

# Risk Consulting

Insights into risk management and loss prevention

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Ensuring a  
smooth start to  
working life

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Forever chemicals  
bring new risks  
for insurers

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Renewable energy  
industry risks  
and insurance  
liabilities

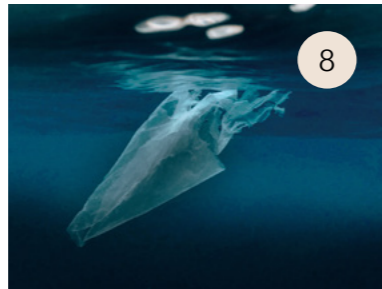


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**Publisher** If, Keilasatama 2, 02150 ESPOO, Finland, +358 10 19 15 15, [www.if-insurance.com](http://www.if-insurance.com)  
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**Production** If Creative Agency  
**Printing** Newprint  
**Change of address** [industrial.client-service@if.fi](mailto:industrial.client-service@if.fi)  
**ISSN** 1459-3920  
**Cover Photo** Getty Images

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# Editorial



## Great employees drive value

**A**t If Insurance, we need the right competencies to provide excellent customer service, value adding expertise, smooth claims handling as well as keep up with innovation and technological development. Having the right competencies does not necessarily require many years of experience within the insurance field. A diverse workforce includes people who come from other industries, which in our experience brings new perspectives and works very well with experienced insurance specialists. This has been proven to be the best combination to increase value and strengthen collaboration.

The state of the current labour market requires businesses to reconsider how they recruit, retain and motivate their employees. In today's competitive business landscape, having the right employees is paramount to the success of any organisation.

Reaching the full potential from a diverse workforce, requires a high level of psychological safety to foster a culture where challenging one another is encouraged. To dare to speak up, have an open mind, and question the conventional way of doing things, are highly appreciated at If. Additionally, having a flat organisational structure helps to promote this culture. This not only enhances employee engagement but also brings a wider range of perspectives to the table when making important decisions. Ultimately, I believe that having fun at work and being in a positive environment inspires all of us to work better.

In today's market, attracting and retaining young talent, sets new demands for employers. This is not only about having the right benefits and incentives, but we must also be able to put increased focus on mental health and well-being. Today, the most common cause for temporary or permanent occupational disability amongst the young workforce in the Nordic countries is related to mental health.

In this issue of Risk Consulting Magazine, we dive into how workplaces can support young adults' to thrive in the workplace, and how we can keep our young workforce engaged, motivated and foster a psychologically safe work environment. We also provide insights into the new EU proposal on solar power and look into renewable energy risks. Additionally, you can read about forever chemicals (PFAS), as well as learn about marine installation risks.

We hope you enjoy these articles and feel free to reach out to your Account Executive with any questions.



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# Ensuring a smooth start to working life

A growing concern in the workplace: mental health issues are on the rise and challenging young people's working ability - how can workplaces support young adults' mental health and well-being?

By Tuomas Kaleva, Vilma Torkko, Katrine Ravn, If

The Nordic countries are among the happiest nations in the world, so can the subject even concern us? Mental health issues have become a major concern at both the company and societal level as the 2020's has progressed. In fact, mental health disorders are the most common cause of temporary and permanent occupational disabilities in the Nordic countries, thus it's crucial to consider ways to support mental health in every organisation. In 2019, mental health issues were already the second most common cause of sick leave. Furthermore, sick leave due to mental health issues tends to be longer in duration than other causes.

Alarmingly, around 80% of work disabilities among people under 35 years of age are now due to mental health disorders. Young adults are at higher risk of developing mental health issues in the workplace than older employees. Many young adults experience more insecurity about their skills and personal pressure to succeed at work than previous generations. Around 44% of young people feel they are not sufficiently prepared for the transition from academic settings to a work environment. Early intervention and treatment of mental health issues is challenging due to slow access to public mental health services. It is estimated that one third of people with mental health issues do not receive professional help when they need it.

*Workers with mental health issues and high levels of psychological stress are more prone to make errors and have accidents at work.*

Across the Nordics, mental health issues among young people mainly take the form of stress, depression and anxiety. Workers with mental health issues and high levels of stress are more prone to accidents and errors at work, making mental health also an important topic for occupational safety.

#### **FACTORS AFFECTING MENTAL HEALTH AT WORK**

Mental health is strongly linked to changes in working life and culture. The increasing demands and expectations of working life can cause stress, anxiety and other mental health issues for new generations entering the workforce. It is important to recognise that many young adults are already experiencing depression and anxiety during their studies before entering the workforce.

If Insurance hosted a workshop for 28 Finnish university students regarding this topic during spring



2023. Among the findings, students highlighted that mental health issues are clearly associated with the amount of workload, but also with conflicting or overwhelming demands. The most common work-related factors identified as threats to mental health are:

- lack of support from managers and colleagues
- poor or non-existent onboarding
- constant pressure to perform
- imbalance in performance and recognition
- mismatch between demands and skills
- problems with free-time recovery and work-life balance.
- other health-related issues

It is important to remember that work alone is not the only threat to mental health, as there are many other factors in one's personal life that need to be considered. At its best, work helps to protect mental health by providing a livelihood, a sense of meaning and purpose, routines and relationships. Stress, family matters or health problems in one's personal life can affect work and stress resilience. From the employer's point of view, there is an impact on the employee's working ability regardless of the personal or work-related origin of the issues.

**THE ROLE OF THE WORKPLACE IN SUPPORTING MENTAL HEALTH**

The employer plays a significant role in supporting employees' mental health. There is effective professional help for mental health issues, for example through psychotherapy, but supporting workers' occupational health and safety cannot be fully outsourced.

**“** *Reacting to issues helps a little, preventing them helps a lot.*

It is important that employers have clear policies and supporting procedures to help employees cope with the challenges that work presents.

Supporting mental health in the workplace can be achieved by focusing on five basic elements:

- Promoting of mental health awareness and psychological safety
- Identifying adverse stress factors for mental health
- Early intervention
- Planning and monitoring work adjustments
- Supporting measures and a pathway to professional help

Young employees should have a positive first impression when beginning their journey in the workforce, making a good onboarding process essential to support their mental well-being, motivation, and enable high retention rates. By offering mentoring, gradually increasing responsibilities, and enhancing competence, young employees can successfully adapt and engage in working life.

An atmosphere that encourages openness and dialogue is crucial for preventing and managing mental health. The foundation is established through fostering an open and psychologically safe culture, enabling individuals to confidently raise challenging issues without fear of negative reactions from colleagues or managers. Emphasising the prevalence of mental health issues in discussions is important for diminishing the associated stigma.

A proactive and emotionally intelligent leadership approach is essential to mitigate mental health issues as managers can identify psychosocial stress factors and early warning signs of weakened mental health in advance. An early intervention approach is all about stepping in and assessing the employee's current working ability in cases where early signs of potential problems are identified. The assessment may lead to work adjustments, low-threshold counselling, stress management tools or a pathway to professional help. Managers can promote a healthy work environment by providing training and career development opportunities, and by adjusting the workload to accommodate an employee's ability to work, whether temporarily or for extended periods. Implementing flexible working arrangements can effectively mitigate the progression of mental health issues. Work adjustments and flexibility can include, for example:

- changes in the way tasks are organised and the duration of work
- flexibility in working hours
- remote working
- reorganisation or customisation of tasks with another employee

**How does If support its clients and their employees?**

The most important thing when facing mental health issues is to get help quickly. If wants to support its customers by providing an insurance solution that allows their employees to get quick access to high-quality mental health services. This solution provides employees with an easy pathway low-threshold discussion assistance and psychotherapy through If's healthcare partners, challenging the traditional notion that insurance companies solely cover healthcare expenses. Swift access to mental health services decreases the chances of challenges progressing to more severe disorders leading to long-term work absences.



