



## Uninsurable – To the “Extreme”

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In an increasingly risk-averse insurance market, organisations face growing challenges insuring against complex, **systemic**, and emerging risks. Traditional short-term insurance remains vital but is losing ground due to its limited applicability in today’s volatile environment. Greater collaboration among risk professionals is essential.

This **KWIK series** aims to start conversations amongst individuals, social groups, and in organisations. We share practical knowledge – built up over decades, and which would have helped us if we knew it earlier. We believe that people between 25 and 45, if they have access to this knowledge, are ideally placed to lead in rebuilding South Africa.

### Think About

- In the absence of traditional insurance cover, which risks keep you awake at night?
- What are your key risks against which you are unable to obtain insurance cover?
- What risk mitigation measures are in place or can be introduced to counter these and any new and / or emerging risks?
- Are you collaborating with other risk professionals to identify alternative solutions to traditional insurance?
- Are you able to collaborate with other organisations and industries to find joint solutions for insurance and / or alternative risk financing gaps?
- Are your brokers and insurers able to provide you with innovative solutions when your risk profile changes in step with changing global trends and innovative developments?

**Insurance alone is no longer sufficient.** Organisations must adopt innovative approaches—risk mitigation, captives, parametric products (insurance that covers predetermined set of conditions), and capital market solutions. Collaboration across sectors, especially with governments, is essential to address this evolving landscape and keep pace with the growing volume of uninsurable risks.

### Key Global Risk Themes:

- **Climate Change:** 2024 was the hottest year on record. Rising extreme weather events and natural disasters are causing mounting economic losses (US\$83bn in Q1 2025 alone), threatening food security, and leading to new mandatory insurance schemes, such as in Italy. Related issues include biodiversity loss and disease outbreaks.
- **Pandemics:** Future pandemics are viewed as inevitable, with potential losses exceeding US\$14tn. Traditional insurance offers little cover for pandemic-related business interruption.
- **Geopolitical Conflicts:** Armed conflicts, sabotage of infrastructure (e.g., subsea cables), and political instability—particularly in Africa—are driving up geopolitical risk, with projected global economic losses of US\$14.5tn.
- **Social Unrest:** Economic hardship, misinformation, and election-related tensions are fueling unrest worldwide.
- **Supply Chain Disruption:** Conflicts and tariffs jeopardise global supply chains, especially in tech and energy sectors. Legal scrutiny over sourcing (e.g., conflict minerals) can counter the reputational risks.
- **Cyber Risk:** Cybercrime is surging (US\$16bn+ in 2024), driven by AI and criminal services on the dark web. Systemic cyber risk is growing, with insurers exploring broad exclusions.
- **Reputational Risk:** Corporates face increasing lawsuits and public backlash from consumers and activists, impacting share prices and triggering D&O claims.
- **ESG and Regulation:** ESG concerns, and fast-evolving compliance obligations are straining businesses. Regulatory risk, including cybersecurity, privacy, Anti Money Laundering (AML), and sanctions—is a major board-level worry.
- **Emerging Risks:** Per-and Polyfluoroalkyl Substances (PFAS), also referred to as “forever chemicals” and microplastics are raising new environmental and health liability concerns. These risks, poorly understood or newly recognised, stretch the bounds of insurability.

### The Protection Gap:

Globally, 60% of economic losses are uninsured—worse in sub-Saharan Africa (85%). With insurers exiting or limiting cover, the protection gap is widening. Government-backed insurance pools are expanding, but gaps persist. The Protection Gap is the difference between the financial resources needed to recover from an event (like a flood) and the amount of insurance coverage actually in place.

- We provide coaching and mentoring sessions for young leaders wishing to equip themselves with knowledge to make a difference in society.
- Sessions take place face-to-face or online, one-on-one or in groups – as suitable for participants.
- Requests for topics to be covered in this series are welcome.
- Other Lucidum Learning resources are available on our website at [www.lucidum.africa](http://www.lucidum.africa).

### Contact Us

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