

Predict. Prepare. Protect.

Mid-Sized Company Risk Report

**Presented by QBE North America and the
Association for Corporate Growth**

Predict. Prepare. Protect.

Executive Summary

Ask any company and they are likely to tell you that they are operating in one of the most challenging risk environments in recent history. While the plights of small and large businesses often gain strong media coverage, the stories of mid-sized business frequently get less noticed.

Middle market companies are an influential segment of the American economy and deserve attention. In fact, prior to the onset of the COVID-19 pandemic, they were the fastest-growing companies in the U.S., according to the National Center of the Middle Market. The Center notes that this group creates 60% of all new private sector jobs, and accounts for nearly one-third (\$10 trillion in annual revenue) of total U.S. private sector GDP.

How have middle market companies managed in the current difficult environment? What keeps them up at night – and do they have risk management plans in place to address these concerns?

To answer these questions, QBE North America presents its 2021 Mid-Sized Company Risk Report, produced in partnership with the Association for Corporate Growth (ACG). Now in its second year, the report is based on an annual survey of executives in a variety of risk management roles at companies with \$200 million to \$3 billion in revenue from a cross section of industries. It discusses the macro and micro risks that most concern mid-sized company executives, whether companies have risk management plans in place to address each of these risks, and their top needs for reducing their risk exposure.

QBE is committed to helping our mid-sized business customers and broker partners **predict** risks, **prepare** risk mitigation strategies and ultimately **protect** their business. To that end, this annual study has become a key source of knowledge about the most significant business risks for mid-sized companies in the U.S.



Research Themes

Employee-related concerns factor heavily across a range of risks.

A review of the specific risks, or micro risks, within a range of broad macro concerns shows that six of the top 10 micro risks involve concern for the worker. Companies are worried about their employees for a variety of reasons – they are focused on how to keep them healthy and safe, how to attract and retain talent, and how to combat internal bias and a lack of a diversity framework. They're also concerned about fraud and cybersecurity with so many employees currently working from home.

After spending 18 months in a global pandemic, fewer than half of companies surveyed have a mitigation strategy for pandemic-associated risks.

COVID is still very much on business leaders' minds, as the country struggles with emerging variants and tension over vaccine and mask mandates. Compared to a year ago, the percentage of companies with a risk mitigation strategy for risks related to a pandemic has grown from 37% to 46%, a significant increase, but still less than half of companies.

Pandemic-related risks encompass more than employee and customer health. In fact, the top concern involves cybersecurity risk related to remote work. Impact on the supply chain and the ability to interact in-person also factor as concerns.

Concern about cyberattacks/breaches has increased significantly since 2020 and once again tops the list of micro risks.

Cyberattacks and data breaches are exposures that have grown significantly more concerning to business leaders over the past year, with roughly half of respondents citing them as their top digital risk. It is likely that concerns over employees working remotely and an increased number of very public, global ransomware attacks have heightened awareness around cybersecurity and fears over cyber-related business interruption and loss of revenue.

Concern about climate change has grown significantly as a macro risk since 2020.

The expressed level of climate change concern has increased significantly since last year, more so than any other macro risk. In 2021, 49% reported having a high level of concern about risks related to climate change, up from 40% in 2020. This could be because companies' sustainability efforts are increasingly being scrutinized. The research showed that concerns about behavioral change due to climate change and pressure from eco-friendly stakeholders have increased significantly. Although climate change remains the macro risk least likely to keep executives awake at night, and is also the least likely to have a mitigation strategy, it is clearly a growing concern among mid-sized businesses.

Top Risk Management Needs

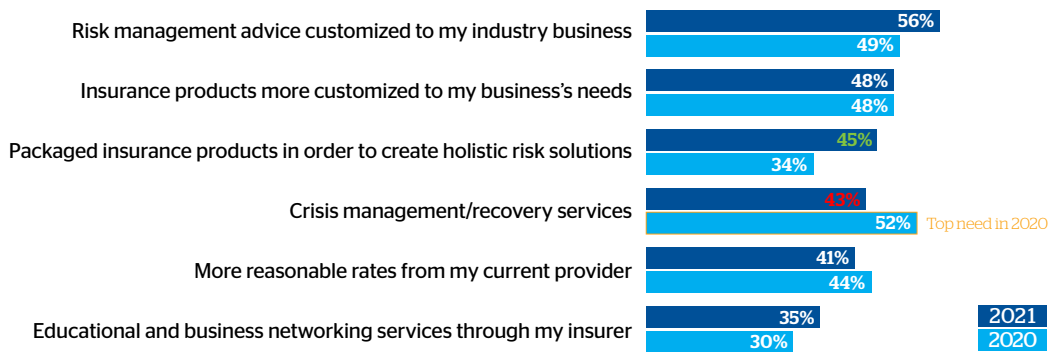
Customized advice and insurance products top the list of risk management needs.

The past 12 months brought an increase in cyberattacks, more frequent and intense natural disasters, regulatory uncertainty with a turnover in the Federal Executive Branch and Senate control, and continued unpredictability related to the global pandemic – perils that affected businesses and industries differently. In the face of this turmoil, mid-sized company executives ranked “risk management advice customized to my industry or business” as their top need for reducing risk exposure. Fifty-six percent ranked it as a top need in 2021, up from 49% in 2020. “Insurance products more customized to my business’s needs ranked as the second highest at 48%.”

Additionally, 67% of mid-sized companies said they had unmet needs related to understanding and reducing their risk exposure – up from 58% in 2020. Among the specific unmet needs volunteered, digital assets protection/coverage topped the list at 17%, up from 12% in 2020. Risk management expertise provided by industry came in a close second at 15%, up significantly from 4% in 2020. Interest in interacting with an insurer’s loss/risk control department has increased significantly since 2020, with four in five versus two in three now “very interested” in doing so.

These responses underscore the importance for mid-sized companies to work with insurance brokers and companies that have developed industry-specific expertise and strong customer engagement programs for the loss/risk control teams.

Top Needs for Reducing Risk Exposure



2021 n=302, 2020 n=303

* Key industries defined as those with n=30 or more respondents

Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence

What are the top three needs of your business related to understanding and reducing your risk exposure that are currently not being met?



What Macro Risks Concern Companies the Most?

Financial, digital, business interruption, and pandemic-related risks continue as top concerns from 2020 to 2021.

From 2020 to 2021, mid-sized companies' top concerns remained largely the same. Financial, digital, business interruption and pandemic-related risks topped the list of macro risks. Among macro risks of lesser concern, climate change risks increased significantly, while reputational and macroeconomic risks fell significantly.

When comparing companies' level of concern about each macro risk with the percentage having a risk mitigation strategy in place, the middle to bottom third of the most concerning risks tended to have the greatest disparity. Climate change risk had the largest gap. Forty nine percent of companies reported a high level of concern about climate change related risks, while 28% said they had a risk mitigation strategy – a 21-percentage point gap. Other macro risks with large gaps included regulatory/legislation risk (19-point gap) and macroeconomic risks (18-point gap).

By contrast, for the top concern, financial risk, 57% reported a high level of concern while even more, 66%, had a risk mitigation strategy. For the next two most concerning macro risks, the gap between a high level of concerns and having a risk mitigation strategy was negligible – only 1 or 2 points.

The contrast between levels of concern and having a risk mitigation strategy suggests that mid-sized companies may lack the resources to address all but their most concerning risks, and underscores the importance of engaging with their insurance brokers and carriers to enhance their ability to prepare for a wider range of risks.

Most Concerning Macro Business Risks

Ranked: % Top 5 Most Concerning	2021		2020		2021		2020		Have risk mitigation strategy	
	2021	2020	2021	2020	Rating: Top 3 Box	Rating: Top 3 Box	2021	2020	2021	2020
Financial risk	61%	65%	57%	58%	66%	61%				
Digital risk	60%	55%	64%	62%	62%	60%				
Business interruption risk	55%	51%	56%	53%	55%	50%				
Risk related to a pandemic	51%	51%	57%	63%	46%	37%				
Liability risk	44%	44%	58%	52%	49%	59%				
Regulatory/legislative risk	39%	37%	58%	51%	39%	42%				
Organizational risk	36%	38%	56%	49%	45%	50%				
Reputational risk	34%	40%	54%	55%	38%	40%				
Risk of litigation	32%	33%	52%	51%	41%	51%				
Risk of natural disasters/severe weather	32%	29%	48%	45%	38%	40%				
Macroeconomic risk	28%	35%	51%	50%	33%	30%				
Risk related to climate change	28%	21%	49%	40%	28%	25%				

2021 n=302, 2020 n=303

Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence

A2. Now, please review this list of risks and click or drag to rank 1 as the risk that is most concerning for your business, 2 as the next most concerning, etc. for your top 5 rankings.