**Want to learn more? Watch our podcast about the topic behind this QR-Code.**

The possibility to adjust work effectively relieves stress, while the flexible working arrangements make it easier to have an active lifestyle, maintain social relations and get enough rest. These are the key factors of work-life balance.

In terms of supporting measures, offering services that promote mental health, employers not only reduce the costs related to long absences, but also contribute to a positive work atmosphere. In fact, mental health education and supporting services have been shown to be effective in reducing stress and depression among employees. For example, a significant reduction in sickness absences can be seen after offering access to short-term psychotherapy for the employees.

Support and open interaction between employees contribute not only to mental health but also to job satisfaction. The significance of peer support in fostering mental health cannot be overstated, as daily interactions, sharing personal feelings, and receiving peer support can effectively mitigate the escalation of issues into long-term disorders.

Disregarding the alarming trend of mental health challenges is a dangerous gamble that not only adds new risks to business operations but also jeopardises the well-being of individuals and society. Now is the time to meet these challenges.

**FACTS & HIGHLIGHTS**

- Only 35% of employees are aware of available mental health services provided by the employer.
- Only a third of line managers feel they are equipped with the right training to address their subordinates' mental health issues.
- Three out of four employees believe that the workplace should provide support for people with mental health issues.
- A study conducted by Terveystalo (2022) found a 40% reduction in mental health-related sickness absence after workers were offered the opportunity for short-term psychotherapy as part of their occupational health.
- Around 80% of work disabilities among people under 35 years old are due to mental health disorders.



**Sources and more information**

# Forever chemicals bring new risks for insurers

Synthetic compounds known as PFAS, or 'forever chemicals' can now be found in air, water, soil and even our bodies. Manufacturers currently don't have to prove these chemicals are safe. But with the negative impact on humans and the environment increasing, new legislation is being implemented globally to help mitigate the risks. The future implications of PFAS for insurance companies are becoming increasingly significant.

By Dan Rider

UNSPASH

Nearly everyone on the planet is now thought to be carrying around a number of barely understood human-made organic chemicals called PFAS (per- and polyfluoroalkyl substances). First invented by chance in the 1930s, and prized for decades due to their innovative properties, PFAS were the primary ingredients in the then revolutionary products like non-stick cookware (Teflon) and waterproof coatings (Scotchguard).

Today, this class of more than 14,000 chemicals (according to the United States Environmental Protection Agency's (EPA) toxicity database, DSSTox) are typically used to make thousands of industrial and consumer products that repel stains, heat, and water. These PFAS substances are used for numerous different purposes, for example in textiles, packaging materials, cosmetics, lubricants, coolants, electronics, and construction. They include products as varied as firefighting foam, construction coatings, carpeting, food packaging, paints, toilet paper, adhesives, water-resistant clothing like Gore-Tex and even disposable pizza boxes. Additionally, PFAS are often used as lubricants in the manufacturing process of products and some of the chemicals are left in or on the consumer goods.

## UNDERSTANDING THE F-C

At their heart, PFAS chemicals all share a powerful fluorine-carbon bond, one of the strongest chemical bonds in organic chemistry, and it led Joseph Allen, a Harvard Public Health Professor to coin the term 'forever chemicals' in 2018 in reference to the persistent "F-C" bond. The coining of this term led to a rapid increase in public awareness of the chemicals. In addition, it has also led to a more intense focus on understanding these compounds from a human and environmental perspective in recent years.

To that end, government environmental agencies and private-sector laboratories are now beginning to view these PFAS as a threat and highlight the risks that these man-made compounds are causing to both human and environmental health, the lack of degradation of the synthetic chemicals across hundreds (or possibly even thousands) of years, as well as the increasing global ubiquity of these compounds.

It is becoming increasingly clear that if emissions are not minimised, these harmful fluorine compounds will continue to accumulate in the environment, drinking water and food. And while the scientific understanding about the health risks of PFAS is still evolving, several global studies have suggested that PFAS compounds can be toxic to reproduction, cause cancer or disrupt the human endocrine function (a complex system of glands and organs), amongst a number of other heightened risks.



*“The European Chemicals Agency estimates that over the coming 30 years, about 4.4 million tonnes of PFAS will end up in the environment.”*

#### **THE FOREVER POLLUTION PROJECT**

In early 2023, a months-long investigation from 18 European newsrooms (including YLE in Finland) titled “The Forever Pollution Project” revealed that more than 17,000 sites all over Europe are now contaminated by these forever chemicals. Furthermore, the investigation also indicated that there are an additional 21,000 presumptive contamination sites due to current or past industrial activity. The contamination, revealed by this project, has spread across the entirety of Europe. The data in the project’s map data was collected from 18 scientific studies and 137 authorities, including the European and Finnish Environment Institutes.

The project also highlighted that there are 20 manufacturing facilities producing PFAS chemicals in the EU and more than 2,100 sites in Europe that can now be considered as PFAS hotspots – locations where contamination has reached levels considered to be hazardous to the health of exposed people. Of these, PFAS have been detected at high concentrations of more than 1,000 nanograms a litre of water at about 640 sites, and above 10,000ng/l at 300 locations, including some in the Nordics.

The project, however, has made clear that it will be extremely expensive to remove these chemicals from the environment and estimates the cost to likely reach into the tens of billions of euros. The report has also noted that in several locations, local authorities have already abandoned efforts to remove the chemicals and have simply decided to keep the PFAS in the ground, due to the prohibitive clean-up costs.

#### **THE RAPIDLY EVOLVING LEGISLATIVE ENVIRONMENT**

In 2023, concrete actions to begin to mitigate the negative impact of PFAS began to take shape in the US and EU, surrounding this group of chemicals that have gone largely unregulated for many decades.

It is now estimated that around 99% of the American population has a detectable level of PFAS in their blood. As a result, in 2023, the Biden administration proposed new legislation to rapidly counter the increasing threat that these man-made compounds are causing. In March 2023, the US Environment Protection Agency (EPA) took a notable first step forward by proposing limits on drinking water exposure to PFOA and PFOS, two members of

this large group of PFAS. In addition, class-action lawsuits focusing on the PFAS manufacturers Dupont and 3M (makers of the aforementioned Teflon and Scotchguard products) are currently ongoing.

Excluding the three PFAS that are listed as Persistent Organic Pollutants on the Stockholm Convention, PFAS emissions are not regulated in the EU yet. To date, only a few Member States have adopted limits. But the cost to health in the EU is already being quantified. A 2019 report by the Nordic Council of Ministers\*, focusing on the socioeconomic analysis of environmental and health impacts linked to exposure to PFAS, estimated that these forever chemicals are now putting an additional EUR 52-84 billion of financial stress on European health systems each year.

In the EU, there is a recent proposal to regulate PFAS as one class, rather than to attempt to deal with each substance independently. To that end, the restrictions on the manufacture, placing on the market and use of per- and polyfluorinated alkyl compounds in the European Union would be largely phased out under a proposal issued in February 2023 by the European Chemicals

Agency (ECHA). The agency has estimated that about 4.4 million tonnes of PFAS will end up in the environment over the next 30 years unless action is taken. The proposal has been drawn up in cooperation between Denmark, Germany, the Netherlands, Norway, and Sweden.

