

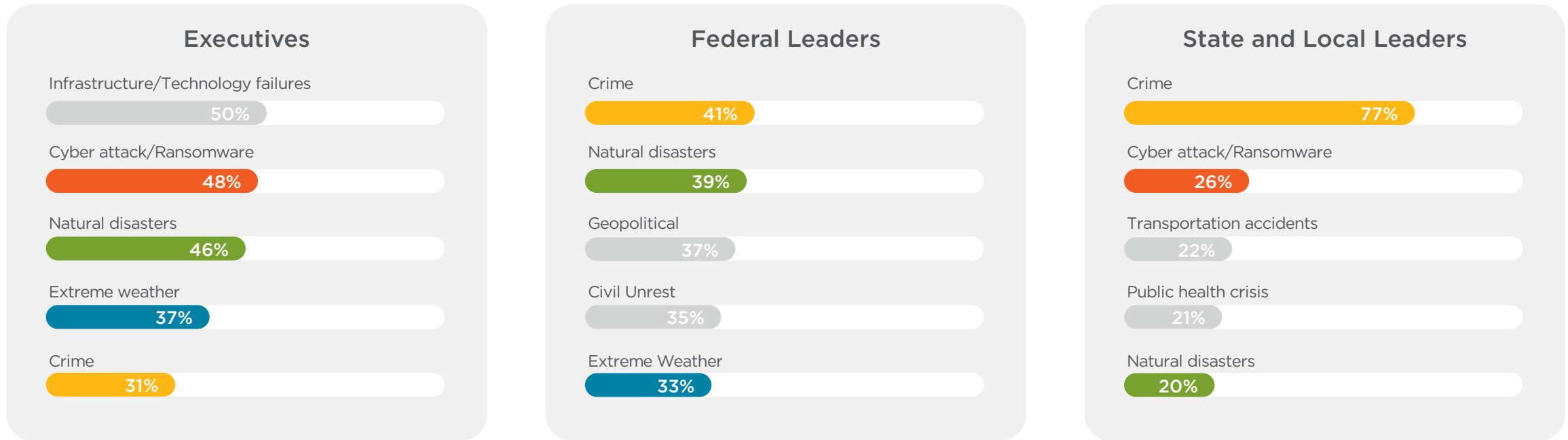
The Risk Landscape

Today, every physical threat has the potential to be a dynamic risk.

Physical Threats and Dynamic Risk

Organizations, agencies and communities experienced various types of physical threats in the last 24 months. Executives reported infrastructure/technology failures as the top physical threat in our survey, while federal, state and local leaders ranked crime first. Several types of physical threats, however, were experienced by all three groups. Natural disasters, for example, was reported as a top physical threat experienced by both executives and government leaders.

Top Physical Threats in the Last 24 Months



These threats affected organizational and agency resilience in multiple areas, most notably safety. Thirty-nine percent of executives who say their organization experienced a physical threat in the last 24 months and 43 percent of federal leaders said physical threats most impacted employee safety. Likewise, local leaders and emergency managers ranked public and employee safety first when asked what areas were most impacted by unexpected physical threats.

The impacts, however, extended beyond employee and public safety, often rippling through various areas of operations. For executives, the other areas impacted the most were supply chain (38 percent) and employee confidence (34 percent), while federal leaders said the top areas impacted by these threats were compliance (37 percent) and agency reputation (35 percent). Local leaders and emergency managers ranked staffing and utilities as the second and third most impacted areas.

The cascading, dynamic impact of physical threats is real.

Since both executives and government leaders said natural disasters was one of the top physical threats their organization or agency faced in the last 24 months, we conducted a historical risk analysis of our data to help leaders better understand the dynamic impacts of one of the most common types of natural disasters — floods.

Top impacts reported from events experienced during the last 24 months:

Executives

1. Employee safety
2. Supply chain disruption
3. Employee confidence

Federal Leaders

1. Employee safety
2. Compliance
3. Agency reputation

State and Local Leaders

1. Public/Employee safety
2. Staffing
3. Utilities

Risk in **Focus**

The Cascading Impacts of Floods

Flooding is a pervasive threat that can have unexpected and costly impacts on organizations and communities. Globally, 1.81 billion people are directly exposed to 1-in-100-year floods.

