and **concentrated into a single term**, simplifying management and transforming the policy into a **protection subscription**, as well as meeting the evolving consumption patterns.

Thanks to its **omnichannel nature**, UNICA enables a **flexible, uninterrupted experience**, allowing the client to initiate a quotation on one channel and complete the purchase on another one in full continuity, ensuring a fluid and coherent usage, closer and closer to people's daily digital habits.



O S S E R V A T O R I O

REPUTATIONAL & EMERGING RISK

Gruppo Unipol

The Observatory was established in January 2014 with the purpose of managing emerging and reputational risks with a strategic and proactive approach, considering both risks and opportunities, with the aim of protecting and strengthening the Group's strategy and reputation.

A forward-looking vision was adopted from the very beginning, also through the collaboration with the academic world by implementing the Meeting Point predictive model, together with the strategic foresight and anticipation methodologies.

The Observatory's work has continuously evolved, from the ten-years long study of Macro Trends, illustrated within the several editions of the **Paper of Macro Trends**, to the development of a framework for the management of Emerging Risks.

Emerging Risks are analysed with an «outside-in» view through the **Survey** conducted on a panel of external experts, now at its 3rd edition, and with an «inside-out» view of the potential impact of emerging risks on traditional risk categories through the Heatmap of Exposure. The integration and the exchange of these two visions result into the development of the **Emerging Risk Report**, which illustrates how the Group has equipped itself to face the challenges arising from the evolution of the external context.

[Learn More](#)


2014

2015



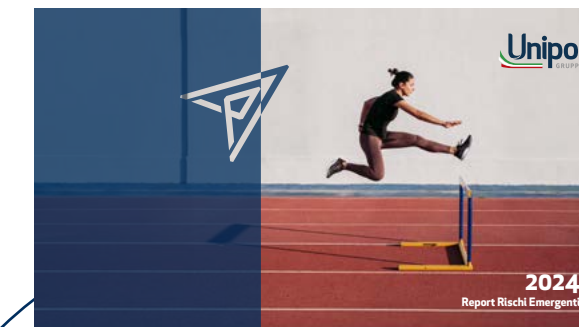
2017



2018



2020



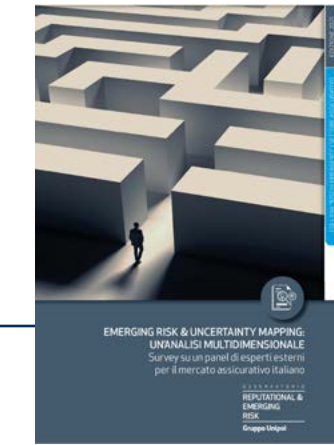
2024



2022



2021



2025



Macro Trend



Emerging Risk

From Macro Trends to the Emerging Risks

In a world where **change** is increasingly **accelerated** and **interconnected**, it is important to extend the view in order to anticipate the shifts of the external context and evaluate risks in advance, so that they can be turned into opportunities.

Unipol Group has established, within the Risk Management function, a **dedicated Observatory**, developing a structured framework for the management of emerging risks, which is based on an **anticipatory approach** and integrates the “**Outside-In**” and “**Inside-Out**” visions.

[Learn More](#)

1. Anticipation and Monitoring of Macro Trends

- Identification and Monitoring of Macro Trend
- Risks -opportunities Analysis

2. Identification of Emerging Risks

- Identification of Emerging Risks based on an integrated analysis of Macro Trends
- Creation of the Interconnections Map between Macro Trends and Emerging Risk Areas

3. Emerging Risks Assessment

- **Outside-in** evaluation of impact, probability and time horizon of Emerging Risks, as well as their interconnections through a Survey on a panel of external experts
- **Inside-out** evaluation of the potential exposure level to priority emerging risks and creation of a heatmap of exposure

4. Analysis of relevance and scenarios

- Analysis of relevance and identification of the top 10 emerging risks and related actions to be developed
- Analysis of most relevant risks, also through scenario analysis

For a systemic reading of risks

In this second edition of the Report, in addition to the usual ranking based on relevance, we have introduced a **new interpretation: the interconnections among emerging risks**. This approach, already in use in our multidimensional assessment, has proved over time to be an essential tool for anticipating the evolving dynamics of the emerging risk landscape.

In addition to the “Top3 Risk” section, the report has been enhanced with **three new sections dedicated to the main Risk Nexus** outlined from the *Survey on Emerging Risks* conducted between 2024 and 2025, which involved a miscellaneous panel of 70 external experts. The sections are: “New climate, geopolitical and technological turbulence”, “New health protection needs” and “Transformation of social needs”. Each one of them explores the emerging risks that compose the nexus, highlighting their connections through a cross-referencing play among the different sections.

The goal is to promote a systemic reading capable of grasping the complexity of the current context and identifying **multiplying effects among the risks** that can accelerate or amplify the ongoing dynamics. Taking this into account, the integrated vision enables the development of **transversal control strategies** capable of tackling multiple challenges simultaneously and generating cascading benefits. Particular attention has been posed to risks representing central nodes of primary Nexus, since their mitigation strengthens the resilience of the Group, also with respect to the risks connected to them.

Top 10 | Emerging Risks

1. Demographic
Change



2. Climate
Change



3. Geopolitical
Instability



4. Artificial
Intelligence



5. Cyber Risk &
Cyber Insecurity



6. Biodiversity
Loss



7. Environmental
Pollution



8. Breakdown of critical
infrastructure



9. Insurance base
transformation




10. Social Polarization
increase



Evolution of Emerging Risks

Top 10 2025 vs 2024

1. Demographic Change



=


Confirmed the high relevance of the Demographic Change risk, both because of the high exposure on the different phases of the value chain and the high degree of interconnection resulting from the survey on a panel of external experts

2. Climate Change



=


3. Geopolitical Instability



+2

The risk of Geopolitical Instability shows a high increase in terms of relevance, both in the evaluations resulting from the Survey on a panel of external experts and from the exposure analyses.

4. Artificial Intelligence



=

5. Cyber Risk & Cyber Insecurity



-2

6.

Biodiversity Loss



+1

7.

Environmental Pollution



NEW

New risk in the perimeter which in the emerging risk Survey has been evaluated by the panel of external experts as relevant in terms of impact.

8.

Breakdown of critical infrastructure



+5

The relevance of the Critical Infrastructures breakdown risk is increasing, being perceived in the Survey as more imminent and likely.

9.

Insurance base transformation



+2

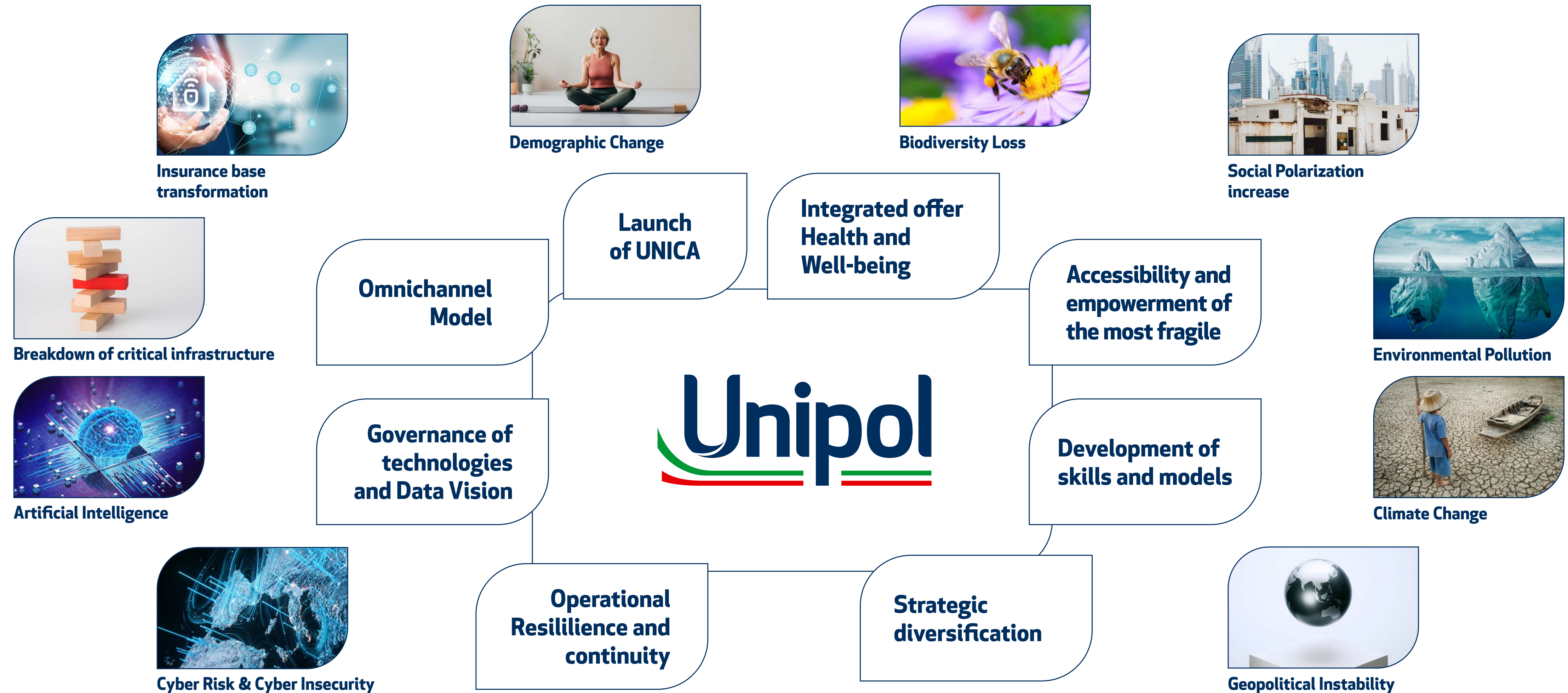
10.

Social Polarization increase



=

Unipol's key actions for a transformative resilience



Top 3

This section presents the top 3 Emerging Risks characterized by high values of relevance and interconnection:

- Demographic Change
- Climate Change
- Geopolitical Instability

> Page 12

New climate, geopolitical and technological turbulence

This section presents the nexus of “New Climate, Geopolitical, and Technological Turbulence” which explores emerging vulnerabilities within the social and political system and their impacts on digital and operational continuity, social cohesion, and supply chains.

> Page 32

New health protection needs

This section presents the “New Health Protection Needs” nexus, which explores new risk factors affecting people’s physical and mental health and well-being.

> Page 44

Transformation of social needs

This section presents the “Transformation of Social Needs” nexus, which encompasses the business innovation challenges arising from demographic and social changes, as well as the digital transition.

> Page 51

25.3
years
years in life expected not in good health⁽¹⁾

+927
%
Cyber war: increase in the number of cyber attacks with political dimension between 2020 and 2024⁽²⁾

14.5
%
Italian population living in the most polluted cities in 2024⁽³⁾

30.9
%
of people in Italy expressing a positive outlook on their future prospects⁽⁴⁾

(1) Indicator calculated as the difference in 2024 between the two ISTAT indicators of life expectancy at birth (83,4 years) and healthy life years at birth (58,1 years)
(2) Indicator calculated as the percentage change between the attacks with a political dimension in 2020 (73) an 2024 (750) (Source: <https://eurepoc.eu/>)
(3) Reputational & Emerging Risk Observatory elaboration on ISTAT and Legambiente data: Mal'aria di città Legambiente 2025 (<https://www.legambiente.it/wp-content/uploads/2021/11/MalAria-2025.pdf>)
(4) Source: ISTAT, BES (Benessere equo e sostenibile), 2025

Top 3 Emerging Risks



Demographic and climate transformations, as well as geopolitical turbulence generate the main challenges to be prepared for





1. Demographic Change

The risks linked to demographic change are confirmed as the most important emerging risk, also given the high degree of interconnection with other risks.

Ageing, reduction in the volume of the population, particularly the working population, and the transformation of social networks introduce new forms of vulnerability and lead to increased pressure on public spending by defining new adverse scenarios for the sustainability of public debt.

These risks are characterised by differentiated time horizons and delayed effects of mitigation measures. To address them effectively, it is necessary to define structured action plans which take into account not only the direct effects of demographic transition, but also the amplifying effects induced by other connected risks, which may further aggravate health conditions and generate new forms of vulnerability.

The insurance sector is heavily exposed to the risks deriving from demographic change, with significant impacts on all the phases of its value chain. At the same time, it plays a crucial role in supporting public institutions, ensuring adequate access to services and contributing to the definition of welfare plans that are sustainable in the long run.



2. Climate Change

The risks connected to Climate Change are keeping a high score both for impact and probability, in a time horizon of short-medium run. These risks show intense connections with other risks such as Geopolitical Instability and Breakdown of critical infrastructure.

The physical risk component includes both acute risks which manifest as a rise in the frequency and intensity of extreme weather events causing immediate material damage to insured property and infrastructure, and chronic risks, which occur as long-term climate changes.

Another relevant component of climate risks is transition risk which drives insurance companies, as well as the whole market, to adapt to a context characterized by regulatory changes and reputational challenges related to the transition to a low-emission economy.

The risks related to Climate Change have potential impacts across the entire insurance value chain, in particular the component of Physical Risks on underwriting activities, given the increase in severity and frequency of claims, and on strategic activities concerning the ability to respond to the country's growing demand for protection.



3. Geopolitical Instability

The risks related to Geopolitical Instability are among the most relevant emerging risks, determining transversal impacts on the value chain and showing a high degree of interconnection with other risks, as well as having amplifying effects on Cyber Risk & Cyber Insecurity, Breakdown of critical infrastructure and Supply Chain impacts.

War and economic conflicts, as well as alliances, polarizations and other political dynamics lead mainly to social unrest, financial market tensions and business disruptions. These risks, while manifesting with a fragmented distribution on a global scale, can have rapid and sudden escalation with unforeseen outcomes.

The insurance sector is highly exposed to this risk, mainly due to the volatility of financial markets, with impacts on the investment portfolio but also in terms of Italy and Europe's loss of relevance in a scenario of growing geopolitical fragmentation.

Moreover, this risk generates new forms of vulnerability, also as a result of Cyber War, which leads to a potential increase in cyber attacks for geopolitical reasons, with repercussions on operations in terms of increased risk of business interruption.