The restriction would apply to approximately 10,000 PFAS substances as such - as ingredients, mixtures, or objects - and will impact multiple economic sectors and leave companies searching for likely more expensive and arguably less-effective alternatives for their products and production processes. The ban will also potentially extend to imports to the EU of products containing PFAS. According to the current proposal, the PFAS prohibition would be phased in through the late 2030s as exemptions for some uses of PFAS run out. Because PFAS uses are now so widespread, the ban has the potential to impact thousands of products, including electronic devices like mobile phones, wind turbines and solar panels, cosmetics, medical devices, industrial equipment, and cookware.

#### **THE INCREASING RISK FOR INSURERS**

Several insurance companies globally have recently indicated that they fear that PFAS is on the verge of becoming a major issue for the industry, with the new reality of health and environmental damage claims dragging them into court battles. Insurers have largely avoided being embroiled in most litigation so far as virtually all of the many thousands of PFAS-related lawsuits worldwide in 2022 targeted the makers or users of the synthetic chemicals. Historically, insurers have argued that they are not deemed liable for pollution from these laboratory-created substances, many of which didn’t exist when older policies were written. However, businesses are starting to push back after finding it impossible to secure coverage for PFAS contamination in many countries.

For the insurance industry, both in the Nordics, and further afield, the impact of these anthropogenic compounds is certain to become an increasingly significant issue because these chemicals will potentially lead to costly claims related to environmental contamination and toxic torts (a legal claim for harm caused by exposure to a dangerous

substance —such as a pharmaceutical drug, pesticide, or chemical).

As Matti Sjögren, Nordic Liability Risk Management Specialist highlights, “There are many things we simply do not know. We need more information on the effects of several thousands of PFAS. The US Environmental Protection Agency (EPA) highlights that both in academia and industry, a growing body of research is being done on PFAS. To really understand what the impact is we need to learn more about, for example, the health effects associated with exposure to these chemicals. However, this is difficult to specify for many reasons, including the fact that there are thousands of PFAS with potentially varying effects and toxicity levels, yet most studies focus on a limited number of better known PFAS compounds.”

One of the challenges for insurers is the fact that PFAS are extremely resilient and do not break down easily in the environment. This means that contamination can remain in the soil, water, and air for long periods of time, increasing the likelihood of long-term health effects and liability claims. For example, people who live near sites where PFAS have been used or released into the



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# Sources and more information:



The Forever Pollution project.



Nordic Council of Ministers  
The Cost of Inaction



'Forever pollution': Explore the map of Europe's PFAS contamination



ECHA publishes PFAS restriction proposal

environment may be at risk of health problems such as cancer, immune system dysfunction, and developmental delays.

There has been a growing wave of litigation in recent years over water contamination and this has led to rising concerns among insurers that the PFAS could expose them to the same kind of expensive, unanticipated claims like the ones caused by the asbestos crisis (where it is estimated that the insurance industry had USD 100 billion in losses from asbestos liabilities in 2022). One recent example in the Nordics includes a municipal water company in Sweden, sentenced in April 2021 to pay damages to residents of Kallinge, a small town with approximately 4,500 inhabitants, who had consumed municipal water for many years from a source that was contaminated by fire-fighting foam that was used in fire drills in a nearby area. The verdict from the district court was appealed, and the Court of Appeals has cleared the company from liability. The case will subsequently be trialled in Sweden's supreme court.

Liability Risk Management Specialist at If, Håkan Larsson, notes that, "increased general awareness of PFAS and the risks connected to it is very similar to what we previously saw when asbestos became a big issue. PFAS is however even worse because it is already everywhere and almost impossible to avoid."

Consequently, several insurance coverage issues are likely to arise in the near- to mid-term future, starting with what type of insurance a party facing claims involving PFAS has, like environmental, and commercial general liability, for example. There might also be an increasing trend towards adding specific PFAS exclusions for selected properties that are suspected of using PFAS or might have been exposed to the PFAS from neighbouring properties. In addition, typical pollution exclusion clauses will need to be closely analysed, dependent on the specific facts of the case, to see if they will apply to preclude coverage for PFAS claims.

Insurers may also face liability claims related to property damage and business interruption due to historical contamination from PFAS. As noted earlier, cleaning up polluted sites is likely to be technically difficult and very costly. As a result, many insurers, including If, are now beginning to take a variety of approaches to manage their exposure to PFAS risk. Examples of risk mitigation involve the including of PFAS contamination in their risk assessments and underwriting processes to better understand and manage this risk. Some insurers are also adding exclusions for PFAS-related claims in their policies, while others are raising premiums or deductibles to reflect the increased risk.

With many US States and the European Union, for example, now proposing increasingly stringent legislation to regulate PFAS, this is likely to increase the potential for legal claims against companies that use or dispose of these chemicals. Insurers then, may need to adjust their coverage and risk management strategies accordingly, to ensure they are adequately prepared to handle these emerging risks.

Furthermore, insurers including If, may also look more closely at working with their clients to mitigate the risk of PFAS contamination, such as by recommending alternative chemicals or providing guidance on safe handling and disposal practices. However, insurers must balance these risk management strategies with the need to maintain a profitable business, which can be challenging in the face of emerging and complex risks like PFAS.

**THE FUTURE PFAS RISK LANDSCAPE IS UNCERTAIN**

In terms of the damage that has already been caused, the historical legacy of PFAS will likely cast a greater shadow on consumers, companies, and even entire countries as more evidence of the damage caused is further revealed. The Nordic, and of course global

nature of the issue, and the potential and multiple negative impacts these forever chemicals are currently creating, and will continue to create in the long-term future, are now providing the backdrop for legislative bodies, property owners, companies, and entire industries to take immediate action.

As a result, many manufacturers, retailers, and importers in the Nordics, will soon be increasingly caught up in potentially expensive PFAS claims. Compounding the issue, while US and EU legislation is ramped up, it is currently proving problematic to clearly define who, throughout the hugely complex global supply chain, will be immune to product and environmental liabilities.

To that end, as the regulatory focus increases at a Nordic, European and global level, If Insurance will be further engaging in detailed communication with their clients on the issue and will continue to utilise their Risk Engineers and Risk Management Specialists to better enhance their assessment, management and mitigation of the risks associated with PFAS.

"We know that many of our clients already have made efforts to replace PFAS with other less harmful substances, however every company should be focused on phasing out their use of PFAS as a priority," Håkan Larsson concludes." □



**Meet our expert**

**Matti Sjögren**  
*Nordic Liability Risk Management Specialist*



**Håkan Larsson**  
*Liability Risk Management Specialist*

# Renewable energy industry risks and insurance liabilities

The need to accelerate the shift to low-carbon energy sources will require significant investments if the planet is to reach net-zero by 2050. However, there will be considerable challenges to come. In this article, we analyse the primary risks for the renewable energy industry sector as well as potential insurance industry liabilities moving forward.

By Dan Rider

Global investment in clean technologies is set to rise to USD 1.7 trillion in 2023, while around USD 1 trillion will be invested in fossil fuels, according to the International Energy Agency (IEA) World Energy Investment 2023 report, published in May. The renewable energy sector, primarily solar, wind, hydro and biomass, will play a critical role in the transformation. The recent global energy crisis has been the catalyst for the acceleration of renewable power installations, with the world set to add as much renewable power in the next five years as it did in the past 20, noted the Renewables 2022 report by the IEA in December 2022. In addition, the 2023 IEA report indicates that investors will spend more on solar power than in oil production in 2023 for the first time, clearly signposting the speed and scale of the global shift to low-carbon sources.

Recent initiatives like the infrastructure law and Inflation Reduction Act (IRA) have accelerated the transition and made the US “irresistible” for clean energy investments. But with more than USD 374 billion in incentives, many countries are looking to attract capital for large-scale clean-energy projects.