Last year, droughts, floods and storms caused economic losses totaling \$224.2 billion worldwide, nearly doubling the 2001-2020 annual average of \$117.8 billion. A recent report forecasted that water risk (caused by droughts, floods and storms) could eat up \$5.6 trillion of global GDP by 2050, with floods projected to account for 36 percent of these direct losses.

A focused analysis of OnSolve data on two specific geographic locations demonstrates the cascading impacts of floods.

Spotlight on New York, United States

There were 1,395 reports of floods in New York in 2023.*

The most common events reported with floods are wind, cyclones, flash floods, river floods and storm surges.

The top cascading impacts reported after these flood incidents were:

- Power outages
- Road accidents
- Structure collapses
- Technical disasters

Spotlight on Chennai, India

Out of the 203 reports of flooding in Chennai in 2023, 170 of those reports were from December.*

The list of cascading impacts is long and includes:

- Mobile network failures
- Oil spills
- Public health issues
- Structure collapses

**OnSolve Risk Intelligence Data*

Refocus on Resilience



- Take proactive steps to prepare for floods and the other types of weather events that occur in tandem.
The cascading impacts of floods on infrastructure, supply chains, business continuity, and public health and safety can escalate quickly as continuous days of flooding marked by above average rainfall is becoming more common.
- **Technology Tip:** A mass notification system makes it easy to inform residents and employees about precautions to protect people and operations from floods and their aftereffects.

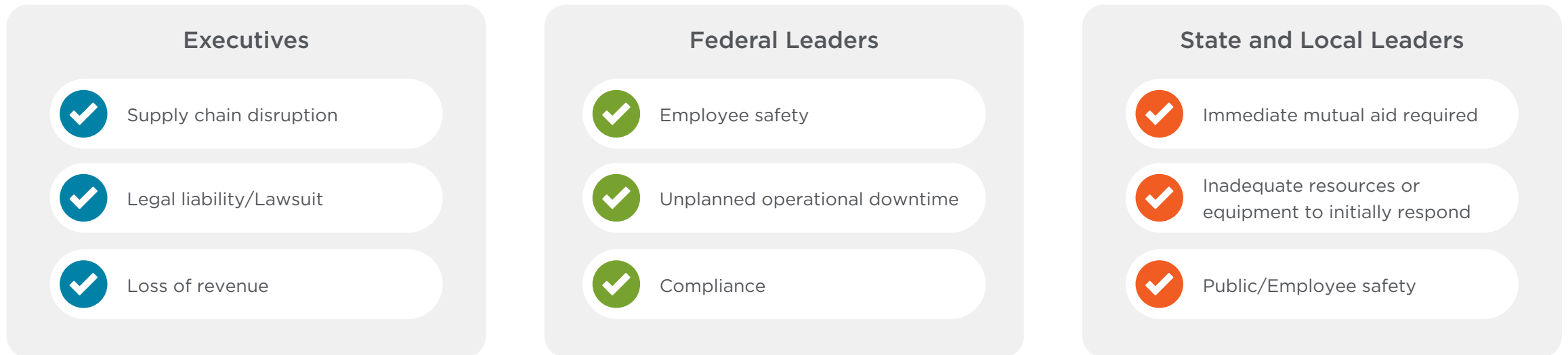
Read the full case study in the appendix on page 25.

Unanticipated Impacts

Every threat has the potential to become a dynamic risk, resulting in unanticipated impacts. Sixty-three percent of executives and 51 percent of federal leaders said their organization or agency experienced unanticipated impacts “most of the time” or “always” as a result of the physical threats they experienced in the past 24 months. Twenty-six percent of state and local leaders said there were unanticipated impacts on their agency “always” or “most of the time” when they indirectly experienced threats or hazards.

These unanticipated impacts had multiple effects on organizations and agencies.

Top Areas Affected by Unanticipated Impacts



The survey revealed that some executives and government leaders may need to refocus and prepare for the unanticipated impacts of certain threats. For example, while state and local leaders view crime as the top threat, federal leaders and executives are less concerned about crime than other risks.

