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2016 Travelers Risk Index Online
For the complete package of the 2016 Travelers Risk Index, which includes an expanded set of charts for download as well as related content and other key materials, visit travelers.com/prepare-prevent/risk-index/business/index.aspx
Introduction

In 2013, Travelers launched its risk index, an annual study to assess Americans’ perceptions about risk. What worries them most in a changing world? How intense are the potential threats they see today and in the future? What steps, if any, do they take to prepare for these risks?

This year, Travelers, with Hart Research Associates, surveyed 1,001 consumers between the ages of 18 and 69. Travelers also surveyed 1,202 business owners and decision makers, including 493 small businesses (2 to 49 employees), 453 midsized businesses (50 to 999 employees) and 256 large businesses (1,000+ employees). The survey included 11 specific industry sectors.

The report breaks out the findings by consumer and business attitudes, and also highlights where consumers and businesses share similar concerns. On the following pages, we describe in detail the general level of risk perceived by both consumers and business leaders, as well as their specific risk concerns.

Executive summary

Consumers and businesses share concerns in several areas, including those related to cyber threats, workforce changes, financial matters, driving issues and severe weather. However, each also revealed unique concerns.

Consumers

A majority of American consumers (56%) continue to believe that their world is becoming a riskier place. They also rate distracted driving as a risk, with more than 90% rating it as at least somewhat concerning. New survey questions about emerging risks revealed consumers were also concerned about global/political conflict, terrorism and social unrest.

Business

In contrast, fewer business leaders this year than last (41% vs. 44%) say the world is becoming riskier for them. Factors they worry about that could disrupt their operations are supply chain interruptions; worker injury; and severe, damaging weather resulting in business interruption. When asked about emerging risks, business leaders identified workforce and technology changes as the most worrisome, but also noted empowered consumers, e-business and energy issues as potentially challenging.
Shared concerns

Consumers and business leaders shared concerns in several areas:

Cyber risks

Consumers and business leaders alike worry about technology-related risks. Among all businesses, 54% worry some or a great deal about cyber risks. Similarly, 51% of consumers worry some or a great deal about this threat.

Among consumers, women, more than men, worry about cyber risks. On the threat of accounts being hacked, 68% of women worry some or a great deal, compared with 56% of men.

Driving issues

Distracted driving remains a major concern among Americans. More than 9 in 10 consumers rate distracted driving as at least somewhat of a concern. Close to one-third of businesses cite distracted driving as a worry. In addition, 65% of businesses have employees who use a personal auto for business purposes.

A changing workforce

A changing workforce, driven by demographic changes, technological advances and a global economy, is a concern shared by both business leaders and consumers. Of all businesses surveyed, 49% listed a changing workforce as the most worrisome trend they face. Fifty percent indicated they worry some or a great deal about being able to attract and retain talent and skilled staff.

Consumers see trends in jobs moving overseas and changing job requirements as cause for concern. Among consumers, 27% worry about keeping pace with new workforce requirements. Concern over changing workforce needs is highest among those ages 18 to 39 (32%) and lowest among those ages 55 to 69 (19%).

Financial concerns

As in years past, financial concerns are leading worries for both consumers and business leaders. A large majority of consumers (70%) worry some or a great deal about financial concerns, frequently citing worry about unemployment/job security, financial hardship and the economy. Businesses worry about medical cost inflation and employee benefit costs.

Changing weather risks

Risks associated with climate volatility and severe weather remain a concern for both businesses and consumers, with many saying they believe severe weather is occurring often and becoming more disruptive. The greatest weather-related concern among businesses is business interruption, cited by 40% of all firms.

Among consumers, 61% believe severe weather is becoming more frequent across the country, a decline from 67% in 2015; 39% believe damage to their property, homes or automobiles is more likely.

Mitigation

Both consumers and businesses take some measures to mitigate their exposure to risk.
A closer look at consumers and businesses

While the survey identified areas where consumers and businesses share concerns, each has its own set of unique worries. The following sections look more closely at each group and provide more details of how segments within each group view their risks.

THE CONSUMER VIEW

Overview

A majority of Americans (56%) feel that the level of risk they face is increasing, although that percentage has declined gradually since 2013.

Risk perception varies with age

Americans 40 and older feel higher levels of risk compared with 18- to 39-year-olds, and Americans 55 to 69 are inclined to view the world as becoming more risky; 61% feel this way, compared with 57% of 40- to 54-year-olds and 52% of 18- to 39-year-olds.