A1. Please rate your level of concern regarding the following potential risk to your business.

A3. Again, referring to the same list, for which types of risks does your business have a risk mitigation strategy or insurance in place currently?

What Are Companies' Top Micro Risks?

Concern about cyberattacks is even higher in 2021 than 2020, as are concerns regarding changes to regulations and internal bias/lack of diversity.

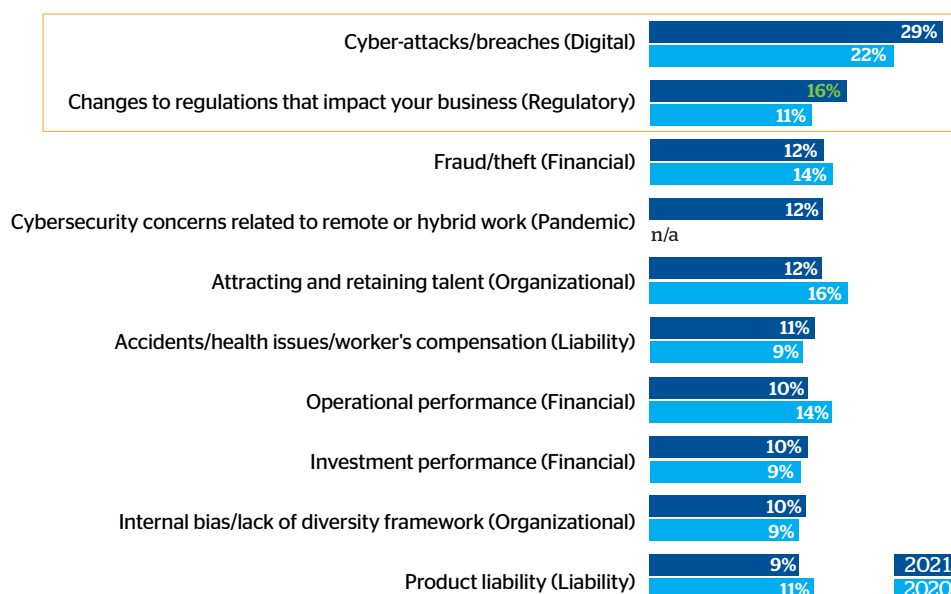
With an increasing number of very public, global ransomware attacks taking place, cyber security is more top of mind than ever. In 2021, cyberattacks/breaches were cited as the top micro-concern by 29% of mid-sized companies, up from 22% in 2020. Newly added in 2021, cyber security concerns related to remote work also appeared among the top micro-risks identified by respondents.

Concern over changes in regulations that impact business also increased in 2021 (16%). The new administration has brought new regulations and compliance requirements for businesses in every industry, and more significant changes could be on the way. Given the number of respondents who identified this as an area of top concern, it is likely that mid-sized companies will increasingly seek advice on navigating and mitigating risks associated with these complex and rapidly evolving regulations.

Interestingly, six of the top 10 micro-concerns expressed by mid-sized companies centered around people: fraud/theft, cybersecurity concerns related to remote work, attracting and retaining talent, accidents/health issues/worker's compensation, operational performance, and internal bias/lack of a diversity framework all emerged as areas of concern.

Most Concerning Micro Risks

% risk ranked in top 5



2021 n=302, 2020 n=303

Results showing top answers only (10% or greater). Full results can be found in crosstabs.

Colored text signifies 2021 results significantly higher / lower vs. 2020 at 90% confidence.

A16. You will now see all the specific risks that you cited as "most concerning risks" for your business. Please rank all of the risks below from most to least concerning.

Exploring Top Micro Risks

In this section, we take a deeper look into each of the 12 macro risks, analyzing the specific micro risks within each category. We note which of these micro risks were of top concern to respondents in 2021 and where significant changes have taken place since 2020.

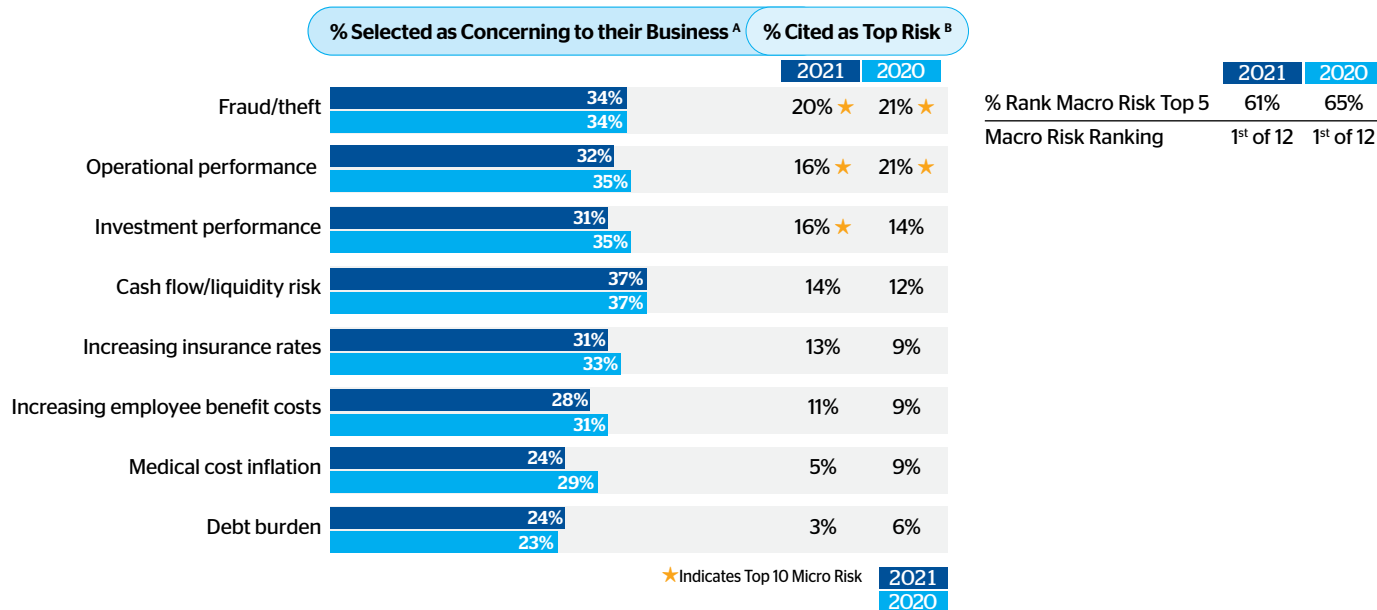
Financial

Financial risk remained the top macro risk, although down slightly from 2020.

Among financial risks, fraud/theft, operational performance, and investment performance remained the most concerning. Over one-third of all mid-sized businesses listed these as worrisome risks, with 20% selecting fraud/theft as their top financial risk and 16% selecting operational performance and investment performance as their top financial risk. Overall, results held fairly even with 2020; no micro risk changed significantly.

Fraud theft is the most concerning issue that faces my work.
Investment performance is the most concerning thing.

Financial Micro Risks



2021 n=185, 2020 n=198

A: % Selected results based on total sample and are comparable to all other micro risks. B: % Top reason results based on individual question sample and sum to 100%

A5: Which of the following specific financial risks concern you? Which do you consider to be the most concerning risk to your business?

Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence



Digital

Digital risk took the second position out of the 12 macro risks, increasing to 60% in 2021 from 55% in 2020.

