

The demographic trends and developments pose significant challenges to societies and economies.

Demography

Global demographic and social megatrends include population growth, the ageing of the population, urbanisation and migration.

The growth of the world population is progressing. In 2020, there were about 7.8 billion people living on the earth. This means that the world population has more than doubled in the last 50 years and approximately quadrupled compared to 100 years ago. Depending on the underlying models, the world population in 2100 will be between 8.8 and 10.9 billion.

Longevity is an issue in most societies today. Findings in all demographic studies suggest a shifting age structure in most parts of the world towards ageing societies. These developments are even more pronounced in industrialised and high-income countries.

Until the 19th century, ancient Rome was the only city in human history with more than one million inhabitants. In the year 1820, London was the first modern city that crossed this threshold. Today more than 500 cities worldwide present themselves with a population of more than one million. In 33 of them, the population exceeds the 10 million mark. These cities are also called megacities. By 2030, there will be a projected 662 cities with at least 1 million inhabitants and 43 megacities. While in 1950 only about 30% of the world's population lived in cities, this figure rose to about 55% by 2018. By 2050, the global urban population is expected to account for 68% of the world's total population.

The International Migration 2019 report by UN DESA's Population Division examined migration levels and trends. The number of international migrants globally reached an estimated 272 million in 2019. This represented an increase of 119 million (78%) since 1990. Migration forecasts for the future vary widely, as many influencing factors can only be estimated insufficiently.

A fundamental challenge in making long-term forecasts, regardless of the modelling strategy, is the existence of potential changes in trends far in the future that cannot be predicted. This represents a limitation for all demographic models presented so far. Key factors of influence are:

- **Life expectancy:** Demographic models assume that life expectancy will continue to rise globally, albeit at a slower pace. However, negative health factors such as obesity, diabetes, cancer, antimicrobial resistance, lack of vaccination protection, etc. could stop or even reverse this development in many parts of the world, even in high-income countries.
- **War, Geopolitical conflicts:** One of the most unpredictable drivers for demographical changes is war. All forms of war (civil war, international war) have a massive impact on demographic development and are still clearly felt decades later. Migration in particular is massively driven by war events. States that have fallen apart as a result of war often lose a large part of their population.
- **Climate change:** Climate change is likely to play a major role in future migratory movement, as populations may be forced to migrate due to rising sea levels, extreme weather events, environmental degradation and more.
- **Pandemics:** Pandemics have already had massive effects on demography in past centuries and continue to have this potential. This is not only about a possible increase in mortality but also about far-reaching effects of severe economic depression on, for example, migration and the birth rate. In the expectation that pandemics will occur more frequently in future, the potential effect on demographic parameters should not be underestimated.

These trends and developments already pose significant challenges to societies and economies, but will intensify in the future. Some current examples are social issues, the future of work, health risks in cities, and the potential long-term impact of Covid-19.

Global demographic and social megatrends are of particular importance for (re-)insurance and need to be addressed. Several lines in both, P&C and L&H, but also in operations, will be affected. If handled appropriately, the (re-)insurance industry will not only face challenges and claims, but should also be able to identify new business opportunities to cover unmet insurance needs.