

Predict. Prepare. Protect.

Manufacturing Risk Report

Presented by QBE North America and
the Association for Corporate Growth

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Executive Summary

In an increasingly volatile world, mid-sized manufacturers need to be more cognizant than ever of their risks. Predicting, preparing and protecting against emerging risks can make the difference in a company's ability to be successful and resilient over the long term.

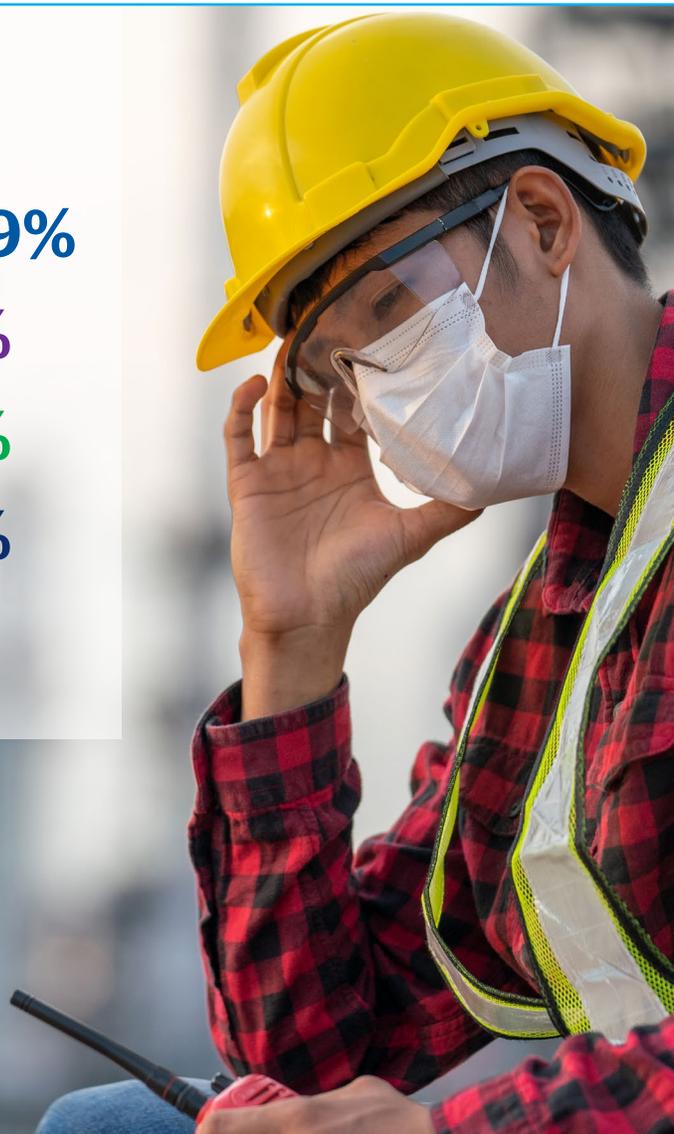
The Mid-Sized Manufacturing Risk Report, presented by QBE North America and the Association for Corporate Growth, shows over six in ten (62%) of mid-sized manufacturers have unmet needs related to reducing risk exposure with employee-related coverage and coverage for digital assets most often cited.

Despite 2020's unique business landscape, many manufacturers also remain worried about general business risks citing concerns around recession, trade restrictions and commodity pricing. The report captures worries tied to the current environment including the pandemic as well as possible opportunities that may emerge as a result.

What are your most concerning macro business risks?

Most Concerning Macro Business Risks

% selected as concerning to their business



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In today's world, risks related to pandemic are a much greater concern to businesses. Among pandemic-related risks, ensuring the safety of employees is most concerning, with 70% rating it as a concern.

Which of these risks related to a pandemic concern you?

