

RiskScan 2024

An overview of insurance buyers'
and sellers' top risk concerns

Commissioned by Munich Reinsurance America, Inc. (Munich Re US)
in partnership with Insurance Information Institute (Triple-I)

Research conducted independently by RTi Research



EXECUTIVE SUMMARY

RiskScan 2024

An overview of insurance buyers' and sellers' top risk concerns

In the summer of 2024, 1,300 individuals representing five market segments from inside and outside the insurance industry were surveyed on their top risk concerns. This report provides an overview of the survey results along with perspectives from top insurance industry experts.

US-based consumers, small business owners (SBOs), middle market decision-makers (MM decision-makers), property and casualty (P&C) insurance agents/brokers, and P&C insurance carriers were surveyed.

Survey topics included insurance-specific risks, with a focus on natural disasters; emerging technologies; P&C insurance costs; and overall market dynamics.



EXECUTIVE SUMMARY

Key insights

Commonalities: The top risks identified by all audiences include economic inflation/decline, domestic political uncertainty, changes in climate, and cyber incidents. These risks align with major events in the US that have dominated headlines leading up to the survey.

Disparities: Insurance professionals took a balanced view of most insurance risks (both present and emerging) while consumers focused on a select number of immediate, tangible risks such as changes in climate, cyber incidents, and natural catastrophes.

Knowledge gaps: Insights from the survey show that while the audiences recognize the actual risks, consumers and SBOs lack understanding of the importance of adequate coverage, and the P&C cost drivers identified by industry experts. Risk concerns like floods, cyber incidents, and legal system abuse present key opportunities for education and engagement.

Top insurance risks: Cyber, changes in climate, and business interruption comprised the top risk concerns of the overall marketplace. Changes in climate is primarily driven by consumers, while business and insurance professionals identify business interruption as a top-of-mind issue.

Most pressing natural disasters: All audiences are concerned about frequent, immediate threats such as thunderstorms, tornadoes, and floods, while insurance professionals also focus on less frequent but potentially more catastrophic risks, like earthquakes.

Most impactful emerging technologies: Risk emanating from technologies that advance automation and connection dominated the responses from survey participants, with artificial intelligence (AI) and Internet of Things (IoT) rising to the top of tech-related concerns.

Market dynamics and P&C cost drivers: All audiences highlight economic inflation and domestic political uncertainty as top market concerns. Inflation, along with the rise in natural disasters, was also identified as a major factor driving P&C costs. Additionally, insurance professionals pointed to legal system abuse as a significant cost driver.

Survey learnings and opportunities

Assessing risks across all audiences is vital in determining where their concerns intersect. More importantly, it allows us to identify gaps between insurance buyers and sellers. Significant gaps exist between understanding and addressing risks and trends, such as flood, cyber, and legal system abuse. By failing to reduce these gaps, consumers and businesses may be susceptible to being uninsured or underinsured, while insurers face the risk of price inadequacy.

Moving forward, partnerships with industry organizations like the Triple-I are essential to raising awareness with consumers and businesses. The insurance industry needs to bring their expertise to the table by acknowledging, educating, and developing comprehensive solutions that address key risks, emerging exposures, and market trends to ensure a resilient future.



As an insurance professional focused on providing solutions that clients will truly find meaningful, understanding risk concerns—from consumers to carriers—is invaluable. It enables us to design and price products that genuinely address what clients care about most.

Kerri Hamm
EVP – Head of Cyber Underwriting, Client Solutions, and Business Development at Munich Re US



As societal risks—natural and manufactured—are evolving, Triple-I is proud to partner with Munich Re US on RiskScan 2024. The knowledge gap about insurance risks demonstrates the continued need for education of consumers and businesses, especially about flood, cyber, and legal system abuse. Increasing knowledge will be instrumental for the collective work needed to better manage and mitigate future risks.

Sean Kevelighan
President and CEO at Insurance Information Institute

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RiskScan 2024 provides a cross-market overview of top risk concerns.

Most market surveys focus on a single audience, but RiskScan 2024 is a multi-segment survey offering a comprehensive, comparative view of risk perceptions, commonalities, and disparities across broad market segments. It also highlights gaps in understanding risk impacts and effective risk management.

RiskScan 2024 surveys five distinct target segments, covering the full range of insurance buyers and sellers. It explores not only P&C risks but also how economic, political, and legal pressures shape their views on risk.

To produce a compelling snapshot of cross-market views, Munich Re US and the Triple-I engaged independent market researcher RTi Research in the summer of 2024 to survey 1,300 US-based individuals from five marketplace segments across the insurance value chain. This online survey was conducted across gender, age, geographic region, household income, business revenue, and company size and segmented by homeowner status, business ownership, role within their

organization, and affiliation with the P&C insurance industry. They were then asked about their top concerns related to Insurance Risks, Natural Disasters, Emerging Technologies, P&C Insurance Costs, and Market Dynamics. The result, RiskScan 2024, provides those who monitor the insurance industry with unprecedented insight into the risk perception of the overall marketplace.