The path to 2050 is terms of cost, scope, ambition and complexity, and the multi-faceted risks to the renewable energy sector and global insurance companies, including If Insurance, are projected to be significant in the years to come. According to the Bloomberg NEF New Energy Outlook Report 2022,

to reach global net-zero targets, solar installations will need to more than triple and wind installations will need to increase sixfold, for example. In total, the global push to reduce emissions is expected to attract USD 196 trillion in investments in clean technologies through 2050.

Challenging headwinds are already becoming apparent. The US has about 900 gigawatts of projects stuck in so-called interconnection queues, where they must be evaluated before they can supply grids, says Leonardo Moreno, president of clean energy at AES. Currently, only 30 gigawatts are connected every year, he said, calling it “a clogged process.” Most of those waiting projects are solar and wind farms. The capital for projects will eventually evaporate if they can’t get connected, notes Caroline Golin, Global Head of Energy Markets and Policy at Google.

On a global scale, an even bigger potential downside to a rapid clean energy transition, however, is that individual nations investing in similar technologies may “create a world that’s entirely fractured,” lowering cost reductions and watering down any truly global response to climate change, said Joseph Majkut, Director of the Energy Security and Climate Change Program at the Center for Strategic and International Studies. The exponential rise of AI will also likely bring new complexities to the renewable energy and insurance liability sectors, both positive and negative, in the years to come.

## THE BIG SIX

Looking at the renewable energy transition and industry related risks in more granular detail, six defined categories are currently seen as being of critical interest from a renewable energy industry risk and insurance liability perspective.

### Extreme weather event risks

Renewable energy production depends on natural resources and phenomena, such as sunlight, wind, water, and biomass, which can be impacted by weather conditions, climate change and natural disasters. This can cause fluctuations in production and availability, as well as damage or destroy infrastructure and equipment. Extreme weather is already taking a toll on power grids that increasingly rely on renewables.

Natural disasters and extreme weather events can damage or destroy renewable energy assets such as solar panels, wind turbines, crops, and hydroelectric dams. The insurance industry is already struggling to adapt to a new normal in which losses are now regularly exceeding USD 100 billion a year. Record-high summer temperatures — 1.4C (2.5F) above the historic average — decimated harvests across France and central Europe in 2022, for example.

In the United States, insured losses from natural disasters hit about USD 120 billion in 2022, most of which was weather related, according to data compiled by Munich Re<sup>1)</sup>. Hurricane Ian which devastated Florida in September, was responsible for about half

of that. Including uninsured losses, the total cost of storms, droughts, earthquakes, and fires in 2022 was USD 270 billion.

According to If’s own data, offshore costs, for example, are significant compared to corresponding or similar property losses on land, and the repairs of subsea cables, as well as wind turbines, can be up to twenty times higher. Insurance for wind parks mainly relates to lightning strikes and wind park repairs, which can be challenging due to wind conditions. The use of cranes offshore can also be difficult due to the unpredictability of the wind and the cost of crane hire. Insurers and risk managers will therefore need to evaluate and mitigate the natural hazard risks associated with renewable energy sources and ensure adequate protection and compensation for potential losses.

### Technological and innovation risks

Renewable energy technologies are constantly evolving and improving, and many may become obsolete or outdated quickly. This can affect the performance, reliability and profitability of the projects and assets.

Technological and operational failures can cause malfunctions, breakdowns, accidents, or fires in renewable energy facilities, resulting in losses of revenue, property, or lives. Insurers will be required to keep up with the latest developments and innovations in renewable energy technology and assess their impact on existing and future policies and contracts. Increased risks can also be related to new energy industry prototypes where the outcome is deemed unpredictable, as well as certain untested design and built-type projects. The work of If’s risk engineers to mitigate risks together with clients will increase in importance as the sector grows in size, scope and complexity.

### Quality and contractors’ risks

The complexity and diversity of projects, which involve multiple stakeholders, technologies, regulations, and standards is also a critical risk factor. Without careful planning, coordination, and communication among all parties involved, such as insurers, developers, investors, suppliers, contractors, engineers, regulators, and customers, any delays, errors, or disputes could result in cost overruns, quality issues, legal and insurance liabilities, as well as reputational damage.

Higher industry demand will require more qualified workers, contractors and sub-contractors who can design, install, operate, and maintain renewable energy systems. However, there is currently a limited pool of talent and expertise in this field, especially in emerging markets and remote areas. Higher labour costs, lower quality standards, longer project timelines, and increased safety hazards can negatively impact projects. Additionally, there is currently high demand for raw materials and components such as metals, minerals, glass, silicon, batteries, and semiconductors. These critical materials may be scarce or subject to price fluctuations due to market forces or geopolitical factors.





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For solar panels, for example, analysis by If has noted that the most common loss is fire, and the most common cause is faulty workmanship. In addition, parts can be obtained fairly easily, but the quality of the parts is often unknown.

According to If, the contractual liabilities of the insured are critical, regardless of who they are in the contractual chain of a project. To that end, there can be extensive liabilities in the maintenance contracts. In addition, sometimes wind and solar farm operators would like the manufacturer's product liabilities to be included in their insurance contracts. Furthermore, these farms are primarily operated remotely from hubs, usually from a distance. Hubs can be outsourced to different companies which could lead to liabilities between the companies.

The key focus from the liability perspective is control of the supply chain and quality assurance. A single company can manage their risk through contracts, limit their own liabilities, and at the same time make sure the parties that are liable towards them do not limit their liabilities. But many questions abound. What does the insured manufacture? Is it an essential part? What is the value of the contract? Does a defect in the product impose a significant risk to the whole project and in the future?

#### Supply chain risks

In terms of the supply chain, the production and delivery of equipment and materials depend on factors such as weather, transportation, geopolitics, and trade policies. Any disruption can cause delays, shortages, or price fluctuations that affect the availability and affordability of renewable energy sources. In addition, the quality of equipment and materials can vary depending on the standards, regulations, and certifications of different countries and regions. Poor quality can lead to lower performance, higher maintenance costs, or safety risks.

Market volatility is another factor. The supply and demand of equipment and materials are influenced by market forces such as consumer preferences, technological innovations, environmental policies, and competition. These forces can increase the risk of instability in prices and profitability.

The production and consumption of equipment and materials can have social and environmental impacts such as human rights violations, labour disputes, land conflicts, resource depletion, pollution, or emissions. These variables can affect the reputation, sustainability, and social license of projects.

#### Cyber security risks

Significant cybersecurity risks will also need to be addressed. Renewable energy systems rely on complex networks of sensors, controllers, and communication devices that can be highly vulnerable to cyberattacks. Malicious actors can disrupt the operation of renewable energy plants, cause physical damage to equipment, compromise data integrity, and affect grid stability.

Cyberattacks and sabotage can target renewable energy systems and networks, compromising their security and functionality. The primary risk for insurers is the fact that the entire sector is digitalised and remotely controlled. By addressing the potential cybersecurity risks and challenges, as well as by closely collaborating with If's risk engineers to ensure detailed procedures and policies are in place, companies can ensure their reliability, efficiency, and competitiveness in the global market.

#### Political, policy and regulatory risks

Renewable energy projects and assets are subject to various regulations and policies at different levels of government and across different jurisdictions. These regulations and policies can change frequently and

unpredictably, creating uncertainty and complexity for developers, investors, and insurers.

Regulatory and policy changes can alter the incentives and subsidies for renewable energy production and consumption, affecting the demand and supply of renewable energy. Insurers will therefore need to carefully monitor and comply with the relevant regulations and policies in each market and jurisdiction where they operate or provide coverage.

