



CHUBB®



MARKET DYNAMICS OUTLOOK 2022 MID-YEAR

Life Sciences

Partnering with the National Center for the Middle Market, we surveyed 1,000 executives from middle market companies in June 2022. Here are the results highlights, which show the key general business trends and evolving risks affecting this segment.

KEY FINDINGS

01 Middle market life sciences companies growing strongly

Middle market life sciences companies have found their stride during the pandemic, which has fueled their innovation.

Mean revenue and employment growth at these companies climbed higher in the first half of 2022 and most say they are performing better than a year ago.

Most respondents from these companies also expressed confidence in the economy at all levels, with a significant move higher for the global economy since year-end.

Looking ahead, expansion opportunities abound for middle market life sciences companies, with more than three-quarters planning to enter new domestic markets or bring in new equity investment, while only slightly fewer than that expect to introduce a new product or service or add a new plant or facility.

These figures were up significantly from year-end, reflected in the view of three-quarters of these companies that expect their gross revenues to grow over the next year.

The data behind the findings

STRONG PERFORMANCE CONTINUES

Mean revenue growth

11.7% → 15.1%
2021 (Q4) 2022 (Q2)

Mean employment growth

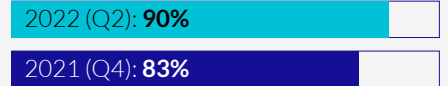
12.4% → 14.5%
2021 (Q4) 2022 (Q2)

90%

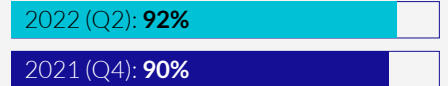
say company performance improved vs. a year ago.

CONFIDENCE IN THE ECONOMY

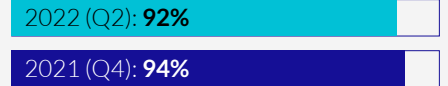
Global economy



National economy



Local economy



REVENUE EXPECTATIONS

Expect gross revenue to grow (66% Q4 2021)

75%

IN THE NEXT YEAR, MIDDLE MARKET LIFE SCIENCES COMPANIES EXPECT TO

Expand into new domestic markets (63% Q4 2021)

79%

Bring in new equity investment (67% Q4 2021)

77%

Introduce a new product or service (66% Q4 2021)

75%

Add a new plant or facility (50% Q4 2021)

71%

KEY FINDINGS

02 Supply chain issues remain at the forefront for middle market life sciences companies

At mid-year, supply chain was by far the top concern for middle market life sciences companies, noted by nearly two in five companies, with the next four items coming in less than half of that figure.

More than three-quarters of these companies are experiencing supply chain management challenges ranging from maintaining confidentiality of digital assets to the sheer size and scale of their supply chains.

Most companies affected by supply disruptions have seen a negative impact on their 2022 revenue projections. To reduce the effects of these disruptions, many middle market life sciences companies have taken steps such as modifying products to reduce dependency on needed materials and having a secondary “standby” buyer. Middle market life sciences companies may be able to offset some supply chain impacts through business income coverage in their commercial package policy.

As they continue to grow, most of these companies are having difficulty hiring talent with the right skills. As a result, many companies are experiencing situations that could increase risks of employee overwork, injuries and costly mistakes – such as employees working longer hours or extra shifts – or that could hold back their growth plans.

The data behind the findings

BIGGEST CONCERNS FACING MIDDLE MARKET LIFE SCIENCES COMPANIES:

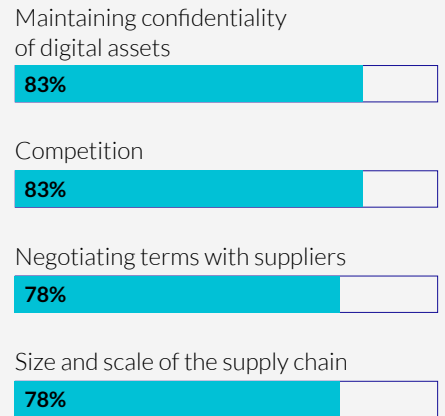
- Supply chain **39%**
- Workforce **19%**
- Geopolitical stability **18%**
- Inflation **15%**
- Climate change **10%**



COMPANIES DIRECTLY IMPACTED BY SUPPLY DISRUPTION/CONSTRAINTS:

- 91%** Reported a negative impact on their 2022 revenue projections
- 39%** Modify products to reduce dependency on needed materials
- 39%** Having a secondary “standby” buyer
- 35%** Having a secondary “standby” source

MOST CHALLENGING ASPECTS OF SUPPLY CHAIN MANAGEMENT



ADDRESSING WORKFORCE CHALLENGES

86% Challenged* by finding/hiring employees with the right skills

Due to workforce/hiring issues, companies have experienced:

- Employees working longer hours/more shifts **50%**
- Slowing down productivity/sales **33%**
- Cutting back on product lines/offerings **33%**
- Bringing in consultants **29%**
- Outsourcing **29%**

*extremely/very/somewhat challenged

KEY FINDINGS

03 Risk management challenges persist

As middle market life sciences companies continue to navigate a range of risks, placing a heightened emphasis on risk management is key.

For certain disruptions their companies experienced, nearly half of respondents acknowledged that they could have been covered if they had purchased available insurance.

Today's dynamic risk landscape provides an important opportunity for middle market life sciences companies to review their insurance programs with their agents and brokers. For example, nearly half of these companies have already evaluated their coverage in light of rising replacement costs of covered assets.

Middle market companies 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.

The data behind the findings

COMPANIES FINDING RISKS EXTREMELY/VERY CHALLENGING TO MANAGE:

Inflation risk **58%**

Competitive risk **58%**

Pandemic risk **57%**

Supply chain risk **57%**

Change in leadership/control **52%**

ROLE OF INSURANCE IN DISRUPTIONS

81%

experienced non-pandemic business disruptions in the past two years.

Key losses covered or could have been:

Operational disruption

Covered

45%

Coverage available but not purchased

46%

Strategic disruption

Covered

28%

Coverage available but not purchased

48%

RESOURCES TO STAY UP TO DATE ON THESE RISKS

[Protecting businesses from supply chain disruption](#)

[Cyber risk management information](#)

[Insurance solutions for life sciences companies](#)

Statistical data contained herein is provided by the National Center for the Middle Market unless otherwise stated. The material presented herein is not intended to provide legal or other expert advice as to any of the subjects mentioned, but rather is presented for general information only. You should consult knowledgeable experts as to any legal or technical questions you may have. Chubb is the marketing name used to refer to subsidiaries of Chubb Limited providing insurance and related services. For a list of these subsidiaries, please visit our website at www.chubb.com. Insurance provided by ACE American Insurance Company and its U.S.-based Chubb underwriting company affiliates. All products may not be available in all states. Coverage is subject to the language of the policies as actually issued. Surplus lines insurance sold only through licensed surplus lines producers. Chubb, 202 Hall's Mill Rd., Whitehouse Station, NJ 08889-1600.

CHUBB®

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.