Demographic Change

Demography and Health



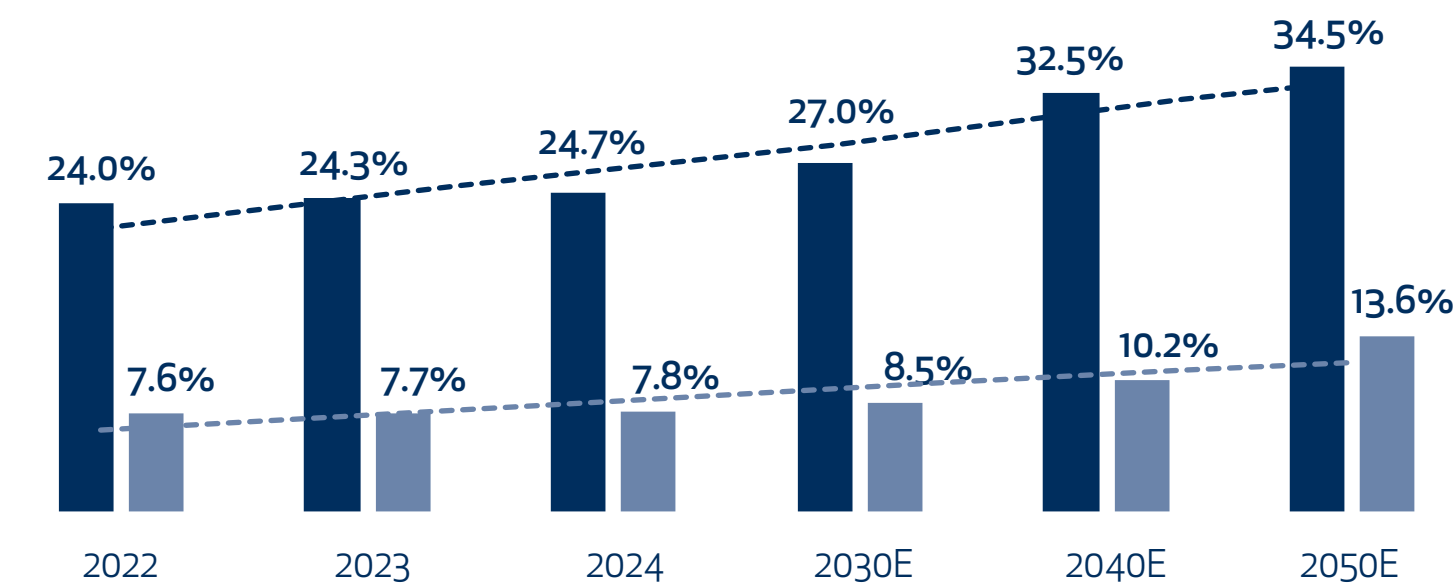
Main Macro Trends connected

Risk deriving from **variations in size, composition and territorial distribution of population**, which can manifest through elements such as birth rate, mortality, social mobility (changes of social status) and movements across the territory (migration). This generates (i) **business models unsustainability**, also due to the rise of new insurance needs, with different characteristics for the coexisting generations (youth, active population, quiescents) and exposure to longevity risk, and transformation in social relationship patterns, (ii) a significant **increase of life expectancy, with impacts on the sustainability of the risks taken**, also due to the high disease rate in older population groups, and (iii) an impact on **people management** in terms of attractivity and retention of new skills.

Demographic Change



Incidence of over 65 (blue) and over 80 (light blue) Italian population



The 2024 data confirms the expected trend reflecting the progressive ageing of the Italian population, where increasing longevity requires an enhancement of prevention practices and of well-ageing in general.

370 κ

Number of births in 2024,
-2.6% compared to 2023

68.4

Mental health
indicator*

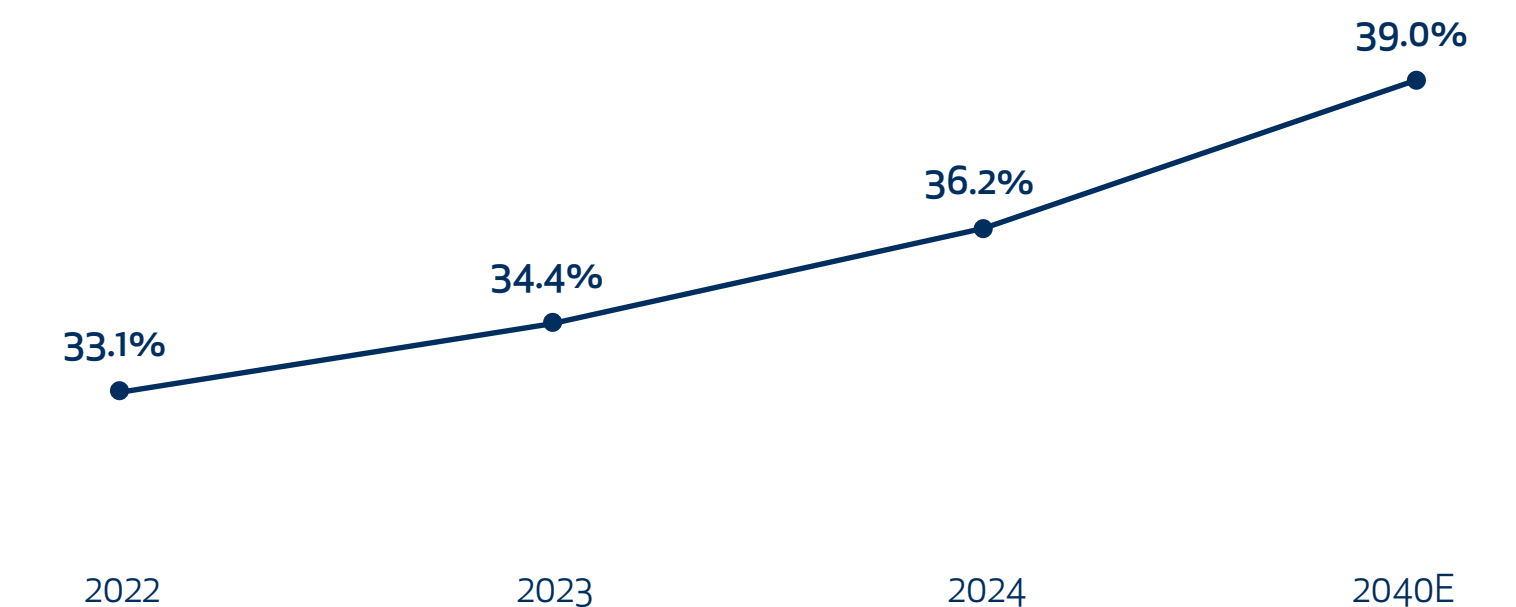
* A measure of psychological distress referring to four main dimensions of mental health (anxiety, depression, loss of behavioural or emotional control and psychological well-being). The indicator is on a 1-100 scale, with better psychological well-being conditions as the average value of the index increases.

Data Source: ISTAT

Note: all data refers to Italy

Based on the expected demographic dynamics the incidence of the Italian population on the world population will decrease from 0.72% to 0.54% by 2050

Incidence of single-person families



The rising trend is confirmed with an increase of 1.8 p.p. in 2024. This particular social transformation also draws attention to the issue of possible negative impacts on physical and mental well-being related to loneliness, depression and lack of timely access to care and assistance, especially for the elderly or fragile people.

Demographic Change



83.4 years Life expectancy at birth in 2024

81.4 years
Life expectancy at birth

85.5 years
Life expectancy at birth

58.1 years Healthy life years in 2024

59.8 years
Healthy life years

56.6 years
Healthy life years

25.3 years Expected not in good health in 2024

21.6 years
Expected not in good health

28.9 years
Expected not in good health

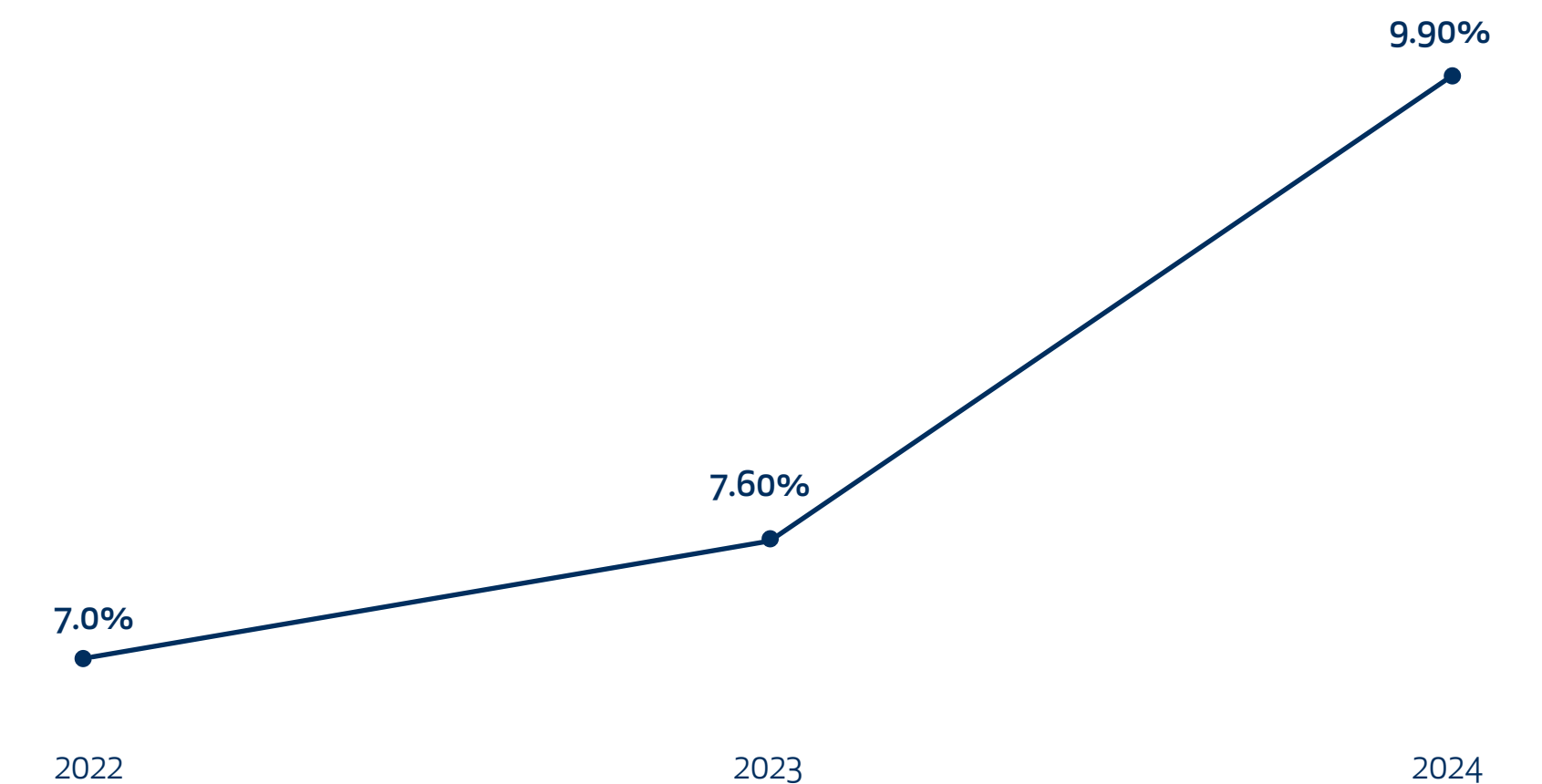
■ Males □ Females

Data Source: ISTAT

Note: all data refers to Italy

In 2024, given a slight increase in life expectancy at birth from 83.1 to 83.4 years, there was also a 1.4 increase in the number of years expected not in good health, reaching a value of 25.3 years. In particular, if breaking down the data by gender it is possible to observe a 7.3 gap, at the expense of the female population due to a lower number of healthy life years but a higher life expectancy at birth, typical trait of this gender.

Forgone medical care



1 out of 10 people in Italy gave up seeking medical treatment in 2024.

Demographic Change



IMPACTS

Potential risk impacts

- **Increase of chronic and multi-chronic diseases** due to population ageing and pollution of urban areas, with impacts on the strategy and loss ratio of health policies
- **Increase of mental illnesses**, also connected with higher levels of urbanization, with consequent impacts in terms of pollution
- **Increase of longevity risk**, relevant for annuity products
- **Reduction of the spending capacity** linked to the increasing share of single-person families
- **Loss of attractiveness in terms of offering competitiveness and people management** in the absence of adaptation initiatives to meet the needs of different generations and cultures
- **Risks linked to sustainability, relevance and potential growth of public debt**, as well as the **loss of strategic position on the global market** due to the decrease and ageing of population, with impacts on strategy and investments
- **Increased reputational risk** due to the failure or inadequacy in **addressing the country's emerging protection needs and evolving social expectations**
- **Increased reputational risk** in case of failure to promote values of inclusion

Demographic Change



Main actions taken by the Group

ACTIONS

- Strengthening of **UniSalute centre of excellence** as focus point for the management of health policies
- Consolidation of the **welfare ecosystem** through an offering of integrated services to enhance synergies between prevention and protection
- Enhancement of the **integrated Health offering**, omnichannel, modular, flexible and customizable combined with health services (virtual care for physical and mental well-being including telemedicine, care managers and a specialized primary network of medical centers) to meet the growing demand through a sustainable growth of the Health business, also regarding the business mix boost strategy
- Futures exploration through **strategic foresight methodologies**, in order to strengthen the resilience of strategy and business model in the long run
- Wide range of digital services offering to support and promote **corporate welfare** (*Wellbee, Tantosvago, GoWelfare*)
- **Launch of UNICA**, innovative and data-driven offering in response to the transformation of needs and with an innovative customer experience
- Evolution of **Life solutions** in a **Life Cycle** perspective to incentivize the adoption of complementary pension schemes by younger generations
- **Omnichannel distribution model** focused on the Agency Network and enhanced by **technology and specialization**, leveraging the role of the Family Specialist
- Diversification of investment portfolio by issuing country, with reduced exposure to Italian Government Bonds
- Approval of the People Management Policy, defining commitments in terms of skills valorization and meritocracy, respect for people, integration of multiple backgrounds, abilities and attitudes; a management approach that values differences and ensures equal opportunities for professional growth
- **Generational change** in the People Management area and support in the development of a new generation of Agents
- Promotion of structured advocacy activities leveraging the **"Welfare, Italia"** think tank as a discussion and good practice sharing platform, with the aim of providing a contribution to the definition of a new concept of welfare for the Italian context

The requirement for companies to adopt adequate insurance coverage against catastrophic risk provides an opportunity to lay the foundations for a virtuous partnership between the public and private sectors



Daniela D'Agostino
Chief Property & Casualty Officer

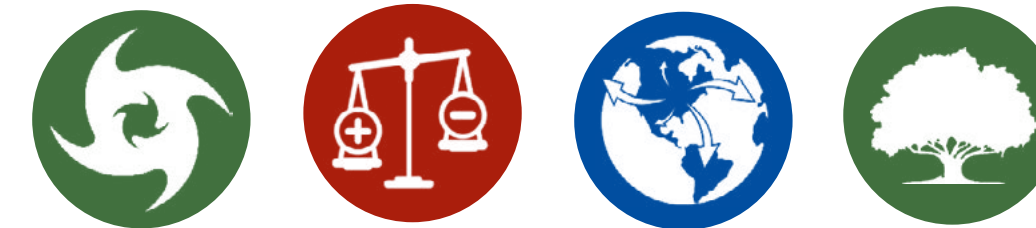
In a country such as Italy characterized by a particularly fragile territory, with several areas affected by hydrogeological risks, the **new legislative measure introducing mandatory insurance coverage against natural disasters for businesses** has been welcomed by Unipol as a positive development that will provide a tool capable of addressing the growing risks associated with climate change. The requirement for businesses to adopt adequate insurance coverage against catastrophic risks provides an opportunity to lay the foundations for a **virtuous partnership** between the public and private sectors. It also contributes to the **financial stability of the system** by enabling a significantly faster **post-event recovery** thanks to a more timely compensation from the insurance sector.

