



Directors' Liability Survey 2022

Regional overview, Latin America

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The risk concerns of global companies and their directors are unique to their circumstances, and a director in Latin America is very likely to have different priorities from a director in Asia or Europe for example. That said, the risk concerns are often similar in nature and it is the degree of intensity which is the variable factor.

No risk overview can ignore the volatility of global events. The pandemic and more recent geopolitical events have changed the global risk perspective beyond all recognition.

In the Directors' Liability Survey, the risks for the business that most concerned directors are the economic climate and cyber-attacks, followed by the consequences of the pandemic, and then technological advances and climate change. These results correlate with the report on risks published by the World Economic Forum last year and we can say that Boards are focusing on the same risks globally.

Focusing specifically on Latin America, we see that as a region it places the most importance on economic climate as an underlying risk. In second place are the consequences of the COVID-19 pandemic with cyber attacks in third place. The region also attaches greater importance to all risks in general than in the other territories.

In Latin America, the lack of regulations on significant issues such as climate and legal and political uncertainty, predominate and, therefore, the consequences of the pandemic are different from those that other regions may face. This is reflected in the region-specific results of the survey. These aspects also affect the development of D&O insurance in Latin American countries, in which the hardening of the market affected it more than in other locations. There was a decrease in capacity due to the lack of interest of the markets in providing support as a result of additional risks to those faced in other countries and high volatility.

Directors' concerns on climate change are perhaps understandable, given the lack of regulation which has historically left a significant impact in Latin America and may result in increasing the risk in the future.

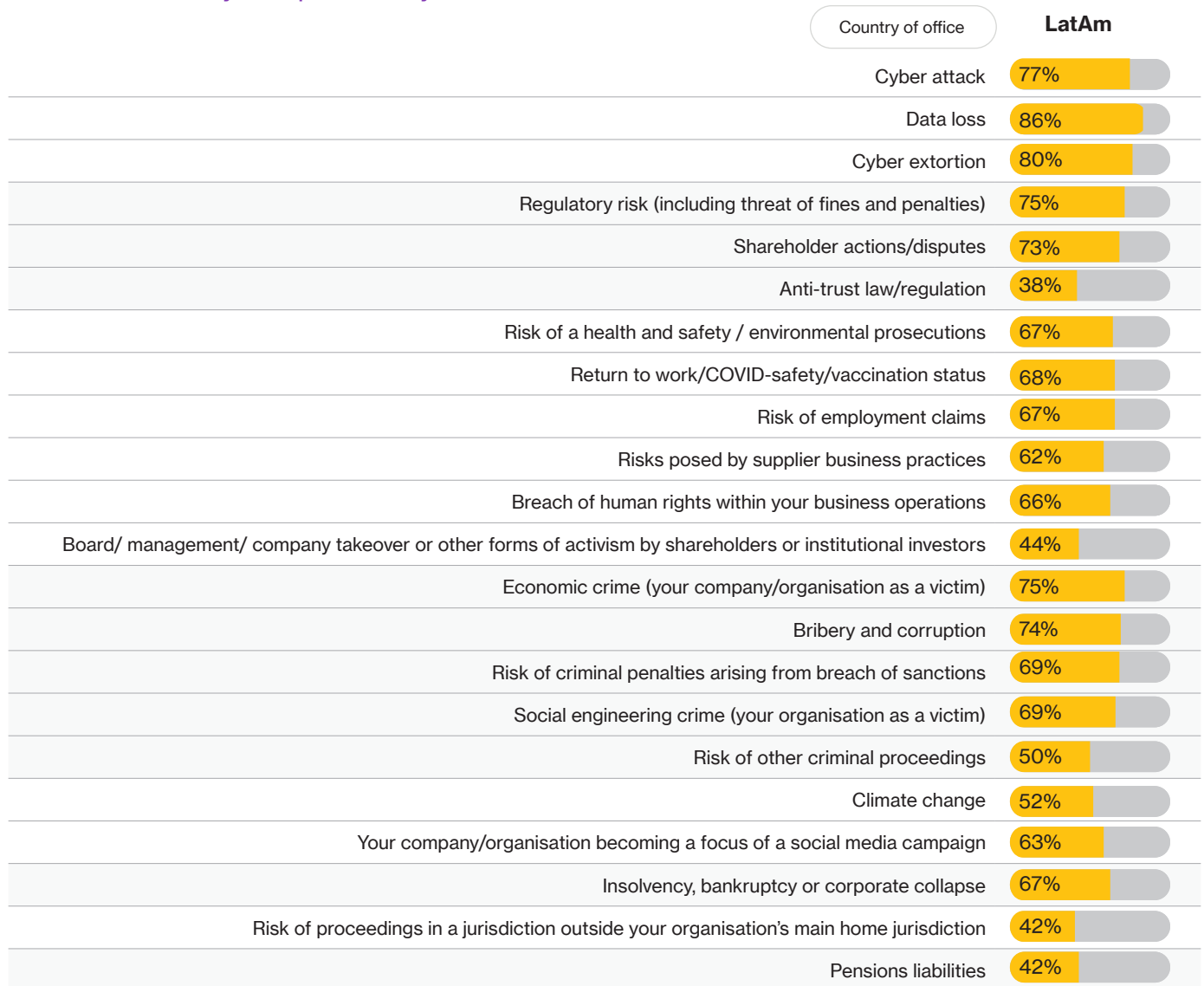
Regarding technology and cyber risks, there is also a lack of regulation and awareness of the need for more robust security and controls. Companies in Latin America are finally beginning to worry about the development of controls and security, having previously considered themselves outside the major events that exist at a global level. The truth is that in any case it is a region impacted by cyber-attacks where there is no adequate prevention or management of events, nor, in most cases, a transfer of risk.

In summary, it is possible that the lack of regulation and management of key risks together with limited ways to transfer risks are likely contributory factors in making the concerns of Latin American respondents more pronounced across many of the risks.



Risk ranking overview – by region

How significant are the following risks for the directors and officers of your organisation (whether financially or reputationally).



(% of 'Very significant' or 'Extremely significant')

Source: Directors' Liability Survey 2022

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