

Middle Market Indicator

Market Dynamics Outlook 2021 Year-End - Financial Services Companies

In December 2021, Chubb and the National Center for the Middle Market (NCMM) surveyed 1,000 executives of middle market companies for the semi-annual Middle Market Indicator report. Chubb is providing these survey insights to help companies and their insurance partners understand business trends and evolving risks.

Outlook Brightens for Middle Market Financial Services Companies

Middle market financial services companies have recovered strongly from the economic impacts of COVID-19, with survey respondents reporting sharp gains in revenue and employment in the second half of 2021 that reached far higher than any point in the survey's 10-year history.

Most of these companies expressed confidence in the economy at the global, national and local levels, and nearly three-fourths say they are doing better than before the pandemic and expect gross revenues to grow over the next year. While only one in five made an acquisition in the past year, more than three times that many are likely to do so in 2022.

Middle Market Financial Services Companies:

Company Performance

73%
are doing better than
before the pandemic

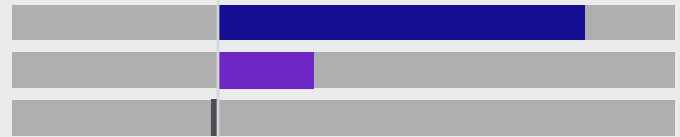
70%
expect revenue to
grow in the next year

M&A Activity

Next 12 Months:
63%
are extremely or very likely
to make an acquisition

Past 12 Months:
20%
made an acquisition

Employment Growth



Revenue Growth



■ Q4 2021 ■ Q2 2021 ■ Q4 2020

Addressing Workforce Challenges

Even as their employment growth reached all-time highs for this survey in the second half of 2021, most middle market financial services companies are struggling to hire talent with the skills they need.

As a result, many of these companies have found it necessary to take such steps as asking employees to work longer hours or more shifts, bringing in consultants or slowing down productivity or sales, which may increase the likelihood of worker burnout or potential costly mistakes. Explore Chubb's [risk engineering](#) and [workers compensation](#) coverage solutions that can help middle market financial services companies better manage these types of risk exposures.

Middle Market Financial Services Companies:

88% challenged by finding and hiring employees with right skills

These Firms Experienced:

Employees working longer hours/more shifts:



Having to bring in consultants:



Having to slow down on productivity/sales:



Navigating Disruptions from Supply Chains and More

Supply chain concerns became more pressing for middle market financial services firms in the second half of 2021, as more than half were directly impacted by supply chain disruptions. Among those, the majority say it is negatively affecting revenue projections for 2022.

With many middle market financial services firms seeking acquisitions, they also acknowledge the difficulty with managing risks related to changes in leadership or control. In addition, while risk management has become increasingly important to these firms, many are still not ready to manage property-related risks, such as hazardous weather and prolonged power outages.

As these companies look to grow through acquisitions and take advantage of other growth opportunities, they should consider the potential additional risk exposures and prepare accordingly.

Middle market manufacturers should discuss their evolving operations and challenges with their insurance agent or broker, who can help assess how these changes and external factors may introduce or increase risk and make any necessary updates to risk management strategies as well as insurance coverages and limits.

Middle Market Financial Services Companies:

54%

were negatively impacted by supply chain disruptions/constraints in the past six months

60%

Of those: say this disruption is negatively affecting revenue projections for 2022

For more information on these or other topics, visit www.chubb.com/us-en/business-insurance/financial-institutions-product

Somewhat or Not Prepared to Respond To:

Physical damage from water or fire:



Hazardous weather:

23%

Navigating Business Transitions:

45%

find it extremely or very challenging to manage risks related to changes in leadership or control (e.g., CEO succession, M&A)

41%

Q2 2021

17%

Q4 2020

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*Financial services companies include those who reported the industry their company engages in as “financial services/insurance”

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