

De-Normalization of Insurance-Coverage Deviance

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PHOENIX (H&U) –

The basic lesson that sociologists bring is that the organization matters. If there are problems, the tendency of corporate or public agency administrators is to blame individuals. However, organization characteristics – cultures, structures, politics, economic resources, their presence or absence, their allocation, put pressure on individuals to behave in deviant ways to

achieve organization goals. If you want to fix a problem, you can't just fire the responsible person. You have to fix the organization, or else the next person to take the job will just experience the same pressures. Like Columbia after Challenger, the harmful behavior persists. — Diane Vaughan, Public Sociologist, author of, *The Challenger Launch Decision* (1996).

Beware the Normalization of Deviance

In the [quoted paragraph](#), Diane Vaughn summarizes that organizational Normalization of Deviance and not just individual deviance from organizational rules must be searched out and corrected before catastrophes happen.

If you read her work or listen to her being interviewed, you quickly understand that she is pointing to a creeping complacency of sorts, albeit an unwitting complacency on a certain level. The actual rules say one thing; but whatever it is that the rules are designed to prevent

hasn't happened in a while or even a long time, so rules must have been too rigid. That's the sort of subconscious thinking or unthinking going on with the Normalization of Deviance.

The outcome has not been resulting in the problem. The outcome has been deviating. Our behavior is also then deviating, since we aren't applying the rules to avoid the outcome. Then what?

How Does This Apply to Insurance?

We haven't experienced a loss in awhile or even a long time. The risk is less than we think. We've been paying premiums against events that have been seemingly deviating from the "law" of risks. Let's not pay those premiums, or let's radically reduce our coverage to save money. That's the thinking or non-thinking.

What happens? Well, Diane Vaughan's work indicates that

the lessons of the space shuttle Challenger disaster in 1986 were forgotten or never learned or understood (even identified), leading to the space shuttle Columbia disaster in 2003.

What insurance coverage have you allowed to lapse or have downgraded on account of the exact same problem termed "Normalization of Deviance"?

De-Normalizing Deviance

Look at your current insurance coverage. Do an internal audit or risk assessment in light of Diane Vaughan's seminal research on normalizing deviance. Request Hill & Usher aid in an "external" audit of all of your coverage to find and fill under-coverage and gaps. Overview your

Loss-Prevention Program versus actual practices to identify where deviation has become the normal. Reverse practices that otherwise become a "new normal" that open the door to disasters that the rules anticipate and prevent but practices have been foolishly dismissing.

Times are Tough Though

Perhaps you'll be tempted to rationalize due to a tighter budget or feelings of economic uncertainty. Do you think that it is not rationalizing but just dealing with the financial facts? If so, then you have started treating insurance not as a personal or business necessity but a

disasters. Insurance was and has historically been placed at a particular place on the list of priorities for good reason. Accidents happen, especially when deviating from tried and true rules is allowed to creep in.

If you are in business, you place proper accounting and

luxury that may be foregone. That is probably a violation of one of the rules you have in place. That thinking is itself probably normalizing deviance and leaving you (or your family) or organization open to catastrophe or a loss or losses large enough to tip things over into bankruptcy.

To avoid normalizing such deviant thinking, be sure you have all of the priorities in proper order. Don't move insurance coverage lower on the list due to the same pattern of thinking that led to the two space shuttle

adherence to various laws high on your list because to fail to do so is inviting major trouble and even complete failure in some cases. Forego other things first the foregoing of which will not sink your estate or enterprise if loss events occur. Don't fail to have proper insurance coverage right up there on the same level with accounting and legal adherence. You really can't afford not to be properly covered. Don't gamble and lose the way NASA did, twice.

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