Greg Case, President and CEO, Aon plc
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Thank you, Brooks, for that kind introduction.
I am honored to have this opportunity to speak to the Detroit Economic Club. I want to thank Brooks, Beth, Steve Grigorian and the entire team with the Club for inviting me to be here with all of you.

Great to be in the home of Aon client, the Red Wings but as a Chicago guy, it may be wise for me stay off the topic of hockey. However, as a long-standing Chicago Cubs fan, it is probably safe to mention that it is a real treat to be in a city where you see winning baseball. Cub's owner Tom Ricketts and I co-hosted a conference at Wrigley Field last month, and Tom reiterated his desire to win a World Series after he renovates the ballpark. Hey, it could happen. My fellow Cubs fan, George Will, was right. Every team can have a bad century! Maybe the next century will be ours! Make your bets as you wish.

I stand here fully aware that The Detroit Economic Club is an august forum at the forefront of nearly every major economic and political debate since the Great Depression. Seven recent presidents, world leaders, and titans of industry have shared their thoughts with this group, the likes of Ronald Reagan, Bill Gates, John Kennedy, Lee Iacocca and too many others to name.

It's pretty intimidating stuff for a guy from Salina, Kansas, but I hope I can offer some insights, not so much from Greg Case but from the perspective of 65,000 Aon colleagues and having client conversations around the world. Conversations about two of the most important economic issues of our time — risk and people - and how they interrelate.

But first, let me tell you a little bit about Aon.

Aon's now has operations on every part of the globe but an important part of our origin can trace back to the historic Dime Building in downtown Detroit.

In 1918, a 16-year-old insurance salesman worked his way through that building, going door-to-door, from top to bottom. He eventually made enough to save $100, which he used to start his own insurance company in Chicago. The salesman's name was Clem Stone — later known W. Clement Stone — and the insurance company he founded in 1922, called Combined Insurance, merged 60 years later with Ryan Insurance Group. The combined company became Aon in 1987.

With over $11 billion in revenue and $20 billion in market cap, Aon has come a long way from those humble beginnings. Our global reach and capability has expanded with the help of about 450 acquisitions over the past 25 years, and 65,000 dedicated Aon colleagues advising clients in over 120 countries on two of the biggest factors in growth and profitability: managing risk and people.

From a risk industry standpoint, Aon plays a leading role in the global insurance and risk management industry, which employs 2 million people and collects $4.6 trillion dollars a year to

protect the world's assets. Our sector has $25 trillion in assets under management, which represents about 12 percent of global financial assets.

Certainly, the industry responds to the needs of a complex world. In 2011, when there were a significant number of global catastrophes, such as the earthquake and tsunamis in Japan and the floods in New Zealand and Australia the insurance industry paid out $110 billion in catastrophe claims to help rebuild and empower those economies.

As Aon, we touch about 30 percent of the global economy on a daily basis.

- All of the top 10 Fortune 500 firms are Aon clients;
- All of the top 10 property and casualty insurance firms are clients;
- All of the top 10 technology firms are clients; The same is true for healthcare and consumer firms as well as the ten largest publicly-traded firms in Southeastern Michigan - all Aon clients.

No matter where you are in the world, Aon is probably there — including, most importantly today, here in Detroit. I'm pleased to have LeAnne McCorry, our executive chairman in Detroit, Carol Williams, Aon's resident managing director, and many other colleagues from our Southfield office here with us. LeAnne, Carol and their global colleagues work with large, medium and small businesses in virtually every country on the planet.

That worldwide vantage point gives us a lot of insight into global trends — which brings me back to the topic of risk and people.

Risk has always been a fact of business life, but today, the magnitude, complexity and speed of risk have increased exponentially. Companies face infinitely more risk than ever before, and the time to respond has shortened.

Today, the interconnectedness of economies and people has enabled industries to become more efficient and faster at manufacturing and distributing products.

A downside to that interconnectedness is that we are all more susceptible to risks that can disrupt operations. A broken link in a supply chain can mean far more than a mere inconvenience. It can have a material, almost immediate impact on a company's growth plans and the communities where its employees live. And those risks often can arise without warning.

We still have all of the traditional risks involving issues such as property, liability and compensation. But those traditional risks have been joined by a host of new risks.

In April we released our 2013 global risk management survey based on conversations with 1,415 organizations in 70 countries. The results showed us that risk managers are struggling to identify and manage the major risks facing their organizations. The top ten risks for 2013 as cited by our clients were:

1. Economic slowdown/slow recovery
2. Regulatory and legislative changes
3. Increasing competition
4. Damage to reputation and brand
5. Failure to attract and retain top talent

Followed by: Failure to innovate and meet customer needs; Business interruption; Commodity price risk; Cash flow and liquidity risk; Political risk and uncertainties.