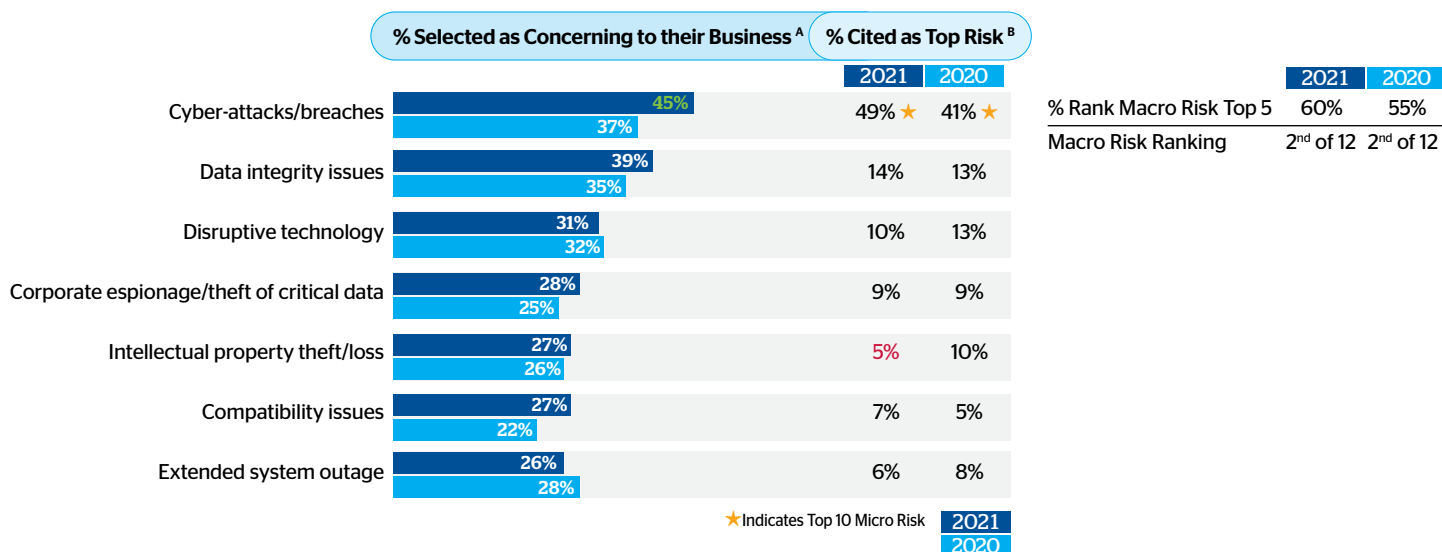
Within digital risk, cyberattacks remain by far the biggest concern, with 49% indicating it is their top digital risk, up from 41% in 2020. As digital attacks continue to increase in size and scope, this percentage will likely continue to rise. Other micro risks related to criminal activity include corporate espionage/theft of critical data and intellectual property theft/loss.

Companies also expressed concern over digital risks unrelated to criminal activity, with 39% citing data integrity issues and 31% worried about disruptive technology.

If we can't protect our customers' data and ward off cyberattacks, then we are not going to stay in business much longer.

I believe there will be an increase in fraud and cyberattacks against our company and employees.

Digital Micro Risks



2021 n=182, 2020 n=166

A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%
A7: Which of the following specific digital risks concern you? Which do you consider to be the most concerning risk to your business?
Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence



Business Interruption

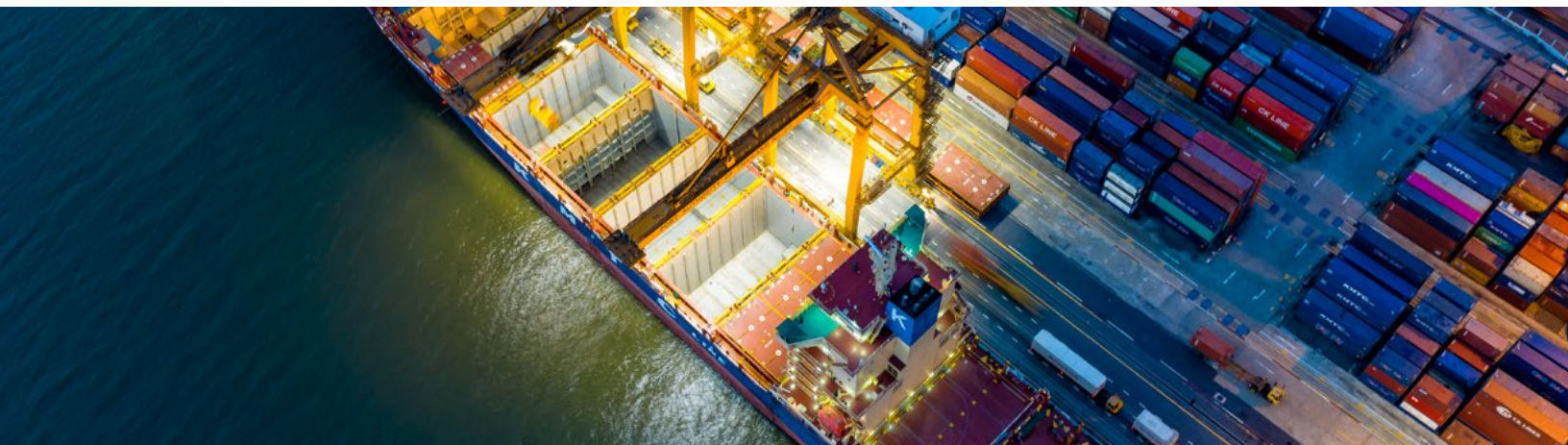
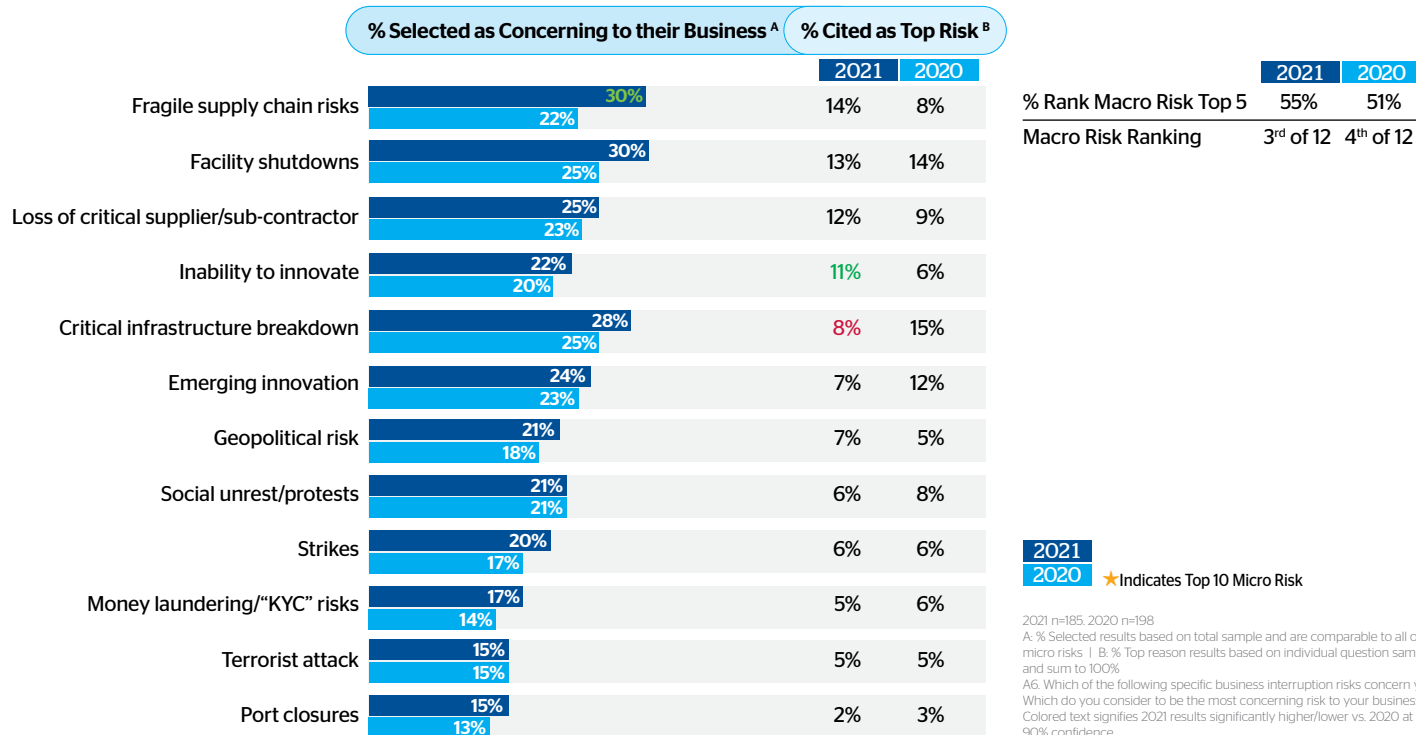
Business interruption rose to become the third most concerning macro risk, up from the fourth position in 2020.

