



CHUBB®

# Risk Decisions 360°

Emerging risks that can  
impede sustainable  
company growth



# Foreword

In today's dynamic business landscape, growth is the lifeblood of any organization.

Yet the path to sustainable growth is fraught with a myriad of risks that can impede progress and undermine sustainable success. As the Chief Financial Officer of Chubb, I've witnessed firsthand the challenges businesses face in navigating these complexities.

This report, "Risk Decisions 360°: Emerging Risks That Can Impede Sustainable Company Growth," is the result of extensive research and insights aimed at empowering businesses – small, middle-market and large – to make informed decisions in the face of new and evolving risks. We examine critical areas that pose significant potential threats to growth, including cybersecurity, technological advancements, financial volatility and operational disruptions, among others – as well as delve into how business executives and owners view the skills and investment required, and the effectiveness of insurance, in mitigating these risks.

At Chubb, we understand that risks are an inherent part of the growth journey. Our commitment to understanding and mitigating an ever-changing risk landscape has been honed over many decades of experience, making us a trusted partner for businesses worldwide. This report reflects our dedication to providing up-to-date actionable intelligence and innovative solutions, fostered by data-driven decision making, to help businesses thrive in an uncertain world.

Through rigorous research conducted by The Harris Poll, we've gathered invaluable insights from business leaders across the United States and Canada. Their experiences and perspectives provide a holistic view of the risk landscape, enabling us to identify emerging trends and offer practical guidance for managing today's risk landscape.

Whether you're a seasoned executive or an aspiring entrepreneur, this report is designed to equip you with knowledge and tools that can help you proactively manage risks and seize growth opportunities. We invite you to explore the findings, engage with the insights and embark on a journey towards resilient and sustainable growth.



**Peter Enns**  
Chief Financial Officer, Chubb



For most executives, no metric matters as much as a company's growth prospects.

But growth-minded leaders of companies of all sizes are faced with a pressing challenge: How does one achieve sustainable business growth when threats like cyber terrorism, geopolitical instability and new challenges posed by technological advancements like artificial intelligence seek to undermine that growth?

Risk-taking and subsequent mitigation are often inevitable when pursuing top and bottom-line growth. But rapid growth without a clear strategy can lead to significant operational risks, not to mention the risks that come from employing new technology platforms.

### **THE HARRIS POLL**

To better understand the priorities and perspectives of risk-minded executives, Chubb commissioned The Harris Poll, a leading market research and analytics company, to survey business leaders in the United States and Canada about their risk management practices. The survey was completed by 517 business leaders ranging from executives at large and middle-market companies to owners of smaller businesses.

# Key Findings

Cyber security threats, technology transformation and financial risks, including cash flow challenges, were identified as the top disruptors to organizational growth in the survey.



## Twelve risks were examined in The Harris Poll survey.

Notably, of those risks examined, **cyber security, financial, technology, operational** and **economic** risks were consistently ranked as the top five risks for senior-level executives, not only as posing the greatest threat to growth, but also requiring the most investment to mitigate and requiring the most additional (labor) resources to mitigate. They were also seen as the risks most effectively mitigated by insurance.

# 89%

Cyber insurance is set to be the front runner in the insurance expansion race, with 89% of executives surveyed stating that their businesses are planning to increase coverage or introduce new coverage.

# 84%

Continuous monitoring of all cyber incidents is a critical tool for companies, with 84% of executives surveyed relying on it regularly.

# 79%

79% of respondents say that their companies are implementing artificial intelligence in areas such as risk assessment and mitigation. At the same time, most executives agree that AI-generated "deepfakes," which can spread false and malicious information about a company and its employees, are a concern, and over half state that their company has been impacted by this threat.

# 77%

Half of the companies say that they are poised for capital project expansion, equally split between domestic and overseas expansion, with 77% earmarking upwards of \$10 million for investment planning and one-third planning to spend \$25 million or more.

# 36%

36% don't think that their company is either extremely or very effective at mitigating risk.



Cyber security risks



Technology risks



Financial risks



Operational risks



Economic risks



Health and safety risks



Regulatory compliance risks



Human resource risks



Environmental/sustainability risks



Reputation and brand risks



Geopolitical risks



Domestic political risks

# Diving Deeper into the Evolving Risk Landscape

Survey findings reveal a broader and more complex risk landscape for businesses, especially fast-growing ones.



Risks that are reported on regularly today - especially those related to cyber security, artificial intelligence, climate change and reputational damage as a result of viral social media events - were either previously non-existent or have intensified greatly over the last 10 years.