Sample Groups

Consumers: 500

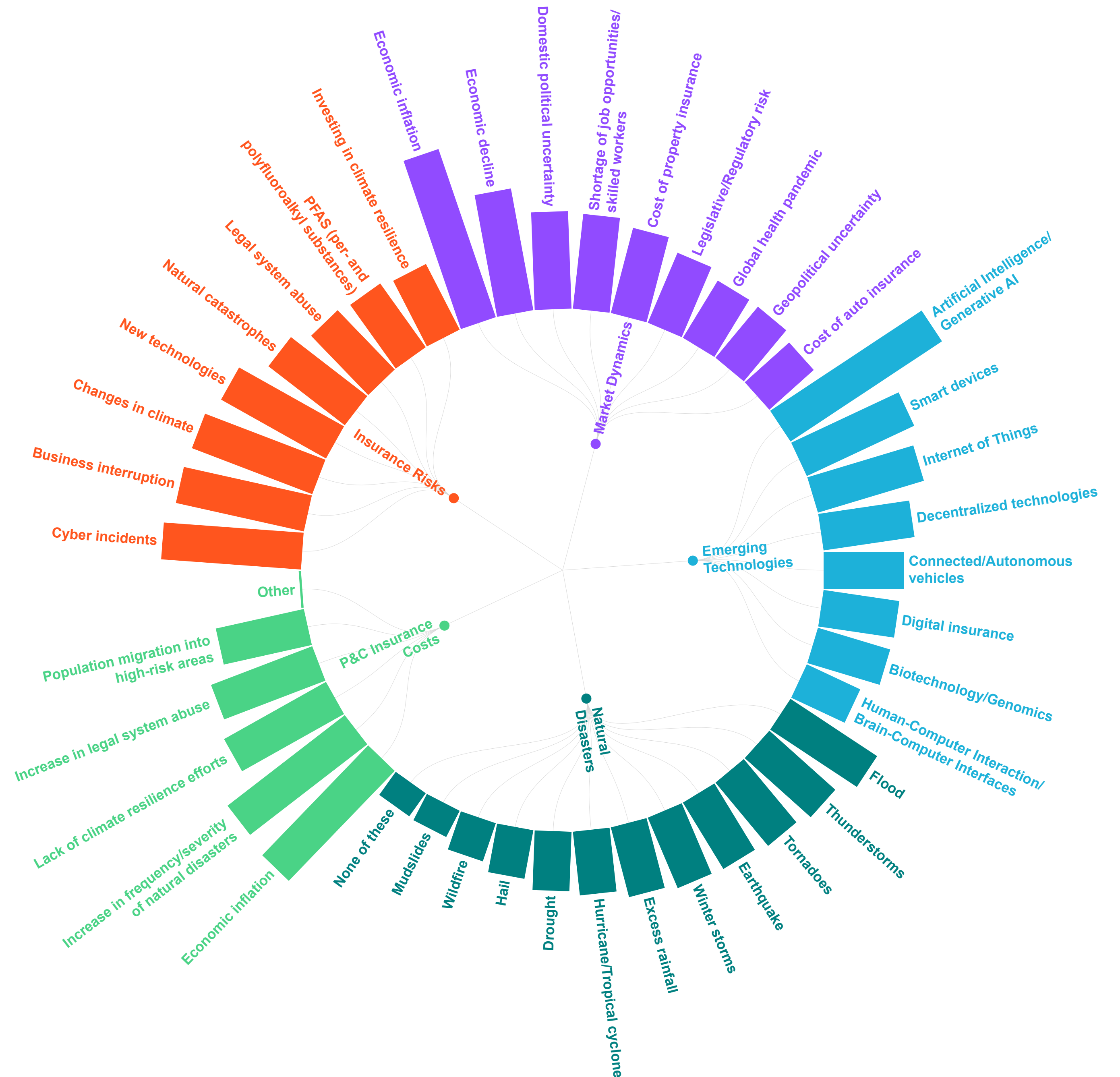
Small business owners: 200

Middle market decision-makers: 200

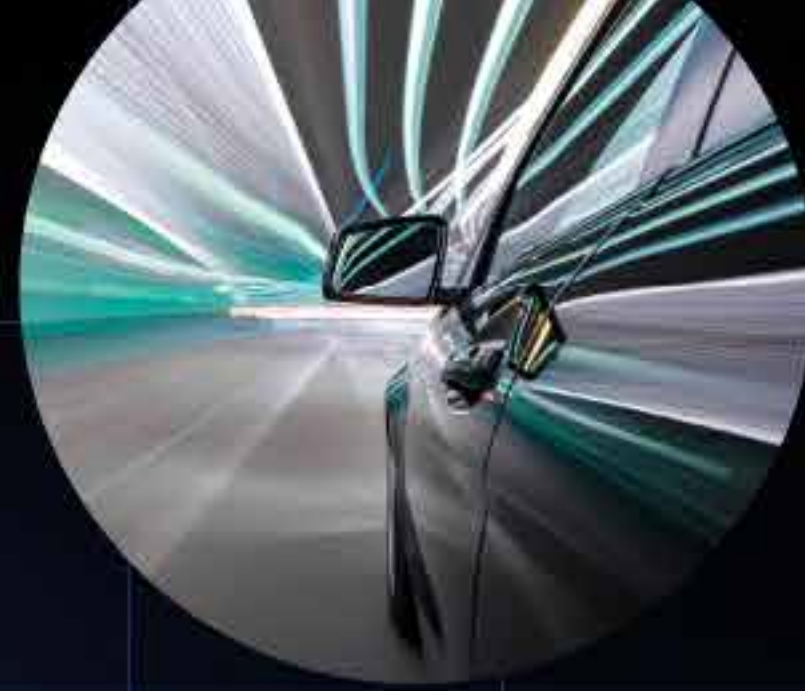
P&C insurance agents/brokers: 200

P&C insurance carriers: 200

Overall marketplace: 1,300



Key insights



KEY INSIGHTS

Commonalities

The top concerns across all groups reflect major events that have dominated US headlines.

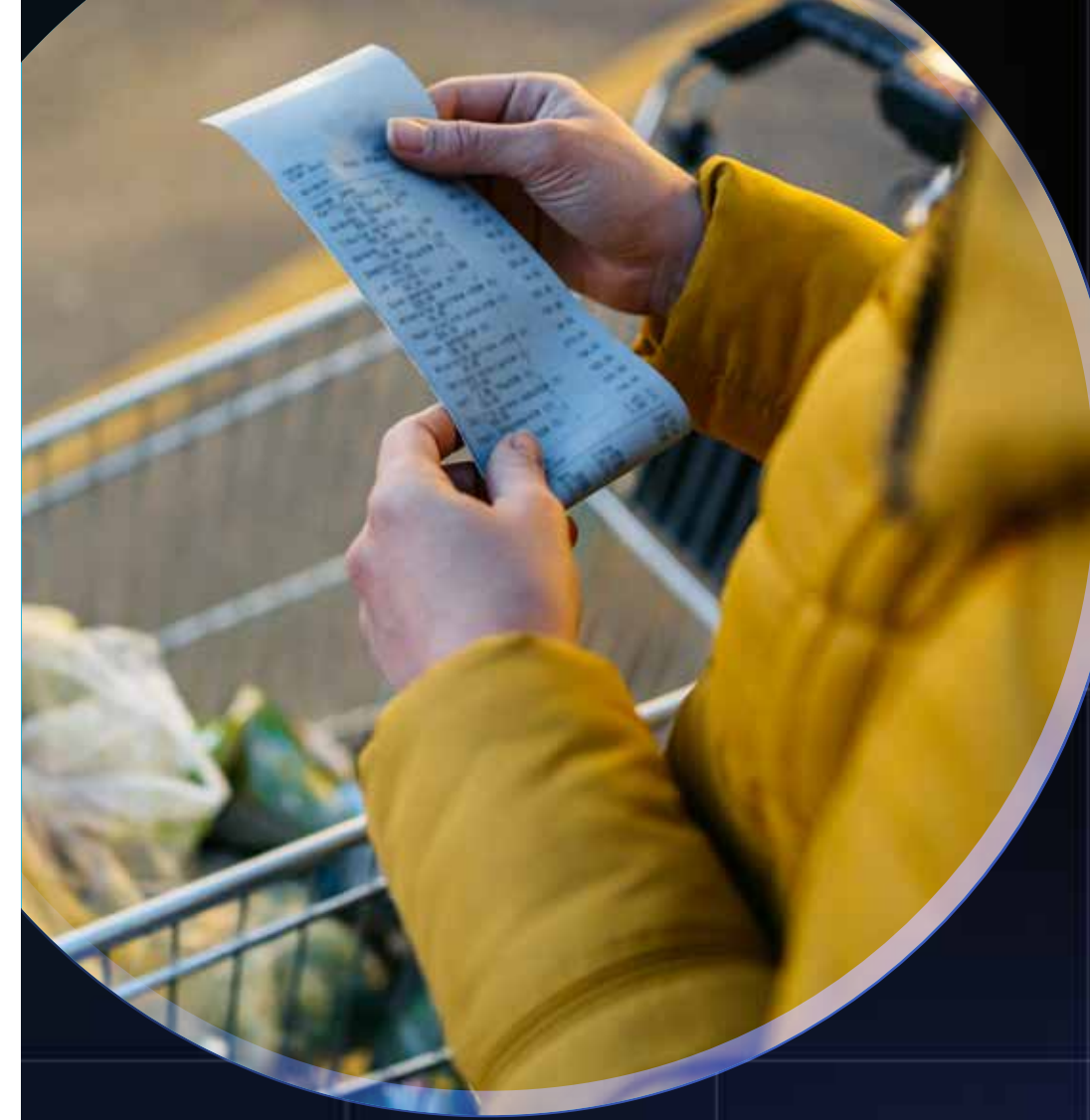
Respondents were asked to rank their top three concerns from a list of insurance risks and market dynamics. More than a third chose economic inflation, cyber incidents, and changes in climate as their top concerns.

“With post-pandemic inflation still affecting the purchasing power of both businesses and consumers, continuing domestic political uncertainty, and the growing threat of data breaches and international hacking schemes dominating the news, these top concerns are understandable,” says Dale Porfilio, Chief Insurance Officer at the Insurance Information Institute. “Most of us have seen a significant rise in our personal insurance costs, and businesses have experienced the same with their commercial insurance. We are certainly navigating turbulent times, and the survey results underscore that economics is the top concern for consumers—as well as for the other four surveyed audiences.”



What stands out to me is that both our P&C insurance clients and the individuals and businesses they insure share the same core concerns. We’re all worried about rising costs due to economic pressures and the threats to our homes and businesses from the impacts of changes in climate and cyber attacks.

Kerri Hamm
EVP – Head of Cyber Underwriting, Client Solutions, and Business Development at Munich Re US



Economic inflation



Cyber incidents



Changes in climate

Disparities

Insurance professionals concentrate on current and emerging risks, while consumers tend to focus on risks with immediate and direct impact.

In their rankings of top-three insurance risks, there was a clear difference in the distribution of risk perception. Consumers highly ranked only a select number of risks—tangible ones like changes in climate and cyber—whereas insurance professionals maintained a more balanced mindset that considered both immediate risks like changes in climate as well as emerging risks such as new technologies and per- and polyfluoroalkyl substances (PFAS).

MM decision-makers, typically risk managers with above-average insurance knowledge, fell between consumers and insurance professionals in their risk perceptions. They were less broad in focus than carriers but not as narrowly concentrated on specific risks as consumers.