Americans worry most about finances

Financial concerns and risks continue to be the top concern of Americans, followed by worries over personal safety, privacy loss and identity theft, and transportation/travel risks.

Emerging risks creating concern

When respondents were asked which of 10 emerging risks posed the greatest risk to them personally or to their family over the next five years, global/political conflict (including terrorism and social unrest) was at the top of the list. Fifty-seven percent chose this as the greatest emerging risk. Age is a significant factor: 64% of older Americans chose this, compared with 54% of those ages 18 to 39 and 56% ages 40 to 54.

This was followed by cyber risks (from the increased use of internet-connected devices) at 32% and American jobs moving overseas (31%). Concern also rises with age – only 27% of those 18 to 39 are concerned about jobs going overseas, in contrast to 36% for those 55 to 69.

Younger Americans, 18- to 39-year-olds, worry more than those over 40 about workforce issues (American jobs moving overseas and changing workforce needs) and environmental issues (climate/weather volatility and constrained natural resources).
Key findings

Financial concerns

The general category of financial risk continues to be the leading consumer worry, with 70% saying they worry some or a great deal about this. Consumers cite job loss, money problems and the economy among issues of concern.

The level of concern decreases with rising income. Of those with household income below $90,000, 74% worry some or a great deal about financial risks, compared with 61% in households with income above $90,000.

Personal safety

Personal safety concerns and risks takes second place after financial concerns and risks, moving up from fourth place in 2015. About 6 in 10 Americans (59%) say they worry some or a great deal about this risk, with women ahead of men, 64% versus 54%. Specific concerns included car wrecks (17%); crime, such as robbery or home invasion (13%); and terrorism (9%).

Personal privacy loss/identity theft

Coming in third behind personal safety concerns and risks is personal privacy loss and identity theft, about which 55% of Americans worry some or a great deal. Age makes a significant difference in this concern. Forty-nine percent of 18- to 39-year-olds worry at least some, while at least 60% of those in each older subgroup (ages 40 to 54 and 55 to 69) worry some or a great deal about privacy loss and identity theft.

Transportation/travel concerns and risks

Concern about travel and transportation risks has increased, moving from sixth in 2015 at 42% to fourth in 2016, with 54% of Americans worrying some or a great deal about this. Nearly 1 in 5 Americans (17%) see traffic accidents and car crashes as a top-of-mind worry.

Cyber risks

About half of Americans (51%) see cyber, computer, technology, data breaches and related risks as things they worry about some or a great deal. However, these concerns fell to fifth place this year, from third place in 2015. Worry about cyber risks increases with age, ranging from 47% of 18- to 39-year-olds compared with 56% of 55- to 69-year-olds. The leading concern in this area is the threat that bank or financial accounts will be hacked, a worry for 62% of Americans. Women, at 68%, are more concerned about this than men (56%).
Other findings

Distracted driving

In a steadily rising trend since the survey began in 2013, more than 9 in 10 Americans (92%) are now at least somewhat concerned about distracted driving and 58% rate it as a major concern. In 2013, 84% were concerned, with the number rising to 85% in 2014 and 87% in 2015. At 61%, women outnumber men (55%) in seeing this as a major concern. Age, too, is a factor: 64% of those over 55 have major concern, versus 52% of those under 40.

Americans are more concerned about risk of an accident caused by another driver’s distraction while using a mobile device behind the wheel (76%) than they are about their own distraction (33%). And 48% worry at least some about striking a pedestrian who is distracted while using a mobile device.

**Concern about Distracted Driving Shows a Steady Rise from 2013, with Nearly 6 in 10 Considering This a Major Concern in 2016**

<table>
<thead>
<tr>
<th>Year</th>
<th>Major Concern</th>
<th>Somewhat of a Concern</th>
<th>Not a Concern at all</th>
<th>Not much of a concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Adults</td>
<td>58%</td>
<td>55%</td>
<td>61%</td>
<td>64%</td>
</tr>
<tr>
<td>Men</td>
<td>55%</td>
<td>57%</td>
<td>62%</td>
<td>68%</td>
</tr>
<tr>
<td>Age 18 to 39</td>
<td>52%</td>
<td>47%</td>
<td>61%</td>
<td>72%</td>
</tr>
<tr>
<td>Age 40 to 54</td>
<td>42%</td>
<td>47%</td>
<td>65%</td>
<td>82%</td>
</tr>
<tr>
<td>Age 55+</td>
<td>66%</td>
<td>59%</td>
<td>66%</td>
<td>75%</td>
</tr>
<tr>
<td>Northeast</td>
<td>54%</td>
<td>58%</td>
<td>72%</td>
<td>77%</td>
</tr>
<tr>
<td>South</td>
<td>60%</td>
<td>59%</td>
<td>65%</td>
<td>75%</td>
</tr>
<tr>
<td>Midwest</td>
<td>52%</td>
<td>56%</td>
<td>64%</td>
<td>75%</td>
</tr>
<tr>
<td>West</td>
<td>64%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Distracted walking