Technological innovation has combined with economic fluctuations and global political instabilities to increase corporate volatility, in turn posing unprecedented challenges for organizations.

While most survey respondents (92%) are optimistic about present business revenue growth, many anticipate geopolitical instability and other risks that can undermine that growth.

Below is a closer look at several key risk areas that were particularly concerning to the executives surveyed, especially in regard to growing their businesses.



92%

of executives are optimistic about business revenue growth

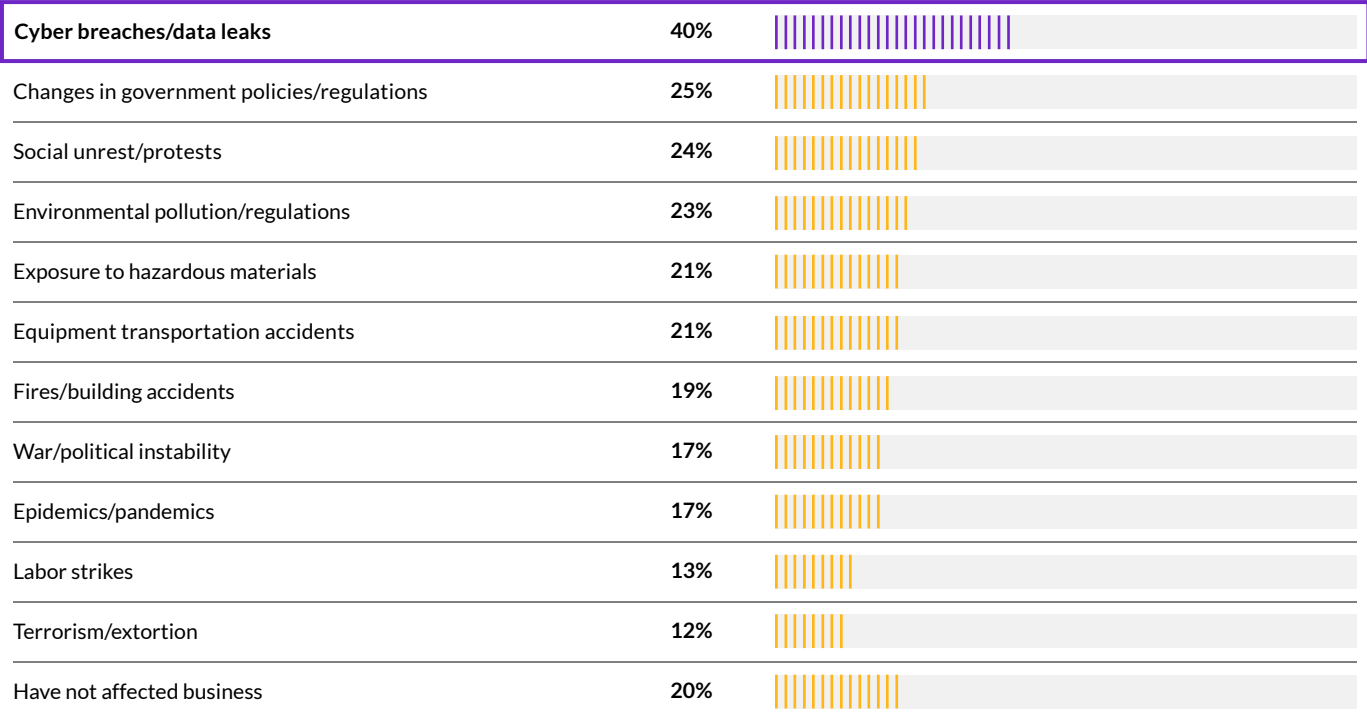
# Cyber Risk



Cyber security is now the top organizational growth disruptor.