In this new context the State can focus on prevention activities such as infrastructure maintenance, land management and the development of emergency plans to coordinate immediate responses in the aftermath of an event, while Unipol, and more generally the insurance market provide their underwriting capacity by combining the concepts of «**risk selection**» with «**risk mutuality**», support clients in terms of **risk awareness and prevention**, offer their **claims management** expertise through structured processes, trusted partners and qualified professionals capable of handling the damages resulting from catastrophic events. As part of its 2025–2027 Strategic Plan, Unipol has allocated **€600 million** in capital to provide businesses with coverage for catastrophic risks.

Moreover, with the aim of strengthening its natural catastrophic risk management model, the Group has implemented over the years a framework for measuring and assessing such risks, by leveraging the main models on the market but also internally developed models, creating a **center of excellence dedicated to the development of catastrophic models and climate-related predictive models**.

Climate Change

Climate Change and Biodiversity



Main Macro Trends connected

The risks connected to climate change include the increase in frequency and severity of extreme natural events deriving from climate change, resulting in damages increase for the Group and its policyholders. It also includes risks deriving from the transition to a low greenhouse gasses emissions economy, including changes in regulation, technology and market preferences.

Climate Change



Risks connected to climate change include **acute and chronic physical risks and transition risks**.

Physical risks are risks deriving from physical changes of climate change including:

- **Acute physical risks**, deriving from particular weather phenomena such as storms, floods, fires or heatwaves;
- **Chronic physical risks**, deriving from long-term climate changes such as average temperature variations, sea-level rise, lower water availability and changes in soil properties and productivity.

Transition risks arise from the shift to a low greenhouse gas emissions economy and can have different causes:

- **regulatory**, which can derive from political decisions aiming at the increase of fossil fuel prices and encouraging the sustainable soil use and energetic efficiency;
- **legal**, deriving from legal controversies due to activities that produce negative impacts on climate;
- **technological**, which can derive from the introduction of new low CO₂ emissions and energy-efficient technologies, considering the whole product lifecycle;
- **changes in market preferences**, deriving from a variation in the customers behavior and consumer preferences
- **reputational**, related to the difficulty in attracting and maintaining clients, employees, commercial partners and investors if the company has a reputation of conducting environmentally-harming activities.

Climate Change

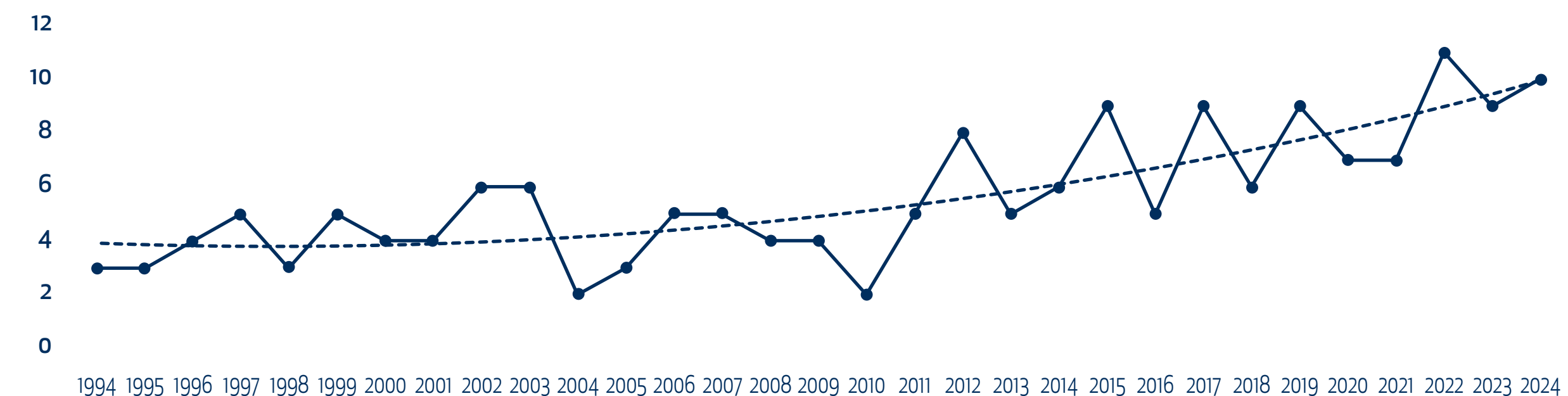


The ***European Extreme Events Climate Index*** provides a tool for the evaluation of the frequency and severity of extreme weather events by analysing the ERA5 dataset of Copernicus Climate Change Service (C3S).

In the index data, extreme events are identified with values above **1** and it is possible to observe how in the last decade the number of months per year where extreme events have been registered has increased by 75% compared to the previous decades, which showed more coherent values.

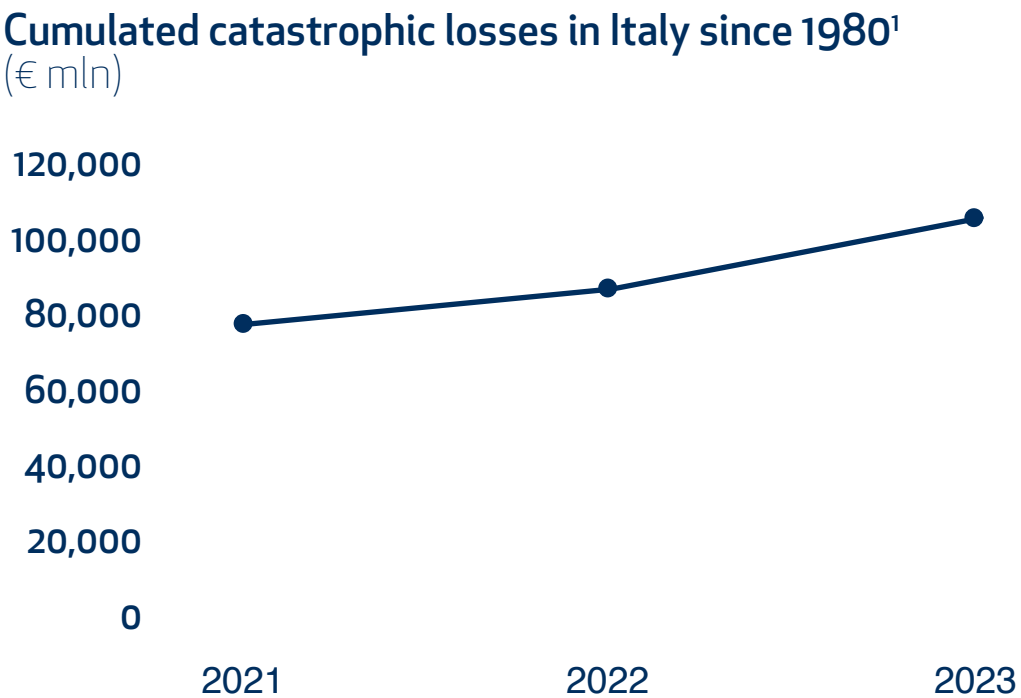
In the period 1995-2014 the average of months per year characterized by extreme weather events remained stable at a value of about 4.5 months per year, while in the last decade this average increased at 8.2. While with big fluctuations, the trend is on the rise, with a strong acceleration in the last decade.

Frequency of months per year with significant anomalies of extreme weather events in Italy

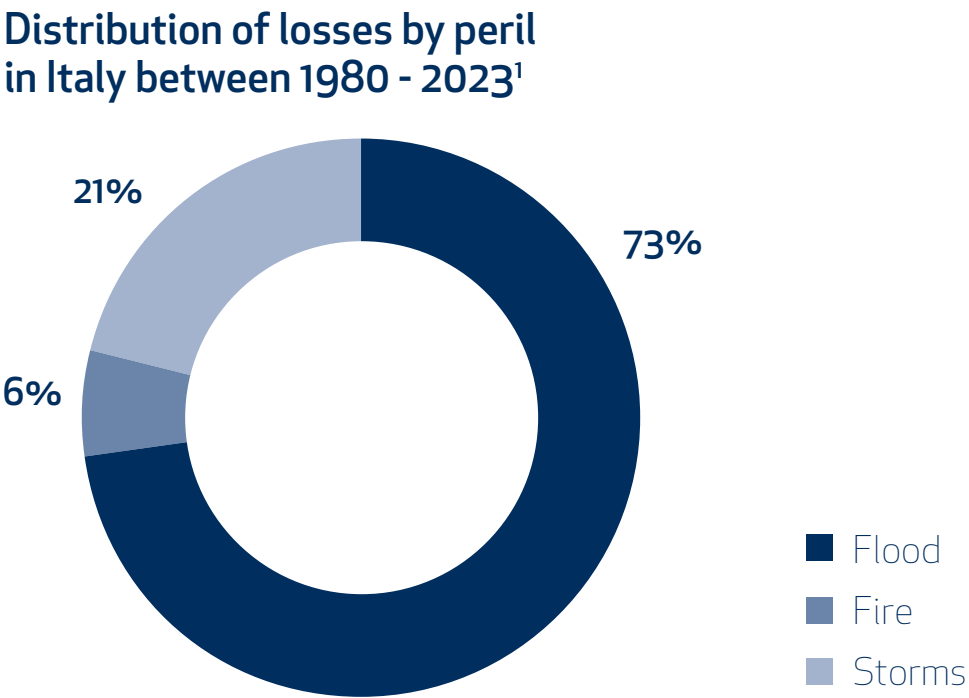


10 out of 12 months in 2024 have been characterized by extreme weather events

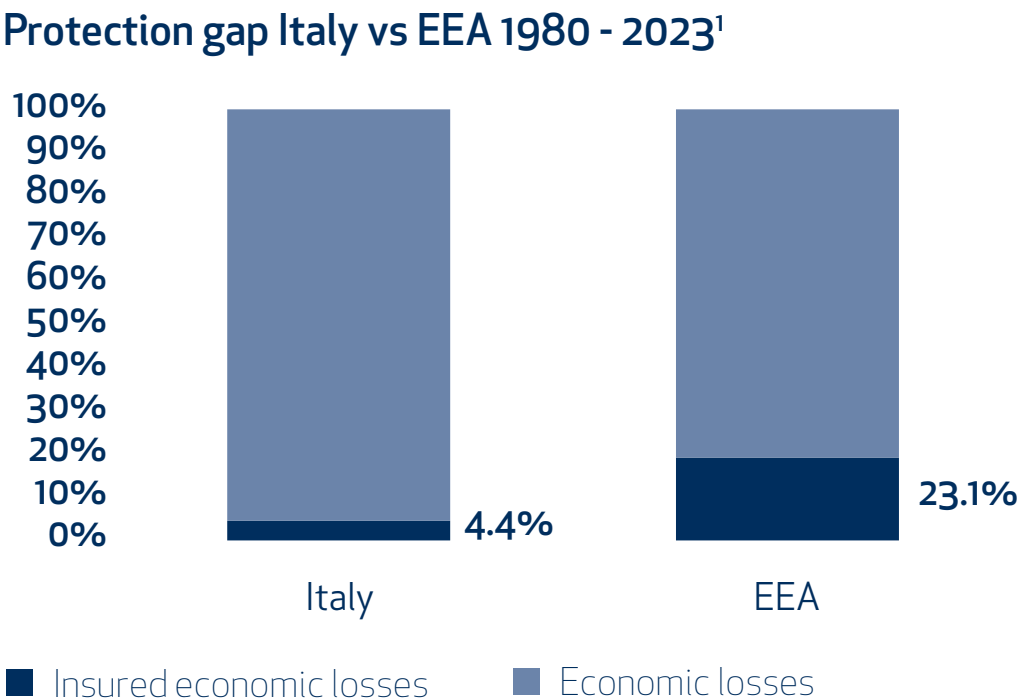
Climate Change



In the period 2021-2023 the catastrophic losses increased by 37%. Italy is the third country by economic losses suffered following catastrophic events from 1980, after Germany and France.



Italy is particularly exposed to events such as floods and storms.



Italy falls in the range of lowest protection rate among European countries, less than 5% (along with countries as Greece, Portugal and Croatia), while in the most virtuous countries coverage is above 50% (Norway, Denmark and Iceland)².