An even more important finding was that the percentage of companies that reported being ready for these risks dropped significantly; from 66 to 59 percent, from our previous survey in 2011. Of the 28 industries surveyed, only three – pharma & biotech; non-aviation transport manufacturing, and agribusiness – reported the same or improved levels of readiness this year.

One possible explanation for the decline in risk readiness could be that the prolonged economic recovery has strained organizations' resources, thus hampering their ability to mitigate many of these risks. Another theory would be that risk has been consistently hard to address – and even harder to address rationally.

For example, our survey uncovered several significant risks that are underrated compared to their likelihood: counterparty credit risk, loss of intellectual property and data, social media, pension plan funding and cyber risk, to name a few.

Cyber attacks are becoming increasingly commonplace, and preventing them is now a board-level issue. Over the past year, we've seen attacks on the Federal Reserve, Coca-Cola, the New York Times, Honeywell, Citigroup, the Saudi oil company Aramco and many others.

Hackers do not just target giant multinationals. Small businesses have seen a dramatic increase in attacks by cyber thieves who break into systems to transfer money electronically.

Hijackings and kidnappings are another new significant threat. According to the World Bank, the average annual total paid in ransoms to Somali pirates is $53 million. Kidnappings have become a flourishing business in some countries.

Another risk that remains very real was once high on the concern list. For one reason or another it has slipped in public concern. That is the risk of a global pandemic – unfortunately a pandemic is no less likely now than a few years back when it topped our risk list. The outbreak of human avian flu cases in China is a disturbing reminder of the potential for a deadly pandemic. The Director of the National Intelligence Agency recently told Congress, and I quote: "This is not a hypothetical threat. History is replete with examples of pathogens sweeping populations that lack immunity, causing political and economic upheaval…"

So on one side, one must rationally understand a number of individual risks.

However, one also must understand that Risk is more interconnected than ever before in our global economy. A problem in one part of the world can set off a chain reaction with far-reaching implications. Last spring, a fire in a chemical plant in Mari, Germany, had a big impact in Detroit because the fire disrupted supplies of a nylon resin that is used in car fuel and brake lines.
The 2011 earthquake and tsunami in Japan also created problems throughout the global automotive supply chain.

And the effects of these events did not take months to occur. Tightly managed logistics, common in manufacturing today generally mean that there is little surplus in supplies. Downtime is costly.

The spread of social media and the democratization of news have increased the sources and the complexity of risk. Companies face far more scrutiny than in the past. Average citizens — whether well-meaning or not, whether well-informed or not — have the power to broadcast information and opinion on even the largest companies. A small problem in a faraway place can become a big, global problem in minutes when magnified through the lens of social media.

Think about it, earlier this year, a teenager in Australia posted a photograph on Subway's Australia Facebook page showing that the company's "foot-long" sandwich was actually just 11 inches. Within days, Subway was flooded with complaints and lawsuits, prompting the company to announce new quality controls on sandwich length.

This incident may seem insignificant on its face but it is an example of the speed and magnitude with which a risk, from one unknown person, in a comparatively remote corner of the world, can impact a firm across the globe.

So how can companies deal with risk in today's world?

Insurance can be part of the solution, and we help clients find insurance that meets their needs at the lowest possible price and at the best value for price. Insurance is an after-the-fact response to risk, and often a vital one. But we believe it makes just as much sense to assess risk, protect against risk beforehand, to make sure potential problems do not lead to a full-blown crisis. We believe that better risk management can strengthen a firm's balance sheet and in turn free up capital that can help organizations grow their business.

Here is something else to consider: 90 percent of the data that exists in the world today was created in the last two years. Information is coming at us faster and from more sources than ever before but that does not automatically mean more insight. Organizations everywhere have a surplus of information, but a shortage of insight.

Understanding how to measure and mitigate risk means using all of the information, technology and expertise at one's disposal. Accessing an expansive global network helps create a unique ability to connect the dots and recognize patterns across the globe. At Aon, we combine knowledge of local markets and client need with our ability to spot trends and stay ahead of emerging threats.

We have found it is helpful to build proprietary analytical tools that turn information into insight.

For example, Aon's Global Risk Insight Platform includes data from more than 1,000 insurance carriers across 169 countries. It leverages the world's largest international database of insurance placement information to provide clients with the most relevant and applicable data on market conditions, placements and rates to meet their needs. By monitoring the data and reporting the important findings to our clients, we can keep our finger on the pulse of the industry and emerging risks that our clients face.

Now that is the pure risk side of the equation but I also mentioned people, and people are at the center of the most thought provoking and profound issues we face.

For example, how many companies have solved the issues of an aging population? The risks of retirement costs, pensions cost and healthcare? The risk of losing their most experienced employees? Collectively these issues disrupt lives and create huge volatility for companies.