More pronounced high and low areas of concern among consumers and a flatter, more evenly distributed span of concern from insurance experts is understandable when one considers proximity to specific risks that small business and consumers have, compared to the broader spectrum of risk that a carrier assumes across multiple lines of business.

Michael Quigley
EVP – Head of Property Underwriting and
Multiline Risk Quantification for Munich Re US



Knowledge gaps

Daylight exists between perception and action.

The findings in RiskScan 2024 help identify not only the mindset of insurance buyers and sellers but also suggest where gaps among these groups might exist.

One area where there is a likely gap of understanding lies between concern and coverage. The survey uncovered less concern about flood on the part of consumers than expressed by insurance professionals and businesses who ranked flood as one of the top two most pressing natural disasters. This gap suggests consumers might not be aware that they are at risk for flooding and traditional homeowners policies typically exclude this peril.

While SBOs ranked flood as a top concern, many may be unaware that commercial property insurance does not typically cover flood damage and they may incorrectly assume that their business is eligible for FEMA disaster grants. In fact, when a business does receive disaster assistance loans, they must repay them with interest—adding further financial pressures.

Another potential gap between knowledge and action is cyber risks. Although identified by all audiences as a significant concern, there is still a high proportion of uninsured cyber risks in both the commercial and personal line space. According to [Munich Re's* 2024 global cyber survey](#), 87% of managers surveyed state that their company is not adequately protected against cyber risks. Moreover, only 19% of respondents to Munich Re's [Global Cyber Risk and Insurance Survey 2024: Personal Lines](#) reported being offered cyber insurance for their private lives yet 42% still have no intention of purchasing this insurance.

Many individuals continue to underestimate the threats that affect them directly, which underscores the need for better education and awareness about cyber insurance solutions.

Factors driving the rise in P&C insurance costs showed a third gap. While all audiences identified inflation as a major impact, insurance professionals also pointed to legal system abuse as a key driver—something consumers and businesses did not rank as a top concern.

By providing greater education to the public and working together to encourage state and federal lawmakers to address abuses of the legal system, it can help restore fairness and balance.



It's been clear to me for some time that we need to improve how we communicate the reasoning behind our coverage design, the calculation of premiums, and how both inflation and legal system abuse influence these costs.

Kerri Hamm
EVP – Head of Cyber Underwriting,
Client Solutions, and Business
Development at Munich Re US



Flood



Legal system abuse



Cyber risk

*"Munich Re" refers to Munich Reinsurance Company.

Insurance risks



Cyber risks, changes in climate, and business interruption rank as top concerns in the marketplace.

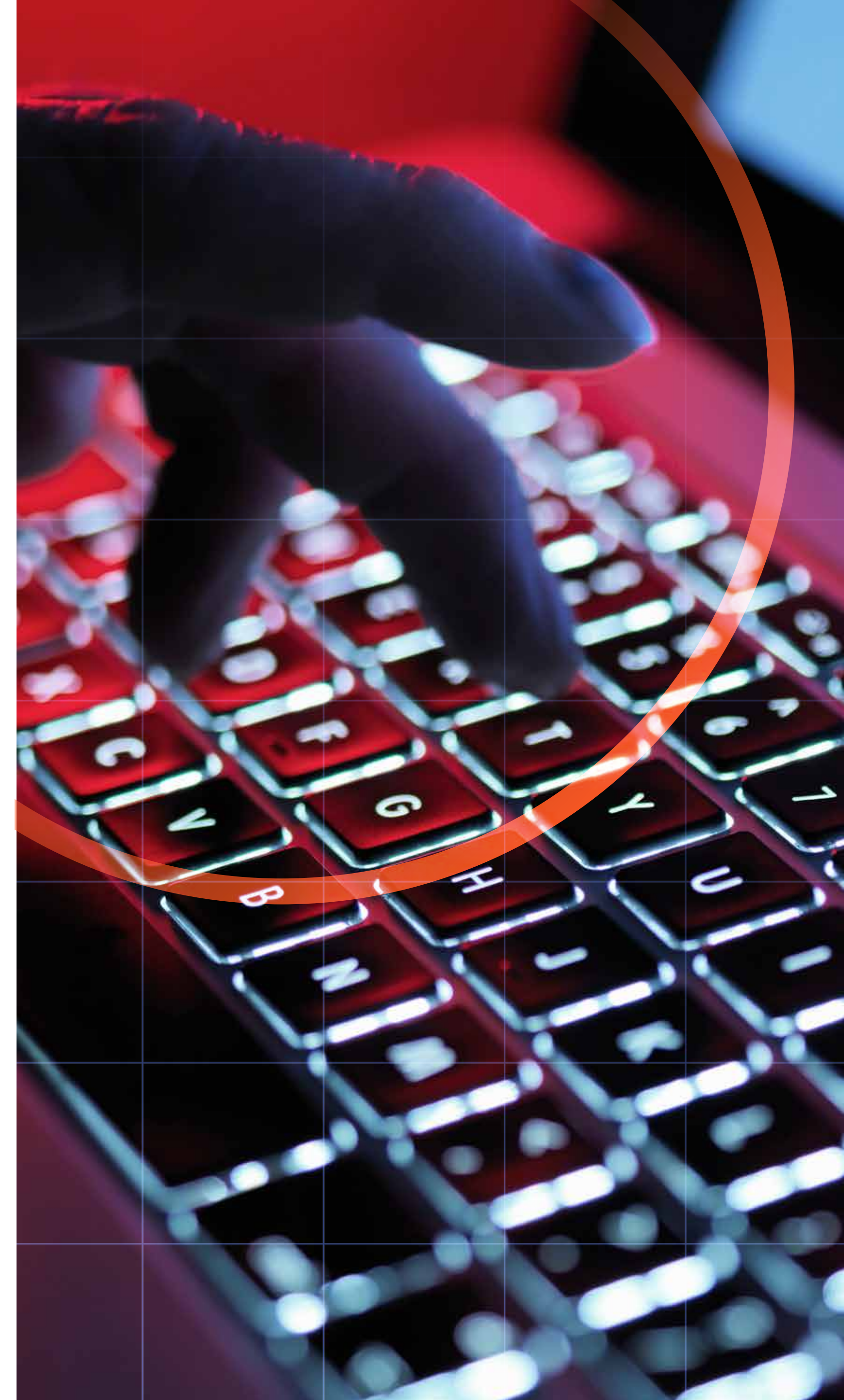
Consumers, businesses, and the insurance industry all face significant cyber threats. From businesses who are at risk of customer data breaches to digitally connected homes, we are now in a world of ever-evolving cyber risks.

“When I assess the economic impact of recent large-scale cyber events—what we refer to as industry accumulation events—it becomes clear that cyber threats are not just an insurance issue, but a societal one,” says Kerri Hamm, EVP – Head of Cyber Underwriting, Client Solutions, and Business Development at Munich Re US.

Fueled by consumer responses, changes in climate—evidenced by the increasing frequency and severity of extreme weather—ranked among the top three overall risks.