There was a general rise overall in business interruption concerns, with all but one of the micro risks in this category increasing from 2020. Fragile supply chain risks and facility shutdowns were identified as the top micro risks within this category. This is likely due in part to the operational and supply chain disruptions companies suffered as a result of the pandemic, compounded by severe weather-related events and labor shortages.

I worry about being under-insured overall and lacking mitigation for production line shutdowns.

We cannot grow and maintain current operations if we can't get the raw materials to produce products to sell.

Business Interruption Micro Risks



Pandemic

Pandemic risk declined overall as a concern, slipping to the fourth highest macro risk, from third in 2020.

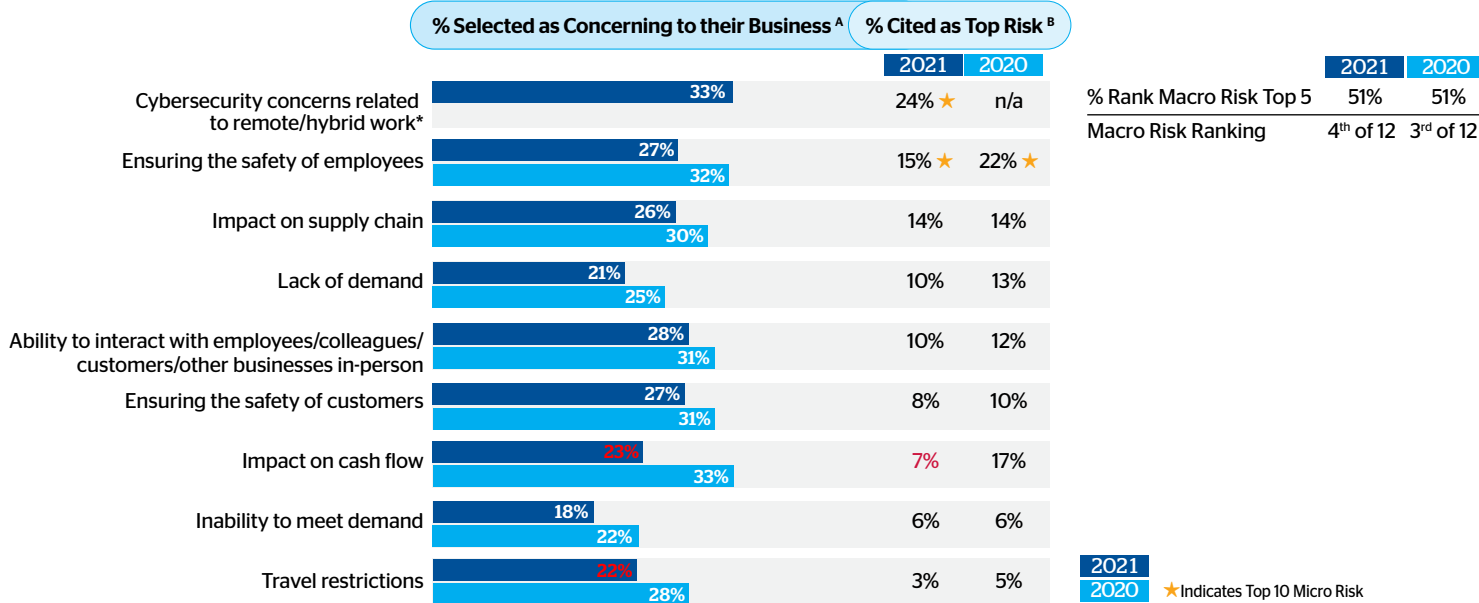
This trend likely reflects that the pandemic is under much greater control than it was in mid-2020, the economy has recovered to a large extent, and companies have become more accustomed to operating in a pandemic.

Concern about cybersecurity related to remote work is the top pandemic-related risk, selected by 33% of respondents, with 24% indicating it is their top pandemic-related risk. Ensuring the safety of employees and impact on supply chain both stood out as concerns for more than a quarter of respondents, although worry about both categories decreased slightly from 2020. Interestingly, concern over impact on cash flow declined significantly, down from 33% in 2020 to 23% in 2021. This is likely the result of businesses successfully reopening and resuming operations after pandemic-related shutdowns in 2020.

With remote workers there is always a risk. We need to upgrade cyber security software.

The uncertainties created by the pandemic and the disruption in supply chain are issues that need to be more thoroughly addressed.

Pandemic Micro Risks



2021 n=154, 2020 n=154
 A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%
 A13. Which of the following specific risks related to a pandemic concern you? Which do you consider to be the most concerning risk to your business?
 Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence

*Not shown in 2020

2021 2020 ★ Indicates Top 10 Micro Risk



Liability

Liability risk held steady as the fifth most concerning macro risk in 2021.

Among liability risks, worker's health/ worker's compensation, product liability, and management liability were most concerning to mid-sized businesses in 2021. Twenty-five percent of companies indicated that accidents/health issues/worker's compensation was their top liability risk in 2021, up directionally from 21% in 2020. Professional/management liability also saw a slight increase in 2021 (20%) over 2020 (18%). Although concern over product liability increased overall, only 20% listed it as their top liability concern in 2021 – a decrease from the 25% of respondents who identified it as such in 2020.

Accidents are a high concern for our company, but we have implemented security measures to ensure our workers are safe.

Need financial and management liability for reducing our risk.

Improved sales could be offset by product liability. New operation models would depend on the right talent to operate. We need more reducing of risks when it comes to product liability.

Liability Micro Risks

% Selected as Concerning to their Business ^A

% Cited as Top Risk ^B

		2021	2020		2021	2020
Accidents/health issues/ worker's compensation		25%		25% ★	21%	
		24%				
Product liability		28%		20%	25% ★	
		23%				
Professional/management liability		27%		20%	18%	
		23%				
Coverage for employee leave due to illnesses, care for family members, pregnancy or maternity		23%		15%	16%	
		23%				
Aviation liability		13%		9%	5%	
		12%				
Military re-employment rights		10%		3%	7%	
		10%				
Auto liability		15%		2%	6%	
		15%				

	2021	2020
% Rank Macro Risk Top 5	44%	44%
Macro Risk Ranking	5 th of 12	5 th of 12