In 2000, just over 12 percent of the U.S. population was 65 or older. By 2030, it will be nearly 20 percent — including me, by the way. By that time, 30 percent of Japan's population will be 60 or older.

Our research shows that in the U.S. less than one in five Americans are on track to meet all their financial needs in retirement, and individual savings rates are low, at about 7.3 percent before taxes. At the same time, many companies are carrying unsustainable pension burdens. That is a bad combination. The outlook in the U.S. is further clouded by questions about the future of Social Security and Medicare.

This is not unique to the United States. A survey of 15 international markets by HSBC found that the average worker has sufficient savings for about a decade of retirement. Trouble is; the average retirement lasts 18 years.

My Aon colleagues have come up with a few answers. Almost a year ago, Aon helped General Motors eliminate about $26 billion in pension liabilities with a program that combined lump sum payments to retirees and beneficiaries, and the purchase of annuities for those who did not accept lump sums. It was by far the largest transaction of that type. In fact, no other annuity transaction had involved more than $1 billion since the 1980s.

This groundbreaking transaction was developed to provide the greatest amount of flexibility and security for retirees while also balancing GM's desire to shift liabilities off their balance sheet.

That's pensions, let's talk health care. Let's be honest: the old health care benefits system is broken. It doesn't work for employers or employees. The average cost of health care coverage topped $10,000 per worker last year in the U.S.;it is projected to grow nearly three times faster than the average salary; and costs are increasing 10 to 12% a year for employers.

Our role is to help clients understand and flatten that curve while continuing to provide appealing benefits for employees that will keep them engaged and productive.

For active employees our research shows that almost two-thirds of the employers we surveyed plan to move away from a traditional "managed trend" approach to one that requires participants to take a more active role in their health care planning.

Aon Hewitt is helping those companies and others develop solutions that are attractive to both employers and employees. In 2010, we launched Aon Hewitt Navigators, a comprehensive retiree health care exchange that has supported more than 250,000 retirees and offers access to more than 80 insurance carriers and 3,300 different plans, plus personalized support to ensure participants choose the best plan to meet their individual needs.

In 2012, Aon launched the first corporate health care exchange offering fully insured group plans by multiple insurance carriers. It is the first private sector initiative that uses competition among insurers to provide greater consumer choice and better value.

More than 100,000 employees from Sears, Darden Restaurants and others successfully enrolled in their health benefits through our corporate health exchange last fall, and there are a lot more employers considering an exchange for 2014.

Our corporate exchange is a full-service model that includes consumer decision support tools that turns selecting health benefits into a retail shopping experience. Similar to the 20 million employees and families for whom Aon Hewitt administers health benefits, individuals in our corporate health exchange have access to a wide range of benefits experts and advisors to help them during the enrollment process and throughout the year.

There are examples in every industry, whether it is iTunes, Amazon.com, or Orbitz, where the introduction of competition on a retail or consumer level has driven down prices and made the industry more efficient. We believe our corporate health exchange model is a viable alternative for

companies searching for solutions that can lower costs, transfer risk to insurers, empower employees to make smarter health care choices, and create a more sustainable health care benefit program.

And John Engler, former governor of Michigan and the president of the Business Roundtable, said that this plan "is an example of an initiative that can increase health care choice and quality and is the kind of innovation that can really make a difference."

In closing, I encourage you to think about risk in a different way. The desire to take on risk and the ability to understand risk is a fundamental driver to growth in our global economy.

Yes - as the world continues to change, so does the global face of risk. Misunderstanding it can be fatal - specifically underestimating the magnitude, complexity or speed of risk. That being said, the successful firms will be the ones who understand that risk is married to innovation, exploration and expansion. They will be the ones that understand that proper risk management provides an opportunity to grow and prosper.

Detroit knows a lot about change. It has often been on the leading edge of major transformations. In the boom years after World War II, Detroit symbolized and helped fuel American prosperity. Detroit was also among the first American cities to feel the impact of globalization as the trickle of imported cars in the 1960s and '70s became a torrent in the 1980s and '90s.

Now, Detroit's auto industry is on the rebound. The old Dime Building from Aon's past has been refurbished and renamed the Chrysler House. It is one of several tangible signs of Detroit's recent progress.

I want to leave you with this one thought. It was private enterprise that created Detroit, and in my view it will be private enterprise that leads the way going forward. Winston Churchill once said, "Some see private enterprise as a predatory target to be shot, others as a cow to be milked, but few are those who see it as a sturdy horse pulling the wagon."

I believe all of us here are deeply committed to pulling the wagon.

Thank you again for inviting me to be with you today. It has been a great honor for me to share this room with a lot of smart people who are seeking answers to global and local issues. And certainly, that is Aon's mission as well.

I look forward to your questions.