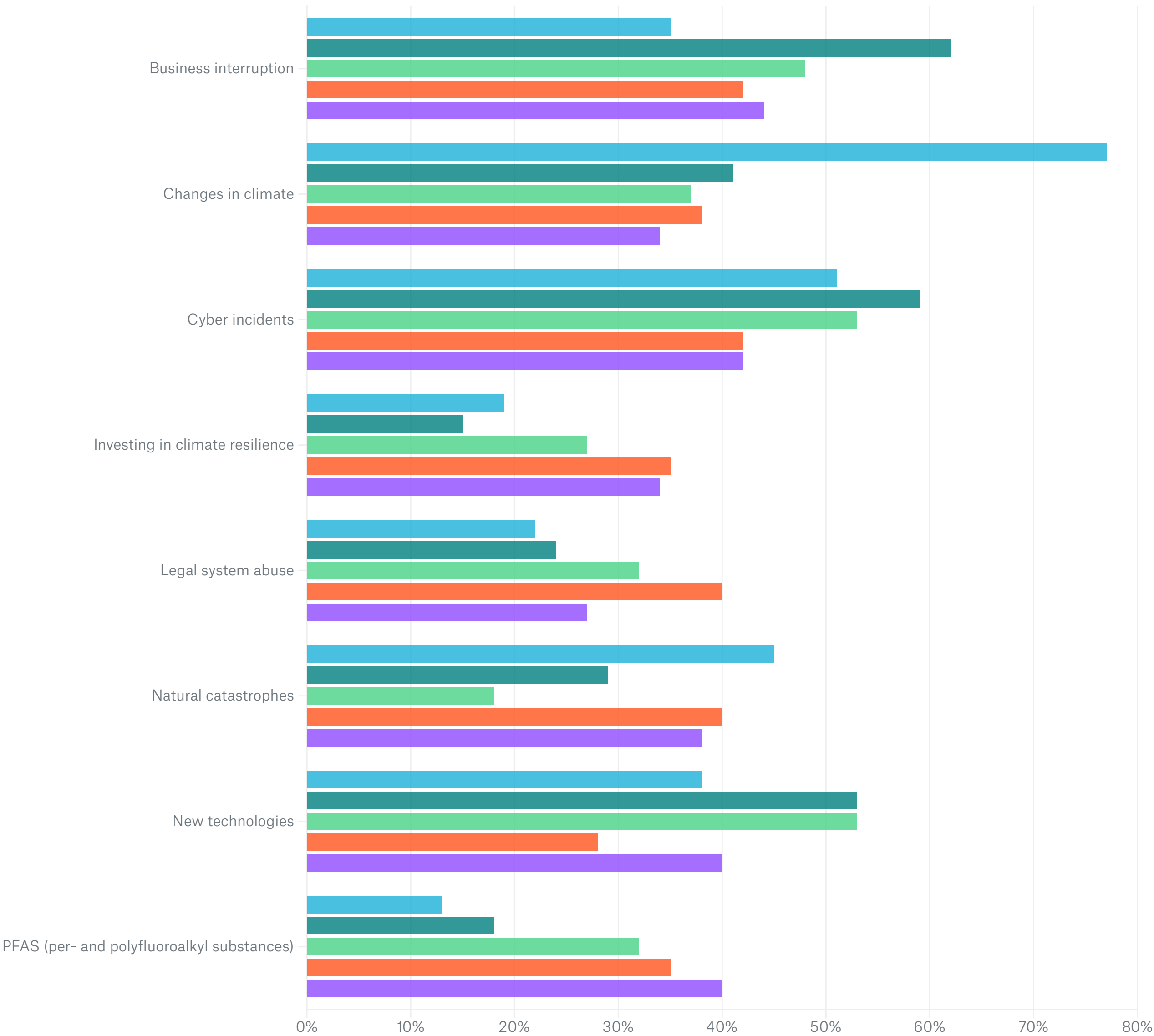
Although business interruption understandably wasn’t a top concern for consumers, businesses are subjected to loss events such as extreme weather caused by changes in climate, cyber attacks, and supply chain issues that could potentially disrupt their operations. All businesses are challenged with building and maintaining resilience while diversifying their supply chains in a post-pandemic, rapidly changing world.

Carriers placed climate further down their list of concerns, instead setting their sights on emerging exposures like PFAS. These “forever chemicals” are found in drinking water, soil, and many other products (e.g., personal care, cookware, cleaning). It is estimated that [97%](#) of Americans have PFAS in their blood. While claims for PFAS are at an early stage, the potential for liability is massive.



Top insurance risks

● Consumers ● SBOs ● MM decision-makers ● P&C insurance agents/brokers ● P&C insurance carriers



Cyber solutions

Cyber incidents rank as a top risk among all market segments.

Cyber incidents, defined in the survey as cybercrime, received strong attention from all respondent groups. Carriers, small business owners, and consumers ranked it second while P&C agents/brokers and middle market decision-makers ranked it as their top concern. On a national scale, cybercrime costs the US economy hundreds of billions of dollars annually. In 2023, the estimated cost was around \$320bn.

As one of the greatest issues of our time, cyber risk requires a meaningful response. With a sustainable approach to cyber risk management, the insurance industry provides clearly defined coverages, complementing cybersecurity efforts that fuel profitability and serve market needs.

The global cyber insurance market was worth about \$13bn in 2023, almost double the \$7bn estimated size in 2020.

Cyber insurance solutions play a key role in upholding the health of economies, the success of businesses, and the process of digitalization. It helps to bolster cyber resilience along the entire value chain by offering access to pre- and post-incident products and services that businesses need to avoid risks, nimbly respond when breaches occur, and get back on track after time and money are lost to cybercrime.

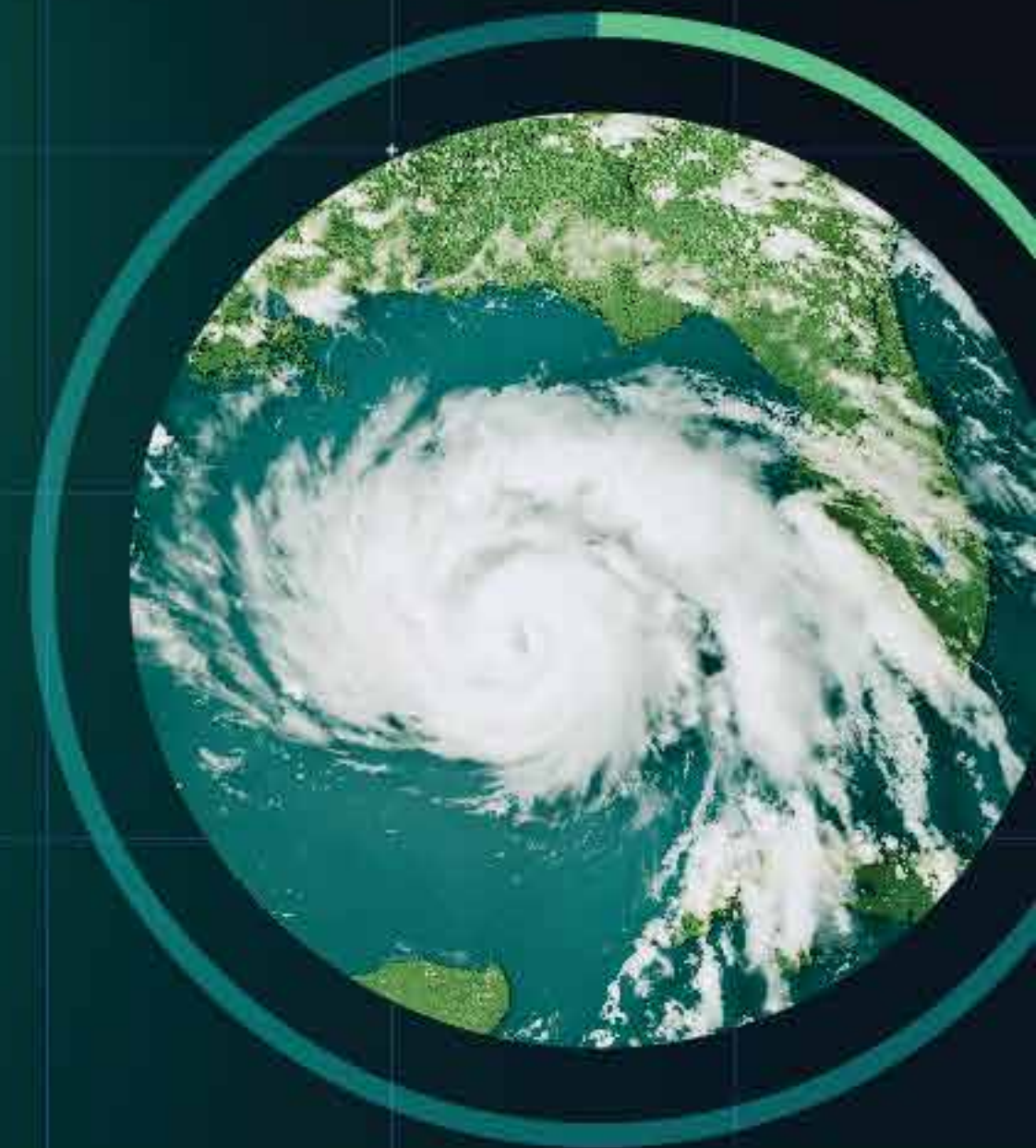
Munich Re is the leading cyber (re)insurer and is committed to shaping a sustainable and profitable cyber insurance market.

[Learn more about Munich Re's cyber solutions.](#)

Percentage of market segments that ranked cyber incidents as a top insurance risk

- Consumers **51%**
- Small business owners **59%**
- Middle market decision-makers **53%**
- P&C insurance agents/brokers **42%**
- P&C insurance carriers **42%**

Natural disasters



Consumers focus on high-frequency perils, while insurance professionals are also more cognizant of devastating ones.