Nearly half of Americans feel that using a cellphone or smartphone to text, talk or read emails while walking is at least somewhat risky, with 25% giving it a very high risk score. Yet, more than 1 in 4 (27%) say there is little to no risk. The perceived risk of this practice is higher among women than men and increases with age.

**About Half of Americans Feel It is at Least Somewhat Risky to Use a Cellphone or Smartphone While Walking; Again, the Perceived Risk Increases with Age**

How risky would you say it is for you personally to use a cellphone or smartphone to text, talk, read emails, etc. while you are walking?

- **Very high risk**
  - All adults: 25%
    - Men: 21%
    - Women: 28%
    - Age 18 to 39: 20%
    - Age 40 to 54: 25%
    - Age 55+ to 69: 31%
    - City: 24%
    - Suburbs: 23%
    - Small towns/rural: 28%
    - Northeast: 29%
    - South: 22%
    - Midwest: 21%
    - West: 27%
  - 23% Somewhat high risk
  - 12% Moderate risk
  - 13% Low risk
  - 14% No risk
  - 13% I don't do this
Smart home technology

In 2016, the consumer risk survey asked questions about smart home technology and the potential of these technologies to both introduce and reduce risks in people’s lives. Although only small numbers of Americans have adopted smart home technologies such as those for lighting, thermostats and home video monitoring, there is a clear divide among those who have: 20% of respondents in the 40- to 54-year-old group, for instance, have a smart home video monitoring system, compared to 9% of those in the 55- to 69-year-old age group.

The smart home technology risks Americans say are either somewhat or a major concern are:

- Someone gaining unauthorized access to their smart home devices to collect information about their personal habits (49%)
- Hackers breaking into their smart home devices and compromising their security or privacy (48%)
- Forgetting necessary passwords or codes for using their smart home devices (48%)
- Electrical or grid failures taking down their smart home devices and making them inoperable (44%)
- Hackers disabling their home security system and causing property damage to their home (43%)

Severe weather

In 2016, almost two-thirds of Americans (61%) said they believe severe weather across the country is becoming more frequent, with close to 4 out of 10 Americans (39%) indicating that damage to their property, home or auto is more likely. Those in the Northeast anticipate the greater chance of damage from extreme weather (46%), while Westerners are the least likely to report higher risk of damage (29%).

Home-sharing/Ride-sharing

For the first time, the survey looked at the sharing economy and the risk exposures this creates. A very small minority of Americans have participated as drivers in ride-sharing or as hosts in home-sharing. However, among those who have, many have not checked their home or auto insurance policies to ensure that they are covered adequately for these types of activities.

IN 2016, A MAJORITY OF CONSUMERS CONTINUE TO FEEL THAT SEVERE DAMAGING WEATHER IS BECOMING MORE FREQUENT ACROSS THE U.S.; FEWER FEEL THIS WAY FOR THEIR LOCAL AREAS

Perception of severe damaging weather in the past few years

<table>
<thead>
<tr>
<th>Year</th>
<th>Adults in the U.S.</th>
<th>In my local area</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>70%</td>
<td>3%</td>
</tr>
<tr>
<td>2014</td>
<td>64%</td>
<td>5%</td>
</tr>
<tr>
<td>2015</td>
<td>67%</td>
<td>5%</td>
</tr>
<tr>
<td>2016</td>
<td>61%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Becoming more frequent

- NORTHEAST 48%
- SOUTH 41%
- MIDWEST 37%
- WEST 33%
- TORNADO ALLEY 40%
- HURRICANE ZONE 42%
- BRUSH FIRE AREA 35%
- BLIZZARD AREA 40%
Preparing for risk

Having a plan
More than half of consumers indicated they have a plan for what to do before and after a severe weather event. Among those without a plan, about 4 out of 10 would like more information to help them be better prepared (both before and after a severe weather event).