#### IF'S APPROACH TO CLAIMS HANDLING

The challenges for the renewable energy sector on the road to 2050 will directly impact insurance companies, which will need to assess, price, and manage these many and complex risks effectively. Insurers in general will also need to both further innovate and adapt to the rapidly changing needs and expectations of the renewable energy sector, not least by offering tailored new products and services that can support its growth and resilience. If Insurance, the largest insurance company in the Nordics, can play a vital role in facilitating the transition to a low-carbon economy by providing risk transfer solutions and risk reduction incentives for renewable energy stakeholders.

Claims handling varies depending on business operations, country of loss, the type of loss and other factors. However, If Insurance will ensure the constant flow of information with the client during claims handling, can rely on a cooperation network with local experts worldwide, and is continuously learning from its losses procedures in place to constantly develop and enhance its knowledge.

In addition, If has a dedicated team of specialised claims experts assigned to handle large claims. These include renewable energy experts, turbine experts, experienced risk engineers and loss adjuster partners, for example. If will continue to adhere to the Nordic tradition of reliability, flexibility, and readiness so that it can apply the best claims handling service in each individual severe loss.

“The global push to reduce emissions is expected to attract USD 196 trillion in investments in clean technologies through 2050.”

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#### Source 1:

Source: Munich Re, Climate change and La Niña driving losses: the natural disaster figures for 2022

# Supporting renewable offshore developments

Offshore wind power generation is projected to be one of the most promising renewable energy sources during the next few decades, and the renewable sector as a whole is attracting significant financial expenditure and large-scale investments. Currently, the coastal regions of the central European countries and China have developed most offshore wind farms. However, offshore wind developments are seen as more and more attractive in emerging markets such as the US East Coast, Japan, Brazil and in the Far East countries. Nordic developers and suppliers are likely to be involved across the entire globe in the years to come. However, the rate of return for many of these projects are reported to be marginal and up to now many of the developments have been pending Contract for Difference i.e. subsidies to materialise.

By Tom R. Guttormsen, If

The war in Ukraine, followed by the energy shortage in Europe, has in the last year triggered political ambitions beyond what local consenting authorities and the supplier markets could realistically deliver.

With shortages in the supply chain and significant inflation, the offshore wind power market is foreseen to be a marginal business for developers also in the next few years to come. To improve profitability, there has been an extreme push towards developing new technology which has resulted in a constant upgrade of turbines or new turbine platforms with increased capacity. This development is now resulting in larger turbines that are pushing other related development activities and we see larger foundations, high voltage alternating current (HVAC) and high voltage direct current (HVDC) cables with increasing capacities, and fierce competition to secure construction vessels with the right capacity for both foundations and wind turbines. Additionally, we are also seeing the development of new wind parks in deeper waters with significantly longer export cables from source to grid connection as the acreage near consumers becomes less available. Consenting authorities and suppliers are important enablers for these projects, but financing institutions and insurers are also significant players if a project is to reach a final investment decision (FID). At If Insurance, we believe in innovation and we understand that it is a necessity for the industry to develop at speed to be profitable. Insurers must also be bold enough to support clients that are entering this new energy market. In this buoyant market, we will strive to support our clients (both developers and suppliers), but it is imperative that projects are implemented with good cooperation, excellent risk management and full client/insurer risk transparency. In this article we will share our expectations for such constructive cooperation.

## RISK UNDERSTANDING

The activities required for developing an offshore wind farm include many stages, and a significant and rapid technology race is required if a project is to become profitable. There are a few well established offshore wind farm developers and oil and gas (O&G) majors with significant technology and project experience that are now entering the developer market, together with traditional O&G suppliers that have already shifted to a focus on renewables. However, there is a lack of personnel with experience in this booming market and there are many newcomers in the industry, both on the supplier side and on the developer side, who may be more exposed to incidents and delays. Below, we would like to share how If is assessing the risks for these projects as well as the mitigating actions that would improve the risk management for these projects.

Although there is still only a small historical number of claims in offshore wind development, when compared to other complex projects, the most common claims and losses are concentrated in the construction phase, and cable issues have by far led to the most frequent and costly incidents. About 40% of reported insurance incidents are related to cables and about 80% of the costs are related to cable incidents. Significant learnings have been taken from these reported incidents, so the majority of future incidents and associated costs may shift to other areas. To that end, at If we have developed a risk assessment methodology to ensure a systematic approach with a holistic view for risk evaluation of new projects. However, we are not forgetting that the devil is in the details, and that the incidents tend to materialise at the sharp end of a project development.

## RISK MANAGEMENT

Our approach focuses on key elements in a project development as illustrated below, and it is understood that projects and organisations with good governance systems will be in an optimal position for success. Our process is therefore to evaluate both management, governance and technical building blocks for the project at hand, and it is evaluated against predefined requirements and scored in a consistent way based on the project information available when If is asked to tender or engage in these projects. In this article, we will not focus on details for each technical building block, but rather focus on the importance of building the right project governance, ensuring that the right design considerations are in place and understood. These include technical requirements, a clear design basis, soil and environmental conditions, verification activities, change handling and technology development when new concepts and technologies are introduced. Finally, we also wish to address the importance of technology qualification programs and third-party verification at the critical points of the project execution.

## PROJECT MANAGEMENT

Our client may be a developer, a turnkey contractor or a component or systems supplier, and in all cases, it is important to understand the status of the client or customer. It is fair to assume that a professional developer and / or supplier with an extensive operational experience and track record will deal with a project more professionally and with less risks than an untrained party with less experience. Good management systems are something most clients will argue that they have, but the importance of early planning,

*The most common claims and losses are concentrated in the construction phase.*

leadership commitments and the experience of individuals may offset the effect of good generic governance systems, causing schedule problems and late changes which again may lead to incidents. Focus on management systems, project planning, supply chain management, quality and risk management (QRM) activities, interface handling, management of change, engineering, construction, and completion activities are of such critical importance that we encourage early dialogue with our clients to ensure that we can promptly share our expectations and experience on these topics.

## DESIGN CONSIDERATIONS

Unclear scope, opaque design assumptions and vague requirements often trigger project changes and non-conformance requests late in a project and these issues are also often followed by cost and/or scheduling consequences. This could give rise to the potential for unconservative design or nonconservative operational criteria or methods, which again could lead to situations triggering incidents that result in insurance claims. It should be noted that many design or incident issues are related to what clients claim as 'unforeseen' soil conditions or 'extreme' environmental situations. High quality design documentation for soil and environmental conditions should therefore be seen as very positive risk mitigation in project developments. It is viewed by If as mandatory that unambiguous design requirements should exist and that there is information in the project documentation that lists applicable rules, regulations, technical requirements, and design basis stating local environmental conditions, potential natural hazard and site-specific geotechnical soil design parameters, including interpretation and integration of geophysical data, in-situ test data and advance laboratory strength and deformation parameters.

## THIRD-PARTY VERIFICATION AND TRANSPARENCY

Most of the new energy projects are project financed and a Lenders Technical Advisor (LTA) is normally appointed by the developer early in the planning phase to ensure that the project is bankable. The LTA representatives ensure that the project is designed according to industry standards, and they are looking

for 'loopholes' and 'doomsday' scenarios that could result in cost overruns and/or schedule delays that could threaten the project profitability, causing a potential default of loans. The third-party services carried out by certification agencies and LTAs are aimed at confirming that a design is in compliance with specified rules, codes, standards and good industry practice. However, new technology and innovation does not necessarily meet the criteria of good industry standards simply because it has not been done earlier, and it is therefore required with a Technology Qualification Program (TQP) to provide evidence that the technology will 'do what it says', i.e., that it will function as promised within the specified conditions. In this context, it is important that there is transparent cooperation and the insurer may have another angle on the risk than the developer, certification authority and the LTA. The certification authority(ies), the LTA, the financing institutions and the insurers are all project enablers that are required to reach FID. Developers are therefore encouraged to establish an early, open and transparent cooperation with all these parties to warrant a common risk understanding.