### MAN-MADE DISRUPTIONS

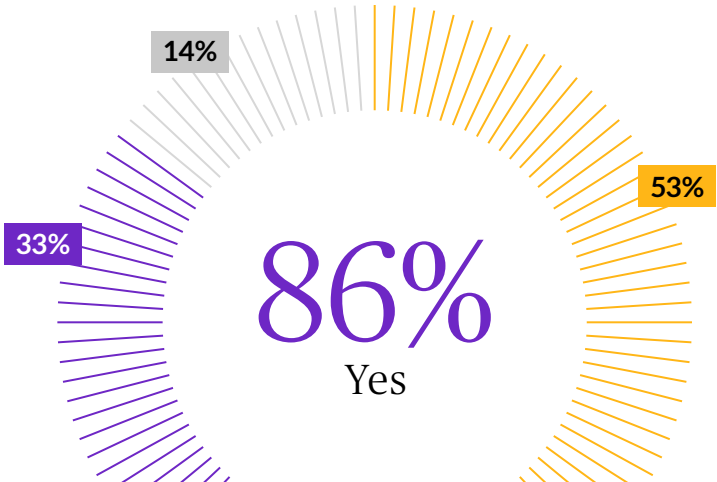
Forty percent of executives stated that cyber breaches and data leaks were the leading man-made disruptions that resulted in the most unexpected and significant financial burdens for their business in recent years.



### BUSINESS INTERRUPTION COVERAGE

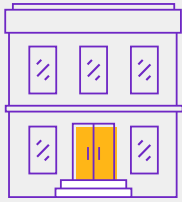
Just over half have business interruption coverage in place for events like cyber attacks, natural disasters or supply chain disruptions, and another one-third plan to add it in the next 12 months.

■ Yes, in place
 ■ Yes, plan to add
 ■ No



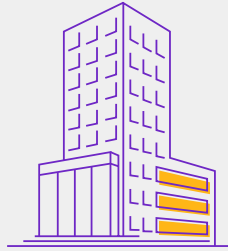


The majority of organizations view cyber attacks as a top threat.



