

Four manageable risks that will impact the insurance industry in 2019, *Best's Review*

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Risk Management

Megatrend Watch - Four manageable risks that will impact the insurance industry in 2019.

Key Points

- **The Situation:** Insurers must be aware of new risks and trends that will come to the fore this year.
- **Consider This:** Develop telecommuting opportunities; hire military veterans and millennials; switch to a collaborative construction claims process; and encourage diversity and inclusion throughout the industry.
- **Seize the Moment:** Getting ahead of these megatrends will have a payoff in the future.

Many large risks are outside the insurance carriers' control, but there are some major trends that are within control, or at least their influence, and which can dramatically affect their fortunes for good or bad.

Here are four manageable megatrends nearing their tipping points. Insurers who manage them well will look back on 2019 as the year that made a difference.

Real Estate Isn't the Business of Insurance

Unless a business is subletting office space, each dollar spent on its occupancy costs comes off its bottom line, and for most employees, every hour commuting is lost productive or personal time.

Why force workers to commute? The insurance industry does not run an assembly line or NFL team, where employees must be present to be productive. Some insurers have adopted work-from-home policies and shared offices (hoteling) to reduce the need for office space or have opened satellite offices closer to suburbs.

The trend away from paying for office space is most visible in service companies. A survey conducted in 2015 and reported by the London Business School's Global Leadership Conference found that 35% of the respondents predicted that half their employees would be working remotely by 2020. FlexJobs, a connector of workers with virtual companies (ones that mostly or completely operate remotely) currently identifies over 51,000 such companies, most of them in the tech sector, human resources services and education. Does telecommuting change the company's culture? Social interaction can be partly maintained through regular video check-ins and meetings. Many people maintain close friendships across states and continents, making rare times together in person even more valued.