Sources
1 Dashboard on insurance protection gap for natural catastrophes, EIOPA (updated in November 2024). Data does not include losses from earthquakes.
2 European Central Bank

Climate Change



IMPACTS

Potential risk impacts

- **Increase of claims** due to an exacerbation of extreme weather events
- **Increase of mortality rates**, hospitalization and morbidity due to heatwaves, especially affecting the most fragile population
- **Tightening of the reinsurance market**
- **Potential reduction of circulating vehicles** due to the transformation of mobility
- **Increased costs in the management of claims** related to electric mobility and sectors characterized by inherent risks, such as photovoltaic and hydrogen production
- **Higher number of claims** linked to an increase in climate litigation
- **Loss of value of financial investments** in sectors exposed to physical risks, and in real estate investments located in coastal areas
- **Loss of value of financial investments** in Climate Policy Relevant Sectors and/or with low ESG rating
- **Increased risk of business interruption**
- Regulatory restrictions and limited response capacity in the management of events linked to **mandatory coverage** for natural catastrophes
- **Reputational risk increase** due to an insufficient ability, or lack of thereof, to respond to the emerging protection needs of the Country
- **Reputational risk increase** due to negative impacts on climate, lack of support to the **climate transition** and **greenwashing** practices

Climate Change



ACTIONS

Main actions taken by the Group

- Improved **pricing** and **underwriting** by leveraging **higher granularity** and integrating **new pricing variables** (e.g. presence of solar panels) and **new levels of coverage and controls**
- Enhancement of **dynamic pricing** models
- **Natural catastrophes offering** with a disciplined management of exposures
- **Faster portfolio maneuvering** through the elimination of tacit extension for elementary business lines and de-risking of exposures to catastrophic risks
- Review of **reinsurance strategies**
- Use of weather and climate **data analysis tools** for **risk prevention** (Weather Alert service), to support pricing (*E3C*) for monitoring and managing the impact of extreme weather events) and **claims management** (Lorentz)
- Creation of a **center of expertise** on natural disasters and **development of catastrophe models** for all relevant perils to support pricing and underwriting
- Development of **public-private partnership projects** to raise awareness about climate risks among two customer segments, small and medium-sized enterprises (SMEs) and agricultural enterprises through self-assessments of the climate risks and development of adaptation plans (*LIFE DERRIS* and *LIFE ADA*)
- Promotion of structured advocacy activities through “**The Urban Mobility Council**” Think Tank to encourage debates about the future of mobility and the role of insurance, by conducting research and promoting stakeholder discussion
- Adoption of a **Climate Strategy** and setting medium to long-term targets for own GHGs emissions reduction to support the decarbonization pathway in the three main areas of activity: (i) Own operations; (ii) Investments; and (iii) Underwriting activities
- Adoption of a **Business Continuity Management Policy** and identification of infrastructures exposed to catastrophic risks
- Definition of **event management procedures** based on their levels of criticality, in response to events related to Nat Cat mandatory coverage

Financial markets are increasingly attentive to the dynamics of public finances sustainability, even towards the most virtuous countries



Giovanni Siciliano

Chief Regulation and Economic Studies Officer

The evolution of the geopolitical landscape is a **key risk factor**, profoundly influencing the **dynamics of economic growth and the volatility of financial markets**. Three superpowers – USA, China and Russia – are claiming a more and more hegemonic role, creating an unprecedented level of uncertainty in the outlook for global balance, and pushing the European Union to reconsider its military strategies. The protectionist policies of the Trump Administration will inevitably lead to a contraction in international trade and a **slowdown in global growth**. As **tariffs rise**, the process of inflation normalization may decelerate or even reverse, forcing central banks to maintain relatively tight monetary policies, thereby amplifying the negative effects of protectionism on economic growth.

Fiscal policies are also reflecting the new geopolitical landscape. **Defense spending is on the rise**, as well as fiscal incentives aimed at balancing out the slowdown of economic growth, in a situation where many countries, after the COVID shock, have consumed much of their fiscal space. Financial markets are increasingly attentive to the dynamics of public finances sustainability, even towards the most virtuous countries, and interest rates volatility is set to increase. With the loss of AAA rating and a fiscal trajectory that appears increasingly unsustainable, US Treasury may permanently lose their status as the global benchmark asset in finance, outlining an **unprecedented scenario** that could overturn the principles characterizing the global financial order since the post WWII era.

Geopolitical Instability

Social and Geopolitical Fragmentation



Main Macro Trends connected

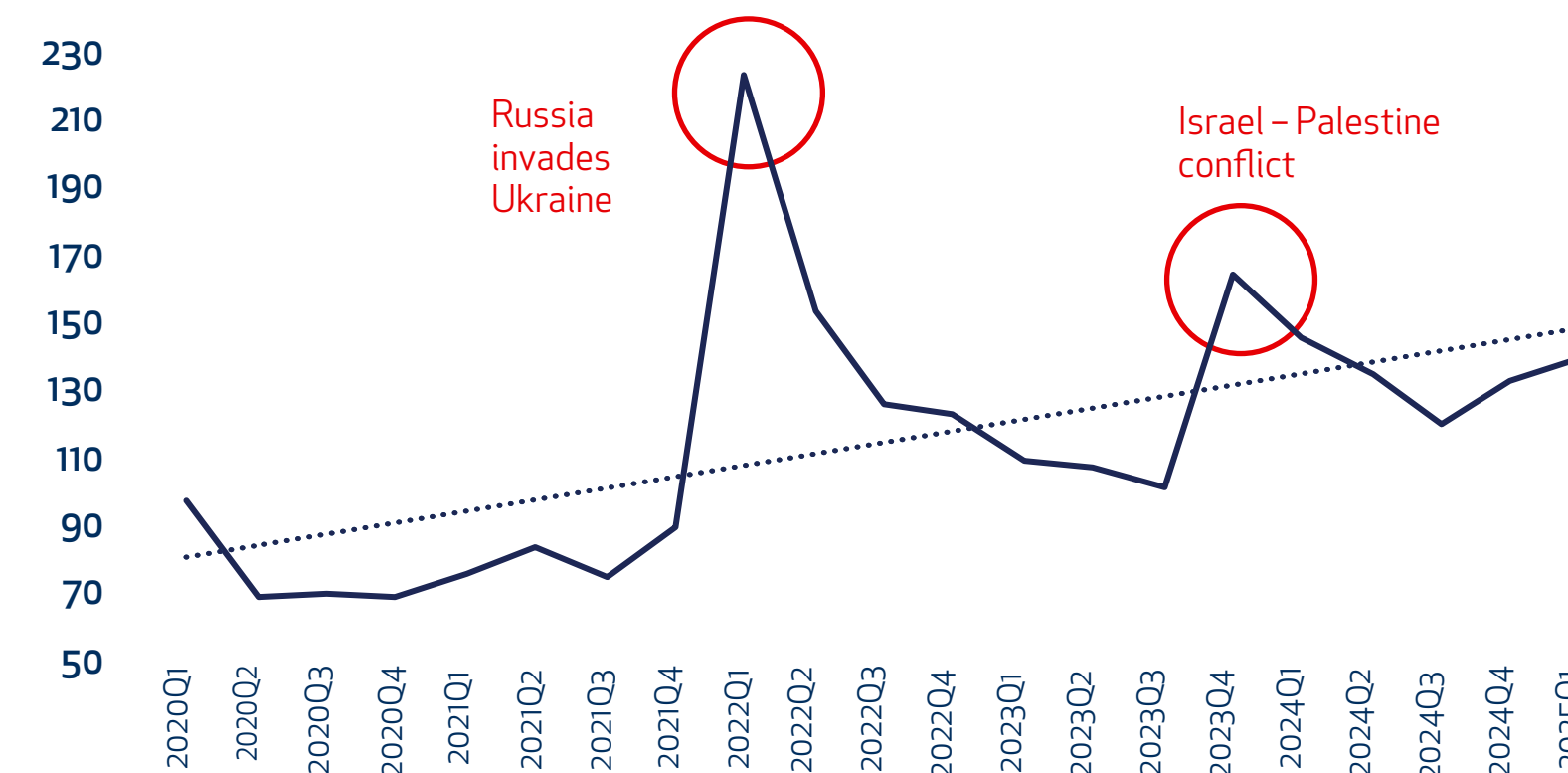
Geopolitical instability risks include **armed** conflicts between states, also involving the use of mass destruction weapons (such as nuclear, chemical, biological and radiological weapons), terrorist attacks and internal socio-political conflicts. **Economic conflicts** are also encompassed, aimed at weakening another country's economic and political stability by leveraging trade policies or other means such as cyberattacks targeting critical infrastructure (Cyber War). **Alliances, polarizations and other political dynamics are considered, including elections, which can influence geopolitical order.** Such events may result from changes in the international order and from an increasingly multipolar world, with macroeconomic, microeconomic, social and environmental implications.

Geopolitical Instability



The growing number of conflicts at global level have led to a marked increase of geopolitical risk, as highlighted by the Geopolitical Risk Index, a metric based on the number of news articles covering adverse geopolitical events. The main peaks correspond to Russia's invasion of Ukraine in Q1 2022 and the outbreak of the Israeli-Palestinian conflict in Q4 2023. The index has shown a rising trend since 2020, with a further increase in Q1 2025 due to rising tensions between Israel and Iran. Both conflicts have fueled global uncertainty, heightening tensions among major powers and affecting trade routes, energy prices, and international economic stability.

Geopolitical Risk Index



Source: Economic Policy Uncertainty (<https://www.policyuncertainty.com>) - Caldara, D., Iacoviello, M. (2021), "Measuring Geopolitical Risk", working paper, Board of Governors of the Federal Reserve" - the index is aggregated as a quarterly average.

Geopolitical instability has been fueled by the introduction of protectionist trade policies, especially in the US, through the introduction of tariffs and retaliatory measures by the other countries. The Trade Policy Uncertainty Index, which measures global trade uncertainty based on the frequency of related terminology in the news, shows a first rise in 2018-2019 with the first commercial escalation between US and China, and after a period of stability, marks a rapid rise at the end of 2024 with the second Trump presidency and the imposition of new tariffs on China and the rest of the world.

Trade Policy Uncertainty Index

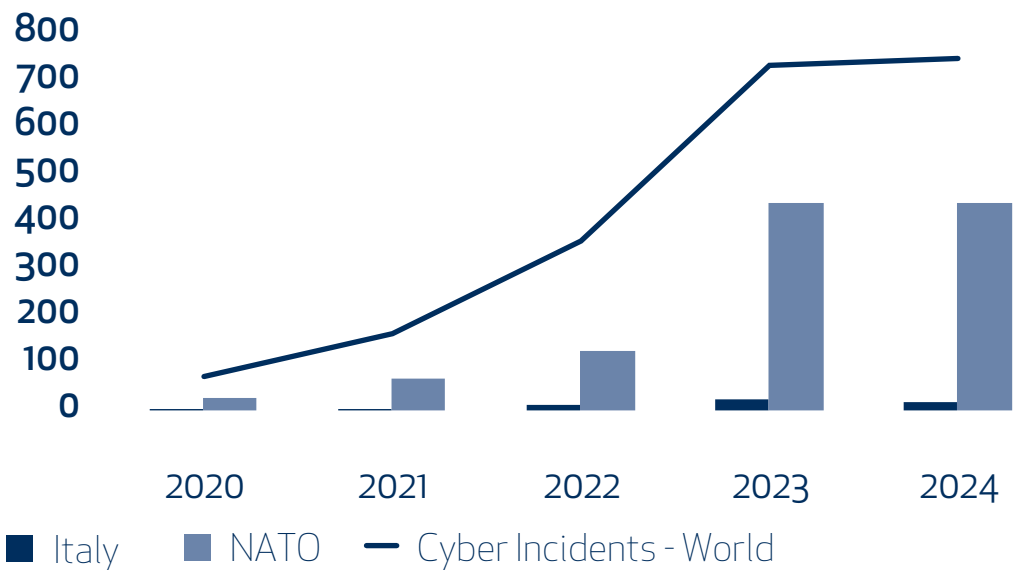


Source: Economic Policy uncertainty (<https://www.policyuncertainty.com>) - Caldara, D et. al (2020), "The Economic Effects of Trade Policy Uncertainty", Journal of Monetary Economics - the index is aggregated as a quarterly average.

Geopolitical Instability



Cyber incidents with a political dimension between 2020 - 2024

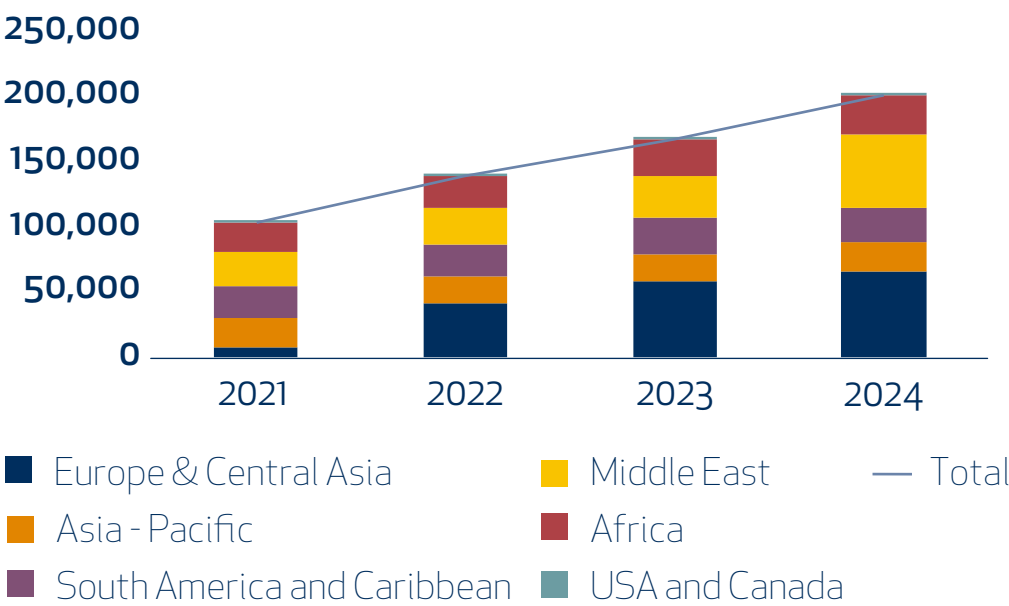


Source: European Repository of Cyber Incidents

Modern conflicts are increasingly assuming the form of so-called «hybrid warfare»: between 2020 and 2024, the number of politically motivated cyber security incidents increased by 927%. NATO countries have been the primary targets, with the number of incidents increasing from 28 to 443.

Since 2022, Italy has also become a target of cyber threats, recording 19 incidents in 2024 alone.