## TECHNOLOGY QUALIFICATION PROGRAMS (TQP) AND STRATEGIC PARTNERS

Most electrical components and turbines are subject to certifications and elaborate qualification programs that takes years to conduct to ensure that these products are ready and fit for use over the operational lifetime in the field. Manufacturers in this line of business have gained considerable experience and now diligently follow these routines to comply with contractual warranty requirements. However, new technology development for the project phase, for example when it comes to new vessels and mission equipment, do not necessarily have the same system in place, as there would be a need for purpose made TQPs. There are good guidelines for such processes like the DnV recommended practice for technology qualification programs, DNV-RP-A203 and Lloyd Register's Guidance Notes for Certification through Technology Qualification, and others for such TQPs, but it really takes management involvement to see this through in a good way.

To provide evidence that the technology will 'do what it says', i.e., that it will function as promised

## Evaluation Areas - Offshore Projects





within the specified conditions without the appearance of unknown inherent risk(s) that may cause incidents during installation, commissioning and operations, requires both perseverance and a systematic approach. It is evident that introducing new and 'untested' solutions will be both a costly and a lengthy (potentially multi-year) process, and with the current market situations it is difficult for such developments without an early contract or a strategic partnership between developers and suppliers. It is possible to do innovations on a single contract basis, but If believes that strategic collaborations and open dialogue will deliver the safest and most competitive development in the long run and we would judge such agreements as a risk mitigating factor.

To illustrate this with an example, one could look at the strategic supplier agreement announced by Heerema Marine Contractors (HMC) in their press release dated 9 May 2022, where they announced that they were selected as a strategic supplier by Equinor on behalf of the 50-50 partnership between Equinor and BP to develop the Empire Wind and Beacon Wind projects, with the intent to enter into a Strategic Supplier Agreement for the transportation and installation services of wind farm foundations and offshore substations for the United States East Coast projects. The agreement includes the Empire Wind (2.1GW) and Beacon Wind (1.2 GW) wind farms and will cover a fixed period of seven years. Throughout this period, the developer and Heerema will collaborate as exclusive partners in the preparation of mission equipment to ensure a Jones Act compliant execution of the projects by modifying their semi-submersible heavy lift vessel (SSHLV) Thialf with purpose made mission equipment to install giant monopiles in both shallow

and deep water. Such a long-term strategic cooperation allows the supplier to conduct an in depth TQP execution for their vessel and mission equipment.

According to Ronald van Waajien, Commercial Director Offshore Wind, Heerema Marine Contractors, this collaborative partnership has fostered strong collaborations and partnerships among project stakeholders. By leveraging the collective wisdom and experience of all parties involved, organisations can develop robust planning that comprehensively addresses challenges. The Empire Wind contract was grounded in commitments for bespoke technical developments, risk management frameworks, and how both parties could add value. He further adds that this contract goes beyond the traditional scope of work, focusing on value creation, innovation, and shared objectives. By aligning incentives and interests, value-added contracts foster collaboration and encourage all parties to proactively identify and address potential risks. Heerema Marine Contractors, Equinor, and BP forged a strategic partnership built on mutual trust and transparency, paving the way for the development of a contractual framework that enabled true collaboration.

Another critical aspect in mitigating risk lies in embracing new technologies that enhance project delivery. The adoption of innovative solutions can be essential to enable and optimise operations and improve efficiency. In the context of Empire Wind, Heerema Marine Contractors has commissioned a state-of-the-art Motion Compensated Pile Gripper. This advanced technology will be used by Heerema to install monopiles of considerable size, allowing for the construction of larger and more powerful wind farms.

#### MARINE WARRANTY SURVEY

Incidents happen on projects either during installation, commissioning, or operations, and many of the reported claims are noted to be caused by 'poor workmanship'. However, it could be argued that the root cause for many of these claims are more related to lack of experience, training, and detailed operational procedures. For that reason, it is imperative for Marine Warranty Surveys to review both operational procedures and to oversee actual installation operations. If's requirements to Marine Warranty Survey (MWS) are that they shall follow the Joint Natural Resources Committee (previously Joint Rig Committee, JRC) Code of Practice (COP) for Marine Warranty Surveyors. There could be some minor adjustments in the scope presented in the COP so that it is fit for the project at hand. If will encourage dialogue with both the client and the MWS on this topic well ahead of project execution to agree appropriate adjustments to the scope of work based on identified prevailing risks, experiences, and the nature of the project. The fundamental objective for If is that the MWS make their best effort to ensure that the risks associated with the warranted operations are reduced to an acceptable level, in accordance with project requirements and best industry practice. If will reserve the right to approve and / or endorse both the Marine Warranty Surveyor supplier and the appointed MWS individual(s) for the actual work. We will request that the JRC 'Marine Warranty Surveyor Information Form' is used in the process, and we will tailor the experience requirements for the nominated surveyor to ensure the right experience for the various installation tasks.

#### SUMMARY

If's ambitions are to support Nordic developers and suppliers in the energy transition from fossil fuels to green energy. The offshore wind power generation is considered one of the most promising renewable energy sources for the next decades and it is likely that Nordic developers and suppliers will be present across the entire globe on such projects in the years to come. The war in Ukraine and the following energy shortage in Europe has triggered political ambitions beyond what the market realistically can deliver in the short term due to volatility, high inflation, and supplier shortage in several sectors.

In this article we have summed up If's view on the risk picture and presented the expectations we have to our clients and stressed the need for cooperation and transparency. The best place for an insurer to be is working side-by-side with our client to find the solutions that will help them grow. The holistic approach described is used by If when assessing risk for wind farm developments, interconnector cables and for electrification projects related to O&G activities. We focus on general principles and encourage our clients to engage in early dialogue related to renewable and green industry initiatives. We believe in building trust and sharing information with our clients and partners to ensure safe and incident free projects. □



#### Meet our expert

Tom R. Guttormsen  
Nordic CAR/EAR & Energy Risk Engineer, NO

Transitioning to renewable energy is at the heart of the green transition and drives the EU towards climate neutrality.

# EU paves the way for a solar powered future

The fear of rising energy costs, alongside concerns around energy security following Russia's attack on Ukraine, are pushing governments and agencies to find solutions that will safeguard our modern way of life. To this end, solar power offers both an exciting and clean solution, with the benefit of an infinite power source. The European Union has plans to make solar power the cornerstone of the EU energy sector, however this is not without risks. In this article we look at what this new legislation will mean for businesses and commercial clients.

By Kristian Orispää

In the European Union, the REPowerEU plan was created to advance the implementation of renewable energy sources. At the heart of this transition is solar energy which offers an affordable and reliable energy source for EU citizens with the additional security of domestic production virtually in any nation.

To realise this vision, domestically manufactured solar power will be increasingly ramped up in the EU over the coming years. The initial plan is to significantly boost the deployment of renewable energy solutions, as proposed in the REPowerEU plan, which includes a legislative proposal involving a revision of the 2009 Renewable Energy Directive (RED), and related directives: Directive 2010/31/EU on the energy performance of buildings (the Energy Performance of Buildings Directive, (EPBD)) and Directive 2012/27/EU known as the Energy Efficiency Directive (EED).

Businesses and industry are particularly interested in the revision of the EPBD that introduces a new obligation for Member States. Specifically, this addition will require commercial buildings to install solar energy solutions on all new public and commercial buildings that feature a useful floor area over 250 m<sup>2</sup> by the end of 2026.