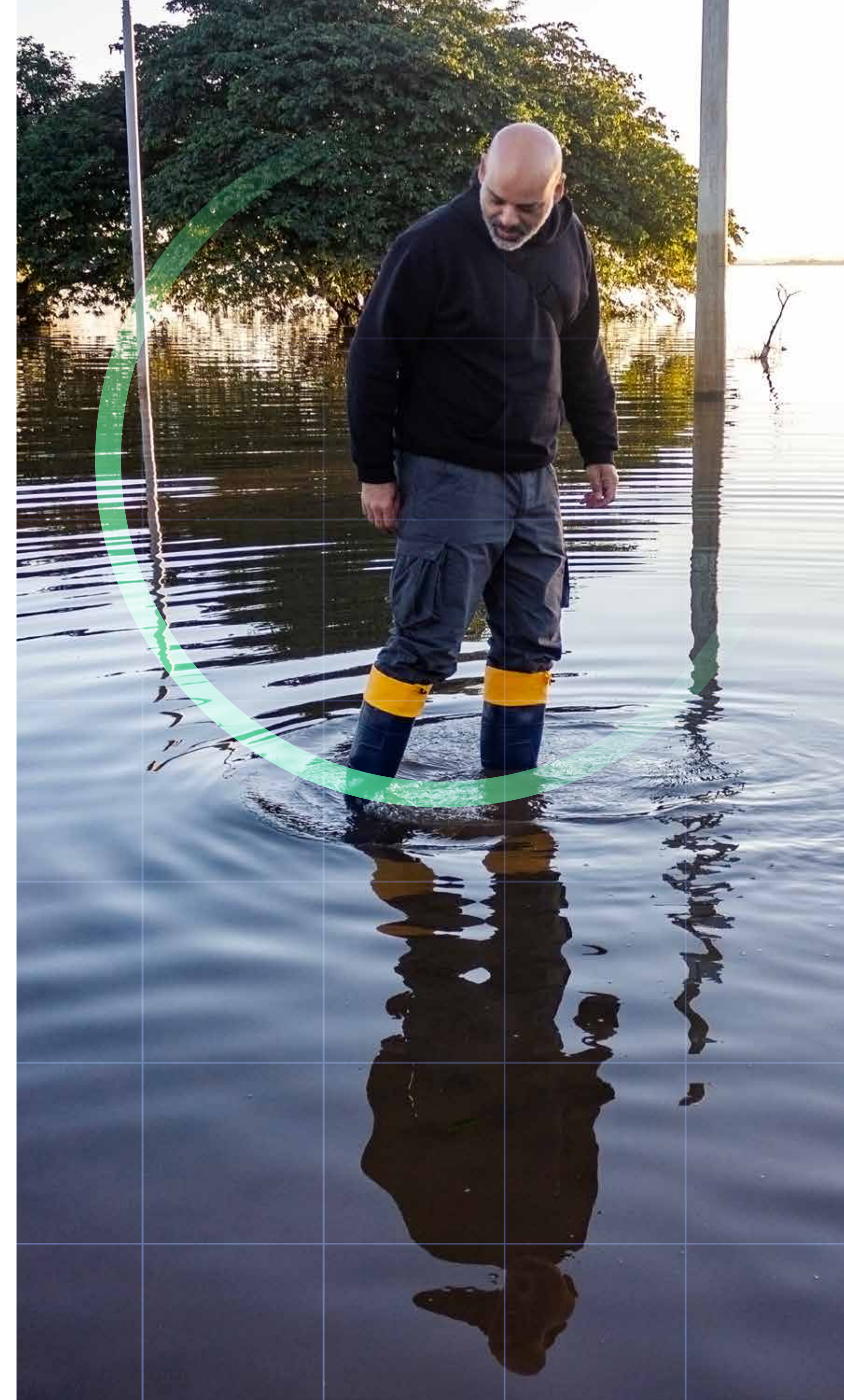
All surveyed market segments showed concern about non-peak perils such as thunderstorms, tornadoes, and floods. This is most likely due to their rise in frequency and severity.

Of the non-peak perils, flood was ranked first or second for all segments except consumers, who ranked it fourth. "This is concerning as we are still seeing a low take-up rate for flood insurance," says Tim Brockett, EVP – Head of Specialty Lines at Munich Re US. "Many people believe that if they are not in a flood zone they are not at risk for flood, and therefore have not purchased adequate coverage."

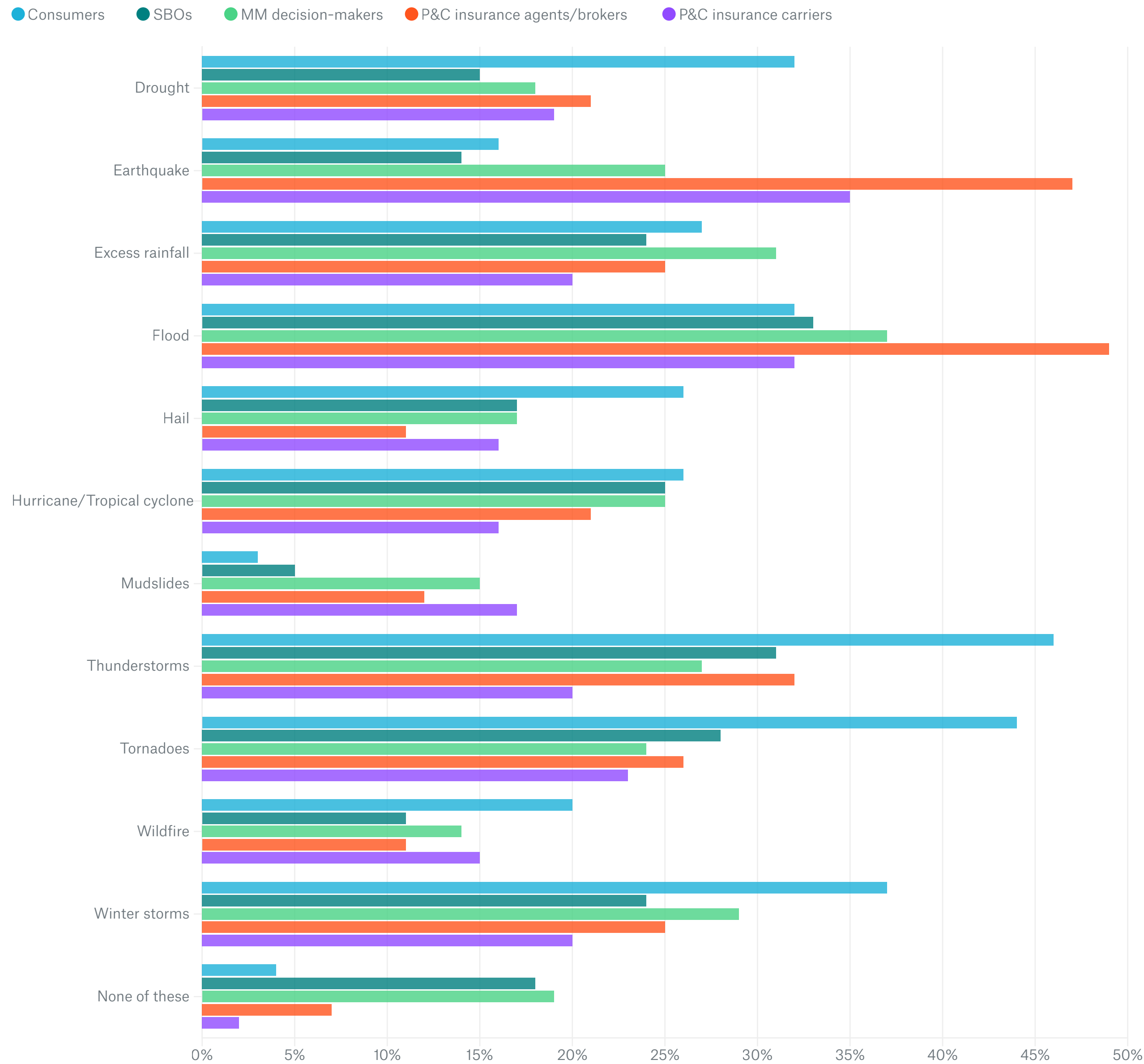
Insurance professionals, however, also expressed concern about less frequent but potentially more devastating perils, namely earthquakes.

