Beazley Logo

Press Releases

New world, new risks: Beazley research highlights business resilience to key risk areas

July 01, 2021

Supply chain, regulatory and business interruption risk felt most acutely but confidence is high in ability to manage pandemic and cyber risk.

Specialist insurer Beazley has launched the first in a series of reports that will provide a benchmark for business resilience to and appetite for risk post pandemic. The report also assesses the extent to which insurance is providing the safety net and support organisations need.

Beazley's Risk & Resilience series is based on a survey of 1,000 senior executives in the US and UK across 10 industry sectors plus additional insight from in-depth interviews with a panel of seasoned risk and insurance industry experts.

The first report: 'New world, new risks: How are businesses' attitudes to risk and resilience changing?' is published today. It delves into executives' sentiments towards four key risk areas: technology, business, environmental and political & economic.

With Covid-19 having become the biggest catalyst of operational and strategic change in a generation, the report also examines how this health crisis has impacted leaders' sense of resilience and ability to manage risk now and in the future.

New world, new risk: report highlights

- According to the research, 85% of leaders consider the current business environment to be moderate to high risk. It is technology and business-related risks that worry them most, however they believe them the easiest to manage.
- While 37% rank technology as the highest category of risk currently

affecting their organisation, this is followed by business (33%), political & economic (18%) and environmental (12%).

- Cyber is the technology risk highest on leaders' lists of concerns however they also feel relatively well prepared to handle it, with 44% feeling 'very prepared' to manage their cyber risk.
- Like cyber, pandemic is seen as high risk yet respondents also feel well prepared to manage it. This sits within the 'environmental' category, which is the lowest ranked risk overall. This does not necessarily mean leaders do not worry about environmental risk but they may consider it less pressing or harder to directly influence than other risk categories.

Resilient mindsets

Respondents ranked risks according to how significant they are to their business and in turn how resilient they felt to them. Where businesses arguably want more support from the insurance and risk management sector are within the high risk-low resilience threat categories. These include interconnected and more complex areas of risk including supply chain, business interruption, climate change, political, legislation and regulation, disruption and disintermediation, and environmental.

Nine in 10 leaders currently feel their businesses are either moderately (56%) or highly (35%) resilient, while there is a strong sense of optimism for the future with 85% expecting to feel more resilient in 12 months' time.

Industry responses differ

Unsurprisingly there are wide disparities in how resilient different sectors feel to risk, with the force of the pandemic likely to be a key influence on current states of mind.

Sectors that feel more resilient compared to 12 months earlier include technology, media & telecoms, financial institutions and, to a lesser extent, healthcare & life sciences. Sectors feeling less resilient include hospitality & entertainment – perhaps one of the hardest hit by lockdown restrictions – and the public sector including education.

Commenting on the findings, **Lou Ann Layton, Beazley's Head of Broker Relations & Marketing**, said: "We have carried out this research at a time of significant change for almost every organisation and industry. The insights captured in this report help us bridge knowledge gaps and build greater understanding among the insurance industry of what firms need from us now and in the future.

Bethany Greenwood, Head of Cyber & Executive Risk and Interim Co-Chief Underwriting Officer at Beazley, added: "One of the key learnings from the pandemic is that, by and large, businesses have survived, adapted and thrived. Almost half feel more resilient than one year ago and 84% are confident they will be even more resilient in a year's time.

"This is incredibly positive given the challenges businesses have had to contend with over the last 16 months. However despite the green shoots of economic recovery we are all aware we are not out the woods

with this virus. As lockdowns end and government stimulus packages are withdrawn, organisations will need a clear view of their evolving risk exposures. The insurance industry's role in supporting clients to proactively manage their less predictable and harder to quantify risks is even more important to help build overall resilience."

Beazley's next Risk & Resilience report will focus on business leaders' approaches to managing their risk and their views on the effectiveness of their insurance. **Risk in a new world order: How can we meet clients' changing needs?** will be published on 15th July.

Over the coming months Beazley will publish deep-dive reports analysing leaders' attitudes to the key risk areas of technology including cyber, business, environmental and political & governance. Keep up to date with the latest findings on our website here: www.beazley.com/risk-resilience

Home

©Beazley Group | LLOYD's Underwriters