Additionally, by the end of 2027, the requirement will extend to “all existing public and commercial buildings with a useful floor area over 250 m<sup>2</sup>.” This new legislation will finally be extended to include all new residential buildings by the end of 2029.

EU measures will make the installation of solar panels on the rooftops of new buildings obligatory. Permit procedures for renewable energy projects will be streamlined, and actions taken will focus on improving the skills base in the solar sector alongside increasing the EU’s capacity to manufacture photovoltaic panels.

### CONCERNS REMAIN

Here we dive into some of the concerns and issues that still need to be resolved before building codes dictate the installation of solar panels and automatic shut-off switches. There is increased competition for land across most Member States, and technological concerns still exist in terms of reliable energy production. There is also a shortage of skilled labour in the renewable industry and significantly more solar panel producers are needed.

The EU plan includes “doubling the current level of solar photovoltaic capacity by 2025 and producing almost 600 GW by 2030.” To reach this target, EU Member States will need to make a significant commitment to deploying renewable energy, including the planning and delivery of increased domestic solar production and the realisation of innovative technologies. At the core of these targets, non-EU dependencies for materials components and hardware are to be avoided.

### WHAT ARE THE RISKS?

From an industrial perspective, businesses are generally very focused on fire safety, normally adhering to local standards and guidelines. Many companies also invest in training their personnel to maintain and use solar cells effectively.

According to Anders Rørvik Ellingbø, Head of Risk Management Norway at If Insurance, “It is critical to understand the fire safety-related issues when making decisions to install extensive energy efficient solutions. Many of these technologies are new and with that comes new challenges.”

From a fire safety perspective, using non-combustible materials between the panels and the roof will help to create a slight buffer. Similarly, coupling connections need to be covered securely, to keep the fire from escalating quickly.

Anders notes that, “Non-combustible plates can mitigate somewhat, but if the fire and temperature accumulate then this is not enough, so we also recommend using non-combustible insulation, (e.g., mineral wool) to help mitigate the spread of fire. This has been proven in tests completed by If Insurance with clients.”

Beyond the obvious issues with using water to extinguish electrically charged panels, roof cavities also trap heat. During a large fire event, commonly in commercial and private dwellings, the fire brigade will seek to create openings in the roof to ‘ventilate’ the building. With solar panels installed across the rooftop, it can be more difficult to execute this activity. “Also, regular inspections and proper maintenance completed by qualified personnel are important to ensure fire safety,” Anders states.

Last but not least, the installation of digital or smart solutions, both in private smart homes and in industrial scale properties, should be considered for cyber risks. These should include several barriers that must be protected to ensure that these systems are functioning in a reliable and secure way. When extinguishing systems are dependent on sensor technology, the connection between these systems are key components of the smart home or office. There is a risk that these can be hacked or malfunction due to software errors.”

### INSTALLATIONS ACCORDING TO STANDARDS ADDS PROTECTION

Many of the world’s solar panels in use today feature old technology, and this existing installation base is aging quickly. All mechanical equipment deteriorates over time, which means there is an increased fire risk in older panels.

To date, most research in solar panel fires has focused on rooftop installations, with very little research having been done with façade instal-

lations. It is important to understand that the challenges are not the same, however.

Anders explains that, “Regularly, panels are mounted on the roof, where the accumulation of heat radiates back down to the roof, leading quickly to increased temperatures. The role of insulation is also significant here. If the façade features a combustible installation, the fire holds a risk of spreading across the entire wall, due to a possible chimney effect behind the panels. The use of combustible materials in the vertical construction, i.e., wood, or combustible insulation inside the wall construction will dramatically increase this risk.”

Another recommendation is to install a shut-off switch to disconnect the solar panels from the electrical system. This will not de-electrify the panels, however in case of emergency, shutting off the power will help firefighters manage the fire.

Finally, building materials evolve, new technologies are launched, smart solutions are improving, so there is a lot happening in these areas today. For businesses and homeowners alike, the pace of development will hopefully add cost-saving measures, with increased efficiency and performance, as well as safer and reliable solutions. At the same time, more research will be needed to truly understand the risks today and, in the future, especially from a fire safety perspective. □

### Meet our expert



Anders Rørvik Ellingbø  
Head of Property Risk  
Management Norway



# ISO 31030 & Travel Risk Management with Falck Global Assistance

By Falck

If P&C has taken care of travellers all over the world for over 30 years. Emergency assistance is an integrated part of If's travel insurance service without any additional cost to the client. In the Spring of 2023, If started its co-operation with Falck Global Assistance. This new partnership will further strengthen our ability to provide world-class services. In this article, Falck introduces the new Travel Risk Management standard.

In an ever more interconnected world, international business travel has become an integral part of the corporate landscape. With the rise of global uncertainties, ranging from geopolitical tensions to health and safety concerns, the need for robust travel risk management programs has become more pressing than ever. The International Organization for Standardization (ISO) recognised this need and developed the ISO 31030 guidance standard, a comprehensive framework aimed at helping companies establish and maintain effective travel risk management programs.

Travel Risk Management is a recent addition to the ISO's portfolio of standards. Introduced in 2021, this standard was tailor-made to address the evolving challenges faced by organisations and their employees during business travel. The ISO 31030 framework provides a systematic and proactive approach to identify, assess, and mitigate risks associated with travel, making it the essential tool for companies looking to their duty of care obligations and the safeguarding of their employees.

By adopting the ISO 31030 standard, companies gain a comprehensive understanding of the potential risks their employees may encounter during business travel. This heightened awareness empowers them to proactively implement measures to mitigate these risks, thus significantly reducing the likelihood of harm to their employees. Adhering to this standard also ensures that companies meet the duty of care requirements imposed by legal frameworks and industry regulations in the European Union. Compliance not only protects the company from potential legal liabilities but also enhances its reputation as a responsible and conscientious employer.