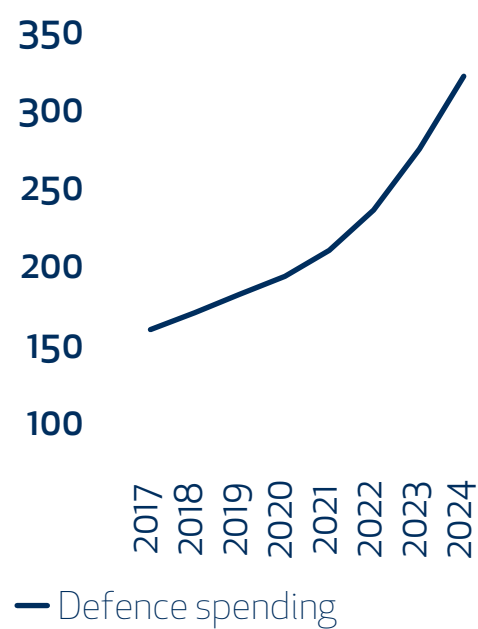
Number of political violence events by geographic area



Source: ACLED (Armed Conflict Location and Event Data)

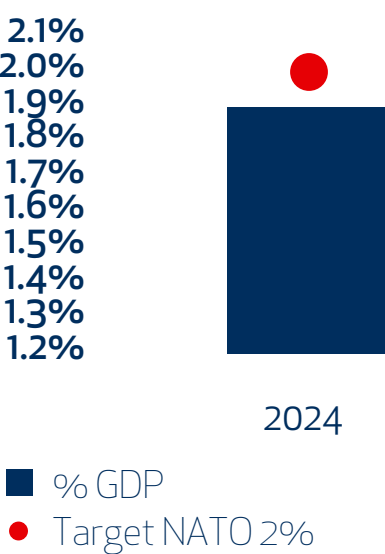
Between 2021 and 2024, the number of political violence events has increased by 94% at global level. The regions that experienced the most significant surges were Europe & Central Asia (+655%) and the Middle East (+117%). This type of events includes various forms of political violence, such as battles, explosions or remote attacks, violence against civilians, excessive use of force against protesters, and mass violence.

Defence spending in the Eu-27



Source: European Defence Agency. Values represented in billions in \$ of GDP

Defence spending in % of GDP in EU-27



Rising global tensions have led European countries to significantly increase their defense spending, going from 164 billions in 2017 to 326 billions in 2024. Nevertheless, the 2024 spending estimate is still below NATO's 2% of GDP target, while at the political level, there are ongoing discussions about raising the target to 5% of GDP. This trend risks diverting public resources away from other strategic areas, such as infrastructure, education, healthcare, and the green transition.

Geopolitical Instability



IMPACTS

Potential risk impacts

- **Increase of claims** associated with business interruption and with damages resulting from vandalism, social unrests and acts of terrorism
- **Expected increase of claims** on life products for the event of death deriving from acts of terrorism, riots, and social unrests as well as of surrender requests of life insurance policies due to a context of uncertainty
- **Financial market tensions** caused by geopolitical instability (loss of value in government bonds, rise of interest rates, inflation caused by the supply-chain shocks, equity markets shocks)
- **Loss of significant market position** at global level due to new geopolitical dynamics, with impacts on strategy and investments
- **Increased risks of supply-chain interruption** and inflationary pressures
- **Increase of cyber-risk vulnerability** due to geopolitical developments
- **Increased risk of Business Interruption**
- **Reputational risk** linked to **investment and underwriting activities** of counterparties operating in sectors linked to production of controversial weapons and/or their transport and trade to conflict zones or areas affected by civil war

Geopolitical Instability



Main actions taken by the Group

ACTIONS

- Implementation of **technical controls** aimed at mitigating exposure of the insured portfolio
- **Diversification of investments**
- **Supplier diversification** for key supplies
- **Evolution of IT security controls** based on emerging threats and identification of new threats
- **Exclusion** from underwriting in P&C and Life coverage of companies involved in developing and manufacturing of controversial weapons, their distribution and/or transport to conflict zones, areas affected by civil war or to countries systematically violating human rights
- Integration, within investment policies, of clauses excluding corporate issuers involved in the production of controversial weapons and government issuers from countries that do not meet the minimal **ESG** performance threshold or where serious human rights violations occur, as well as predatory environmental resource policies with global impact

New climate, geopolitical and technological turbulence

The nexus arises from the pressures of Geopolitical Instability and Climate Change Physical risks on the Breakdown of critical infrastructure risk, amplified by Cyber Risk & Cyber Insecurity, along with Artificial Intelligence risks, having repercussions on the risks of Social polarization increase and Impacts on the Supply Chain.

New climate, geopolitical and technological turbulence



Climate Change

Impacts on Supply Chain



Geopolitical Instability

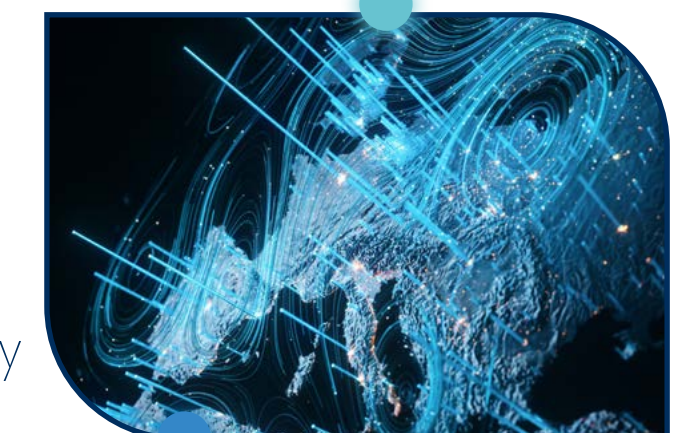


Social Polarization increase



Artificial Intelligence

Cyber Risk & Cyber Insecurity



Breakdown of critical infrastructure



Threats arising from geopolitical tensions, which are manifesting through changes in alliances, polarization of global balance, armed conflicts, including forms of “cyber war”, together with increasingly frequent extreme weather events, can significantly affect the vulnerability of critical infrastructures, causing service disruptions and compromising operational continuity.

This situation can be exacerbated by emerging technological threats that may jeopardize confidentiality, integrity and availability of data and digital systems. The growing adoption of artificial intelligence can also act as a catalyst for these threats as, although bringing innovation, it also introduces additional risk factors, particularly regarding the sophistication of cyber threats as well as the ethical and social challenges it entails.

These main driving forces act in synergy creating a potential amplifying effect on other areas such as global supply chains, with potential impacts on raw material prices and inflationary pressures, as well as possible repercussions on social stability.

In the insurance context such scenario of new turbulence require an evolution of resilience models, both at strategic and operational levels, in order to ensure organizations' capacity for adaptation and response. In particular, insurance companies are required to strengthen their anticipation capacity and develop innovative solutions to support clients and stakeholders in an increasingly uncertain and interconnected world.

In the context of the rapid spread of Artificial Intelligence, the Group is preparing to address the challenges that will affect work in the medium run, by committing to creating an inclusive environment in which different generations, backgrounds and skills can integrate synergistically in this transformation



Silvia Lazzari

Chief Human Resources Officer

In the context of the rapid spread of Artificial Intelligence, the Group is preparing to address the challenges that will impact work in the short and medium term. Our Strategic Plan “Stronger / Faster / Better,” in particular the guideline “Better Tech & People Skills,” is structured around **three pillars**: the evolution of **technological platforms**, the enhancement of **AI solutions**, and the widespread dissemination of the necessary **skills**.

The mass adoption of digital skills is supported by upskilling and re-skilling learning paths, along with the constant commitment to creating an inclusive environment in which different generations, backgrounds and skills can integrate synergistically in this transformation.

To reduce the risk of “skills mismatch”, the Group is investing both in the development of technological skills and the enhancement of soft skills.

Thanks to structured programs of continuous learning and change management, our employees have been actively engaged in a digital transformation initiative aimed at spreading knowledge and raising awareness on the topic of technical evolution and innovation. Specific pilot initiatives have been launched to test the use and adoption of solutions that could allow to effectively integrate AI into one's daily work, generating value both for employees and the company, and they will be gradually extended to increasingly broader groups.

In line with the objectives of our Strategic Plan, the Group has started an **update of HR infrastructure and processes** to support the adoption of AI in time, improve operational efficiency and encourage the required innovation. These actions allow us to address proactively the challenges connected to AI, reinforcing, at the same time, an **inclusive, collaborative and future-oriented workplace model**.

Artificial Intelligence

Technology and Data



Main Macro Trends connected

Artificial intelligence risk refers to the **possibility of suffering potential losses resulting from the use of artificial intelligence from two different perspectives:**

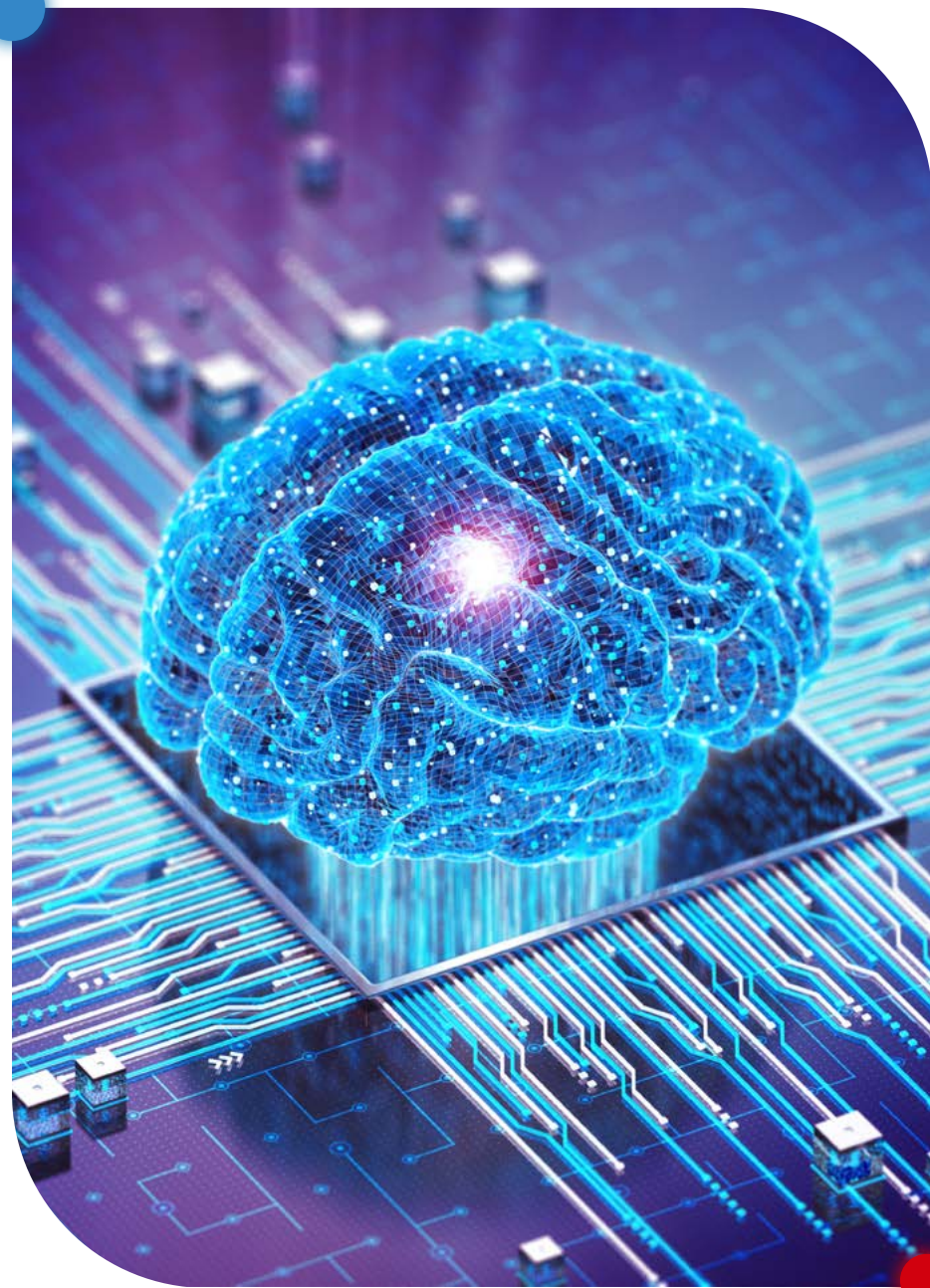
1. Technological perspective, which includes the following risk drivers:

- **Data and input**, which includes risks related to:
(i) confidentiality and (ii) data inaccuracy, (iii) security;
- **Artificial intelligence models**, which includes risks related to:
(i) transparency of AI algorithms and (ii) misuse;
- **Activities and outputs**, which include risks of:
(i) overdependence and (ii) reliability of models;

2. Economic, social and environmental context perspective, which includes the following risk drivers:

- **People and Planet**, which includes risks of:
(i) changes in the world of work and (ii) governance, data ethics and litigation; (iii) environmental sustainability threats;
- **Economic Context**, which includes risks related to:
(i) loss of strategic advantage. (ii) supply chain changes and (iii) implications of systemic nature.

Artificial Intelligence



Potential risk impacts

IMPACTS

- Issues related to a **failure to adopt *responsible AI*** principles, also in terms of transparency and possible biases that can lead to discriminating practices
- **Evolution and complication of threats** related to cyber risk
- **Loss of strategic advantage** resulting from the lack or inadequate use of AI
- **Transformation of work organization and processes** resulting from human-machine interaction requiring new skills and work-force reskilling

Main actions taken by the Group

ACTIONS

- Development of a project for the definition of a governance model on the topic of Responsible AI, including security issues and IT guardrails
- **Evolution of IT security controls** in reaction to emerging threats and identification of new threats
- Strategic project for the development of AI solutions to evolve the operating model and reduce low value-adding activities
- Development of the principles adopted by the Group for the **protection and enhancement of personal data**, including commitments related to Artificial Intelligence Systems (***Unipol Data Vision***)
- Envisioning of a **training plan** in tech, digital, data science and AI within the term of the Strategic Plan

The increasingly uncertain context requires an evolution of the cyber risk governance model and of the corporate culture, also through an enhancement of internal skills



Gian Luca De Marchi
Chief Risk Officer

In an increasingly uncertain geopolitical context, characterized by growing interconnections among economy, technology, resources and security, **ICT risk** plays a central role, with **potential systemic impacts**. The expansion of artificial intelligence and the digital transformation expose companies, in particular in the financial sector, to **new threats** that heighten vulnerabilities, increase the risk of operational disruptions and financial losses. In response to this scenario, there is a need to evolve risk governance and internal control systems, security and **digital operational resilience** policies, as well as corporate culture, also by strengthening internal capabilities, **risk awareness**, and **incident response plans**. Given the non-diversifiable and transnational nature of cyber risk, it is essential to build a secure and resilient digital environment, capable of ensuring operational continuity and stakeholder trust, including through collaboration between public and private sector actors.