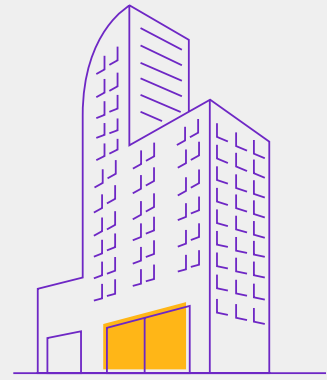
Small businesses

66%



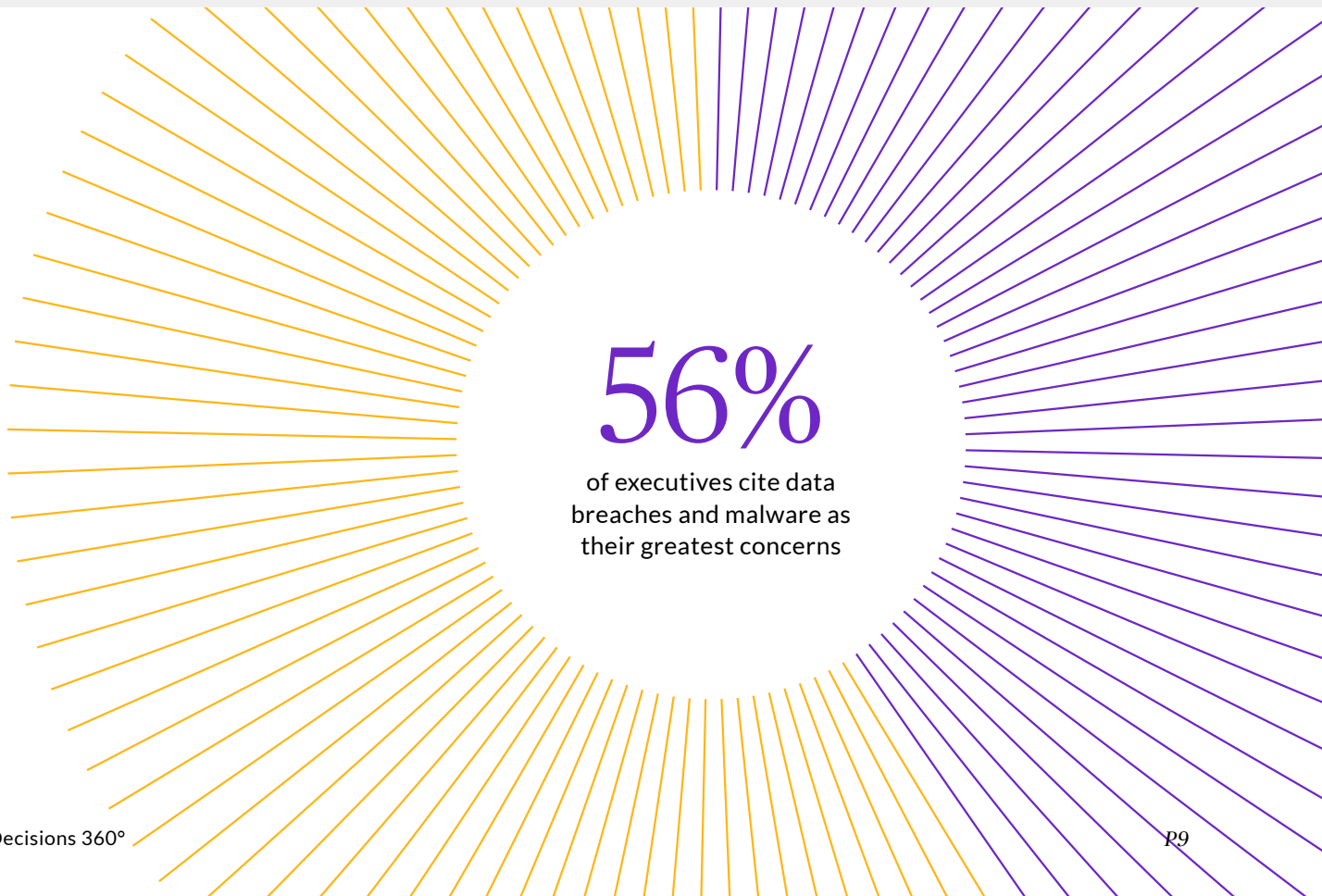
Middle-market companies

68%



Large companies









74%



Cyber security threats are seen as the **greatest geopolitical risk**, outweighing concerns about political tensions, climate change and trade wars.



### CYBER SECURITY POSES THE GREATEST GEOPOLITICAL RISK

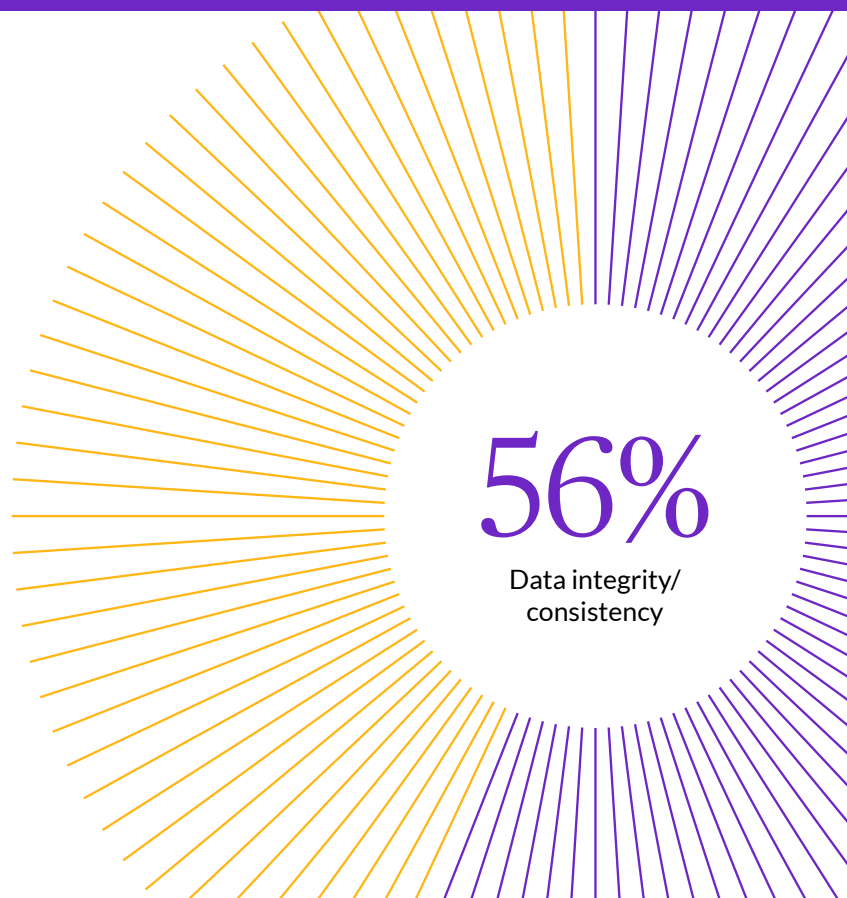
Total (n=147)		US (n=123)	Canada (n=24**)	Small (n=22**)	Middle (n=43**)	Major (n=82)
Cyber security threats	60% 	62%	50%	59%	53%	63%
Escalating tensions between major powers	42% 	40%	54%	50%	44%	39%
Resource scarcity and climate change	39% 	37%	50%	32%	40%	41%
Trade wars and protectionism	38% 	41%	21%	36%	37%	39%
Political instability in key regions	32% 	33%	25%	18%	40%	32%
Red Sea shipment delays/cancellations	27% 	25%	38%	18%	30%	28%
Russian - Ukrainian conflict	20% 	20%	21%	27%	21%	18%
Israeli - Palestinian conflict	16% 	15%	25%	23%	23%	11%

# Technology Risk



According to survey respondents, the next most pressing risk after cyber security is the challenge arising from adopting modern technology.

