Test your knowledge of some of the biggest recent risks

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Sometimes when you need to look forward, it helps to look back.

As you navigate risks that could bring your nonprofit challenges and opportunities this year, we offer a chance to test your knowledge about some of the biggest risk events of 2021, as highlighted by Business Insurance and Risk Magazine.

The biggest risk themes that surfaced on the lists included extreme weather and climate change; cybersecurity; and mergers and acquisitions.

Climate change is one of the biggest risks facing any organization, not to mention all creatures on earth. Do the findings of the Working Group I report ring a bell? That's the first installment of the Intergovernmental Panel on Climate Change's Sixth Assessment Report. It sounds an urgent warning about the risks of human-caused climate change. More than 200 authors contributed to the report, which contains 14,000 cited references.

The IPCC report found that global temperature is expected to reach or exceed 1.5 degrees Celsius of warming averaged over the next 20 years. That amount of warming will bring more heat waves, longer warm seasons, and shorter cold seasons. To even keep warming close to 1.5 degrees, humans must make immediate, rapid, and large-scale reductions in greenhouse gas emissions. A sustained rise in extreme weather can present one of the visible signs of climate change. Hurricane Ida slammed into Louisiana in August, leaving parts of the area without power for months. AccuWeather estimated Ida caused $95 billion in damage.

People of color bear a disproportionate share of the effects and the costs of global warming. "A legacy of systemic racism and economic oppression have penned communities of color in dangerous real estate, because companies have long considered people of communities more viable locations for polluting factories than white neighborhoods where the outraged community pushback would have more resources at its disposal," writes Dr. Robert D. Bullard, often called "the father of environmental justice."

Cybersecurity risks became realities for many nonprofit and for-profit organizations last year. The average cost of organizational data breaches rose 10 percent in 2021 from a year earlier, according to IBM. Ransomware attacks deploy malware to disable an organization's systems and, frequently, steal data. Attackers demand money to release the system. These attacks against organizations have skyrocketed, rising 150 percent in 2020 from the year before, according to the Harvard Business Review. The Colonial Pipeline, which supplies gas, diesel and jet fuel to the eastern United States, faced a ransomware attack that shut the pipeline down for 11 days.

The fallout from a called-off merger between insurance giants Aon and Willis Towers Watson appeared on both *Business Insurance* and *Risk Magazine's* 2021 risk roundups. Aon and Willis mutually called off the deal, saying they had reached an "impasse" with the U.S. Department of Justice. The DOJ sued the companies in June to halt the merger, saying it would reduce competition and increase prices. Though Aon and Willis didn't make it to the finish line, they joined a long list of companies that found their deals didn't play out as expected. Did you know that most mergers and acquisitions ultimately fail? One key reason: acquirers often get lost in the details of how they would integrate the financial and IT systems of two companies, and don't pay enough attention to whether the two workforces would have a psychological fit, according to the MIT Sloan Management Review.

Of course, looking back at previous risks—in your own organization and in the world—helps you see patterns, but can't tell you definitively what's ahead. For example, geopolitical risk didn't have a huge presence on the two risk lists we examined, but Russia invaded Ukraine two months into 2022.

If you need some assistance as you envision and plan for the upside and downside risks your organization might face this year, the Nonprofit Risk Management Center is here for you. Explore the rich array of resources on our website and reach out to us at 703-777-3504 or info@nonprofit.org if you need help.

Test Your Knowledge