

# Emerging Risks

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## Emerging Risks

- 1) Pandemic
- 2) Terrorism
- 3) Climate change
- 4) Nanotechnology
- 5) Electromagnetic fields
- 6) GMO's
- 7) Asbestos
- 8) Obesity
- 9) Tobacco
- 10) Mould
- 11) Occupational diseases
- 12) Alcoholic drinks
- 13) Silica
- 14) Welding rods
- 15) Critical information structure
- 16) Repetitive strain injury
- 17) Educational Malpractice
- 18) Invasion of privacy

# Pandemic

## Pandemic Exposure

Current pandemic risks:

- Severe Acute Respiratory Syndrome (SARS)
- H5N1 Avian Influenza
- Drug resistant diseases

Current pandemics:

- H1N1 Swine Influenza
- AIDS/HIV

## Pandemic Exposure – The obvious

- Life and health insurance

## Pandemic Exposure – The not so obvious

Liability classes

- Personal Accident – Travel Insurance
- Directors & Officers Liability

## Travel/Personal Accident – Loss Scenario

- Travelers abroad contract pandemic diseases and require medical care
- Government enacted border closures may leave many travelers stranded
- Travel policies respond to expenses incurred for emergency accommodation and transportation

Worst case scenario:

- New Zealand closes its borders leaving all New Zealand travelers stranded overseas

## D&O – Loss Scenario

- A new pandemic strain of the flu spreads within an operational location of a publically listed company
- Lack of contingency plans and preventative measures to deal with contagious diseases leads to operational difficulties
- The share price subsequently declines due to these operational difficulties
- Does this provide grounds for shareholders to sue the company?

# Nanotechnology

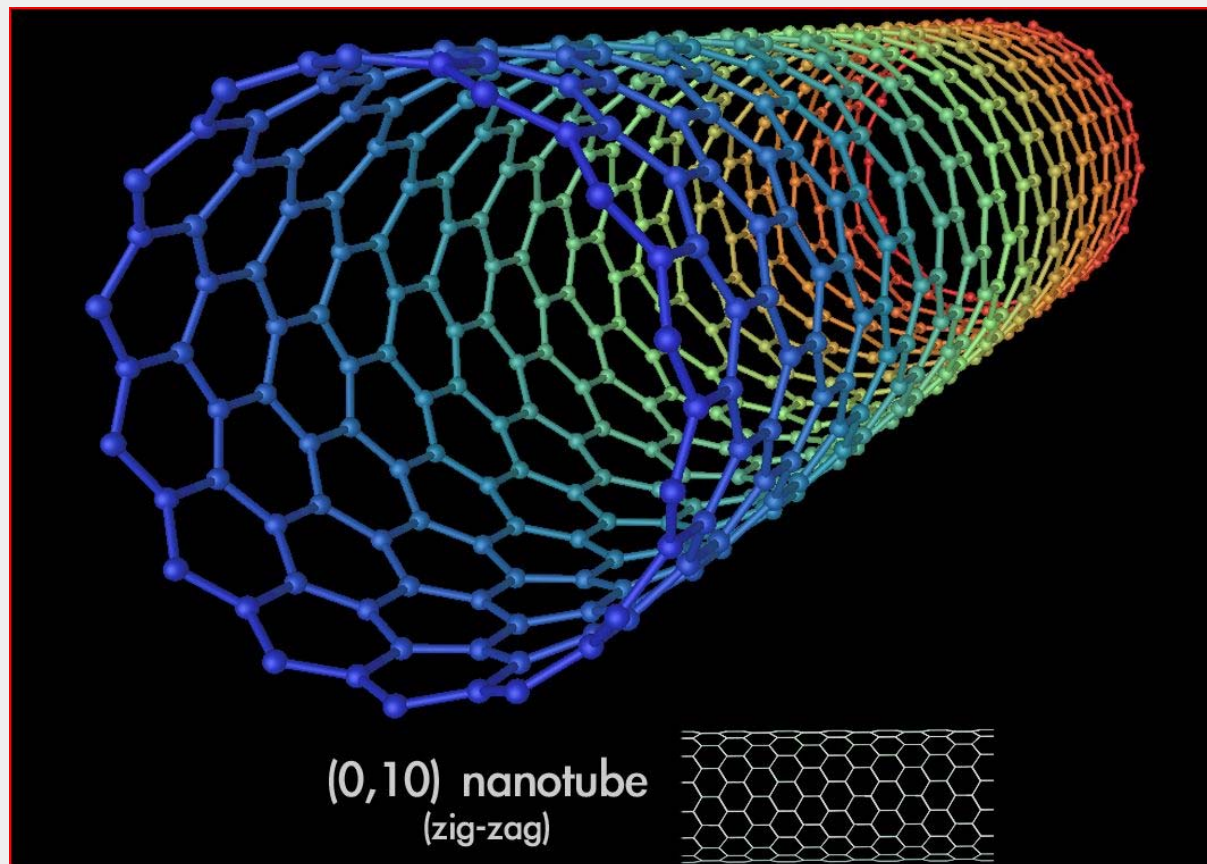
\$120,000,000,000

# Nanotechnology

Definition of Nanotechnology:

“The study of materials and particles on a molecular or atomic scale”

## Carbon Nanotubes



Source: Wikipedia - Michael Stroeck

## Carbon Nanotubes

Potential uses:

- Engineering applications
- Semiconductors and electronics
- Medical treatments

## Implications for Insurance

Potential current exposures:

- Public and Products Liability for exports and overseas offices

Emerging exposures:

- Exposures arising out of uncertain legal and political environment

# Educational Malpractice

## History of Educational Malpractice

- Cases alleging educational malpractice started to appear in the 1970s
- Arguments related to the mistreatment and misclassification of children with learning disabilities

## Recent example – Trina Thompson

Plaintiff:

- Trina Thompson

College:

- Monroe College, New York

Claim:

- Claim filed 24<sup>th</sup> July 2009
- Suing for \$70,000 in tuition fees and \$2,000 for emotional stress
- The plaintiff is alleging that the college did not adequately assist her in securing gainful employment

## Who's fault is it that Johnny can't read?

- What duty does a college or university have in ensuring that its graduates are able to find employment?
- What role does the student play in attaining employment after graduating?
- Whose fault is it if a student underperforms at school?
- To what extent are educators responsible for instilling knowledge into their students?
- What responsibilities do parents have in their child's education?

## Educational Malpractice – an emerging risk?

- Claims alleging educational malpractice have appeared in the Australian market
- Educational Malpractice claims remain largely untested in courts
- Future judgments made by courts remain unknown

## Insurance Classes Impact

### Professional Indemnity:

- Legal costs may be substantial in defending opportunistic claims
- Likelihood of claims succeeding depends on future court judgements

## Concluding Comments

*“There are known unknowns. That is to say, there are things that we now know we don’t know. “*

Donald Rumsfeld , February 12, 2002.