For those executives who identified technology risk as the greatest threat to their organization's growth, issues surrounding data integrity (56%) and digital transformation challenges (52%) ranked highest. These concerns appear to be greatest among executives from middle-market businesses (60%). For large companies, digital integrity (53%) was followed closely by artificial intelligence (52%) as the greatest threat to growth.



## TECHNOLOGY RISKS THAT POSE THE GREATEST THREAT TO GROWTH

Total (n=252)		US (n=210)	Canada (n=42**)	Small (n=43**)	Middle (n=101)	Major (n=108)
Data integrity/ consistency	56%	56%	57%	53%	60%	53%
Digital transformation of challenges	52%	53%	50%	49%	60%	46%
Technology adoption	49%	48%	55%	60%	46%	47%
Automation and/or artificial intelligence	43%	43%	43%	40%	35%	52%
Ability to invest in emerging technology	43%	42%	45%	35%	46%	44%
Reliance on immature technologies/products	38%	38%	43%	28%	42%	40%

# Financial Risk



Financial risks, including cash flow issues, inflation and interest rate changes, can undermine even the best financial strategies.

## FINANCIAL RISKS THAT POSE THE GREATEST THREAT TO GROWTH

Total (n=244)		US (n=186)	Canada (n=58)	Small (n=40**)	Middle (n=89)	Major (n=115)
Cash flow management	59%	58%	58%	70%	60%	55%
Inflation and/or interest rate risk	54%	56%	64%	40%	52%	61%
Credit risk	50%	53%	47%	35%	62%	47%
Liquidity risk	33%	34%	43%	33%	30%	36%
International tax implications	32%	33%	31%	33%	30%	33%

**59%**

of executives overall are concerned with cash flow management

The survey indicates that 59% of executives overall are concerned with cash flow management, with small businesses showing significantly higher concern at 70%, compared to 60% for middle-market businesses and 55% for large companies.

# Operational Risks



Like financial risks, operational risks are endemic to any business.

But the specific list of threats has evolved along with changes to the global business landscape. For example, more than half (53%) of respondents cite supply chain disruptions as a threat to their organizations, along with technology and infrastructure limitations.



## Economic Risks

Ninety-two percent of executives surveyed are either extremely or somewhat confident about business revenue growth in 2024.

Yet one-third (33%) of all executives surveyed cited economic instability and an economic slowdown as concerns. And though inflationary pressures are frequently mentioned as a concern for many Americans, less than half (43%) of executives viewed them as their leading economic concern.

## Other Risks

Additionally, one-third of the companies surveyed reported being affected by man-made catastrophes in 2023.

Leading that list were cyber threats/data breaches (32%) and technology infrastructure outages (30%). When asked if and which natural perils led to disruptive financial burdens, convective storms (24%) led the list of perils, followed closely by floods (23%), earthquakes (21%) and hurricanes (21%). Sixteen percent of executives surveyed cited wildfires as having led to a disruptive financial burden.

*“Natural disasters and secondary perils like wildfires, floods and convective storms can impact any company, regardless of size. And these events are occurring with increasing frequency and severity. Losses related to natural disasters have been substantial over the past decade and it’s imperative that companies take steps to protect their assets and operations.”*



**Derek Talbott**  
Senior Vice President,  
Chubb Group  
Division President, North America  
Property and Specialty Lines

# Building a Resilient Organization

How companies are staying informed – and ahead – of emerging risks.