BY AREA, AMERICANS IN THE SOUTH AND TORNADO ALLEY ARE THE BEST PREPARED BEFORE AND AFTER EXTREME WEATHER, AS ARE THOSE IN SMALL TOWNS AND RURAL AREAS

When it comes to weather that might occur in my area:

<table>
<thead>
<tr>
<th></th>
<th>I HAVE A PLAN FOR WHAT I SHOULD DO BEFORE IT</th>
<th>I HAVE A PLAN FOR WHAT I SHOULD DO AFTER IT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL ADULTS</td>
<td>63%</td>
<td>58%</td>
</tr>
<tr>
<td>NORTHEAST</td>
<td>55%</td>
<td>53%</td>
</tr>
<tr>
<td>SOUTH</td>
<td>73%</td>
<td>68%</td>
</tr>
<tr>
<td>MIDWEST</td>
<td>70%</td>
<td>59%</td>
</tr>
<tr>
<td>WEST</td>
<td>48%</td>
<td>47%</td>
</tr>
<tr>
<td>TORNADO ALLEY</td>
<td>68%</td>
<td>67%</td>
</tr>
<tr>
<td>HURRICANE ZONE</td>
<td>65%</td>
<td>60%</td>
</tr>
<tr>
<td>BRUSH FIRE AREA</td>
<td>54%</td>
<td>52%</td>
</tr>
<tr>
<td>BLIZZARD AREA</td>
<td>61%</td>
<td>55%</td>
</tr>
<tr>
<td>CITY</td>
<td>58%</td>
<td>53%</td>
</tr>
<tr>
<td>SUBURBS</td>
<td>63%</td>
<td>59%</td>
</tr>
<tr>
<td>SMALL TOWN/RURAL</td>
<td>68%</td>
<td>63%</td>
</tr>
<tr>
<td>AGE 18 TO 39</td>
<td>59%</td>
<td>57%</td>
</tr>
<tr>
<td>AGE 40 TO 54</td>
<td>61%</td>
<td>55%</td>
</tr>
<tr>
<td>AGE 55 TO 69</td>
<td>70%</td>
<td>62%</td>
</tr>
</tbody>
</table>
Other risk prevention measures
When it comes to protecting their home and property, the most common risk prevention measure Americans take is installing carbon monoxide and smoke detectors. Nearly 4 in 5 homeowners in particular do this (79%), compared with 73% of all consumers. Other common measures include annual car safety checks (71%) and keeping food, water and flashlights on hand for severe weather events (59%). Only 50% have an evacuation plan in the event of severe weather or a natural disaster.

Evaluating insurance needs
More than half (56%) of those surveyed review their insurance needs at least once a year, while 15% say they rarely or never do so. Renters do so more than homeowners (61% versus 54%), as do younger consumers (60%), compared with older consumers (56%).
Overview

In the 2016 risk survey, businesses report being less guarded in their risk outlook than previous years. However, two emerging trends – a changing workforce and the fast pace of technological change – are viewed as posing the greatest risks to businesses over the next five years.

Top worries consistent with 2015

Top concerns are consistent with prior years’ survey results, with small business owners typically worrying less about the top risks. All businesses still worry most about medical cost inflation and the rising cost of employee benefits. They also worry about cyber risks, including data breaches; legal liability; and the challenge of attracting talented and skilled staff – although the levels of worry on those risks have declined by several points.

“Riskier” view declining

The survey found that businesses overall are less anxious about the changing risk environment. Those seeing it as more risky dropped from 44% in 2015 to 41% this year. Large businesses led the decline, dropping from 52% to 44%. For midsized businesses, the decline was from 47% to 43%, while small business perception held steady at 36%.

Risks from emerging trends worrisome

This year the Travelers Risk Index introduced a question about emerging trends and the risks they may pose to American businesses over time. Across businesses of all sizes, the ranking among the seven trends is nearly identical, with a changing workforce and changing technology at the top of each list.

As the workforce changes, the ability to retain experienced or skilled workers in a competitive labor market is an issue, with 43% of all businesses worrying some or a great deal. The ability to attract and hire qualified workers to replace baby boomers as they retire is a concern to 39%, followed closely by the cost of training new workers at 37%. Nearly one-third (29%) worry about the implications of millennials entering the workforce.