Pandemic Risk Concerns

% selected as concerning to their business

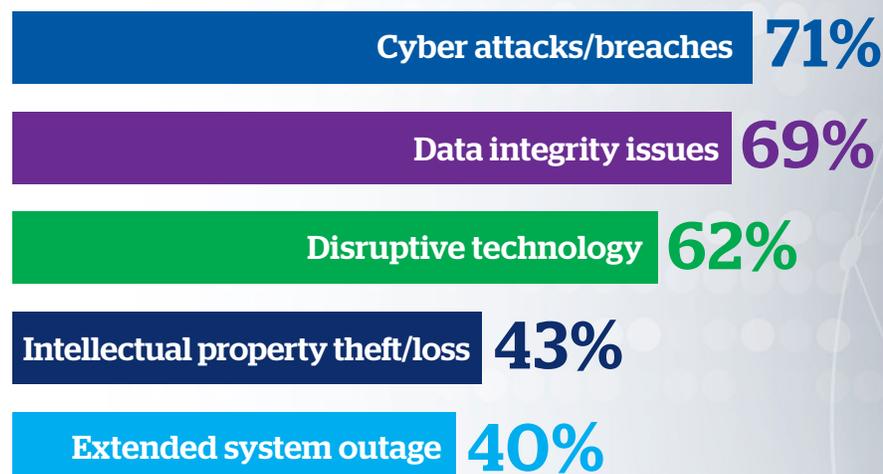


With increasing reliance on technology, digital risks are concerning to almost all mid-sized companies. Among them, cyber attacks / breaches is considered the biggest concern while data integrity ranks a close second.

Which of these digital risks concern you?

Digital Risk Concerns

% selected as concerning to their business



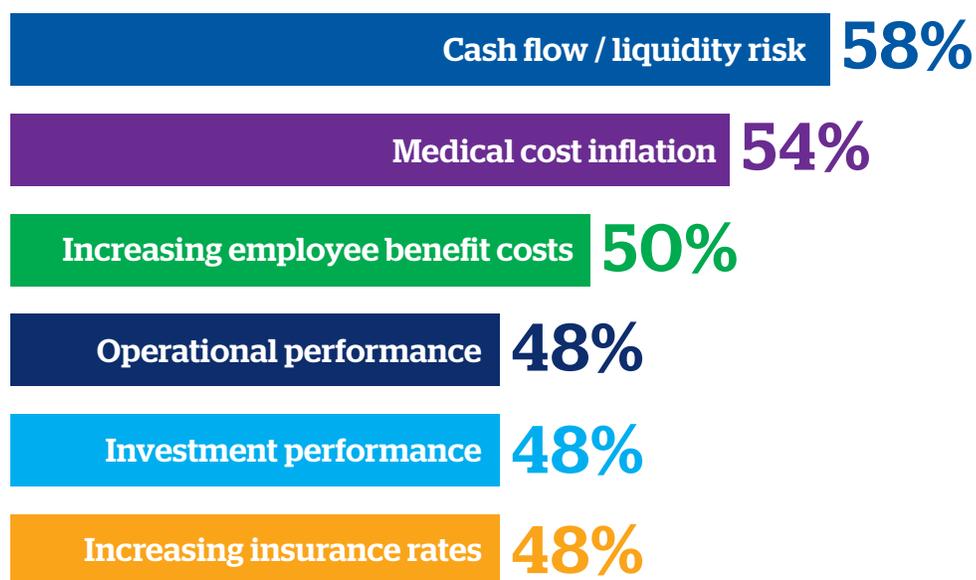
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Among financial risks cash flow/liquidity risk is the most concerning with over half of mid-sized manufacturers rating it as a top concern, followed closely by medical cost inflation.

Which of these financial risks concern you?

Financial Risk Concerns

% selected as concerning to their business

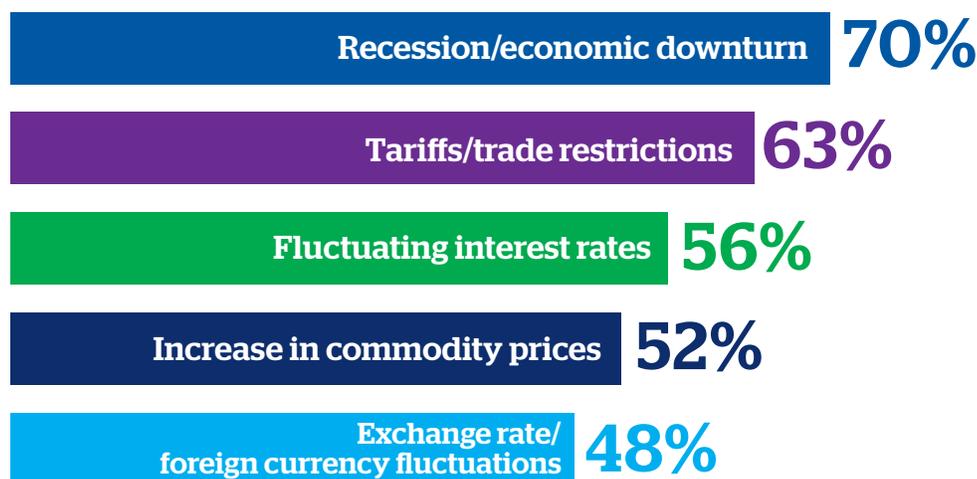


The unprecedented combination of a decline in production and rise of unemployment has many manufacturers concerned about the risk of recession. This sentiment came through in the survey where a risk of recession/economic downturn was listed, by far, as the biggest macroeconomic concern.