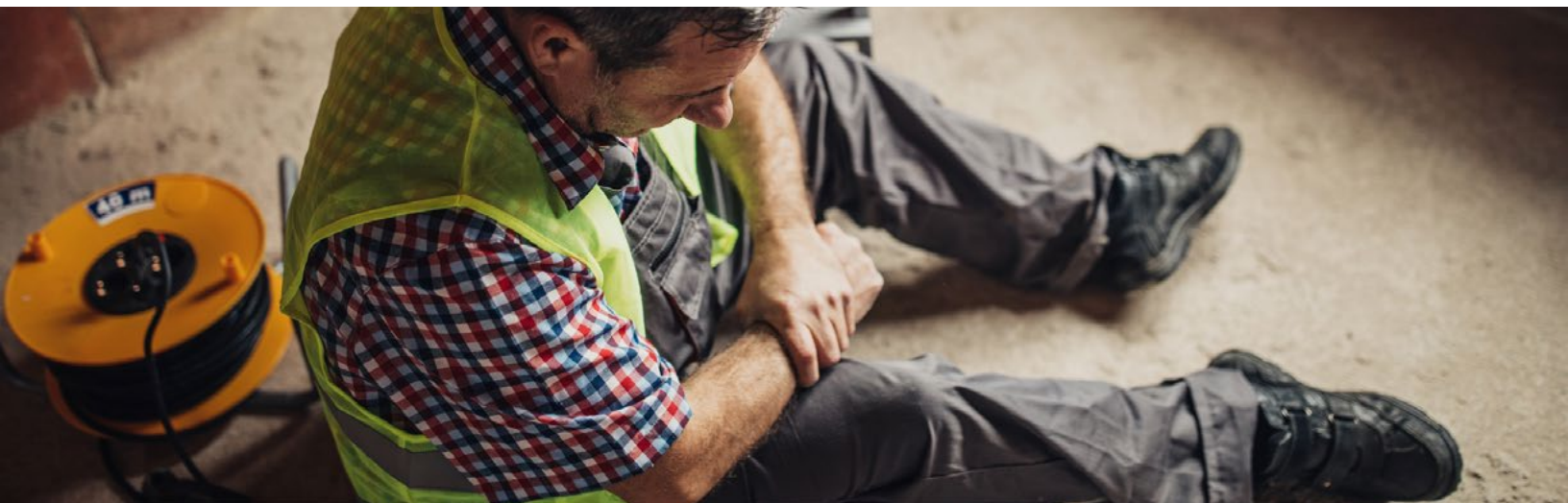
★ Indicates Top 10 Micro Risk

2021 n=132, 2020 n=134

A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%

A9: Which of the following specific liability risks concern you? Which do you consider to be the most concerning risk to your business?

Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence



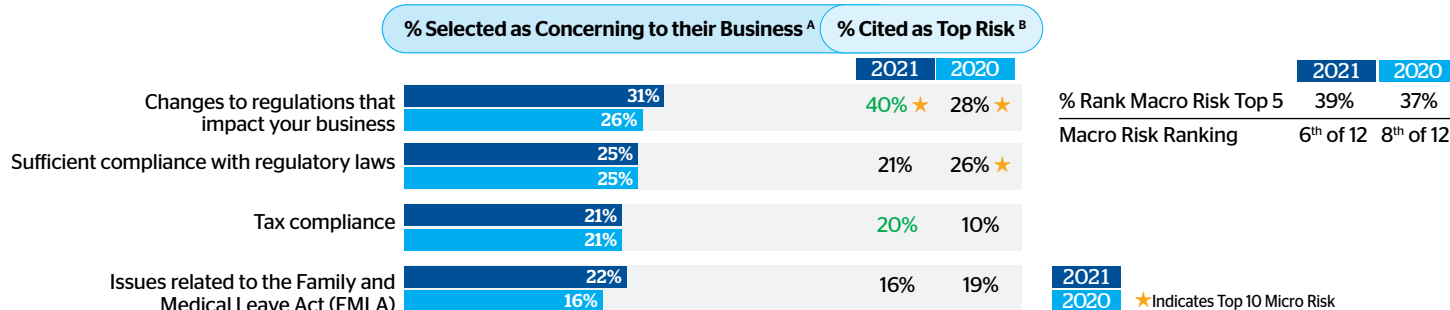
Regulatory/Legislative

Regulatory/legislative risk made the biggest jump of any macro risk, rising from eighth in 2020 to sixth in 2021.

Perhaps due to the change in administration and the resulting regulatory changes made and being proposed, the top regulatory/legislative risk concern this year was changes in regulations. In 2021, 40% of mid-sized companies indicated that changes in regulations was their top regulatory risk, up significantly from 28% in 2020. In fact, changes in regulations came in as the second highest micro risk overall. Concern over tax compliance was up significantly in 2021 as well, with 20% citing it as the top regulatory risk. Concern also grew significantly in 2021 for issues related to the Family and Medical Leave Act (FMLA), although there was a decline in the number who listed it as their top micro risk in this category. As climate, pandemic and D&I efforts all take center stage, companies will rely heavily on insurance providers to navigate the rapidly evolving regulatory landscape and ensure compliance.

“Changes to regulations that impact our business is the most important factor that could impact our operations and growth strategy. Changes in current government regulations make management hesitant to venture into new opportunities until all regulations are known and their impact fully understood.”

Regulatory/Legislative Micro Risks



2021 n=117, 2020 n=113

A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%
 A11: Which of the following specific regulatory/legislative risks concern you? Which do you consider to be the most concerning risk to your business?
 Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence

*Not shown in 2021



Organizational

Organizational risk held steady overall, remaining in the seventh spot among macro risks.

Within organizational risk, attracting and retaining talent remained the top concern (33%), despite declining slightly from 2020. Many workers who were put out of work or displaced during the height of the pandemic have retired early, are hesitant about going back to work due to lingering health concerns, or are having difficulty securing reliable childcare. Many companies will continue to struggle with this issue for the foreseeable future.

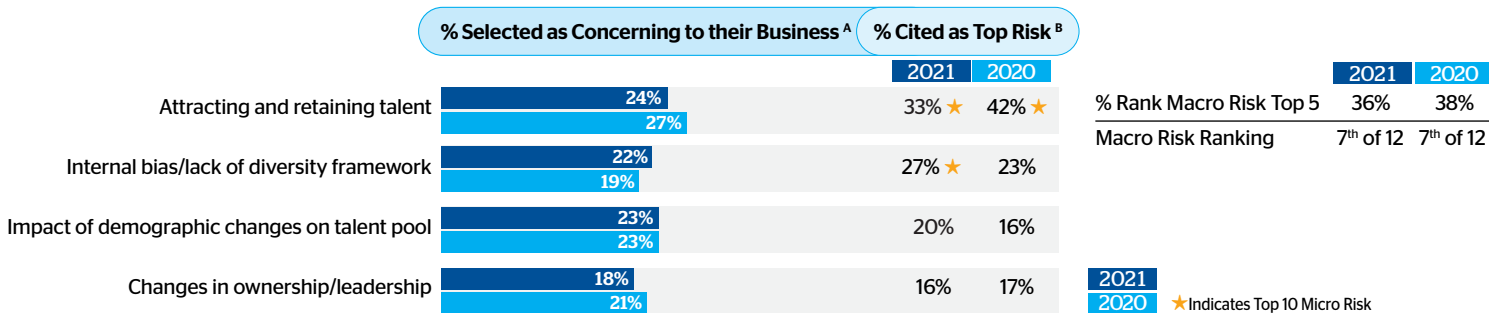
Internal bias/lack of diversity framework was also listed among the top organizational concerns, with 27% citing it as their top concern in this category, up from 23% in 2020. Companies and regulators alike are more focused on diversity & inclusion, with many implementing diversity mandates. As an increasing number of companies reevaluate their own policies and practices, this will likely remain a top concern.

Both attracting and retaining talent and internal bias/lack of diversity were also among the top 10 overall micro risks.

The opportunity for growth due to new products will be impaired by the difficulty in hiring and retaining employees who are qualified to work with current and emerging technology.

We lack real time data to help make informed decisions, and also we need to better fine tune our processes to reduce diversity and inclusion risk.

Organizational Micro Risks



2021 n=109, 2020 n=114
 A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%
 A12: Which of the following specific organizational risks concern you? Which do you consider to be the most concerning risk to your business?
 Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence



