











2023

Insurance Executive Perspectives on Top Risks

Key issues being discussed in the insurance industry's boardroom and C-suite, according to results from the latest Protiviti-NC State global survey

Talent sourcing and technology skilling headline concerns among insurance industry executives and boards in the face of rising labor costs and an increasingly competitive landscape. Strategic priorities include upskilling and reskilling employees as the need to acquire talent that can support digital transformation becomes more critical.

	RISK ISSUE	YOY change	2023 score	2022 score (rank)
	1. Organization's succession challenges and ability to attract and retain top talent in a tightening talent market may limit ability to achieve operational targets	↑	6.02	5.53 (4)
	2. Current interest rate environment may have a significant effect on organization's capital costs and operations	↑	5.98	5.45 (9)
	3. Ensuring data privacy and compliance may require alterations to restructure how data is collected, stored, shared and used	↑	5.84	5.06 (20)
	4. Existing operations and legacy IT infrastructure may not be able to meet performance expectations as well as "born digital" competitors	↑	5.80	5.45 (10)
	5. Adoption of digital technologies may require new skills in short supply, requiring significant efforts to upskill/reskill employees	↑	5.75	5.60 (3)
	6. Economic conditions may significantly restrict growth opportunities, impact margins or require new skill sets	↑	5.69	5.66 (2)
	7. Resistance to change may restrict the organization from making necessary adjustments to the business model and core operations	↑	5.65	5.52 (5)
	8. Inability to utilize data analytics and "big data" to achieve market intelligence, and increase productivity and efficiency	↓	5.60	5.77 (1)
	9. Organization's culture may not sufficiently encourage the timely identification and escalation of risk issues	↑	5.40	5.34 (13)
	10. Approach to managing ongoing demands on or expectations of a significant portion of the workforce to work remotely or as a part of a hybrid work environment	↑	5.38	4.66 (27)

*Scores are based on a 10-point scale, with "10" representing that the risk issue will have an extensive impact on the organization.

KEY HIGHLIGHTS FROM THIS STUDY



Meeting talent and resources needs in disciplines that drive growth is top of mind. Recruiting talent at the graduate and early-career levels has been a challenge for the insurance industry historically despite the career opportunities it provides. This trend may continue amid competition from other sectors in the financial services industry that can be more attractive to young candidates.



The increasingly complex requirements for handling customer data continue to impact the industry. Substantial resources must be dedicated to complying with existing privacy regulations such as the European Union's General Data Protection Regulation and the California Consumer Privacy Act. Compliance with emerging privacy regulations around the globe will require additional investment.



Inflationary pressure and resulting interest-rate hikes have varying implications for growth across the industry. For life insurers, higher rates are likely to generate unrealized losses in investment portfolios – or realized losses if liquidated – but they reduce reinvestment risk and make rate guarantees less expensive. For property and casualty insurers, premiums may lag inflation and create higher-than-expected claims.



Outdated technology infrastructure and processes impede digital experiences and lean cost structures that provide competitive advantages. Significant investment is necessary to modernize technology platforms. For most insurance carriers and brokers, this transformation presents the need to upskill and/or reskill employees. Organizations that fail to make this investment are at risk of losing market share to traditional and born-digital competitors that are quicker-to-market with innovations and have focused on competitive pricing.

Results are based on a survey of 55 board members and C-suite executives worldwide. The full survey report, *Executive Perspectives on Top Risks*, may be accessed at erm.ncsu.edu or protiviti.com/toprisks. It includes detailed breakdowns of the results by respondent role, organization size, industry, geography and other categories.

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