Unipol has undertaken a process of technological evolution, outlined within the framework of the strategic plan “Stronger, Faster and Better”, adopting a **selective cloud** and **multicloud** strategy to diversify suppliers and improve resilience.

In order to strengthen risk oversight and the internal control system, a new **“ICT Risk Management” function** has been established **within the CRO Area**.

The Board of Directors of Unipol has also approved the **“Digital Operational Resilience Strategy”**, in line with the provisions of DORA, which defines a **risk-based approach to ICT risk management**. The risk profile and compliance with the defined tolerance levels are monitored through structured controls, including: threat analysis based on international standards, risk indicators and ICT incident monitoring and control, resilience testing and risk assessments related to third-party providers. This integrated approach enables the mitigation of operational risk and strengthens the Group’s ability to ensure continuity and reliability, which are key factors in supporting innovation and competitiveness.

Cyber Risk and Cyber Insecurity

Technology and Data



Main Macro Trends connected

Cyber Risk and Cyber Insecurity refer to the **breach**, primarily intentional but also accidental, of the **properties of confidentiality, integrity or availability of (digital) data, information and/or information systems** (hardware and software) and reflect the potential negative impacts on organizational operations (e.g. goals, processes, image or reputation), assets, individuals, other organizations and the Country.

These risks can originate externally or internally and can result from vulnerabilities present in the ICT area, but also from inadequate internal processes and/or controls, including physical security.

The rise and transformation of cyber risk is related to the evolution of technology (e.g. widespread use of AI in cyber attacks, new information technologies such as quantum computing), **the pervasiveness of its deployment, and the increasing level of dependence in different domains, as well as insufficient awareness and training of final users, with also social implications.**

Cyber Risk and Cyber Insecurity



Potential risk impacts

- **Increased underwriting risk** related to cyber affirmative policies
- **Increased number and sophistication of cyber attacks** having impacts on own and invested companies' operations, with reputational repercussions
- **Increased risk of business interruption**
- **Increased privacy risk** related to loss of data confidentiality with possible sanctions from the Authority

IMPACTS

Cyber Risk and Cyber Insecurity



ACTIONS

Main actions taken by the Group

- Offering of **specific products to cover cyber risk**, in response to the growing need for protection, preventive assessment and **structured monitoring** of cyber-affirmative exposures
- Definition of **Cyber Security guidelines** based on international standards and development of an ICT risk management framework
- **Preventive control measures in the areas** of physical **security**, network and perimeter security, system and data security
- Adoption of **technological solutions and monitoring activities** (e.g., SIEM, SOC, Vulnerability Assessment, Penetration Testing, periodic review of internal/external user accounts, threat intelligence, access tracking, phishing campaign simulations)
- **Management of anomalies and incident response procedures**, as well as resilience and crisis management procedures (e.g., Business Continuity and Disaster Recovery, etc.)
- **Structured training plans** delivered to employees and agency networks, updated over time based on the evolution of threats and of corresponding countermeasures
- **Compliance** activities **with the European DORA Regulation**
- **Third-party verification activities according to risk-based criteria** (e.g. due diligence, risk assessment, audit)
- Establishment of the **ICT Risk Management Function** reporting directly to the Chief Risk Officer
- Adoption of a **Digital Operational Resilience Strategy**

Breakdown of critical infrastructure

Technology and Data



Main Macro Trends connected

Collapse of critical infrastructures such as power grids, water supply, transportation systems, GPS or IT systems caused by: **human activity** (e.g. cyber attacks, geopolitical conflicts), **natural disasters** (earthquakes or floods), **cosmic threat** (e.g. solar flares). Failure of critical infrastructure tends to have **significant and cascading effects**, leading to business shutdowns, economic losses, remediation costs, health risks, and environmental impacts.

Breakdown of critical infrastructure



Potential risk impacts

IMPACTS

- **Increase in Life and Non-Life claims**, including compensation requests related to business interruption
- Impacts on **claims settlement capacity** in terms of speed, cost increases, and reputational repercussions
- **Shock on financial markets** and potential cascading effects with medium – to long- term impacts on growth potential of strategic enterprises and on the whole Country in the event of prolonged systemic events
- **Increase of social unrests** with potential effects on **claims related to acts of vandalism**
- Immediate or long-term **impacts** on **human health**, for example during electricity and water outages, or as a result of environmental disasters
- **Loss in value of investments** in securities issued by entities linked to affected infrastructure

Breakdown of critical infrastructure



Main actions taken by the Group

ACTIONS

- Adoption of the **Digital Operational Resilience Strategy**
- **Business Continuity** Plan including the Disaster Recovery Plan
- **Compliance** activities **with the European DORA Regulation**
- **Monitoring of extreme natural events** using indicators from the *European Extreme Events Climate Index (E3CI)* to estimate the impact on Life and Non-Life insurance business in terms of costs related to business interruption, and to trigger dedicated alerts
- **Redundancy within the Group Data Center** in line with Tier IV certification requirements, as well as towards a secondary Disaster Recovery Data Center
- Adoption of **cloud-based solutions** through a **multicloud approach** to ensure diversification in the use of Cloud Service Providers
- **Diversification of investments** and **operational locations**

New health protection needs

The nexus arises from the interaction between the risk domains of Climate Change and Biodiversity, and Demography and Health. This interconnection is driven by the growing impact of environmental risk factors, which directly and indirectly affect people's physical and mental health.



New health protection needs



Climate Change



Demographic Change

Mental Health



The increase of extreme weather events is leading to a deterioration in both physical and mental health, further aggravated by the decline of ecosystem services caused by biodiversity loss, both in terms of provisioning services such as the availability of nutritious food, raw materials and medicines, and of regulating services like natural systems for air and water purification, but also cultural and support services which help balance the pressures of modern lifestyle.

The deterioration in physical and mental health is also exacerbated by the direct effects of pollutants interacting with the nervous and immune systems, increasing individuals' vulnerability and fragility, and by indirect effects caused by the degradation of the natural environment.

The ongoing degradation of natural systems is creating conditions that increasingly expose individuals to factors that undermine psychophysical well-being, while also introducing new health risks such as the spread of emerging infectious diseases and new forms of mental illness.

These risk factors are affecting a society already undergoing a profound demographic transition, characterized by an increasingly elderly and vulnerable population, thereby generating new needs in terms of health prevention and protection.



Emerging Infectious Diseases



Biodiversity Loss



Environmental Pollution

Promoting a healthy longevity also means investing in services and solutions that help people live better and longer



Giovanna Gigliotti

Deputy Insurance General Manager - Life & Health Officer

In a context marked by an ageing population and increasing environmental impacts, ensuring access to effective healthcare and promoting well-being throughout the entire life course is a priority challenge, also for the insurance sector.

Unipol Group, **thanks to UniSalute**, has been committed for a long time to an **integrative healthcare model** that combines social sustainability with economic solidity. This approach is **focused on prevention, supporting the National Healthcare System and developing personalized**, omnichannel, modular and flexible solutions combined with healthcare services.

Promoting a healthy longevity means not only supporting people over time by ensuring physical and mental well-being, but also contributing to the sustainable growth of the health business by investing in services and solutions that help people live better and longer.

Unipol, also by leveraging UniSalute's expertise, has developed an **innovative ecosystem** focused on prevention, tele-medicine, home care, and **care managers** for both chronic and non-self-sufficient patients, thanks to a **specialized network of medical centers in Italy**. A commitment aligned with the Group's vision, which sees health protection as a strategic leverage to create shared value and to address demographic and environmental challenges with responsibility and a long-term perspective.

Biodiversity Loss

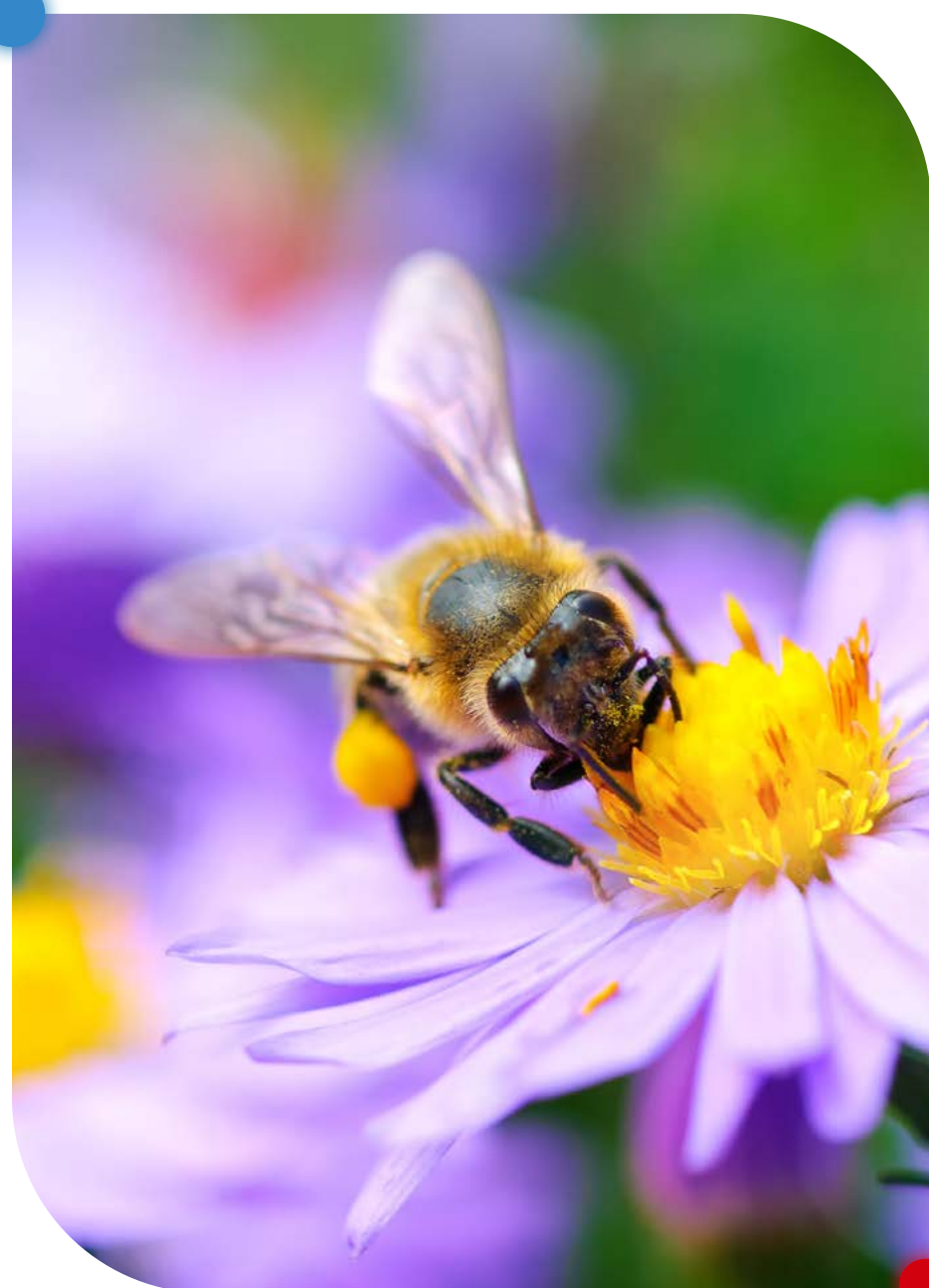
Climate Change and Biodiversity



Main Macro Trends connected

Risk of significant biodiversity loss, degradation of species' abundance and collapse of natural ecosystems (terrestrial and aquatic, marine and freshwater) resulting in significant impacts on ecosystemic services, human health and psychophysical well-being, food security and profitability of economic activities over time. Risks arising from the transition to a "Nature-positive" economy are included, namely regulatory, technological developments and shifts in market preferences.

Biodiversity Loss



Potential risk impacts

- **Increased risks related to mental and physical health** due to the degradation of the natural environment and the loss of the positive effects that nature brings to human well-being
- **Loss of value of financial investments** in sectors that are highly dependent and/or impacting on nature or do not promote an adequate Nature-positive transition
- **Loss of value of properties** sited in exposed areas
- **Increased reputational risk** related to negative impacts on biodiversity and failure to support the transition to a Nature-positive economy, as well as to greenwashing practices

IMPACTS

Main actions taken by the Group

- Development of solutions dedicated to the **protection of both physical and mental health throughout the entire life-cycle** (Integration of healthcare and services in life-cycle logic)
- **Offering of targeted prevention paths**, customised by age and gender
- Adoption of ***Biodiversity Guidelines***
- **Urban revitalisation and renovation** initiatives to enhance the Italian architectural park (*UrbanUp*)

ACTIONS

Environmental Pollution

Climate Change and Biodiversity



Main Macro Trends connected

Risk of a significant increase in **contamination** or **disruption of environmental and natural homeostasis** due to the introduction of harmful materials or actions into the environment. There are various forms of environmental pollution that can be classified based on the affected environment (for example, air, water, and soil pollution) or the source (including, but not limited to, light pollution, noise pollution, and plastic pollution). All different forms of environmental pollution have **implications for human health, nature, and biodiversity**.

Environmental Pollution



Potential risk impacts

IMPACTS

- **Increase in physical and mental illnesses** with impacts on claims frequency in the Health segment
- **Increase of claims related to environmental liability**
- **Increased reputational risk linked to the management of properties** with low environmental performance, or to **underwriting or investments** in highly polluting corporate issuers

Main actions taken by the Group

ACTIONS

- Controls within the **non-life underwriting policy** to minimize exposure to high-risk sectors and guidelines ESG-sensitive sectors
- Provision, within the underwriting activities, of environmental protection coverage, **risk analysis services** to help increase clients' awareness of preventive measures, and **emergency response** services to limit damages
- **Evaluation and certification process of the environmental performance** of key operational sites and analysis of the sustainability performance of the real estate portfolio according to international standards

Transformation of social needs



The nexus arises from the connection of the risks related to Demographic Change and the risk domains of Geopolitical and Social Fragmentation, Economy and Finance and Business Transformation, outlining the need to evolve the offering, skills, and organizational models to address new social needs.



