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*As societies become more related, breakdowns anywhere can cause disruptions worldwide -- these 10 may surface fast.*

## Top 10 Emerging Social Risks in 2015

Risk managers make many decisions – building valuation, vendor management, employment issues, budget allocation, to list a few. However, in our rapidly changing society, managing risk is more than simply choosing the best insurance package or retention level. We must monitor our world to watch for emerging societal risks that can abruptly increase our day-to-day challenges.

What is an emerging risk? I'm going to borrow a definition from Donald Donaldson of LA Group in Montgomery, Texas. He defines emerging risk as: "A new loss exposure for which a risk treatment has not been identified, or an existing exposure that is evolving and becomes difficult to quantify." The Organization for Economic Co-operation and Development (OECD) describes "emerging constructs" as "major trends or new and persistent threads of behavior driven by a particular alignment in incentives or a technological innovation." Whether you define societal risks as emerging risks or constructs, many challenges lie ahead for today's risk managers.

Using my education, which includes a master's degree in sociology, and my experience as a

risk management professional, I forecast 10 social risks emerging - in some cases swiftly - in 2015 and beyond.

1. Europe, Asia and North America face increased risk of "sleeper cell" terrorist attacks. As attacks increase, so will hate crimes against all Muslims. In response to such attacks, formerly moderate Muslims may become increasingly radicalized. Houses of worship will become much more difficult to insure as hate crimes increase.

2. U.S. police forces will face pressure. They will come under increased scrutiny by the public because of societal tensions, social media and a general distrust of authority. The use of body cameras and ramped-up training will increase, in part to satisfy the demands of insurers, which bear the brunt of adverse claims actions.

Increased terrorism may cause police departments to devote more resources to tracking down and isolating suspects. This may, for a time, tip the scales in favor of police forces. However, an increased focus on terror training leaves police with fewer resources to investigate property and day-to-day crime that we now rely on them to handle expeditiously. Losses will increase and further erode the public's confidence in the police. The belief that the police are here to protect only the rich and powerful may spread, adding to the public's growing distrust of authority.

Homeowners' carriers may find themselves facing unusual risks as more homeowners arm themselves or buy personal protection dogs. Zdenek Blabla, owner of Alpine K-9, imports Czech Border Patrol protection dogs for his clients. "In the past year, I've sold several German shepherd dogs to special forces combat officers who don't want to leave their families without protection during their activation," he says. "They understand probably better than anyone the dangers we face in today's society."

3. Policing agencies across the nation will face increased recruitment and retention difficulties because of a less robust candidate pool and the



need for officers who are better-qualified to interact with diverse communities. For years, U.S. police chiefs complained of their inability to attract highly qualified recruits. According to one textbook on policing tactics, "Poor recruitment and selection procedures result in hiring or promoting personnel who cannot or will not communicate effectively with diverse populations, exercise discretion properly or perform the multitude of functions required of the police." It is clear that today's U.S. police forces face significant and growing challenges.

4. Schools will focus more on instructing schoolchildren how to protect themselves in risky situations. Examples include how to cooperate with the police in a routine traffic stop or other police intervention, what to do in a hostage situation and "duck and cover" exercises for students in newly emerging earthquake zones. This increased focus on situational awareness will drain resources from already depleted public school funding, ultimately reducing the time spent for the actual education of students.

5. Corporations that rely heavily on suppliers both here and abroad will closely analyze their supply chain risk. With political disruptions likely to increase supply line disruptions, risk managers must analyze sole-source and global suppliers and ensure the organization's insurance will respond appropriately to these unique risks. As recently as 2014, one major university referred to supply chain disruption from civil unrest as "not a major concern." Given the recent disturbances in Oakland, CA, New York City and Ferguson, MO, civil unrest is a growing concern for risk managers worldwide in 2015.

6. Employers will realize the need to increase security while also purchasing kidnap and ransom coverage for employees who travel abroad or face domestic terrorism threats. The Charlie Hebdo massacre starkly revealed that Stéphane Charbonnier's bodyguard was completely unprepared for that brutal attack. Business owners will face the need for improved security measures at their homes and businesses, as well as when their family members travel.

7. Communities will experience an increase in social unrest, driven by social media "flash mob" actions or spontaneous reactions after incidents with racial or equality overtones. Other controversial issues, such as environmental measures and other governmental actions, will trigger increased public discord and civil disruption.

8. Continued weather swings will result in property damage and loss of life from natural disasters. With more money allocated to fight the new wave of terrorism both at home and abroad, fewer federal dollars will be available to help weather-ravaged communities. As we saw after Hurricane Katrina, civil unrest follows when authorities cannot provide adequate protection.

9. Poverty, income disparity, unemployment and dissatisfaction among today's youth will increase globally. Expect corporate leaders, including top insurers, to more candidly discuss poverty and income disparity, unemployment and dissatisfaction among today's youth in America, the Middle East and Europe. Graham E. Fuller, author of *The Future of Political Islam*, discussed this concept in 2003: "The great question for most Middle Eastern societies is who will be able to politically mobilize this youth cohort most successfully: the state, or other political forces, primarily Islamist?" We must not underestimate the ways that unemployment and poverty may lead to the radicalization of youth both here and abroad.

10. Pandemics will threaten local medical resources' ability to provide adequate medical care. Flu epidemics, tuberculosis, measles and other contagious diseases will make medical management much more onerous. An aging population with chronic conditions will place additional stress on available medical resources. According to the World Health Organization, there is an "emerging global epidemic of diabetes."

Are these predictions exaggerated? I don't think so. That advanced degree I mentioned earlier tells me that I have not overstated these predictions; they are credible and approaching quickly. As societies become more complex, yet increasingly related, breakdowns anywhere in



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the global chain can cause disruptions worldwide.

As risk management professionals, we must do more than simply purchase a coverage portfolio to protect our assets. We must understand and prepare for the societal risks that present unlimited challenges to America's organizations.

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## Nancy Germond

Nancy Germond's almost three decades of insurance experience give her unique insights and abilities as a consultant and copywriter. An accomplished risk and claims manager, Germond has written scores of risk-management related articles and white papers and has presented for organizations like the Public Risk Management Association (PRIMA) and the Society for Human Resources.