Unprepared for biggest concerns

When it comes to mitigating risk, many businesses indicated that they’re least prepared to deal with the top three that cause them the most concern: 59% worry a great deal about medical cost inflation, yet 31% feel unprepared to manage the risk; 56% worry about rising benefit costs, but 21% feel unprepared; and 54% worry about cyber risks, with 25% feeling unprepared.
Seven Trends - top trends believed to pose the greatest risk over the next 5 years

Changing workforce: Such as an aging workforce, the influx of millennials and changing workforce skill availability

Technological change: Such as greater connectivity of objects and people through the internet, increased automation, the emergence of autonomous vehicles, etc.

Empowered customers: Individuals’ and businesses’ rising expectations relative to speed, convenience and customization, and their increased access to data and information to inform shopping and purchase decisions

e-business: The increasing use of digital, including mobile platforms, to conduct commerce

Energy dynamics: Including fluctuating energy costs, renewable energy and the emergence of alternative energy sources

Climate and weather volatility: More frequent and severe storms, changing climate patterns

The sharing economy: As evidenced by the emergence of businesses such as Uber, Airbnb and Zipcar

Key findings

Medical cost inflation and benefit costs

Medical cost inflation continues to rank as the highest concern among all businesses, cited by 59% of respondents. Concern about rising benefit costs came in second, cited by 56%, consistent with 2015. However, results vary by business size. Only 50% of small businesses (2 to 49 employees) cite medical cost inflation as a major concern, compared with 52% of large businesses (1,000+ employees) and 70% of midsized businesses (50 to 999 employees). Forty-three percent of small businesses worry about rising benefit costs, compared with 49% of large businesses and 70% of midsized businesses.

Attracting and retaining talent

The ability to attract and retain qualified workers concerns all businesses, but the greatest concern is retaining the workers whose skills and experience they value (43% of all businesses worry about this). Attracting and hiring new qualified workers is a close second (39%), followed by concerns about the cost and time involved in training new workers (37%). Business size is a factor in retention. Midsized and large businesses express the most concern at 50% and 48%, respectively, and small businesses the least at 31%.
Legal liability, including risk of being sued

Professional mistakes, including errors and omissions (39%), rank among the top legal liability risks for all businesses, followed closely by employee lawsuits alleging discrimination, harassment, wrongful termination and other employment-related claims (36%). Other legal liability concerns include driving accidents caused by employees (30% of all companies worry about this), and faulty products or products that harm customers (24% worry about this). As is the case for many types of risks, midsized and large businesses are more likely than small businesses to worry about specific legal liability risks.

Cyber and data breach risks

Although overall concern about cyber risks declined from last year to third place across all businesses (58% to 54%), cyber threats remain the primary concern for large businesses. Sixty-one percent of these business leaders list cyber issues as the primary risk they face. This is driven by increases in external data breaches or cyber attacks, reported by 23% of large firms.

At 39%, small businesses ranked cyber risk in fifth place among their worries. Midsized businesses listed it third, with 61% worrying some or a great deal about the threat. Among small businesses, 89% said they have not experienced a breach or attack; 80% of midsized businesses reported no breaches. Businesses clearly worry more about malicious or criminal cyber attacks (56%) than they do about human error (23%) or system malfunction (22%).

FULL LIST OF CYBER RISKS AND CONCERNS

Proportions who say they worry a great deal or some about each concerning their company