Reputational

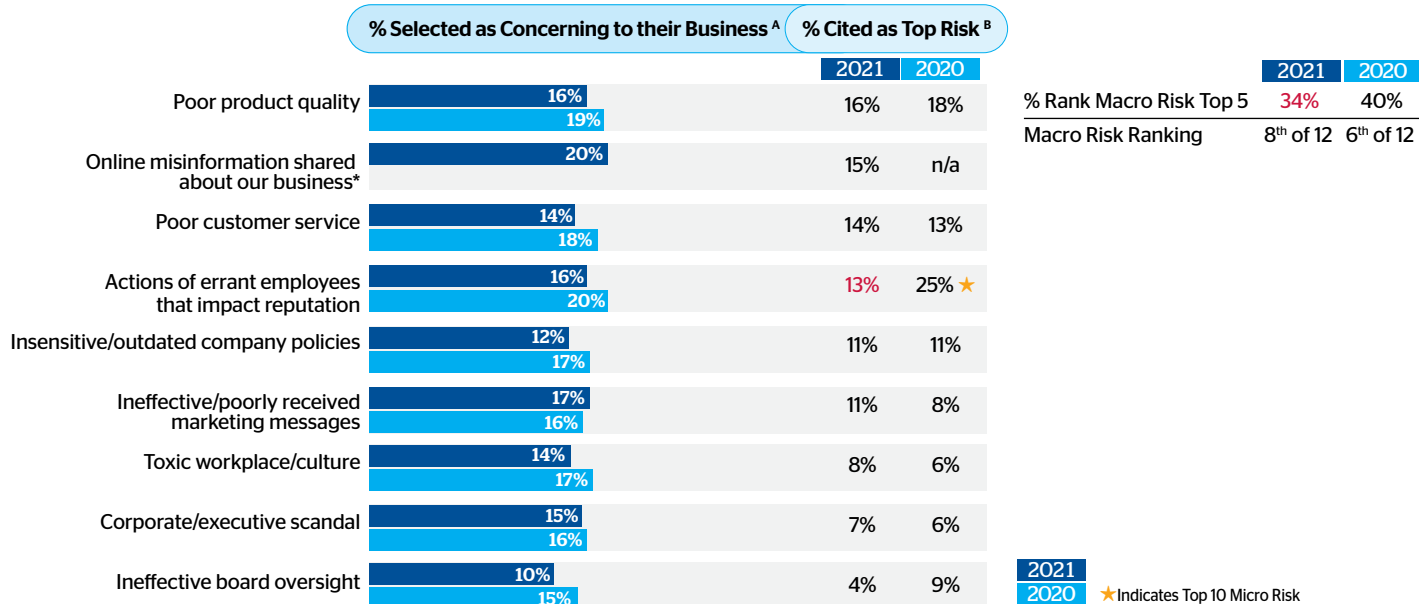
Reputational risk dropped two spots in the macro risk ranking – from sixth in 2020 to eighth in 2021 - and overall, the micro risks within this category decreased directionally.

Reputational risk can result in loss of financial capital, social capital and/or market share, and can be triggered by a variety of events. When thinking about reputational risks, businesses in 2021 were most concerned about poor product quality. This could be the result of having to rely on unknown suppliers, workforce issues, or other pandemic-related disruptions.

Online information shared about our business, which was a new micro risk added to the survey in 2021, was also a top concern among reputational risks in 2021. With people increasingly relying on social media platforms to share and receive information, this risk will likely continue to grow.

“... if we have poor product quality, we can't improve our sales and reach a new segment of customers.
Organic growth and new customer growth segments could be negatively impacted by online misinformation, changes in ownership, and customer lawsuits.”

Reputational Micro Risks



2021 n=102, 2020 n=122
 A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%
 A15: Which of the following specific reputational risks concern you? Which do you consider to be the most concerning risk to your business?
 Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence

*Not shown in 2020

★Indicates Top 10 Micro Risk



Litigation

Litigation risk moved up one spot in ranking to ninth as a concern, with 32% of respondents citing it as a top macro risk.

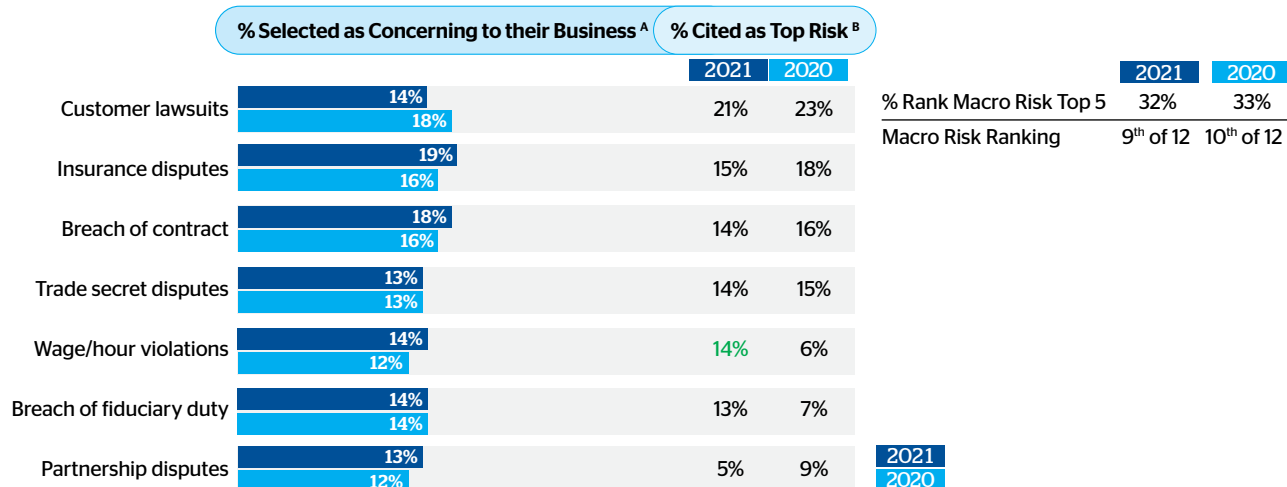
An increasingly litigious society and social inflation are adding stress and financial pressure for many businesses. Among risks related to litigation, customer lawsuits and insurance disputes remained the greatest concerns. Despite being down slightly from 2020, 21% of respondents cited customer lawsuits as their top litigation risk in 2021. In the litigation category, wage/hour violations rose significantly as a top concern, perhaps due to companies putting greater demands on existing employees to manage through the labor shortage.

A customer lawsuit or tax compliance risk can negatively impact these opportunities as they can be costly for our organization.

Expanding into new markets could be impacted by negative events such as customer lawsuits and having any cyberattacks go public.

Potential customers will not feel confident in our company.

Litigation Micro Risks



2021 n=97, 2020 n=100

A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%
 A1Q: Which of the following specific risks related to litigation concern you? Which do you consider to be the most concerning risk to your business?
 Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence



Natural Disaster/Severe Weather

Natural disaster/severe weather risk rose one spot in the macro risk ranking to tenth in 2021.

Despite record natural disaster and severe weather activity in the second half of 2020, and the Texas freeze in early 2021, concern for this category only rose directionally. Interestingly, despite the absence of a major earthquake, concern for earthquakes rose significantly and was cited as the top micro risk in this category. Conversely, concern about hurricanes and tornadoes significantly declined.

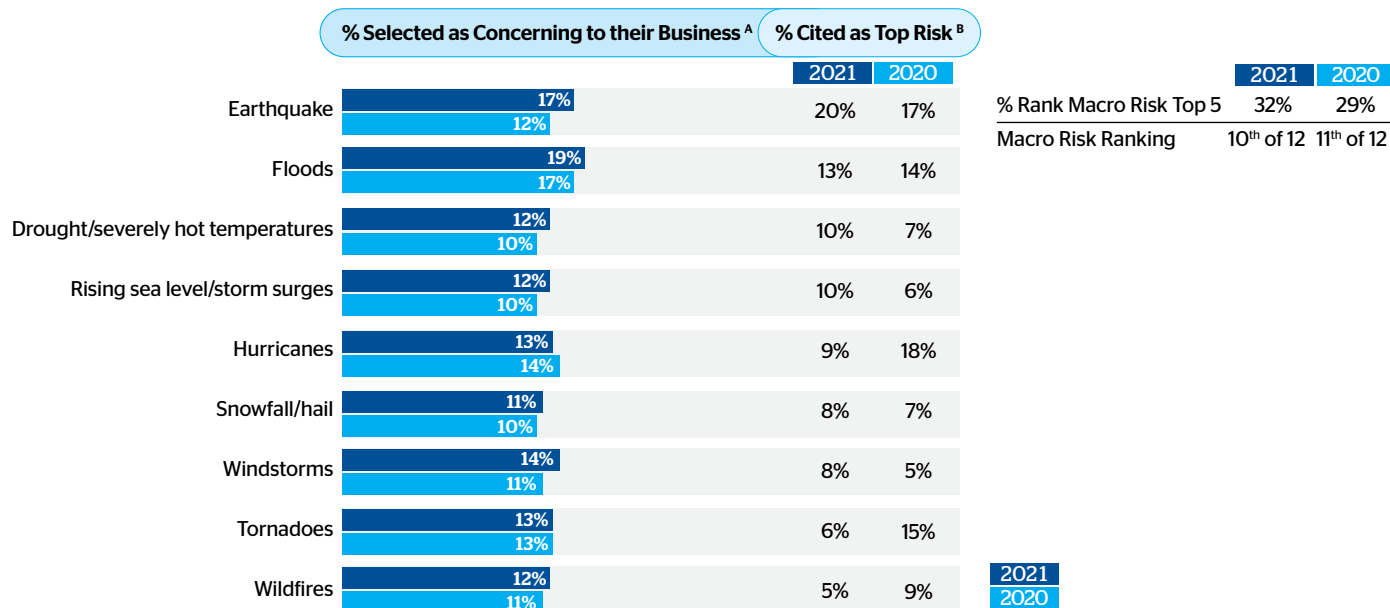
While the level of concern about most types of natural disasters and severe weather risks holds relatively steady across regions, a few key differences exist. Businesses located in the South (56%) are significantly more concerned about hurricanes than those in every other region (33% West, 30% Northeast, 28% Midwest). Those in the South (50%) are also more concerned with tornadoes than those in the Northeast (25%). Meanwhile, businesses located in the West are more concerned about rising sea levels (56%) than those in the South (31%) and the Midwest (28%), and are more concerned about wildfires (48%) than those in the Northeast (25%) and Midwest (22%).

