



2007 Chubb International Risk Survey Highlights

THE 2007 CHUBB INTERNATIONAL RISK SURVEY of 242 C-level executives and risk managers was conducted March 12-30, 2007.

The major findings include:

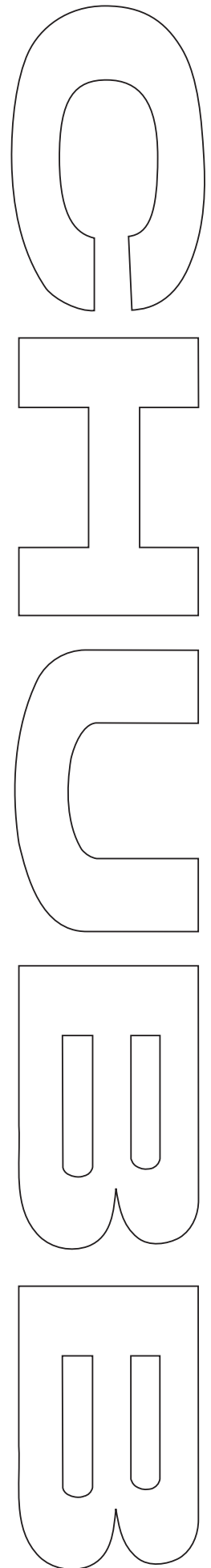
- ❖ Businesses plan to continue to grow their operations outside the United States and Canada during the current year.
- ❖ Company executives are concerned about the risks that their international operations pose to their firms.
- ❖ The top external forces that would have the greatest financial impact on a company's overseas business operations or the business it conducts abroad are increased competition, rising fuel costs and the devaluation of the dollar.
- ❖ Terrorism, natural catastrophes and executive protection risks increasingly are putting organizations at risk overseas.
- ❖ Relatively few organizations are studying the impact of global warming on their business.

MORE DETAILS ON THE FINDINGS

Businesses plan to continue to grow their operations outside the United States and Canada during the current year.

- ❖ About three-fourths (76%) of the respondents indicated that their company is likely to expand its operations in 2007.
- ❖ The vast majority of all respondents (86%) anticipated that revenue from their operations outside the United States/Canada is likely to increase over the next five years. Thirty-four percent of all respondents indicated this revenue would increase substantially.
- ❖ Respondents expected that their operations outside the United States/Canada would grow during 2007 in a variety of ways:
 - Expansion of operations (76%);
 - Introduction of new products (72%);
 - Increase employee headcount (66%);
 - Open a plant or office (62%); and
 - Acquisition of another company (47%).

(continued)



Company executives are concerned about the risks that their international operations pose to their firms.

- ❖ While 42% of survey respondents noted that international and domestic risks pose an equal threat to their company, 27% said international risks pose a greater threat.
- ❖ More C-level executives (43%) are concerned that international risks pose a greater threat to their company than domestic risks, compared to 16% of risk managers.

The top external forces that would have the greatest financial impact on a company are:

- ❖ Increased competition (22%);
- ❖ Rising fuel costs (15%);
- ❖ Devaluation of the dollar (14%);
- ❖ Rising interest rates (12%);
- ❖ International trade restrictions (12%); and
- ❖ Increased government regulation (9%).

Terrorism, natural catastrophes and executive protection risks increasingly are putting organizations at risk overseas.

- ❖ The top threat posed by an organization's overseas business operations or the business it conducts abroad is terrorism (18%). One in four risk manager respondents (24%) noted that natural catastrophes such as hurricanes and earthquakes are the top threat compared to one in four C-level executives (24%), who cited terrorism as the top threat.
- ❖ More than one-half of the respondents (55%) noted that directors and officers liability is becoming a more significant source of risk outside the United States/Canada.
 - C-level executives differed in their responses compared to risk managers. C-level executives (59%) noted that employment practices liability is becoming a more significant source of risk outside the United States/Canada followed by fiduciary liability (58%) and directors and officers liability (55%). Risk managers cited directors and officers liability (55%), employment practices liability (43%) and fiduciary liability (35%).

Relatively few organizations are studying the impact of global warming on their business.

- ❖ One in four respondents (25%) indicated that their organization is studying the impact of global warming on their business.

SURVEY METHODOLOGY The survey was conducted jointly by Opinion Research Corporation, a worldwide research and consulting firm based in Princeton, NJ, and the Chubb Group of Insurance Companies, Warren, NJ. Of the respondents, 59% oversee their company's insurance/risk management program, 15% are chief operating officers or presidents, 13% are chief financial officers and 13% are chief executive officers. About 38% of the companies are privately owned and 54% are publicly owned. Manufacturing companies made up 42% of the firms surveyed, and 17% are financial services companies. About 65% of the companies have revenues in excess of \$500M, 18% have revenues of \$100M to \$500M and 15% have revenues of \$10M to \$100M.