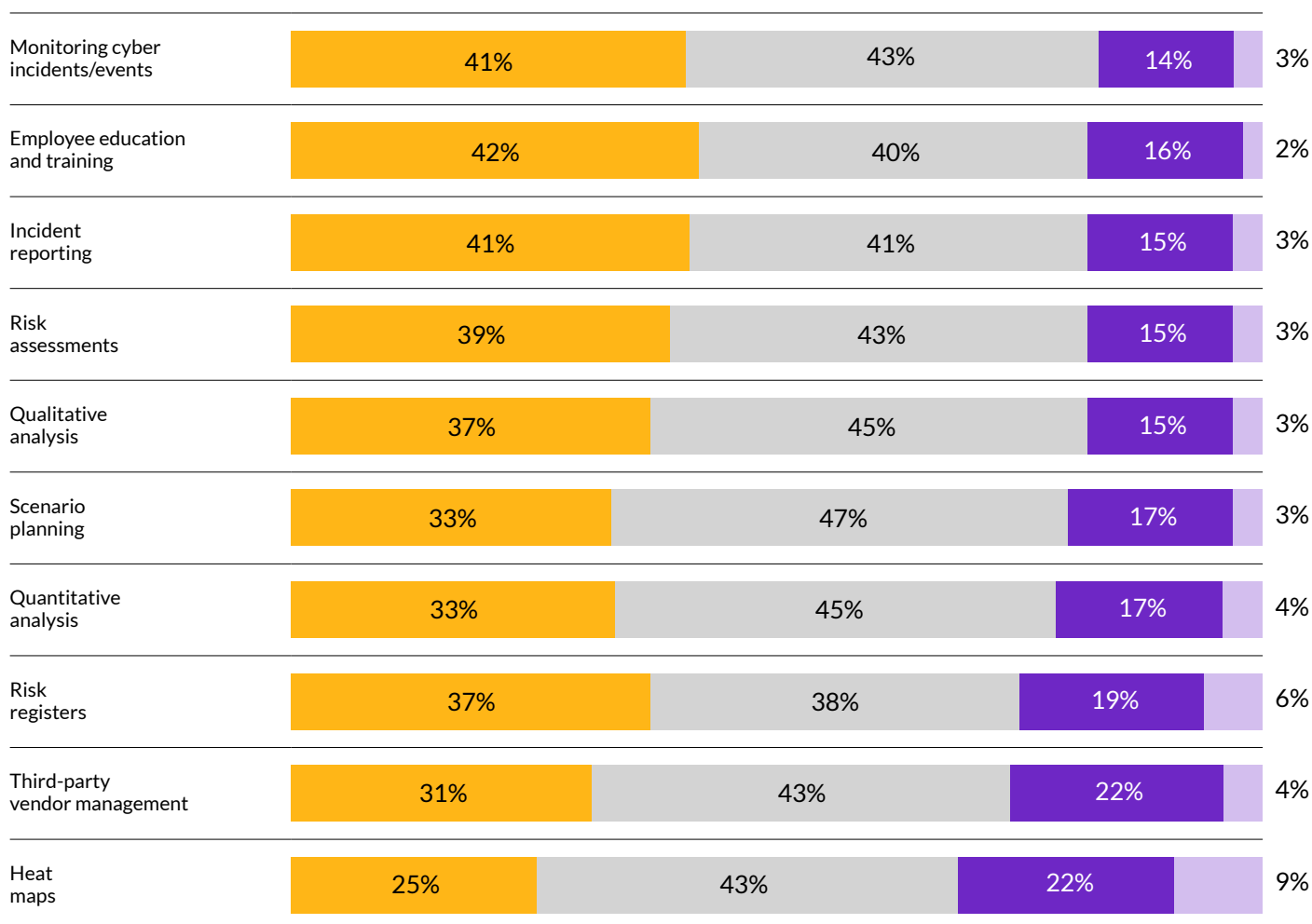


# Companies now use nearly a dozen tools and techniques for risk management.

They include monitoring cyber incidences, providing employee education, engaging in scenario planning and both quantitative and qualitative analysis. According to the survey, more than 80% of executives surveyed either fully integrate or regularly use six of the 10 risk management tools listed.



## RISK MITIGATION TOOLS AND TECHNIQUES



■ Fully integrated/essential
 ■ Regularly use for most risks
 ■ Use in some situations
 ■ Never or rarely use

# The Risk Mitigation Divide



The survey also finds that 64% of respondents note that their companies are effective at mitigating risks across their enterprises. But there's a marked difference between the confidence of large and middle-market executives and small business executives: only 51% of small business executives feel their companies are effective risk mitigators.

An overwhelming majority of executives surveyed made it clear that insurance is a vital risk management tool, with cyber security threats, financial risks and technology vulnerabilities viewed as best mitigated through insurance. Moreover, a majority of executives plan to expand their existing coverage of cyber, property and accident and health insurance.