All [needs] are being met with the exception of natural disasters.

A flood can negatively impact our company a lot. Because of this, we made a safety plan to minimize damages and keep employees safe.

Facility shutdowns to areas with major possible weather situations like earthquakes, hurricanes and wind-related situations [are concerning].

Natural Disaster/Severe Weather Micro Risks



2021 n=97, 2020 n=88

A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%

AB: Which of the following specific risks related to natural disasters/severe weather concern you? Which do you consider to be the most concerning risk to your business?

Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence



Macroeconomic

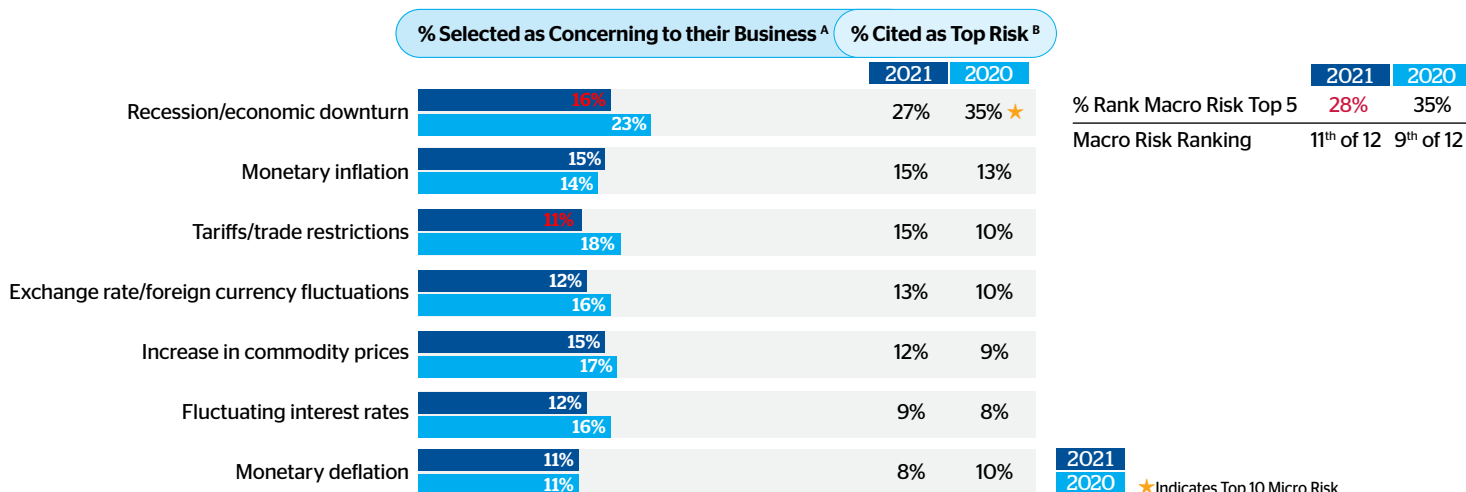
Macroeconomic risk dropped two spots to eleventh in the 2021 ranking of macro risks.

Concern over a recession/economic downturn dropped significantly in 2021, as did concern over tariffs/trade restrictions. The drops likely relate to the substantial, though not complete, economic recovery and the change in administration, respectively. While concern about a recession/economic downturn declined, it remained the top risk. Surprisingly, although commodity prices showed signs of increasing before the survey period, concern for these two risks held relatively steady from 2020.

A recession or economic downturn will postpone all M&A activity [until] cash flow concerns become at least stabilized.

All opportunities will be significantly impacted by one single risk - macro economic downturn.

Macroeconomic Micro Risks



2021 n=85, 2020 n=107

A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%

A4. Which of the following specific macroeconomic risks concern you? Which do you consider to be the most concerning risk to your business?

Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence



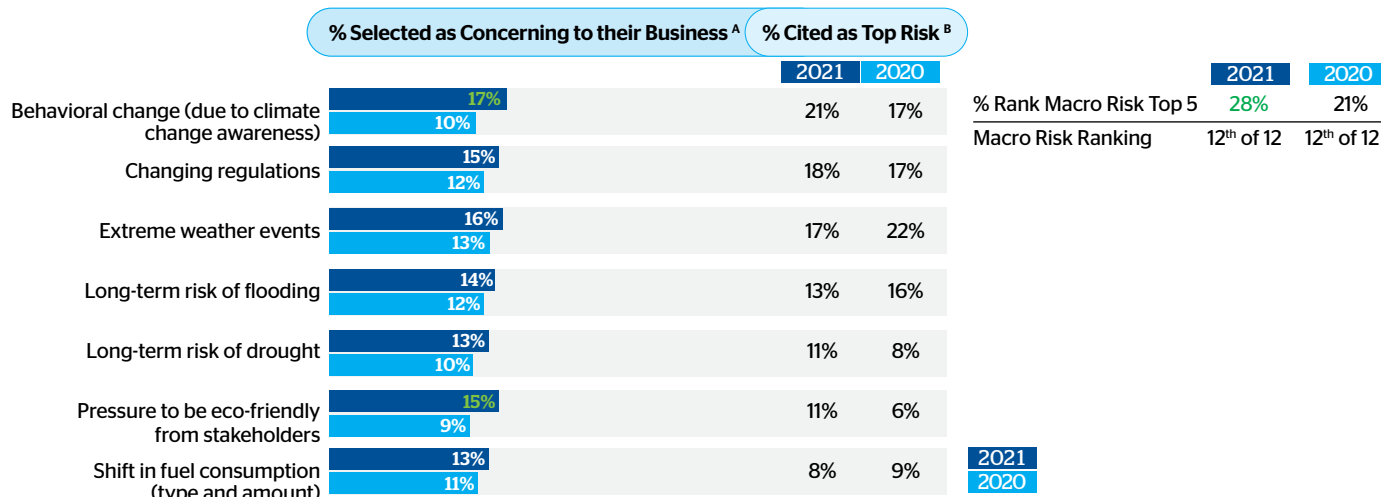
Climate Change

Climate change concerns have risen significantly over the past year but still hold the bottom position of twelfth on the list of macro risks.

When considering risks related to climate change, behavioral change due to climate change awareness was cited as most concerning (21%), followed by changing regulations (18%) and extreme weather events (17%). Pressure from eco-friendly stakeholders, combined with an increase in natural disasters and severe weather events will likely keep climate change risks top of mind for businesses across all industries.

“ [Need to] reduce risks from climate change. [My needs for] unexpected climate change or global pandemic[s] like COVID-19 [are] not being met yet, I think.

Climate Change Micro Risks



2021 n=84, 2020 n=64
 A: % Selected results based on total sample and are comparable to all other micro risks | B: % Top reason results based on individual question sample and sum to 100%
 A14: Which of the following specific risks related to climate change concern you? Which do you consider to be the most concerning risk to your business?
 Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence



Most Concerning Macro Risks by Industry

There are few significant differences across industries when it comes to macro risks. As expected, businesses in finance/banking remain most concerned about the top macro risk, financial risk. Businesses in the manufacturing industry are more concerned with regulatory/legislative risks than those in the tech industry, which can likely be attributed in part to increased climate and pandemic-related regulations. Manufacturers also express significantly more concern over digital risks than those in the finance industry, which could reflect the changing landscape of cyber threats.