Overall [crime is decreasing](#), but certain types, such as retail theft and vehicle theft, are on the rise. Theft is a specific type of crime that can have a significant impact on operations, revenue, and public and employee safety.

We analyzed the historical threat data for two specific locations to gain a deeper understanding of the impacts of theft and the risk of not taking proactive measures to respond and recover from this form of crime.

Our analysis demonstrates the importance of taking a deeper look at the data to identify the specific threats that pose the biggest risk to certain locations. Relying on broader trends and statistics can leave organizations and communities unprepared.



72%

of state and local leaders surveyed said crime poses the biggest risk to response and recovery in 2024.

But...

Only

26%

of executives and 35% of federal leaders surveyed said crime poses the biggest risk to resilience in 2024.

Risk in **F**ocus

The Unanticipated Impacts of Theft

While the overall decreases in crime may be a signal that this type of threat poses less of a risk to organizations and communities, a closer look at the data reveals that increases in specific types of crime like theft warrant proactive planning and preparation, including training, upskilling and funding.

Theft poses a major threat to businesses and communities. There were more than one million reports of theft in the contiguous U.S. in 2023, according to our data.

Spotlight on San Francisco

- 29% of all crime reports in 2022 and 2023 were reports of theft.*
- Businesses are closing over safety concerns.
- Increases in vehicle thefts are threatening public safety.

Spotlight on Los Angeles

- 71% of all crime reports in 2022 and 2023 were reports of theft.*
- Retail and package theft are hurting businesses of all sizes, even global corporations.
- Vehicle theft remains a persistent threat.

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Refocus on Resilience



- Refocus crime prevention and response efforts on the types of crime becoming more prevalent in local communities and areas of operation.
- **Technology Tip:** A historical analysis of specific locations — down to the neighborhood level — can help identify the most prevalent types of crime. This data can be used to make an informed and proactive resilience management strategy.

Read the full case study in the appendix on page 30.

Threats on the Horizon in 2024

Organizations and agencies are expecting the risk landscape in 2024 to be characterized by many of the same threats they experienced in the last 24 months.

36%

of executives surveyed said natural disasters and infrastructure/technology failures pose the biggest risk to their organization in 2024.

39%

of federal leaders surveyed said infrastructure/technology failures and transportation accidents pose the biggest risk to agency resilience in 2024.

While the survey results point to a high focus on threats at home, they also reveal a potential lack of focus on threats in other areas of the world.

Less than 20 percent of all survey respondents said geopolitical threats like military action and terrorism pose the biggest risk in 2024.



OnSolve data, however, shows that geopolitical threats in other regions of the world can have far-reaching cascading impacts — and the ripple effect can happen very quickly. An analysis of the Israel-Hamas conflict is a case in point.

Preparing for the threats on the horizon is a top priority.

56%

of executives and

53%

of federal leaders said their top priority is preparing for a physical threat crisis that puts employee safety or operations at risk.

Risk in **F**ocus

Geopolitical Impacts Are Far-Reaching

Geopolitical unrest around the world can cause a spike in incidents in the U.S. that threaten public safety and business continuity. The rapid spread of mis- and disinformation about geopolitical events in other regions adds another layer of dynamic risk to these types of events.



Spotlight on Israel-Hamas Conflict

- During the week of October 8, 2023, the number of incidents in the U.S. related to the conflict — including assaults, arson and protests — spiked to more than 400.*
- Between October and December 2023, there were 706 unique incidents related to the Israeli-Hamas conflict, most of which were clustered around major cities.
- Incidents included bombings, homicides and other violent events.

**OnSolve Risk Intelligence Data*

Refocus on Resilience



- Mitigation plans should reflect both crime and civil unrest around local issues as well as a rise in hate crimes and protests related to events that take place in other parts of the world.
- **Technology Tip:** AI-powered risk intelligence delivers fast, accurate, relevant intelligence on threats that may happen very quickly when a geopolitical threat occurs in another region of the world. Risk and resilience professionals can make quick, informed decisions based on trustworthy information derived from aggregated data.

Read the full case study in the appendix on page 34.