Transformation of social needs



Sovereign debt crisis



Social Polarization increase



Geopolitical Instability



Demographic Change



Insurance base transformation



Skill mismatch



Digital disintermediation and new players

Italian society is undergoing a deep demographic transformation driven by the synergistic push of multiple factors such as declining birth rates, increased life expectancy, the transformation of social relationships, the coexistence of multiple generations, new social geographies, and ongoing urbanization, causing effects already visible in the medium-run.

This demographic rearrangement takes place within a macroeconomic context marked by growing uncertainty caused by geopolitical instability, rising social polarization, and public debt sustainability.

In this scenario, new maps and boundaries of insurance needs are emerging, along with new ways of accessing services, where new players entering the market and the use of technology are becoming an essential factor to adequately and promptly respond protection demands. At the same time, there is a growing need to acquire new skills and develop new organizational models.

Insurance base transformation

Business Transformation



Main Macro Trends connected

The risk of “insurance base and insurable assets transformation” refers to the challenges related to **managing structural changes of insurable assets** resulting from phenomena such as the shift from the concept of ownership to access (sharing economy), the circular economy, and the increasing importance of intangible assets (e.g., reputation, data). This risk increases with the **decline of physical insurable assets and with technological advancements**, such as autonomous vehicles, which alter traditional risk profiles. The implications for the insurance sector include a **reduction in traditional business lines** (motor, property) and the need to **adapt risk management strategies** to an evolving landscape.

Insurance base transformation



Potential risk impacts

IMPACTS

- **Reduced demand** for traditional insurance products and rise of **new needs**
- **Increased management complexity** linked to changes in customer types from B2C to B2B
- Increased reputational risk due to the **inability to provide an adequate offering** for new needs

Main actions taken by the Group

ACTIONS

- Offering of **pay-per-use policies**
- **Evolution of the offering** for the **fleet channel**
- **Expansion of the product and service offering** within the **three ecosystems** in which the Group operates («Beyond Insurance» in the areas of Mobility, Welfare and Property)
- Launch of UNICA, a **personalized offering** that covers multiple needs

Social Polarization increase

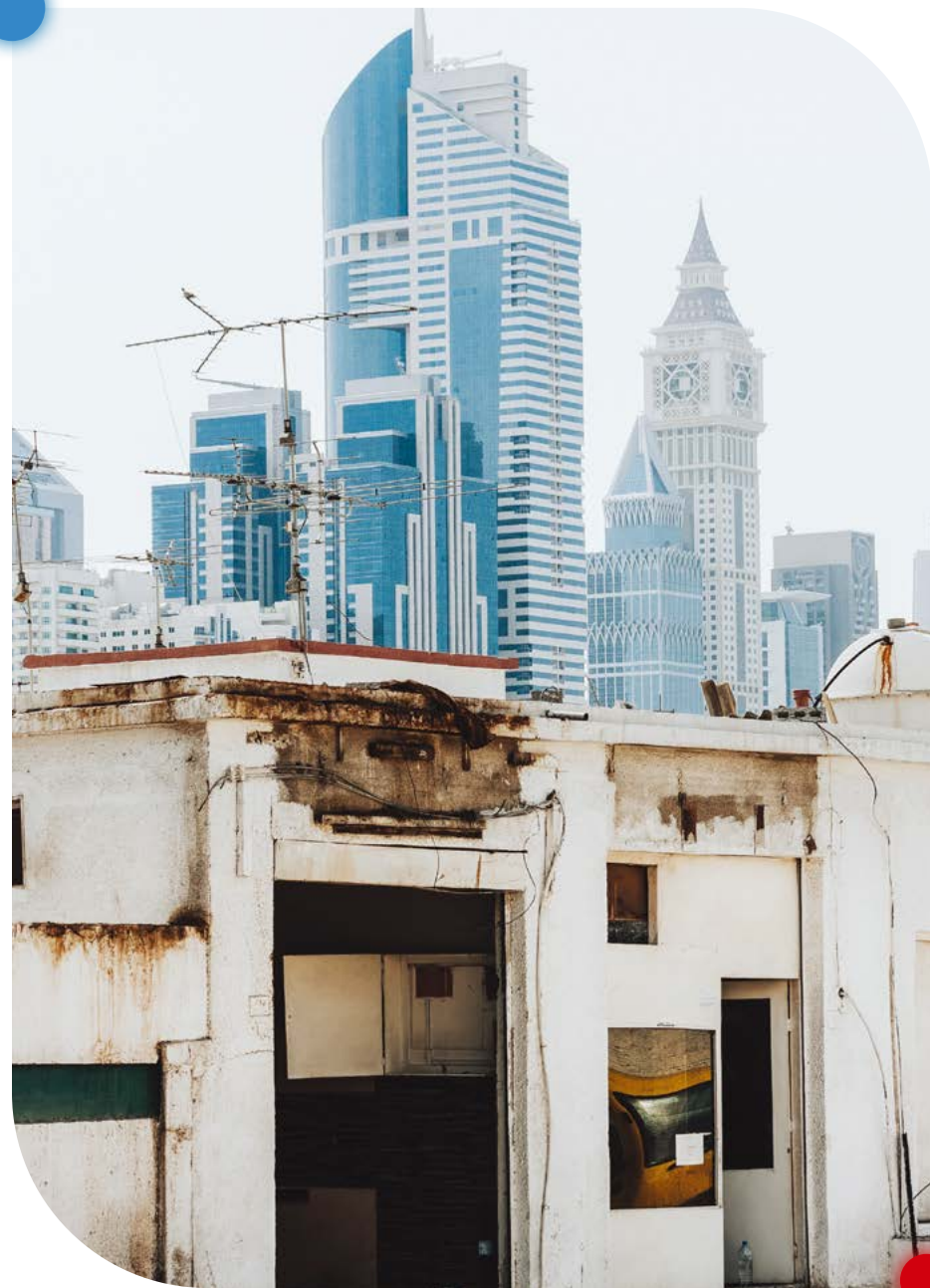
Geopolitical and Social Fragmentation



Main Macro Trends connected

The risk of social polarization and social tensions increase includes **violent social contrasts, social anger and political instability caused by multiple types of social polarizations** (among generations, genders, by economic and financial condition, by skills and opportunities) and **the increasing number of people living in poverty**. It also encompasses the failure to foster **financial inclusion**, that is, the ability to make products and services accessible, comprehensible and financially sustainable for all segments of the population.

Social Polarization increase



Potential risk impacts

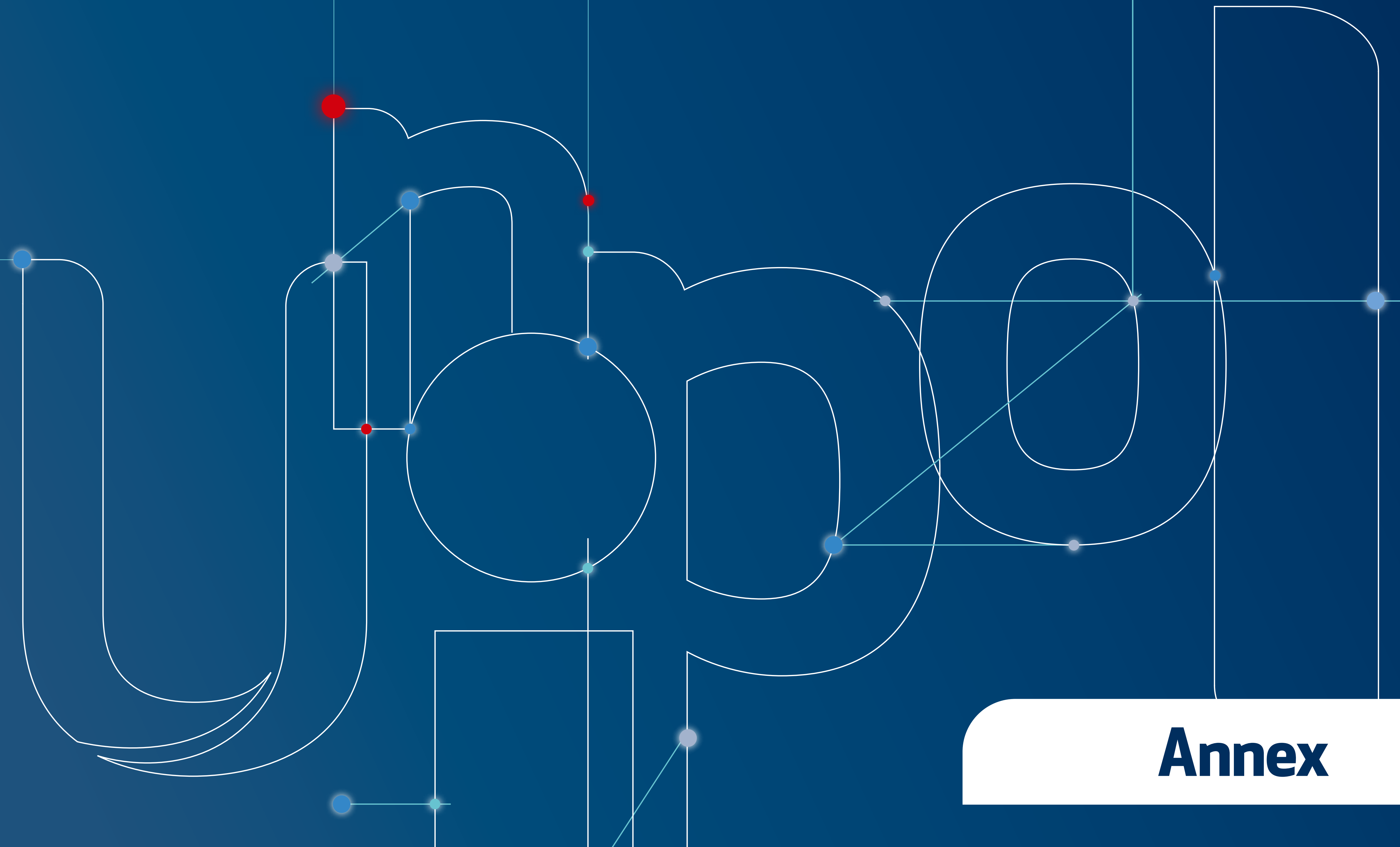
IMPACTS

- **Underinsurance** and reduced demand for insurance products
- **Increased risk of insurance fraud**
- **Research of low prices** and competitive pressure from low-cost channels such as direct channels and comparison websites
- **Rising social fragmentation**, amplifying the risk of social unrest
- **Inaccessibility of healthcare and welfare** services for the most vulnerable segments of population
- **Increased reputational risk** due to the failure or inadequacy in **addressing the emerging social expectations**

Main actions taken by the Group

ACTIONS

- **Interest-free monthly installment plans** for motor insurance premiums and main standard Non-Life insurance products, aimed at protecting customers' purchasing power
- Provision of insurance tools to **safeguard living standards**
- Development of **anti-fraud tools and processes** to mitigate negative impacts on pricing
- Contribution to the development of **insurance culture and risk management** as a means to promote economic growth and reduce inequalities
- Development of a **network of affiliated service providers** to manage claims without requiring direct out-of-pocket payments from policyholders, supporting **financial inclusion** objectives
- Development of **services to improve access to healthcare** (*SiSalute*) and promote **wellness awareness** (*InSalute*)
- Projects by **Unipolis Foundation** supporting the **empowerment of vulnerable individuals**, with a special focus on younger generations



Annex

Anticipation and Monitoring of Macro Trends

SOCIAL

- Sharing Economy
- Hybrid Consumer
- Precariousness and Polarization
- Human Society
- Wellbeing
- New skills
- Intangibles

TECHNOLOGICAL

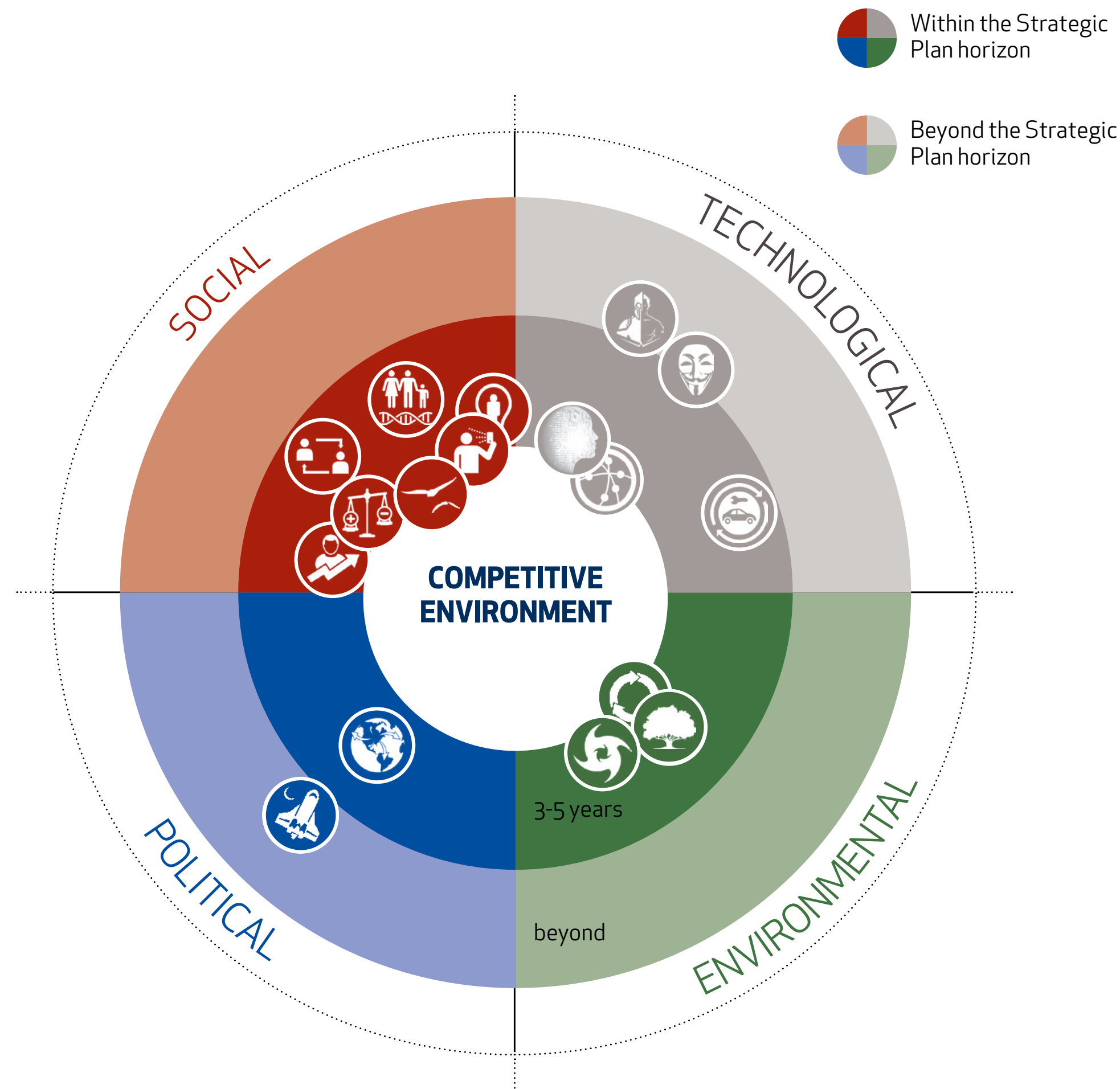
- Internet of Everything
- New Mobility
- Artificial Intelligence and Robotics
- Dark side of Technology
- Augmented Humans - Cyborgs

ENVIRONMENTAL

- Climate Change
- Circular Economy
- Nature and Biodiversity

POLITICAL

- New Frontiers
- Space Economy



Meeting Point model

To guarantee a **forward-looking** vision, the Reputational & Emerging Risk Observatory adopts a predictive model based on the Meeting Point methodology, which anticipates future trends according to different time spans. The documentary sources are the starting point that generate communication flows influencing the evolution of the Meeting Point and enables quali-quantitative evaluations of trends and their persistency and spread across a 5-years time span.