"It was a bit surprising that earthquake was the most pressing natural disaster for P&C carriers because it's often excluded. A likely explanation could be tied to the potential higher degree of claim leakage in earthquake events and relatively untested models," says Mike Quigley, EVP – Head of Property Underwriting and Multiline Risk Quantification at Munich Re US.

The potential financial impact of an earthquake can be severe. When an earthquake strikes, it can cause extensive damage to homes, businesses, and city infrastructure (damage from the earthquake itself as well as fires following it) in a large metropolitan area. The economic impact resulting from a devastating earthquake can heighten the risk of insolvency for some carriers.



Most pressing natural disasters



Flood solutions

Education and innovative solutions can improve flood insurance take-up rates.

From advancements in flood modeling to innovative flood solutions that make coverage more affordable and accessible, industry experts are paving a pathway to expand flood protection. Many consumers and businesses are not aware that flood coverage must be added or endorsed onto their insurance policy—as it is not covered by the basic policy itself.

Clear and transparent data, along with accurate risk evaluation, can provide better information about the risk level for the consumer or business owner. According to First Street, 14.6m properties in the US are at substantial risk of flood.

Reducing limits could be a feasible way to make flood insurance more affordable. “Flood, for the most part, is a partial-loss peril. It’s exceedingly rare for a home to be washed off its slab, so in almost all situations, a flood loss is going to be a percentage of the value of a home and may not include all the contents,” says Tim Brockett, EVP – Head of Specialty Lines, Munich Re US. “So, flood does lend itself to a sub-limited approach, where carriers do not have to offer the full value of the home but can offer a smaller limit. With a reduced limit comes a less expensive premium.”

“More insurance carriers are getting comfortable with assuming flood risk, as demonstrated by the private flood insurance market almost doubling between 2017 and 2023 to \$803m,” says Dale Porfilio, Chief Insurance Officer with Insurance Information Institute.

Munich Re US personal lines flood endorsement is designed to narrow the protection gap by offering affordable flood insurance developed specifically for consumers in low-to-moderate risk areas. Our turnkey Inland Flood endorsement offers expanded coverage that can easily be added onto existing personal lines policies.

[Learn more about Munich Re’s flood solutions.](#)

Percentage of market segments that ranked flood as most pressing natural disaster peril

Consumers **32%**

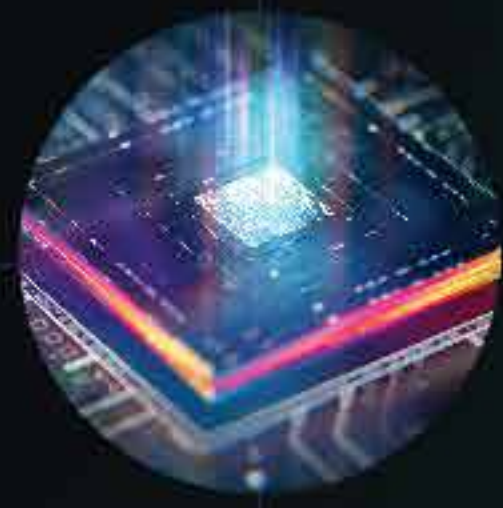
Small business owners **33%**

Middle market decision-makers **37%**

P&C insurance agents/brokers **49%**

P&C insurance carriers **32%**

Emerging technologies



Respondents are primarily focused on automation and connectivity, which present both significant risks and opportunities.

Asked what emerging technologies they felt would have the greatest impact on the way they live and work, consumers were aligned in pointing to artificial intelligence (AI), smart devices, and the Internet of Things (IoT). Insurance professionals also rated AI as a top emerging technology but spread their other top choices among emerging sources of connection and automation like decentralized technology, digital insurance, and autonomous vehicles.

No longer just computers and smartphones, smart devices are being augmented with AI in our homes and businesses, increasing security and privacy concerns. According to Statista, the US AI market stood at nearly [\\$90bn](#) in 2023, and is expected to grow well beyond \$200bn by 2030.

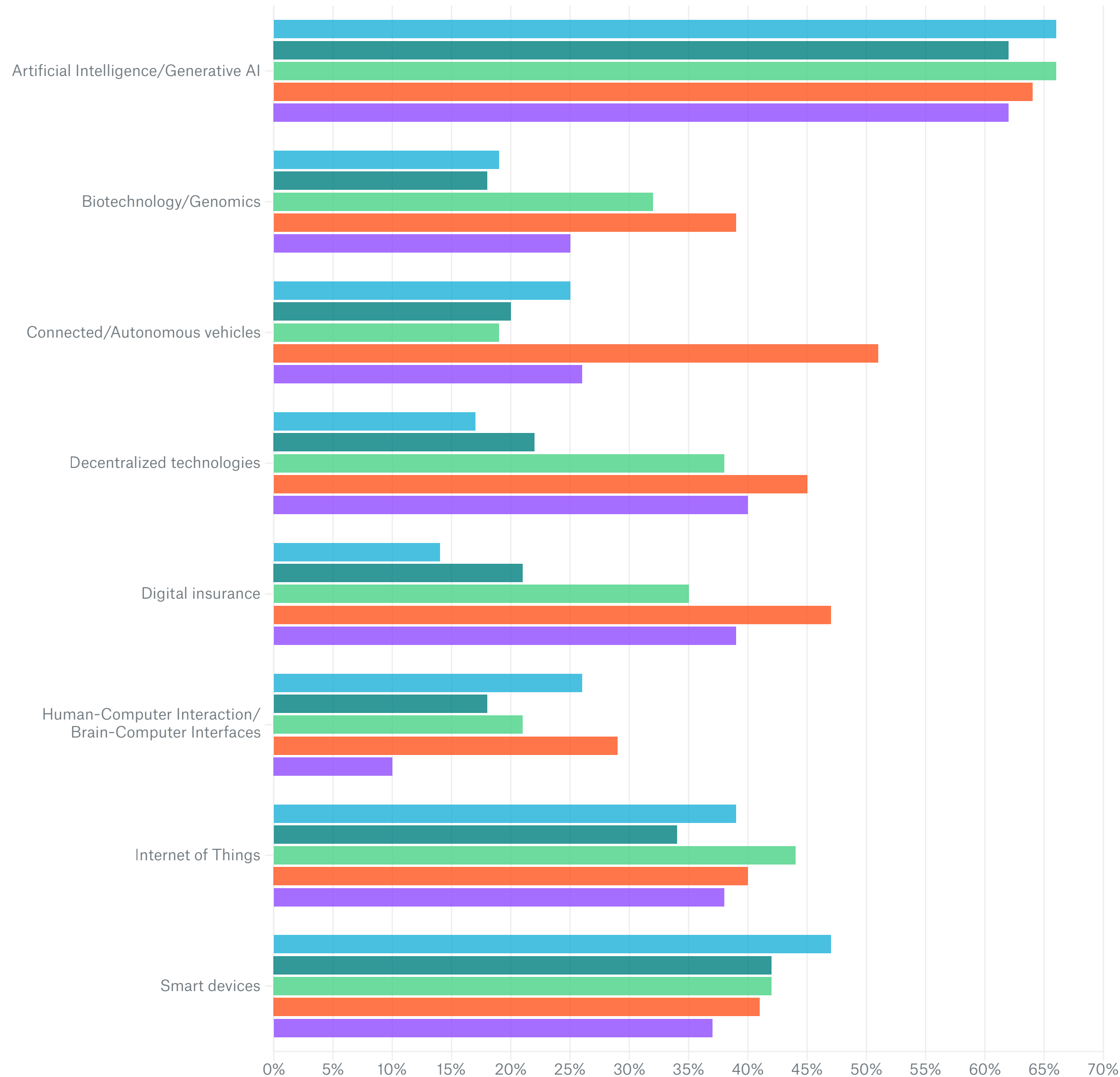
“Emerging technologies grounded in AI present both opportunity and potential risk challenges,” says Mark Scheve, SVP – Strategic Growth, Treaty at Hartford Steam Boiler (HSB), a Munich Re company. “There seems to be a rising awareness of how the core functions of these technologies can provide benefits, but the devil is in the details when it comes to security, fairness, privacy, governance, reliability, and transparency, to name a few of the risk considerations.”