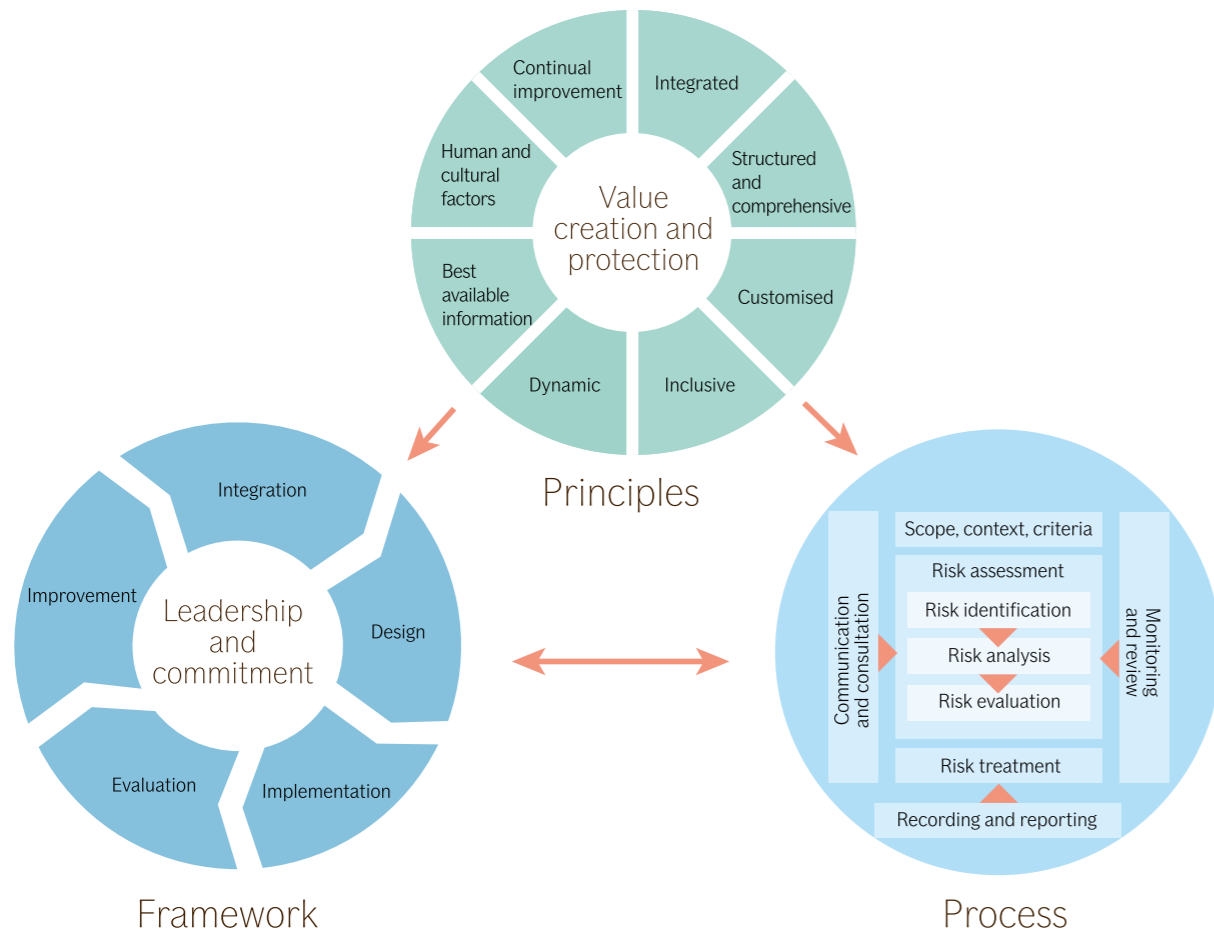
A well-structured travel risk management program, aligned with the ISO 31030 standard, equips companies with a structured crisis management approach. In times of emergencies, this allows for swift decision-making and coordinated responses, minimising disruptions, and ensuring the safety of employees.

## THERE ARE FOUR KEY COMPONENTS OF ISO 31030:

- Independent evaluation: Following the ISO 31030 standard shows that a company has demonstrated a high level of due diligence around mitigating travel risk and places employee safety as a primary priority in its travel management priorities. It is also important that a company continually reviews the policies and programmes they have in place to ensure they remain fit for purpose. Regularly evaluating the effectiveness of the programmes to identify strengths and weaknesses will also help to guide further development and improvement.

- Risk Assessment and Planning: The ISO 31030 standard emphasises the significance of conducting a thorough risk assessment before and during travel. This involves evaluating the travel destination's political stability, health risks, ground transport, choice of accommodation, natural disasters, and any other potential hazards that may impact the safety of travellers. Armed with this information, companies can develop comprehensive risk management plans that outline preventive measures and contingency strategies.
- Duty of Care: ISO 31030 highlights the employer's responsibility to uphold the duty of care towards their travelling employees. This includes providing relevant pre-travel information, adequate training, and support systems to assist travellers in emergencies. By adhering to these guidelines, companies demonstrate their commitment to employee well-being and minimise potential legal and reputational risks.
- Communication and Monitoring: The standard underscores the importance of clear communication channels between employers and travellers. Regular monitoring of travel plans allows companies to stay updated on their employees' whereabouts and well-being, enabling timely intervention in case of emergencies. Effective communication protocols also enable swift dissemination of critical information to travellers when situations evolve rapidly.





**ISO31030 PRINCIPLES, FRAMEWORK AND PROCESS**

**Supporting Travel Risk Management**

ISO 31030-compliant security and crisis management guidelines are designed to prioritise the safety and well-being of employees, especially when travelling or operating in challenging or high-risk environments. These guidelines often emphasise the importance of providing up-to-date travel security information, including risk assessments, for different regions. This helps organisations and individuals to make informed travel decisions, increasing awareness of potential security threats. Another vital component is continuous 24/7 support, ensuring individuals can always access assistance regardless of their location. Furthermore, remote security monitoring is typically emphasised to observe travellers' safety and security in real-time, allowing proactive responses to emerging risks.

Travel risk management is a comprehensive discipline that requires careful consideration of various elements and perspectives to ensure safety and efficiency. Approaching the complexities of travel, especially in our contemporary, fast-paced world, requires a holistic structure that accommodates the specific needs and requirements of individuals and organisations. It is paramount to understand the geopolitical landscape of travel destinations, including their socio-political climate, potential civil unrest, economic status, and cultural differences. The integration

of these elements, along with the utilisation of data, can help in predicting potential risks and proactively preparing for them.

Security training and preparedness stand as foundational pillars. Providing security training sessions and materials, along with equipping travellers with the necessary tools and knowledge, are vital steps in preparing them for potential security incidents during their journeys. This proactive approach extends to crisis management, where travellers benefit from both risk assessments and professional travel security advice, along with actionable guidance for managing emergency situations.

Emergencies, by their very nature, can be unpredictable; being ready to respond to them involves a comprehensive approach. This includes immediately accessible medical assistance, established plans for evacuations, and protocols for security incidents. Additionally, it's crucial to have a flexible approach to handle a variety of medical emergencies, ensuring prompt help is available whenever and wherever required.

Particular challenges emerge when addressing medical support in remote and challenging locations. In these settings, integrating traditional medical care with remote medical care, such as telemedicine, becomes essential. Travellers should have access to medical consultations and be assured of medical evacuations when necessary.

Healthcare, as a broader domain, stretches beyond immediate medical emergencies. Comprehensive solutions addressing a range of healthcare needs, from medical consultations and health assessments to medical second opinions and personalised health programs, should be integrated into the travel risk management strategy.

The ISO 31030 standard serves as an indispensable tool for companies seeking to safeguard their employees during business travel, and Falck Global Assistance stands ready to assist organisations in implementing this standard. By implementing this comprehensive framework, organisations can establish and maintain effective travel risk management programs that enhance risk awareness, demonstrate duty of care, and ensure efficient crisis management. Embracing ISO 31030 not only protects employees but also fosters a culture of safety and responsibility, bolstering a company's reputation as a caring and ethical employer in an ever-changing global landscape.

Falck Global Assistance (FGA) is a global company that provides a range of ISO 31030-compliant services in the emergency response, healthcare, and assistance sectors. FGA offers complete consultative services to help companies implement and sustain an ISO 31030-compliant travel risk management program by guiding them in setting essential policies and processes. □



**Falck Global Assistance can deliver a comprehensive suite of ISO 31030-compliant services, encompassing healthcare, emergency response, and travel risk management.**

**The offering includes:**

- Travel Security Information
- 24/7 Support
- Remote Security Monitoring
- Security Training and Preparedness
- Crisis Management Support
- Emergency Security Response Services
- Security and Crisis Management
- Emergency Medical Response Services
- Remote Medical Services
- Healthcare Services
- Travel Assistance
- International Patient Support

If your company is interested in the new ISO 31030 standard or in improving or establishing a travel risk management program, contact Falck Global Assistance at [crm.fga@falck.com](mailto:crm.fga@falck.com).

# Short news

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as well as view all risks in the policy map.

Did you know that starting from September 4th, 2023, you can select to login with your personal BankID?

## Appointments



*Petteri Mustonen  
Risk Engineer, FI*



*Mathias Hamrehjelm  
Risk Engineer, SWE*



*Emmanuel Gallet  
Risk Engineer, FR*



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