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MIDDLE MARKET INDICATOR: MID-YEAR 2022

# An overview of the Middle Market and its dynamics

Partnering with the National Center for the Middle Market (NCMM), we surveyed 1,000 executives from Middle Market companies. Here are the results, which show the general business trends and evolving risks affecting this segment.

KEY FINDINGS

# 01 Middle Market companies continue recovery and growth

Two years beyond the COVID-19 shock, Middle Market firms have sustained their economic recovery:

- **More than two-thirds** say they're doing better than before the pandemic and have improved their performance
- Mean revenue growth and employment growth remain strong **at all-time highs** for the survey

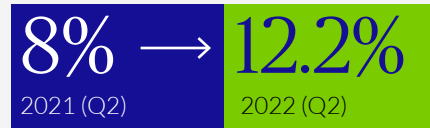
But the outlook is mixed:

- In the next year, more than half of Middle Market companies see opportunities to:
  - Introduce a new product or service or
  - Expand into new domestic markets
- Meanwhile, confidence in the economy at all levels has taken a hit
  - And confidence in the national economy has declined sharply, falling 19 points from a year ago
  - As a result, fewer companies expect gross revenue to grow in the next year

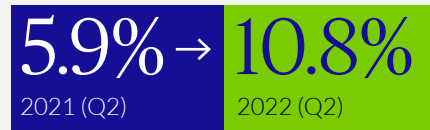
## The data behind the findings

### STRONG PERFORMANCE CONTINUES

#### Mean revenue growth



#### Mean employment growth

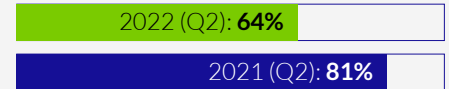


### Companies who say their performance has improved over the past year

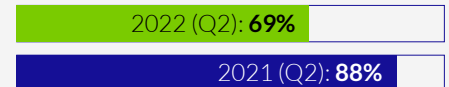


### BUT CONFIDENCE IN THE ECONOMY HAS FALLEN

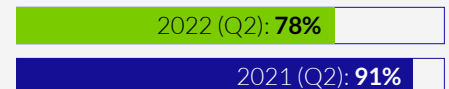
#### Global economy



#### National economy



#### Local economy



### REVENUE EXPECTATIONS

65% expected gross revenue to grow last year (Q2). Now, the percentage is just:

57%

### IN THE NEXT YEAR, MIDDLE MARKET FIRMS EXPECT TO

Introduce a new product or service

61%

Expand into new domestic markets

57%

Expand into new international markets

47%

## KEY FINDINGS

# 02 Inflation, supply chain lead pain points for the Middle Market

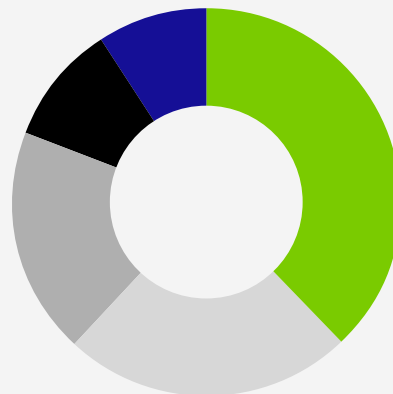
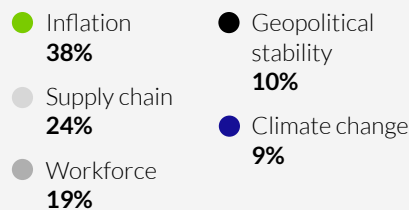
While supply chain disruption has been a major issue throughout the pandemic, inflation has emerged as the top concern for Middle Market companies:

- **Nearly two in five companies** have experienced a negative impact – mainly from fuel, raw materials and wages
- To offset these increases, companies most commonly have resorted to raising their prices or rates, paying workers more and delaying capital investments
- Inflation drives up replacement costs of assets covered by insurance. And most Middle Market companies recognize it
- The majority of these firms say inflation has impacted their ability to replace covered assets with their existing coverage

As a result, nearly three-quarters of Middle Market companies will consider increasing coverage amounts to compensate for inflation.

## The data behind the findings

### BIGGEST CONCERNS FACING MIDDLE MARKET FIRMS



### TOP AREAS COMPANIES HAVE BEEN IMPACTED BY INFLATION



### INSURANCE IMPACTS OF INFLATION

# 75%

of companies say the replacement value of covered assets has changed due to inflation. **Percentage by industry segment:**

- 84% of Financial Institutions
- 81% of Life Sciences Companies
- 77% of Manufacturing Companies
- 76% of Technology Companies

# 60%

say this has impacted their ability to replace covered assets with existing coverage

# 72%

of companies say they will consider increasing coverage amounts

## KEY FINDINGS

# 03 Risk management concerns persist

## Middle Market firms continue to find a number of risks challenging to manage.

While inflation risk leads these challenges, several risk areas have increased significantly – such as:

- Supply chain risk
- Competitive risk
- Catastrophic risk

## What's more, pandemic and cyber risk have remained major concerns.

This shifting and emerging risk landscape has provided an important opportunity for Middle Market companies to review their insurance programs with agents and brokers:

- For example, nearly a quarter of these companies have already evaluated their coverage because of inflated replacement costs of covered assets

Middle Market firms and their insurance partners can rely on us to provide specialized risk engineering services and helpful tools to evaluate and mitigate exposures.

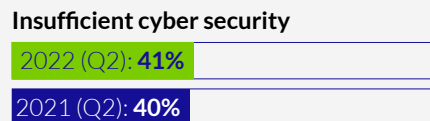
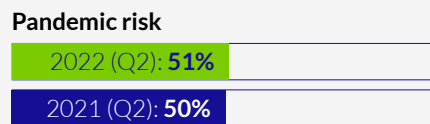
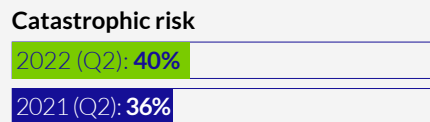
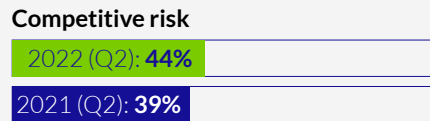
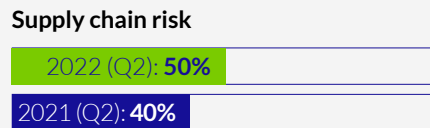
We can also develop customized insurance coverages that offer essential protection.

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## The data behind the findings

### PERCENTAGE OF MIDDLE MARKET FIRMS FINDING RISKS EXTREMELY/VERY CHALLENGING TO MANAGE



### THE TOP RISK(S) FIRMS FIND CHALLENGING TO MANAGE BY INDUSTRY



### RESOURCES TO STAY UP TO DATE ON THESE RISKS

[Protecting businesses from supply chain disruption](#)

[Cyber risk management information](#)

[Catastrophic weather impacts on businesses](#)

More than ever, Middle Market companies need expert advice on how to manage evolving risks



Working with an insurance agent or broker is the best way to create tailored insurance strategies that help protect a company's operations and business performance.

For more information about these or other topics, visit [chubb.com](http://chubb.com).