

Economic Volatility

11 ways inflation and economic volatility are influencing insurance in 2023

↑
Impact
Frequency →

Cyber

Economic pressures in a recession create the perfect environment for cybercriminals. **Short-staffed businesses are vulnerable and may see a jump in data breaches and ransomware attacks.** As businesses look to increase efficiency via technology and third-party software applications, these tools may present increased cyber vulnerabilities.



General Liability, Lead & Excess

Liability lines are being impacted by **wage, medical, and material cost inflation**, driving up damage claims. Having strong safety policies and maintenance procedures can help protect your business and mitigate rising costs.



Commercial Auto

With continued supply chain delays, fleet maintenance has felt the pressure **as wait times for replacement parts keep vehicles out of commission longer.** Additionally, rising inflation is driving up repair costs.

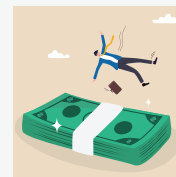


Property

Material cost inflation, supply chain delays, and labor scarcity **are increasing property repair and replacement times and costs.** Maintaining current property valuations and assessing full business interruption exposure can help reduce the risk of being underinsured.

Workers' Comp

Wage and medical cost inflation are driving up workers compensation costs. Understaffing due to labor shortages or layoffs in a recession also place increased strain on existing employees, especially low tenured employees, heightening safety risks.



Healthcare and Medical Malpractice

The healthcare industry faces many financial and operational challenges **including rising costs of labor, drugs, and supplies.** Medical errors may rise due to short staffing, increased reliance on contract traveling nursing staff, and clinician burnout.



D&O

Economic volatility presents challenges in forecasting and business planning. **Directors and officers could face potential mismanagement or misrepresentation claims** by investors and creditors due to financial underperformance or bankruptcy.

Employment Practices Liability

Mass layoffs as a result of an economic downturn can give rise to an uptick in claims for wrongful termination and discrimination.



Surety

Rising interest rates can affect investment in construction projects and financial volatility can increase project cancellation risks. The Federal Reserve raised rates seven times in 2022, bringing the target range to 4.25%-4.50%.

Political Risk

The Russia-Ukraine war, a continued pandemic and more — political risks and their impact on global economic trends have **stalled operations and increased financial losses** for businesses.



Trade Credit

Persistent market volatility **on top of the disruptions caused by the pandemic** are increasing the risk of financial losses and customer nonpayment. The International Monetary Fund lowered its growth projections three times in 2022, expecting a \$4 trillion drop in growth through 2026.

