



Forecasting the Risk Environment in 2021 & Beyond

There seems to be no let-up in sight of troubling events exposing businesses to growing risk and uncertainty

It is clear that 2020 was an unprecedented year of risk. First, there was the coronavirus pandemic and its economic impact on individuals and businesses. Second, there was the death of George Floyd that sparked civil unrest across the United States and beyond. Third, unrest is a worldwide issue, the incidence of which seems to only be increasing - for example recent events in Colombia and South Africa.

Despite the promise of vaccines and economic recovery, the unpredictable nature of the risk environment is only likely to increase. Here are the key risks businesses need to be aware of and the challenges they present:

Ongoing impact of social media

The rise of social media and fake news is a key driver behind increasing global instability. Social media platforms not only help amplify economic, political and social ills, but can act as catalysts for strikes, riots and civil commotion (SRCC) around the world.

COVID economic and political fallout

Imposition of further restrictions has provoked anti-lockdown protests worldwide, the pandemic has also widened the inequality gap, sparked strikes and protests over jobs, pay, healthcare, education, pensions and public services. The unequal rollout of the vaccine programme across

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Insuring your Business against Civil Unrest**

Chile riot risk ranking



the world (coupled with associated resistance to vaccination) poses an additional risk factor.

Additionally, governments are coming under increasing pressure from activist groups calling for key social-justice reforms.

Exacerbation of existing grievances

Civil unrest continues to spread across the world with protestors demonstrating about a range of issues from the rising cost of living to corruption and infringement of democracy, often spilling over into violent clashes with police.

Because many of these events are now happening in unexpected places, and with greater frequency and severity, they are even harder for businesses to anticipate. They may only gather pace as disadvantaged groups in society become more marginalised and seek recourse.

Persistent rise of populism

Amid such uncertainty, politics is becoming far more divisive, splitting nations, communities and families. This is giving rise to populism, with extremist movements that appeal to people’s political ideologies mobilising support.

Climate change acceleration

Business are coming under mounting pressure from environmental activist groups and protest movements. Some of these movements continue to carry out strategically planned acts of violence or sabotage against companies seen as lacking appropriate action or an adequate response. Perceived inaction can trigger large-scale unrest if not managed effectively or addressed.

Future risk monitoring

Due to the unpredictability of these events, analysts are finding it



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increasingly difficult to foresee such risks, making it harder for insurers and the insured to mitigate against them.

Many of these new challenges will continue to test definitions and exclusions within insurance policies, particularly for traditional property, which contain SRCC clauses, and political violence coverage.

Key takeaways

- SRCC risk has fundamentally shifted over the past decade, driven by social media, inequality, populism and climate change.
- Protests and civil unrest are occurring far more often and on a greater scale.
- Working with their insurers, businesses need to monitor key risks closely and protect themselves by securing their premises, people and supply chains, and having an effective business continuity plan.