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>All businesses</th>
<th>Small businesses</th>
<th>Midsized businesses</th>
<th>Large businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECURITY BREACH: SOMEONE HACKING INTO COMPUTER SYSTEM</td>
<td>49%</td>
<td>36%</td>
<td>56%</td>
<td>53%</td>
</tr>
<tr>
<td>COMPUTERS BECOMING DAMAGED, GOING DOWN</td>
<td>48%</td>
<td>45%</td>
<td>48%</td>
<td>51%</td>
</tr>
<tr>
<td>SOMEONE GAINING ACCESS TO BANKING ACCOUNTS OR FINANCIAL CONTROL SYSTEMS</td>
<td>46%</td>
<td>42%</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>EMPLOYEES PUTTING INFORMATION/SYSTEMS AT RISK THROUGH UNSAFE COMPUTING PRACTICES OR BY USING PERSONAL DEVICES FOR BUSINESS</td>
<td>45%</td>
<td>30%</td>
<td>53%</td>
<td>54%</td>
</tr>
<tr>
<td>HAVING THE RESOURCES AND KNOW-HOW TO RECOVER FROM DATA-RELATED BREACHES</td>
<td>42%</td>
<td>35%</td>
<td>45%</td>
<td>46%</td>
</tr>
<tr>
<td>POTENTIAL FOR THEFT OR LOSS OF CONTROL OF CUSTOMER OR CLIENT RECORDS</td>
<td>41%</td>
<td>28%</td>
<td>45%</td>
<td>52%</td>
</tr>
<tr>
<td>REMOTE ACCESS OR HACKING INTO SUPERVISORY CONTROL SYSTEMS OR OTHER BUSINESS OPERATIONAL SOFTWARE SYSTEMS</td>
<td>40%</td>
<td>27%</td>
<td>44%</td>
<td>49%</td>
</tr>
<tr>
<td>SHORTAGE OF SKILLED CYBER SECURITY TALENT THAT CAN KEEP AHEAD OF CYBER THREATS</td>
<td>36%</td>
<td>24%</td>
<td>39%</td>
<td>49%</td>
</tr>
<tr>
<td>USING ONLINE CLOUD STORAGE FOR DATA OR INFORMATION</td>
<td>34%</td>
<td>26%</td>
<td>39%</td>
<td>38%</td>
</tr>
<tr>
<td>COMPANY BEING A VICTIM OF CYBER EXTORTION</td>
<td>31%</td>
<td>23%</td>
<td>31%</td>
<td>43%</td>
</tr>
<tr>
<td>SOMEONE USING EMAIL OR OTHER SOCIAL ENGINEERING TECHNIQUES TO FOOL EMPLOYEES INTO TRANSFERRING COMPANY FUNDS ERRONEOUSLY</td>
<td>31%</td>
<td>19%</td>
<td>33%</td>
<td>44%</td>
</tr>
</tbody>
</table>
Other findings

Auto risk
The survey found that 65% of all businesses have employees who use their personal automobiles for business activities, which exposes them to the potential for legal liability and distracted driving risks. When broken down by industry segment, the industries reporting the highest usage are real estate (77%), professional services (75%), healthcare (70%) and manufacturing (69%).

Supply chain risks
Businesses are concerned about risks to their supply chains. Topping the list of supply chain-related concerns is being unable to get products to customers, which worries 27% of businesses. Other top supply chain concerns are: being unable to get materials from suppliers (25%), receiving goods of poor quality (25%) and having goods damaged in transit (23%). When asked to choose the supply chain risks with the greatest disruptive potential, the top choice across businesses of all sizes is the inability to get materials from suppliers, a worry shared by 32%.

Severe weather risks
While about half of all businesses (51%) feel that severe, damaging weather events have grown more frequent in the U.S., 46% report no change in their own area. Slightly more than half (52%) report that weather changes have had no effect on the likelihood of damage to their property, equipment, facilities or vehicles, while a third (33%) say that they have increased the likelihood of damage.

Complying with government regulations
Understanding and complying with new U.S. laws and regulations that affect their businesses is an important concern, cited by 42% of all business leaders. Other top compliance risks are associated with the continued rollout of the Affordable Care Act (ACA). The costs and expenses related to ACA compliance worry 42% of businesses, while generally complying with the ACA worries 37%. Concern about compliance with OSHA requirements and proposed cyber security legislation ranks slightly lower (33% and 31%, respectively). Small businesses report less concern about each of these risks, compared with midsized and large businesses.
Risk across industry sectors

Top concerns vary from industry to industry across the 11 sectors in the survey. Medical cost inflation led the way for most, but in banking and financial services, the top concern was cyber threats (72%). For real estate, broad economic uncertainty was the main worry (56%). Here are more details across industries.

Transportation

In terms of general risks, medical cost inflation, rising employee benefit costs and legal liability (including the risk of the business being sued) are the top concerns for the transportation industry (71%, 62% and 60%, respectively).

Specific concerns

Other concerns specific to the transportation industry are:

- Rising workers compensation claim costs (52%)
- Company computers being damaged or going down (52%)
- Distracted driving as a cause of accidents (under employee safety risk) (52%)
- Ability to retain skilled/experienced employees in a competitive labor market (45%)
- Driving accidents caused by employees (under legal liability risk) (45%)

Emerging risks

Asked about emerging trends, respondents listed a changing workforce (52%) and the uncertain dynamics of the energy industry (51%) as main causes for concern.
Healthcare

Medical cost inflation is the top risk in the healthcare industry at 67%, followed closely by attracting and retaining talent at 65% and legal liability (including the business being sued) at 61%.