The Group **Emerging Trend Radar** maps the Macro Trends of changes in the external context identified by the Reputational & Emerging Risk Observatory.

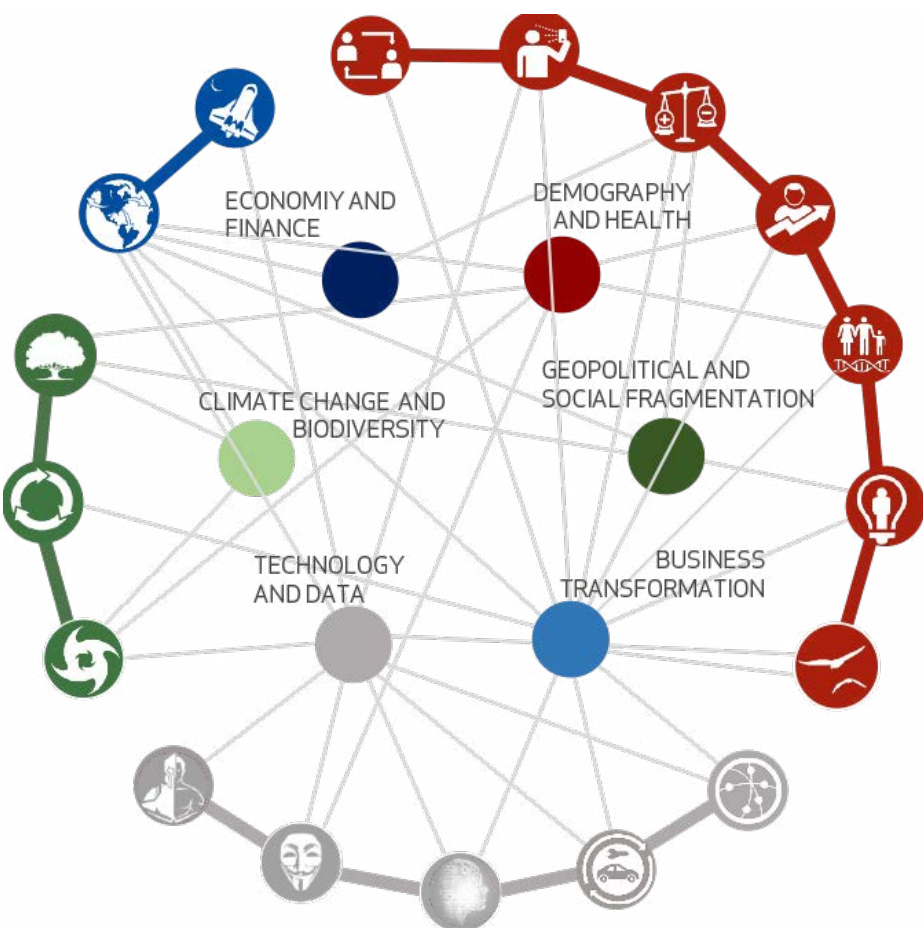
In the context of the Radar each topic is classified based on:

- **Its predominant component:** the radar is divided into four quadrants corresponding to the four dimensions of the external context: Social, Technological, Environmental and Political (STEP)
- **Level of maturity:** in its innermost circle the radar includes the Macro Trends resulting to be material for the insurance sector in the time span of the Strategic Plan, and in the outer circle the Macro trends that will become material in a wider time span.

The Observatory has developed a **KPI**-based monitoring system of the evolution of Macro Trends which allows to verify their **relevance over time**

From Macro Trends to a Framework for Anticipatory Management of Emerging Risks

Macro Trends map and Risk Domains

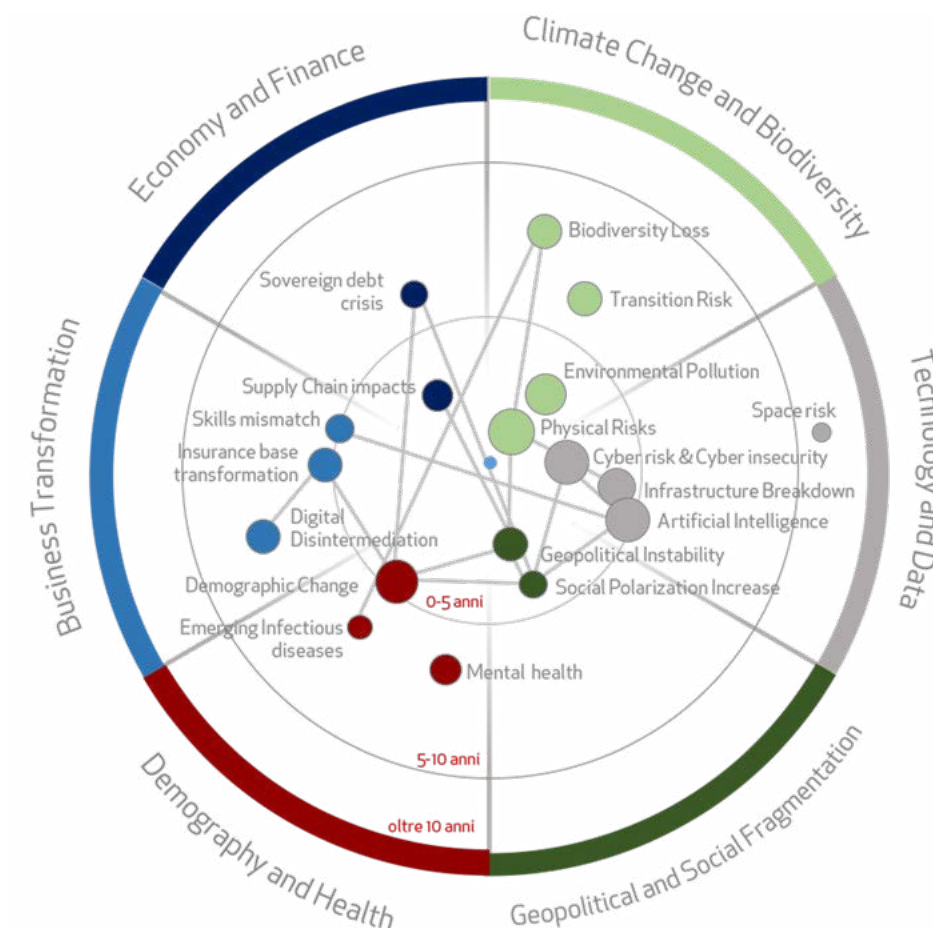


Identification of Emerging Risks

The integrated analysis of Macro Trends results in the identification and definition of the Emerging Risks Map by grouping risks into six main risk domains.

The Macro Trend and Risk Area Map highlights the interconnections that help capture the driving and transformative effects of Macro Trends on emerging risk domains.

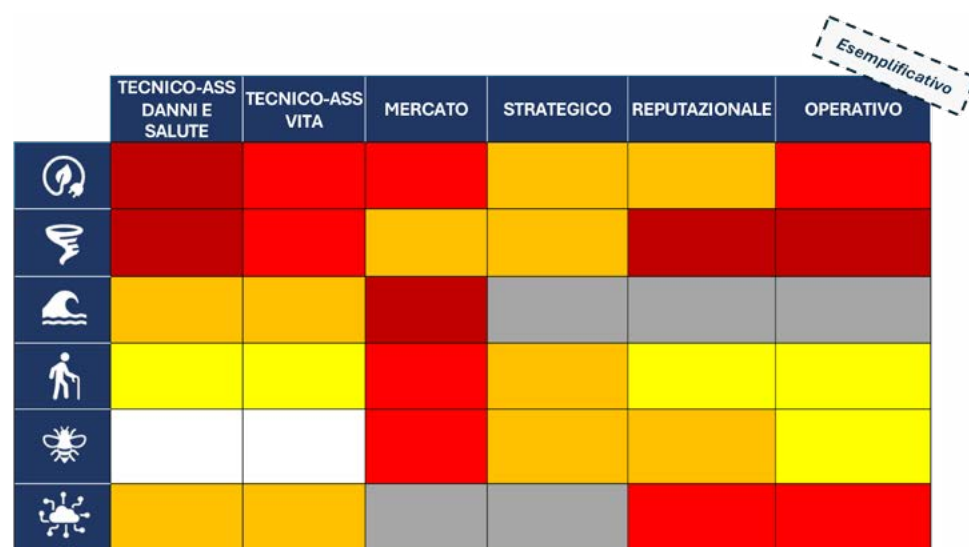
Emerging Risk Radar



Outside-in evaluation

The assessment is carried out through a **survey conducted on a panel of external experts** where, for each emerging risk identified, time horizon, likelihood of occurrence, and potential impact on the **insurance** sector are evaluated, along with the **interconnections** between risks.

Heatmap of Exposure to Emerging Risks



Inside-out evaluation

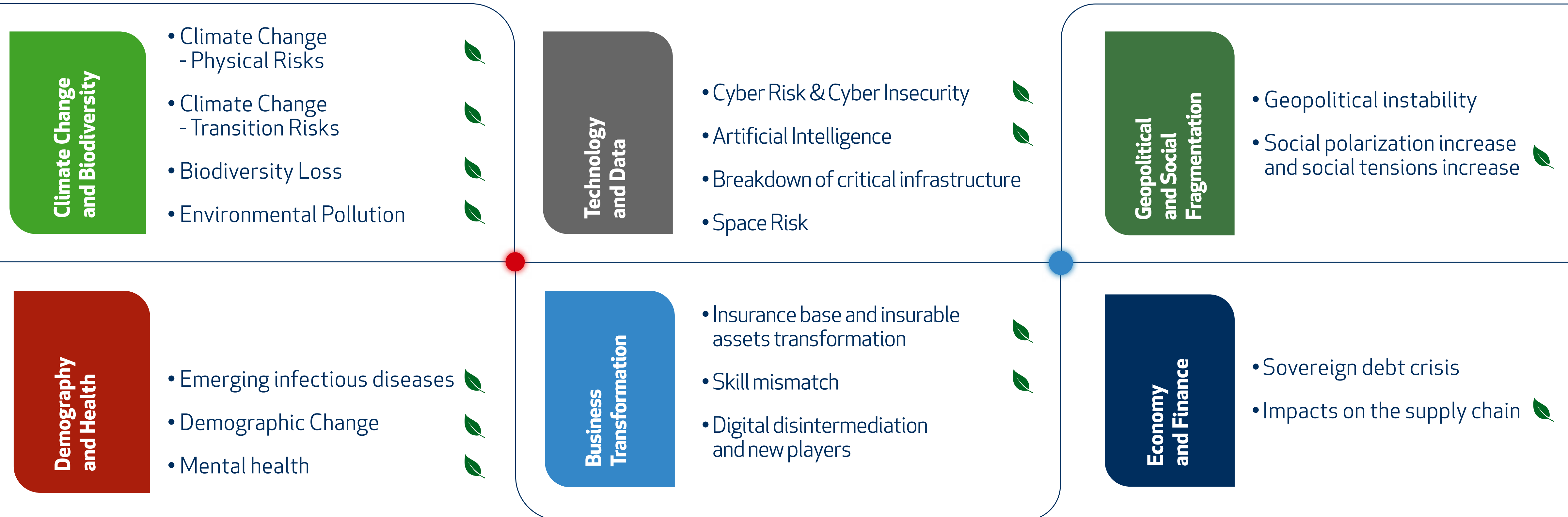
Estimation of the Group's exposure to major emerging risks within traditional risk categories, through the identification of risk drivers, analysis of transmission channels, and data collection for the development of an **exposure heatmap**.



Analysis of relevance and scenarios

Analysis of relevance and identification of the **10 priority emerging risks** for the Group that require **action plans**. Further assessment of the most significant risks are also conducted through scenario analyses.

Map of Emerging Risks by Risk Domains

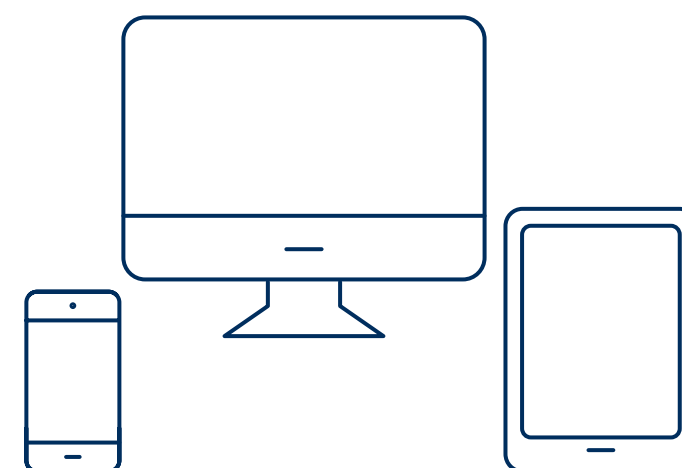




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