Industry Analysis: Most Concerning Macro Business Risks

Ranked: % Top 5 Most Concerning	2021	Most Concerned Industry
Financial risk	61%	72% – Finance/Banking Finance/banking significantly more concerned than manufacturing and retail
Digital risk	60%	71% – Manufacturing Manufacturing significantly more concerned than finance and construction
Business interruption risk	55%	63% – Finance/Banking
Risk related to a pandemic	51%	62% – Construction All key industries significantly more concerned than finance/banking (33%)
Liability risk	44%	48% – Finance/Banking Finance/banking significantly more concerned than retail and construction
Regulatory/legislative risk	39%	44% – Manufacturing and Retail Manufacturing significantly more concerned than tech
Organizational risk	36%	47% – Retail
Reputational risk	34%	34% – Retail and Construction
Risk of litigation	32%	34% – Retail and Construction
Risk of natural disasters/severe weather	32%	35% – Finance/Banking
Macroeconomic risk	28%	41% – Construction
Risk related to climate change	28%	33% – Finance/Banking

Bold indicates significantly higher than at least one other key industry

Sample sizes below n=50 should be viewed with caution

2021 n=302, Manufacturing n=87, Technology n=50, Finance n=46, Retail n=32, Construction n=29

Colored text signifies 2021 results significantly higher/lower vs. 2020 at 90% confidence

A2. Now, please review this list of risks and click or drag to rank 1 as the risk that is most concerning for your business, 2 as the next most concerning, etc. for your top 5 rankings.



Methodology

HawkPartners surveyed 302 decision makers at U.S. mid-sized businesses.

Method:

2021 results from a 10-minute online survey conducted between August 5 - 17, 2021.

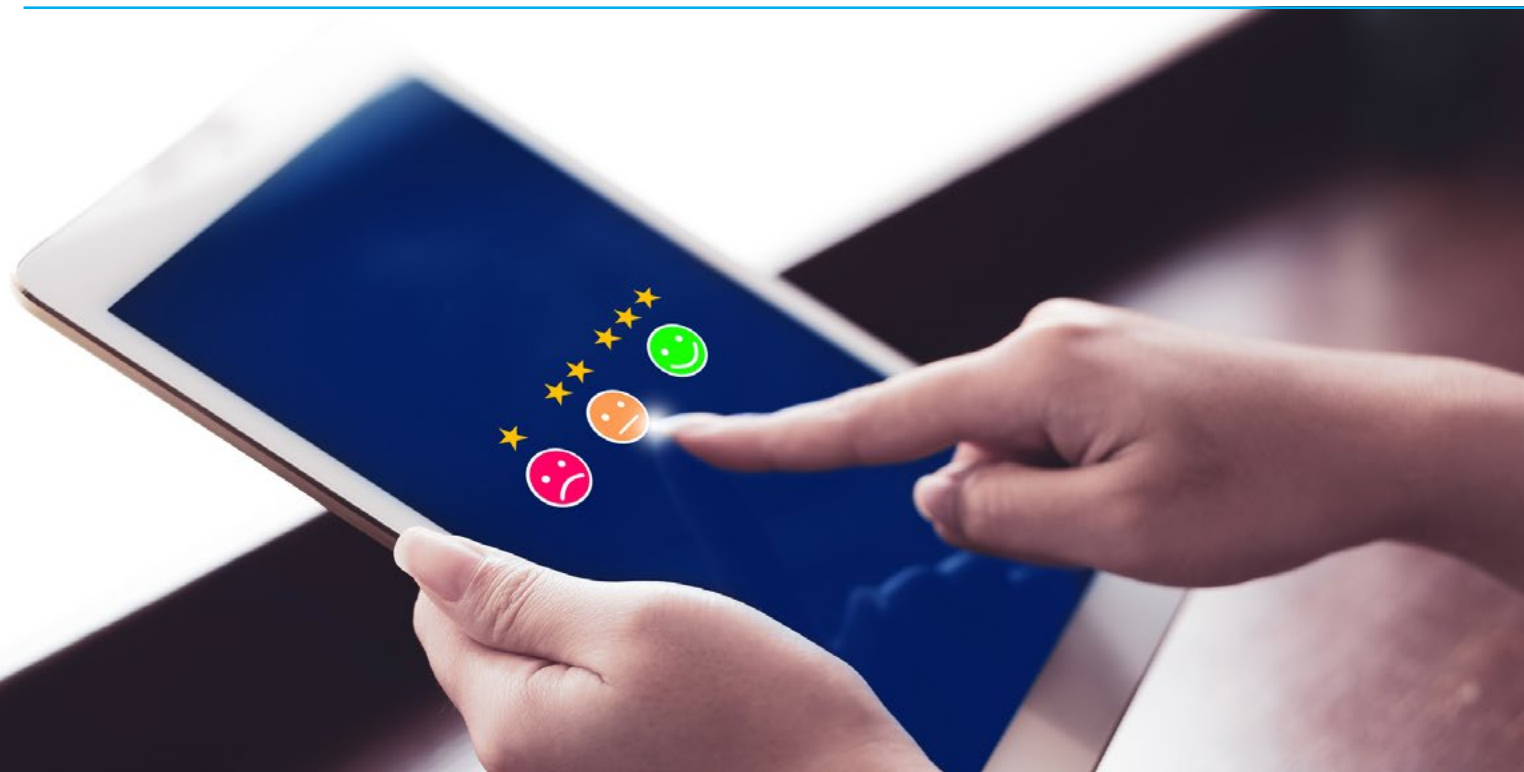
2020 results from a survey conducted between June 24 - July 8, 2020.

All respondents were sourced from an online panel.

Key Screening Criteria:

- Business with annual revenue between \$200 million - \$3 billion
- Title of Director or more senior
- Makes or has significant influence on decisions regarding managing business risk
- Works in target industry: construction, electronics, finance/banking, food and beverage, healthcare, hospitality, insurance, manufacturing, professional services, real estate, retail/consumer goods, technology/computer services, and wholesale/distribution
- Age 22 and older

Business Revenue	2021	2020
\$200-\$499M	104	107
\$500M-\$1B	88	99
\$1B-\$3B	111	96
Total	303	302



About HawkPartners

HawkPartners is a full-service marketing strategy and market research firm that blends insightful customer research with distinctive marketing strategies for global leaders. We partner with Fortune 500 clients across the Americas, Europe and Asia to solve tough marketing challenges. Headquartered in Boston, the firm has offices in Chicago, New York, Philadelphia, San Francisco and Washington, DC. Learn more at hawkpartners.com.

About QBE North America

QBE North America is a global insurance leader focused on helping customers solve unique risks, so they can focus on what matters most. Part of QBE Insurance Group Limited, QBE North America reported Gross Written Premiums in 2020 of \$4.8 billion. QBE Insurance Group's results can be found at qbe.com. Headquartered in Sydney, Australia, QBE operates out of 27 countries around the globe, with a presence in every key insurance market. The North America division, headquartered in New York, conducts business primarily through its insurance company subsidiaries. The actual terms and conditions of any insurance coverage are subject to the language of the policies as issued. QBE insurance companies are rated "A" (Excellent) by A.M. Best and "A+" by Standard & Poor's. Additional information can be found at qbe.com/us, or follow QBE North America on Twitter @QBENorthAmerica.

About the Association for Corporate Growth

Founded in 1954, ACG is the premier M&A dealmaking community with 59 chapters worldwide. ACG's global network comprises more than 100,000 middle-market professionals who invest in, own and advise growing companies. ACG's mission is to drive middle-market growth. ACG reaches its audience through its content-rich media channels, including its award-winning flagship publication Middle Market Growth®, which dives into emerging trends; GrowthTV, which brings those stories to life; and podcasts that provide in-depth conversations with industry thought leaders. Learn more at acg.org, or follow ACG on Twitter @ACGGlobal.