Specific concerns

Other concerns specific to the healthcare industry are:

• Security breach – someone hacking into a company’s computer system (54%)

• Professional mistakes, including errors and omissions (51%)

• Employees putting information or systems at risk through unsafe computing practices or by using personal devices for company business (48%)

• Understanding and complying with new U.S. laws and regulations that impact the business (47%)

Emerging risks

Emerging trends that pose the greatest challenges include empowered consumers (50%), changing workforce (49%) and technological change (47%).
**Construction**

Medical cost inflation, legal liability (including the risk of the business being sued) and rising benefit costs are the top risks for the construction industry at 56%, 56% and 53%, respectively.

**Specific concerns**

Other concerns specific to the construction industry are:

- Employee workplace injury (52%)
- Someone gaining access to company bank accounts or financial control systems (47%)
- Rising workers compensation claims/costs (45%)

**Emerging risks**

The riskiest emerging trend cited by construction industry respondents is a changing workforce at 62%, well ahead of concerns about empowered consumers (33%), energy (31%) and weather and climate threats (30%).

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**Banking and financial services**

For banking and financial services, the top risks were cyber threats (72%), followed by broad economic uncertainty (61%) and complying with laws and regulations (60%).

**Specific concerns**

Other concerns specific to the banking and financial services industry are:

- A security breach – someone hacking into a company’s computer system (59%)
- Potential for theft or loss of control of your company’s customer or client records (50%)
- Understanding and complying with U.S. government laws and regulations that will have an impact on your business (48%)
- Someone using email or other social engineering to fool employees into transferring company funds erroneously (42%)

**Emerging risks**

Looking at worries over emerging trends, technological change tops the list at 55%, followed by concern over competitors’ e-business capabilities (50%) and empowered consumers (42%).
Real estate

Broad economic uncertainty and legal liability (including the risk of the business being sued) are the most worrisome risks for the real estate industry, with 56% saying they worry some or a great deal about these factors, followed by the impact of a global economy (50%).

Specific concerns

Other concerns specific to the real estate industry are:

• Professional mistakes, including errors and omissions (50%)
• Company computers being damaged or going down (50%)
• Someone gaining access to company bank accounts or financial control systems (49%)

Emerging risks

Among emerging trends, this industry cites technological change (44%) and a changing workforce (41%) as the most worrisome.

Manufacturing

Rising employee benefit costs and medical cost inflation loom large as risks in the manufacturing industry, at 72% and 68%, respectively. Cyber risks and broad economic uncertainty follow at 55%, along with the impact of a global economy at 54%.

Specific concerns

Other concerns specific to the manufacturing industry are:

• Rising workers compensation claims/costs (54%)
• Ability to attract and retain qualified workers as the baby boomer generation retires (50%)
• Security breach – someone hacking into a company’s computer system (48%)
• Employee workplace injury (46%)

Emerging risks

The industry sees a changing workforce (61%) and technological change (50%) as the riskiest of emerging trends.
Technology

The technology industry views cyber risks as its chief concern (65%), followed by protecting intellectual property and trade secrets (51%), and attracting and retaining talent (50%).

Specific concerns

Other concerns specific to the technology industry revolve around cyber risks:

• A security break – someone hacking into a company’s computer system (52%)
• Remote access or hacking into supervisory or industrial control systems, or other business operational software systems (50%)
• Your company being a victim of cyber extortion (47%)
• The potential for theft or loss of control of your company’s customer or client records (45%)

Emerging risks

Among emerging trends they worry most about are technological change (52%), empowered consumers (38%) and a changing workforce (35%).

Professional services

The professional services sector sees cyber risks, including data breaches, as the leading risk (55%), followed by medical cost inflation and rising benefit costs at 51% each.

Specific concerns

Other concerns specific to the professional services industry are:

• Professional mistakes, including errors and omissions (51%)
• Someone gaining access to company bank accounts or financial control systems (50%)
• Company computers being damaged or going down (48%)

Emerging risks

Among risky trends, technological change leads at 56%, followed by a changing workforce (44%) and concern over competitors’ e-business capabilities (41%).
**Wholesalers**

Wholesalers see rising employee benefit costs and medical cost inflation as the leading risks at 62% each, followed by broad economic uncertainty at 51%.

