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## National Survey Finds Healthcare Costs and Cyber Security Are Top Business Threats

*The Graham Company's 2015 Business Risk Survey reveals disconnect between executives' perceptions and reality of preparedness to mitigate risks--*

PHILADELPHIA, PA – August 26, 2015 – [The Graham Company](#), one of the Mid-Atlantic region's largest insurance and employee benefits brokers, today announced the results from its 2015 Business Risk Survey, a national survey of 300 senior business professionals. The survey revealed that nearly three quarters of business leaders are most concerned about potential risks associated with healthcare costs and cyber security threats to their organizations. The survey also found that even though business leaders perceive that they are taking the adequate measures to protect their organizations, in reality they're falling short of doing what's necessary to mitigate the risk associated with these potential threats.

"In the modern-day business environment where everything is interconnected, the potential threats facing a business are immense," said Ken Ewell, President and COO of The Graham Company. "This complexity of risks has caused many business leaders to become overwhelmed and unknowingly expose their businesses to risks that threaten their bottom line."

When asked to consider the single biggest risk facing organizations, business leaders' opinions varied, but cyber security had the highest proportion with 21% of respondents naming it as the number one risk they were most concerned about. Tied for the second greatest risk was professional liability (i.e., employee errors and omissions) and legal liability issues (16%), followed by healthcare costs (14%).

According to The Graham Company's survey, 64% of respondents felt that their organization was either very well prepared or fairly well prepared to address the risks associated with healthcare costs, and 83% of respondents felt the same way about employee safety in the workplace. However, only slightly more than half of respondents regularly consulted with an insurance or risk management expert to review plans for mitigating risk.

"A one-size-fits-all approach to insurance and risk management isn't adequate in today's constantly evolving business environment," continued Ewell. "Business leaders need to shift their risk management approach from passive and general, to proactive and specialized in order to protect their companies."

**Additional Survey Highlights:**

**Small Business Healthcare Costs** - 60% of decision-makers at small businesses (between 50 and 499 employees) felt that the Affordable Care Act (ACA) has had a negative impact on their organization.

Reasons for these feelings include:

- Higher healthcare costs
- Reduction in the quality of healthcare benefits offered because of trying to manage costs due to ACA
- ACA requiring excessive internal resources
- Lower employee morale
- Changes in hiring
- Making it more difficult to recruit and retain well-qualified employees

**Big Business, Big Risk** - 55% of respondents felt that their organization faces higher risks today compared to a few years ago. Despite 76% of large businesses (those with 5,000 or more employees) saying they're prepared for reputational risk or liability faced by directors and executives of their organization, only 49% of them have Directors and Officers Liability Insurance.

**Professional and Legal Liability** – Nearly 70% of all respondents expressed concern over employee errors and mistakes causing damage to their business operations, yet only 56% of respondents have Professional Liability insurance to deal with these kinds of issues. Furthermore, *more than half* of the respondents demonstrated concern over legal liability and potential lawsuits. While 78% of respondents said they are prepared to deal with these legal matters, they aren't taking the necessary precautions to mitigate the risk of these potential threats.

**Cyber Threat Fears** – Survey results show that companies' fears regarding cyber threats are significant, with nearly half of respondents expressing that they felt there was a significant level or risk regarding the following:

- A hacking incident leading to theft of customer information
- Inability to use the organization's network
- Theft of employees' private information
- Theft of intellectual property
- Inability to access the organization's website

An infographic representation of the survey data [can be found here](#).

**About The Graham Company** The Graham Company is an insurance brokerage and consulting firm committed to enhancing employee safety and business viability through an action oriented approach to risk management. In business for over 50 years, The Graham Company focuses on customizing property and casualty, surety, and employee benefits programs for its clients. With its uniquely proactive approach to managing risk, The Graham Company is redefining what it means to be a broker because it believes Actions Matter. To learn more about The Graham Company, visit [www.grahamco.com](http://www.grahamco.com).

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# TOP BUSINESS THREATS

When it comes to keeping businesses protected, it's a risky game of perception vs. reality for today's execs.

## WHAT POTENTIAL RISKS ARE BUSINESS LEADERS CONCERNED ABOUT?

60%

of small business decision-makers feel the Affordable Care Act has had a negative impact on their organization.

55% are facing higher risks today compared to a few years ago

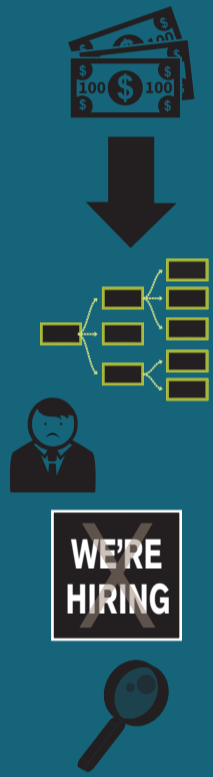
Nearly 75% of business leaders are concerned about healthcare costs and cyber security

21%

of business leaders consider cyber security to be the single biggest risk facing their organization.

### NEGATIVE IMPACT OF THE AFFORDABLE CARE ACT ACCORDING TO BUSINESS LEADERS

- Higher healthcare costs
- Lower quality healthcare benefits
- Excessive internal resources
- Lower employee morale
- Changes in hiring
- More difficult to recruit & retain employees



### TOP CYBER SECURITY RISKS ACCORDING TO BUSINESS LEADERS

- Theft of customer info
- Inability to use company network
- Theft of private employee info
- Intellectual property theft
- Inability to access company website



## PERCEPTION vs. REALITY



### How Prepared Businesses Think They Are

- 64% of business leaders feel they are prepared for healthcare cost risks
- 61% of business leaders feel they are prepared for cyber security risks
- 76% of large businesses say they're prepared for reputational risk or liability faced by board members and executives of their organization
- 70% of all respondents expressed concern over employee errors and mistakes causing damage to their business operations



### Where Businesses Actually Fall Short

- 56% of business leaders regularly consult with an insurance or risk management expert
- 56% of business leaders have completed an IT, network or cyber security audit within the past 2 years
- 49% of business leaders say they have Directors and Officers Liability Insurance
- 56% of respondents regularly consult with an insurance risk management expert to review plans for mitigating risk

*"A one-size-fits-all approach to insurance and risk management isn't adequate in today's constantly evolving business environment. Business leaders need to shift their risk management approach from passive and general, to proactive and specialized in order to protect their companies."*

*-Ken Ewell, President and COO of The Graham Company*