*“While our report finds that cyber, technology and financial are the top three risks executives cite as posing the greatest risks to growth, executives also report that these are the three areas of risk that insurance is most effective at mitigating. Insurance alone isn’t a risk mitigation cure-all, but it certainly plays an important role.”*



**Christopher Maleno**  
Senior Vice President, Chubb Group  
Vice Chairman, North America Insurance  
Division President, North America Field Operations





## Risks viewed as being best mitigated by insurance

Total (n=517)		US (n=410)	Canada (n=107)	Small (n=100)	Middle (n=174)	Major (n=243)
Cyber security threats	48%	51% <sup>C</sup>	37%	52%	56% Ma	41%
Financial risks	44%	46%	36%	35%	45%	47%
Technology risks	41%	41%	41%	33%	47% Sm	40%
Operational risks	38%	40%	31%	35%	43%	36%
Health and safety risks	32%	33%	30%	25%	35%	33%
Economic risks	30%	30%	30%	24%	30%	32%
Regulatory compliance risks	26%	27%	22%	20%	33% Sm Ma	23%
Human resource risks	26%	27%	21%	27%	27%	25%
Environmental/sustainability risks	24%	24%	21%	23%	24%	24%
Reputation and brand risks	22%	22%	21%	21%	26%	19%
Geopolitical risks	21%	21%	21%	19%	18%	25%
Domestic political risks	20%	20%	20%	17%	23%	19%

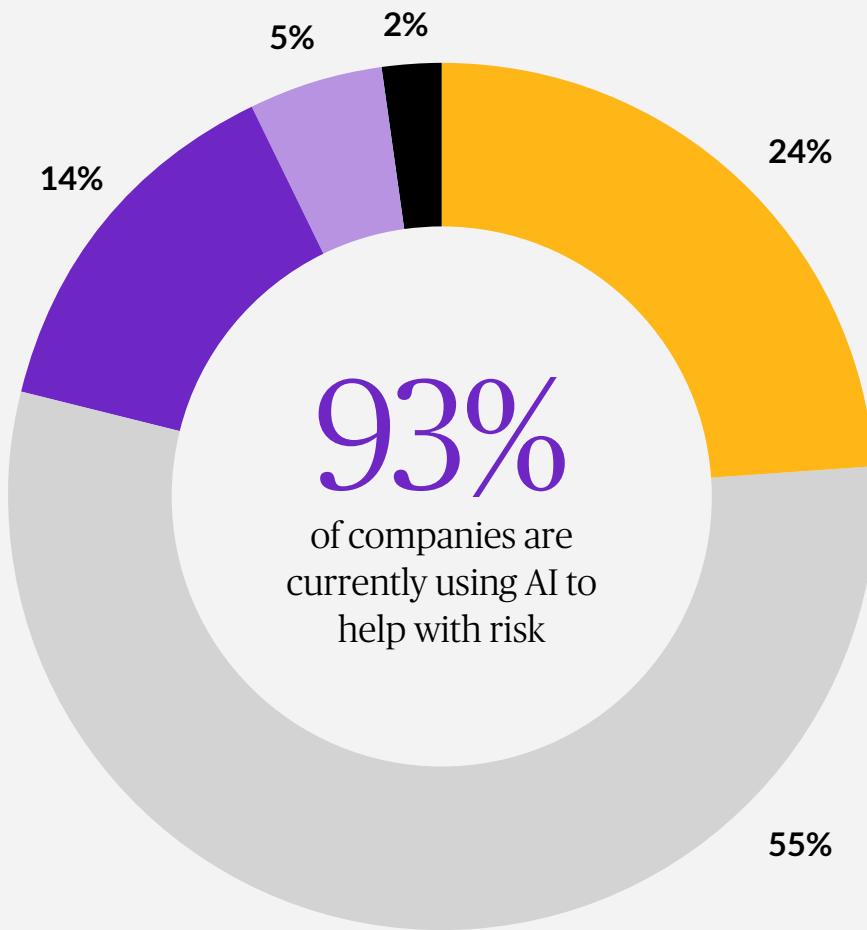
LOOKING AHEAD:

# The Future of Risk Management

Artificial intelligence is poised for widespread growth throughout business operations in the coming years.