Many of the same emerging technologies that are posing new risk considerations may also be an opportunity to expand risk management solutions. “What’s exciting about many of these technologies is the data generation and insights that can provide a better view of risk,” says Kasey Ketcham, VP – Strategic Growth Solutions at HSB.



Most impactful emerging technologies

● Consumers ● SBOs ● MM decision-makers ● P&C insurance agents/brokers ● P&C insurance carriers



Connected technology solutions

Interconnectedness presents a world of opportunities.

For consumers, the use of smart and connected devices is increasing exponentially in their daily lives—from entertainment to security to household appliances, and beyond. For businessowners, connected equipment creates operational efficiencies and complexities. And for insurers, IoT-connected smart devices like sensors and telematics offer opportunities to prevent loss, provide data insights, and better manage their portfolios.

By the end of 2024, there is projected to be more than 207bn devices connected to IoT both in homes and businesses.

“In personal lines, telematics has become the foundation from which to learn and expand IoT solutions across both Personal Lines and Commercial Lines. To this end, we are seeking opportunities to deploy IoT and smart devices to shift the industry from a posture of repair and replace, to an advantageous position of connect and protect, which benefits the customer and the carrier alike,” says Kasey Ketcham, VP – Strategic Growth Solutions at HSB.

Leverage smart technology to protect homes and businesses by partnering with HSB Applied Technology Solutions. HSB’s IoT sensor solutions prevent loss, enable predictive maintenance, and transform business models.

Learn more about Munich Re’s connected technology solutions.

Percentage of market segments that ranked IoT as a most impactful emerging technology

Consumers **39%**

Small business owners **34%**

Middle market decision-makers **44%**

P&C insurance agents/brokers **40%**

P&C insurance carriers **38%**

Percentage of market segments that ranked smart devices as a most impactful emerging technology

Consumers **47%**

Small business owners **42%**

Middle market decision-makers **42%**

P&C insurance agents/brokers **41%**

P&C insurance carriers **37%**



Market dynamics and P&C cost drivers



Economic pressures and geopolitical uncertainty provide a backdrop to risk responses.

The questions posed in RiskScan 2024 went beyond topics of insurable risk to examine market dynamics impacting all audiences in their personal and professional lives.

All audiences cited economic inflation/decline and domestic political uncertainty as top market concerns. Not surprisingly, inflation was also cited as a key factor influencing P&C cost drivers, along with the increase in natural disasters.

All stakeholders are concerned about rising costs, especially in the property space as well as in other lines that have been going through tremendous, unprecedented pricing pressure. Inflation is certainly a driver of that, but so are increased losses due to the frequency and severity of weather tied to changes in climate.

“Supply chain strains throughout COVID lockdown years—2020 to 2022—generated P&C replacement cost inflation at a magnitude not seen in decades, up 40 percent on average. What’s more, insurance losses have gone up in excess of twice what inflation did. RiskScan 2024 provides a deeper understanding of how concerning this new normal is in the cost of risk to consumers, business, and the insurance industry. This also illustrates the opportunity for a more collective approach to risk management and mitigation between insurers and their customers,” says Sean Kevelighan, President and Chief Executive Officer at Insurance Information Institute.

Insurance professionals also note that legal system abuse is a key driver of P&C insurance costs. Industry experts believe aggressive advertising by attorneys and third-party litigation financing have driven the increase in large jury awards, directly impacting insurance costs for all. “We have seen an increase in the number and amount of awards as these techniques have proven to be successful. If left unchecked, it will continue to increase costs for all audience segments. In fact, according to the Institute for Legal Reform, the average American household already pays an average of \$3,621 per year in tort tax,” explains Maura Freiwald, Head of US Casualty at Munich Re US.

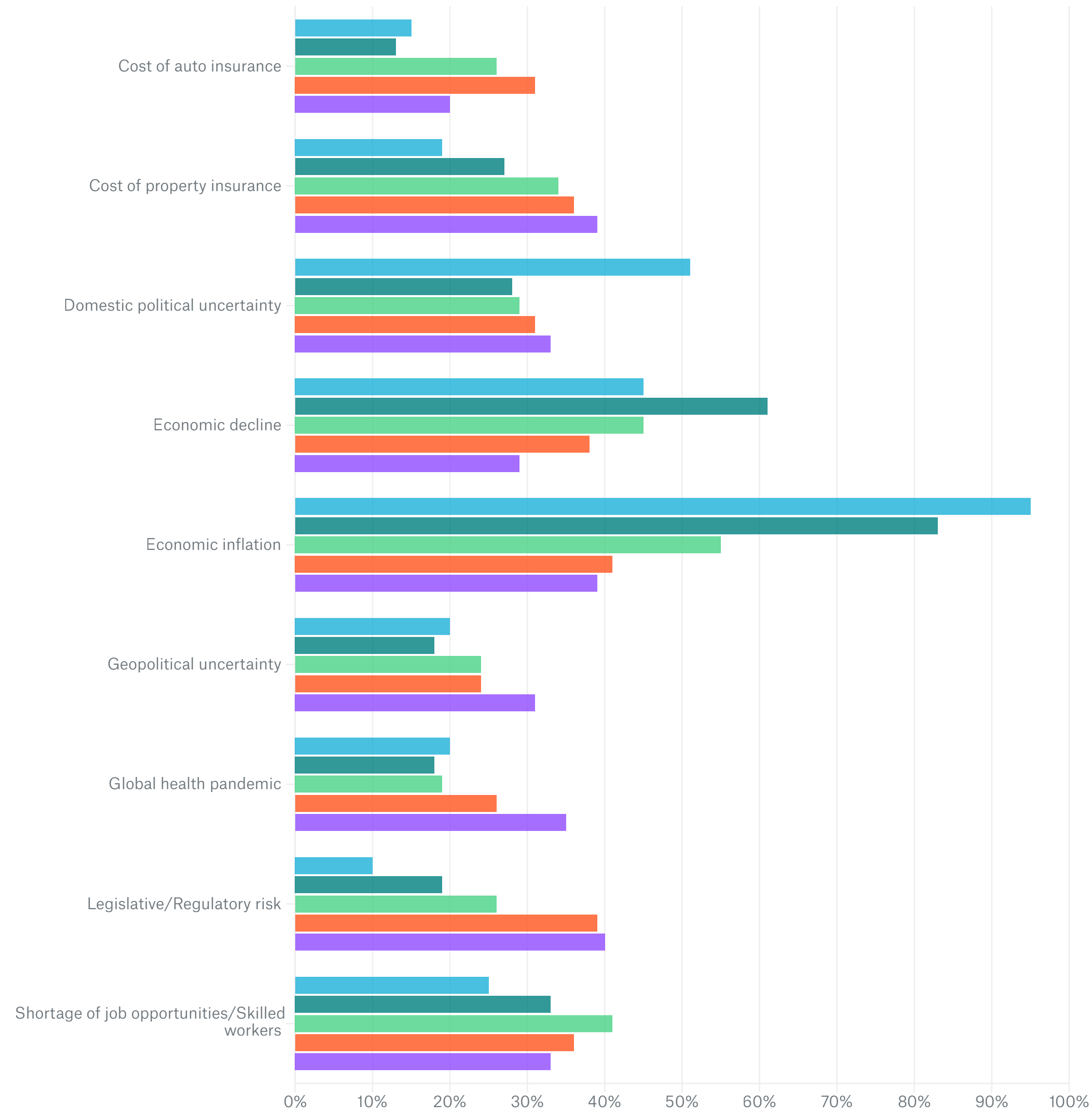
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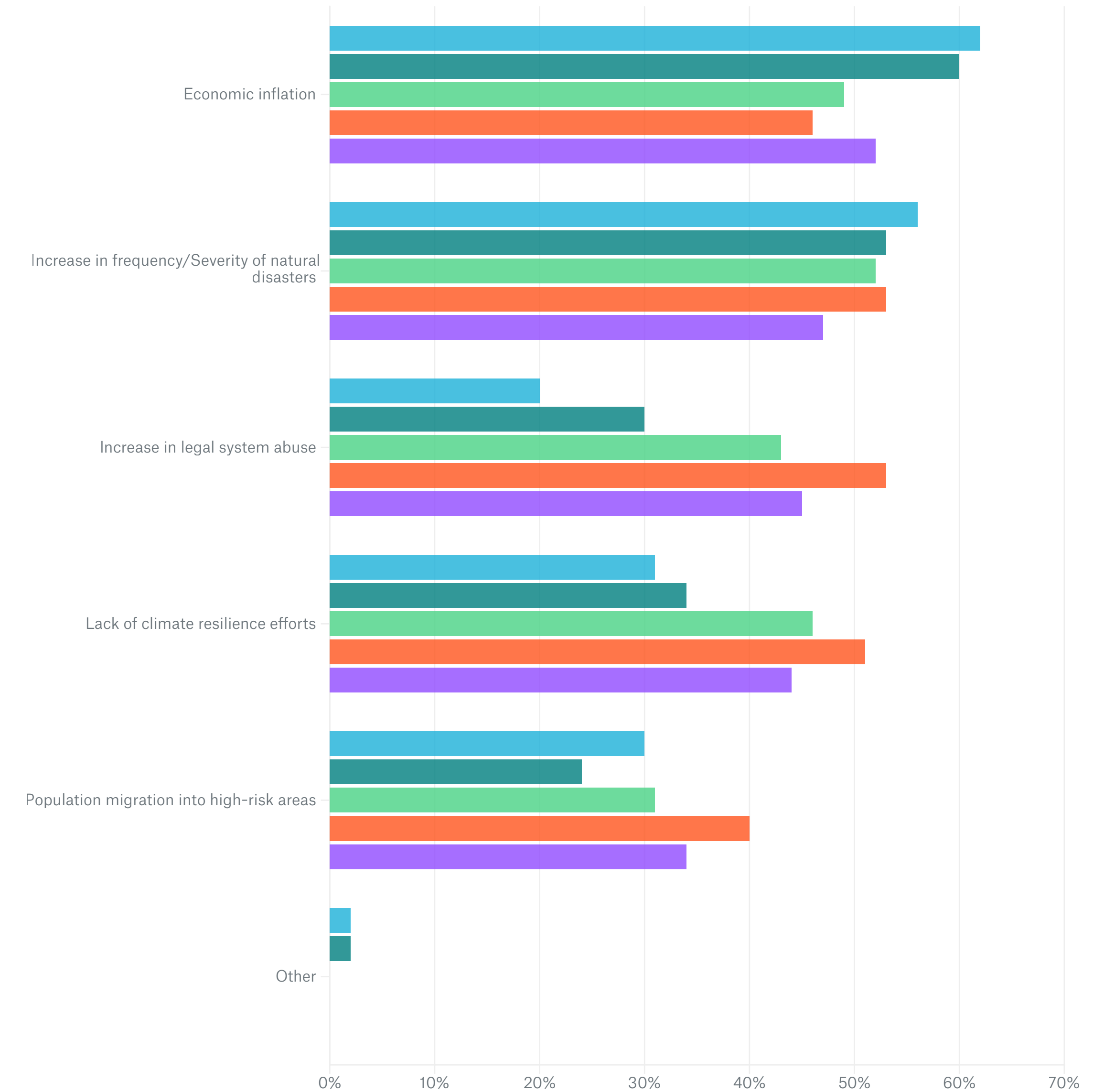
Top market dynamic concerns

