## Top Ten Risks

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>%</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory/legislative changes</td>
<td>62</td>
<td>15</td>
<td>54</td>
</tr>
<tr>
<td>Failure to innovate/meet customer needs</td>
<td>62</td>
<td>15</td>
<td>38</td>
</tr>
<tr>
<td>Damage to reputation/brand</td>
<td>57</td>
<td>8</td>
<td>58</td>
</tr>
<tr>
<td>Increasing competition</td>
<td>43</td>
<td>33</td>
<td>44</td>
</tr>
<tr>
<td>Loss of intellectual property/data</td>
<td>43</td>
<td>0</td>
<td>56</td>
</tr>
<tr>
<td>Failure to attract or retain top talent</td>
<td>38</td>
<td>0</td>
<td>38</td>
</tr>
<tr>
<td>Distribution or supply chain failure</td>
<td>38</td>
<td>13</td>
<td>88</td>
</tr>
<tr>
<td>Merger/acquisition/restructuring</td>
<td>38</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>Third party liability (incl. E&amp;O)</td>
<td>33</td>
<td>0</td>
<td>71</td>
</tr>
<tr>
<td>Directors &amp; Officers personal liability</td>
<td>33</td>
<td>29</td>
<td>71</td>
</tr>
</tbody>
</table>

---

### About Aon

Aon plc (NYSE:AON) is a leading global provider of risk management, insurance brokerage and reinsurance brokerage, and human resources solutions and outsourcing services. Through its more than 72,000 colleagues worldwide, Aon helps to empower results for clients in over 120 countries via innovative risk and people solutions. For further information on our capabilities and to learn how we empower results for clients, please visit: [http://aon.mediaroom.com](http://aon.mediaroom.com).

© Aon plc 2017. All rights reserved.

The information contained herein and the statements expressed are of a general nature and are not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information and use sources we consider reliable, there can be no guarantee that such information or data is accurate or will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

For full insights from the survey, visit us at [aon.com/2017GlobalRisk](http://aon.com/2017GlobalRisk)

---

### Contact

James Walters  
Managing Director  
Global Practice Leader, Life Sciences  
Aon Risk Solutions  
+1.215.255.1795  
james.walters@aon.com

---

Today's Life Sciences firms are facing complex and interconnected risks.

We live in an era of unprecedented volatility. Trends on three major dimensions – economics, demographics, and geopolitics – combined with the exponential pace of technology change, are converging to create a challenging new reality for organizations. These forces create opportunities that we cannot even imagine, but also present new frontiers to be explored.
Top Five Emerging Risks in 2020

1. Regulatory/legislative changes
2. Failure to innovate/ meet customer needs
3. Economic slowdown/ slow recovery
4. Increasing competition
5. Mergers/acquisitions/ restructuring

Presence of a Formal Risk Management Department

- Yes
- No

Risk Departments Cultivate a Comprehensive Process to Identify and Assess Current and Emerging Risks

**Identification of Major Risks**
- Senior management judgment and experience: 60%
- Risk information from other function-led processes (e.g. internal audit, disclosure, compliance, etc.): 60%
- Board and/or management discussion of risk during annual planning, risk assessment or other processes: 55%
- Industry analysis, external reports: 40%
- Structured enterprise-wide risk identification process: 35%
- No formalized process: 15%

**Assessment of Major Risks**
- Senior management judgment and experience: 55%
- Consult with external service provider/advisor: 55%
- Board and/or management discussion of risk during annual planning, risk assessment or other processes: 35%
- Risk modelling/risk quantification analysis: 30%
- Structured enterprise-wide risk assessment process supported by a standard toolkit and methodology: 20%
- No formalized process: 20%

Cyber Purchasing Patterns

- Insurance currently purchased: 40%
- Not purchased and no plans to purchase: 13%
- Plan to purchase: 47%

Cyber Risk – Completed Assessment

- Yes, qualitative: 15%
- Yes, not sure what type of assessment: 35%
- No: 35%
- Not sure: 15%

Life Sciences Firms with a Captive or Protected Cell Company (PCC)

- Currently have an active captive or PCC: 22%
- Plan to create a new or additional captive in the next 3 years: 11%

What are the 3 most important drivers in your choice of insurers?

1. Value for money/price
2. Flexibility/innovation/creativity
3. Long-term relationship

To keep pace with the pervasive and fast evolving cyber threats that go hand in hand with the dizzying speed of technological innovation, much more progress is needed in the area of cyber risk control and mitigation.