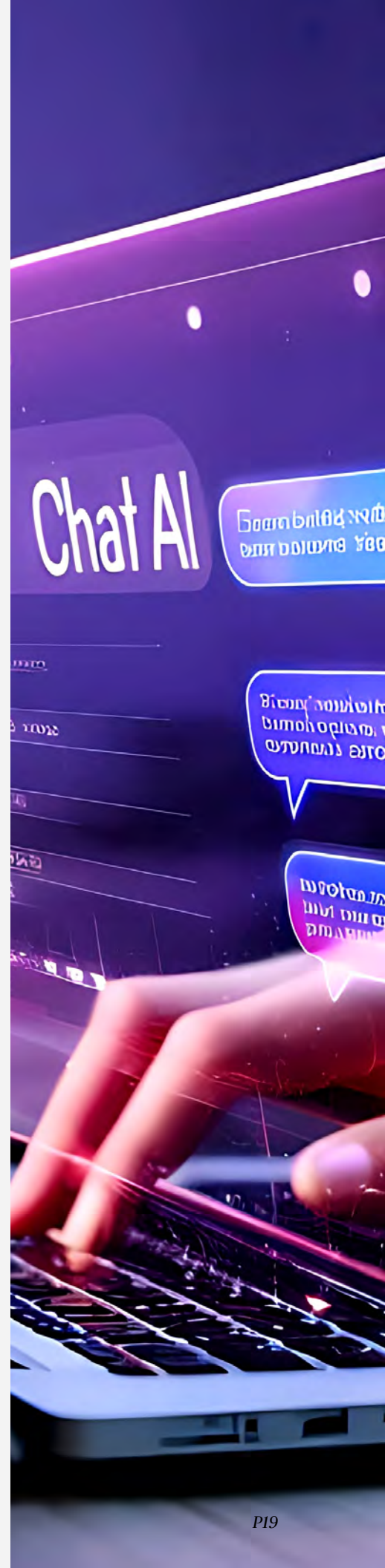
It has multiple applications, such as boosting efficiency through process automation, analyzing customer insights and even aiding in risk mitigation. According to McKinsey research, generative AI could enable automation of up to 70% of business activities across almost all occupations between now and 2030.

According to the survey, more than 90% of companies are already using AI in risk management, with nearly a quarter employing it extensively. Similarly, 90% of companies surveyed also say that they are providing some level of training to employees on AI and its technological risks and benefits.



## Using AI to help with risk

- Extensive use
- Moderate use
- Limited use
- Planning to start
- Not at all



# Conclusion

Like financial risks, operational risks are endemic to any business.

Companies intent on rapidly increasing their revenues and profits have always had to contend with business risks. But today, there are more concerns than ever before.

Emerging risks such as cyber terrorism or severe weather events can cause a company’s operations to grind to a halt. Risk decisions hold more weight than they have in the past. And on top of the many operational risks today’s leaders face, there are numerous – and constantly evolving – economic risks they must take into consideration, compounding their concerns. (To learn more about the different economic risks that are most affecting middle-market businesses right now, see the [Middle Market Indicator: Year-End 2023](#), published by The National Center for the Middle Market and sponsored by Chubb.)

Corporate leaders must take a holistic approach to simultaneously mitigate both new and old business risks effectively. They must also develop the ability to monitor and mitigate all these risks around the clock to ensure they are effectively protected.

In the face of uncertainty, senior executives and business owners need to embrace a comprehensive and forward-thinking approach to risk management that empowers their companies not just to survive, but to thrive by transforming risks into strategic opportunities.

## BREADTH AND DEPTH OF THE HARRIS POLL METHODOLOGY

<b>Geography</b>	Participants reside and company is headquartered in one of the two markets: US (410) and Canada (107)
<b>Sample Size</b>	517 online surveys were completed with senior risk management or insurance purchaser decision-makers in three company sizes: Small businesses (100), Middle-market companies (174) and Large companies (243)
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>• Have responsibility for risk management or purchasing insurance</li> <li>• Organizations have at least \$50K or more in annual revenue</li> <li>• In senior level positions: Owner/Partner (103), C-level Executive (314), VP/Senior VP (100)</li> </ul>
<b>Fielding</b>	Field period: April 15–25, 2024, in three stages of development/growth: GROWTH: with increasing sales/revenue (230), MATURITY: we are established (128), SUCCESS: riding the wave of our past successes and continuing to prosper (141)

Raw data was not weighted and is therefore only representative of the individuals who completed the survey. The sampling precision of Harris online polls is measured by using a Bayesian credible interval. For this study, the sample data is accurate to within +/- 4.3 percentage points using a 95% confidence level. For complete survey methodology, including subgroup sample sizes, please contact Frank Pinto, Chubb’s Global Head of Strategic Content & Insights at frank.pinto@chubb.com.