

19th June 2023

Cost of living crisis fuels increase in global civil unrest

France and Germany see 55% and 13% increases in civil unrest incidents comparing Q1 2022 to Q1 2023

Incidents of global civil unrest* have increased by 3% in the past year** - rising to 30,376 up from 29,535 in the previous year, says specialty (re)insurance group Chaucer***.

Much of the developed world has been hit by double digit inflation and rising interest rates over the past year, with a sharp fall in real incomes increasing public discontent.

Many European countries have seen an increase in civil unrest in the past year, as annual inflation in the Eurozone hit a record high of 8.4% last year. Concerns over how a rise in public anger at the increased cost of living may translate into protests has continued to fuel demand from corporates for insurance that will cover damage from strikes, riots and civil commotion (SRCC) incidents.

However, in response to a long-term rise in civil unrest that has been noted since Global Financial Crisis, many insurers have removed coverage for damage from strikes, riots and civil commotion (SRCC) from standard insurance policy terms, leaving a gap. Even within the standalone SRCC market some insurers are limiting the risks they cover, particularly in traditionally volatile parts of the world.

Craig Curtiss, Senior Class Underwriter, Political Violence & Crisis Management at Chaucer says: “The escalating cost of living has unequivocally led to an increase in civil unrest. Over the last 12 months we’ve seen an increased trend of unrest in Europe and in particular France where mass protests have occurred. Even countries with traditionally stable economies and less of a history for public protests have been impacted.”

“Specialist (re)insurers have stepped in to meet the demand from corporates to cover the shortfall created by general property insurance policies excluding this coverage. Demand from international brands in retail and leisure and from financial services businesses is particularly strong. “

Germany's incidences of social unrest increased by 13% in Q1 2023 compared to Q1 2022 – 249 incidences up from 161. The country has seen energy prices rise sharply following the invasion of Ukraine.

The public backlash on pension reform has contributed to the 55% jump in the number of social unrest incidences in France – up to 249 incidences of social unrest in Q1 2023 from 161 in Q1 2022. Hundreds of thousands of protestors have taken to the streets of Paris, whilst co-ordinated strikes have led to widespread disruption including public transport cancellations.

**Year-end March 31st 2023*

**Looting/property destruction, mob violence, protest with intervention and violent demonstration*

***Year-end March 31st 2023*

**** Analysis of data compiled by Binghampton University, NY*

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About Chaucer

Chaucer are a leading specialty (re)insurance group working with brokers, coverholders and clients to protect and support business activities around the world. Our services are accessed both through Lloyd's of London and the company markets.

We are defined by an enterprising, bespoke approach to (re)insurance, enabled by the individual character, experience and imagination of our expert teams.

Chaucer is a member of the China Re Group and backed by their financial and operational resources. China Re is one of the world's largest reinsurance companies whose outstanding and comprehensive strength is rated A (excellent) by AM Best and A (strong) by S&P Global Rating.

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