**Specific concerns**

Other concerns specific to wholesalers are:

- Someone gaining access to company bank accounts or financial control systems (55%)
- Distracted driving (49%)
- Rising workers compensation claims/costs (51%)
- Becoming unable to get product to consumers or end users (48%)

**Emerging risks**

Among emerging trends, a changing workforce is viewed as the most challenging for this industry at 42%, followed by technological change (39%), empowered consumers (39%) and e-business (39%).

**Retail**

The general risks that most concern risk managers in the retail industry are medical cost inflation, which 58% say worries them a great deal or somewhat; increasing employee benefit costs (52%); and cyber risks and data breaches (51%).

**Specific concerns**

Other specific concerns cited by respondents in the retail industry are:

- Someone gaining access to company bank accounts or financial control systems (46%)
- Employees putting information or systems at risk through unsafe computing practices or by using personal devices for company business (46%)

**Emerging risks**

Trends that elicit the most concern in the retail sector are empowered consumers (40%) and a changing workforce (39%).
Nonprofit organizations

Nonprofit risk managers, when compared to those of other industries, are more apt to worry about a large number of general risks. A majority worries a great deal or some about eight different items. Topping the list is medical cost inflation (69%), followed by increasing employee benefit costs (66%) and attracting and retaining talent (66%).

Specific concerns

Other concerns specific to nonprofit organizations center mostly around cyber risks and legal liability (including the risk of the business being sued):

- Employees putting information or systems at risk through unsafe computing practices or by using their personal devices for company business (59%)
- Having the resources and know-how to recover from data-related breaches (49%)
- Professional mistakes, including errors and omissions (46%)
- Employee lawsuits alleging discrimination, harassment or wrongful termination, and other employment-related claims (45%)

Emerging risks

A changing workforce is the most worrisome trend (55%), followed by technological change (48%).
Risk management expertise

While businesses use a wide range of measures to prevent or mitigate common risks, many could be doing more. The survey found that roughly 2 out of 5 organizations do not safeguard the security of their premises (42%), conduct employee safety training (42%), post emergency exit plans (40%), or have emergency contact plans to reach employees or their families (39%).

Nearly 1 in 4 small businesses have a business continuity plan (28%), compared with midsized businesses (57%) and large businesses (65%). In addition, only 31% of businesses say they are very confident that they are appropriately and adequately insured.

RISK MITIGATION MEASURES FOCUS ON ON-SITE THREATS TO EMPLOYEES, AND REACHING THEM AND THEIR FAMILIES

Proportions saying their company is doing, or has done, each of the following

<table>
<thead>
<tr>
<th>Proportion</th>
<th>%</th>
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<tbody>
<tr>
<td>Have means to reach employees/family in case of extreme emergencies/crisis</td>
<td>61</td>
</tr>
<tr>
<td>Have emergency exit plan</td>
<td>60</td>
</tr>
<tr>
<td>Provide employee safety training</td>
<td>58</td>
</tr>
<tr>
<td>Have secure premises (security guards, well-lit parking, door locks)</td>
<td>58</td>
</tr>
<tr>
<td>Review data security plans and practices</td>
<td>50</td>
</tr>
<tr>
<td>Have regular plant safety inspections to identify structural, electrical, physical risks</td>
<td>46</td>
</tr>
<tr>
<td>Are prepared for extreme weather/natural disasters (flashlights, drinking water and food)</td>
<td>39</td>
</tr>
<tr>
<td>Establish practices for transferring knowledge from retiring/leaving workers to new</td>
<td>39</td>
</tr>
<tr>
<td>Implement an employee wellness program</td>
<td>37</td>
</tr>
<tr>
<td>Employee data protection education/practices (monitor flash drive usage, track downloads)</td>
<td>35</td>
</tr>
<tr>
<td>Have cyber/data breach response plan</td>
<td>32</td>
</tr>
<tr>
<td>Have emergency panic button (connected directly to 911 or other security response)</td>
<td>27</td>
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About Hart Research Associates
Hart Research Associates is one of the leading research firms in the United States and has been at the cutting edge of change in public opinion since its founding in 1971. During that time, the firm has conducted more than 8,000 public opinion surveys and 7,500 focus groups and in-depth interviews, talking with more than five million individuals across the United States and beyond.

About Travelers
The Travelers Companies, Inc. (NYSE: TRV) is a leading provider of property casualty insurance for auto, home and business. A component of the Dow Jones Industrial Average, Travelers has approximately 30,000 employees and generated revenues of approximately $27 billion in 2015.

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