Consumers SBOs MM decision-makers P&C insurance agents/brokers P&C insurance carriers



Greatest impacts on the cost of P&C insurance

Consumers SBOs MM decision-makers P&C insurance agents/brokers P&C insurance carriers



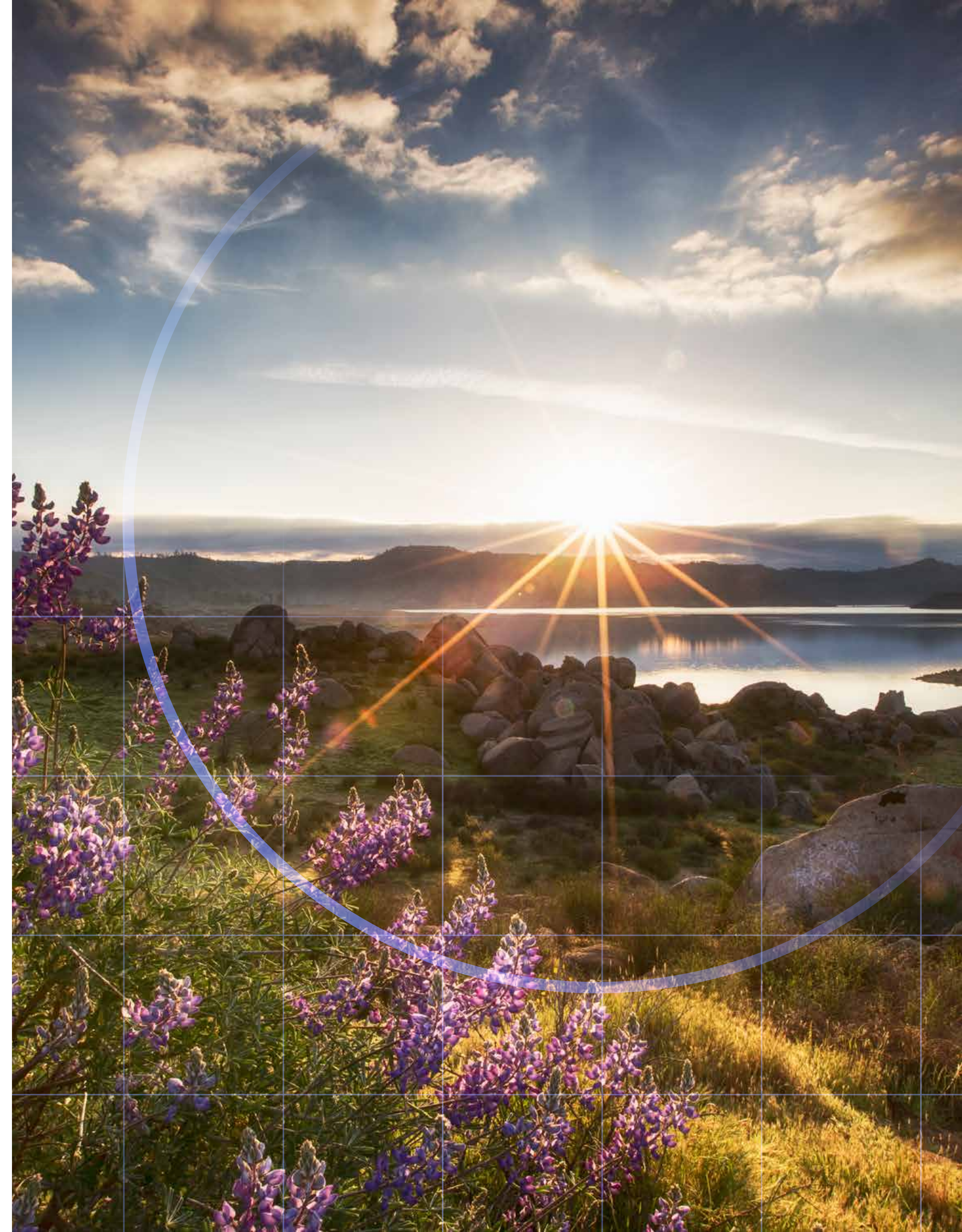
Responsible today for a resilient tomorrow

Munich Re US consistently works to identify, analyze, and provide insights related to risks along the insurance value chain—from consumers to businesses to insurance professionals—while Triple-I strives to deliver unique, data-driven insights that educate consumers and industry professionals.

Surveys like RiskScan 2024 allow us to assess the concerns of relevant stakeholders, and determine product development needs to address key risks (e.g., secondary perils, AI) or deep dive into an issue that impacts everyone. Moreover, recognizing gaps in knowledge and coverages, such as flood, cyber, and legal system abuse, provides opportunities to educate and narrow the gaps.

By understanding the risks that span across multiple market segments, together we can foster meaningful dialogue and develop innovative solutions that benefit society as a whole. The insurance industry, in collaboration with industry associations, regulators, public and private entities, and individuals, must take proactive steps to mitigate risks and prevent losses before they happen.

With a focus on prediction, prevention, and protection, Munich Re US seeks creative ways to deliver responsible, future-focused solutions, empowering you to be braver and bolder today and ensure a resilient tomorrow.





Munich Reinsurance America, Inc.

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Insurance Information Institute

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