Which of these macroeconomic micro risks concern you?

Macroeconomic Micro Risk Concerns

% selected as concerning to their business



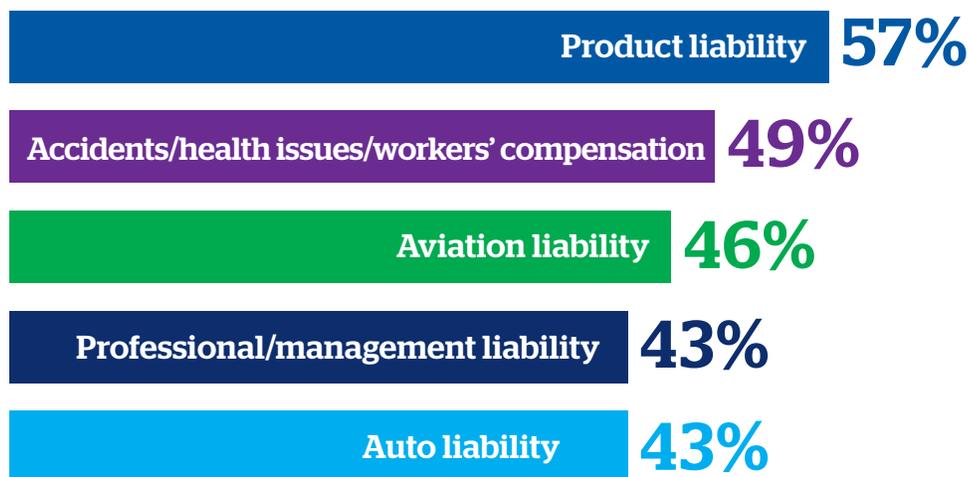
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An increasingly litigious society and social inflation are adding stress and financial pressure for many businesses. The survey showed that manufacturers are more concerned about liability than any other industry. The most concerning risk is product liability with well over half of manufacturers citing it as a top risk.

Which of these liability risks concern you?

Liability Risk Concerns

% selected as concerning to their business



Reputational risk is the potential loss of financial capital, social capital and/or market share resulting from damage to a firm's reputation. Manufacturers rated it a top 5 concern. Among them, poor product quality and poor customer service were cited as the most concerning.

Which of these reputational risks concern you?

Reputational Risk Concerns

% selected as concerning to their business



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The very unique landscape of 2020 has presented many challenges to mid-sized manufacturers. As they work through these challenges, a number of opportunities have also arisen.

What opportunities do you foresee for your business in the near future?

Business Opportunity

% selected as concerning to their business

Efficiency due to increased remote work **54%**

Improved sales and marketing efficiency **51%**

Digitization **49%**

New operational models as a result of changes caused by COVID-19 **46%**

Sales restructuring **42%**



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About QBE North America

QBE North America is part of QBE Insurance Group Limited, one of the largest insurers and reinsurers worldwide. QBE NA reported Gross Written Premiums in 2019 of \$4.6 billion. QBE Insurance Group's results can be found at qbe.com. Headquartered in Sydney, Australia, QBE operates out of 27 countries around the globe, with a presence in every key insurance market. The North America division, headquartered in New York, conducts business through its property and casualty insurance subsidiaries. The actual terms and coverage for all lines of business are subject to the language of the policies as issued. QBE insurance companies are rated "A" (Excellent) by A.M. Best and "A+" by Standard & Poor's. Additional information can be found at qbe.com/us, or follow QBE North America on Twitter @QBENorthAmerica.

About the Association of Corporate Growth

Founded in 1954, ACG has 60 chapters across the globe. ACG's worldwide network comprises 90,000 professionals within the middle market, including 15,000 members who serve as the investors, lenders, owners, executives and advisers to growing middle-market companies. ACG's mission is to drive middle-market growth. The organization's official publication, [Middle Market Growth](#)[®], highlights stories important to the ACG membership. Learn more at ACG.org. Follow ACG on Twitter @ACGGlobal.