



5 Bite-Sized Business Risk Insights for Stronger Decisions

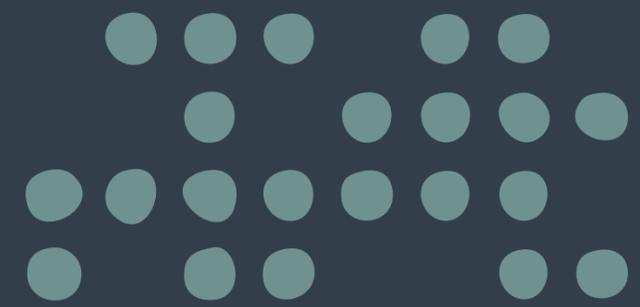
Five Roundups. Five Minutes.

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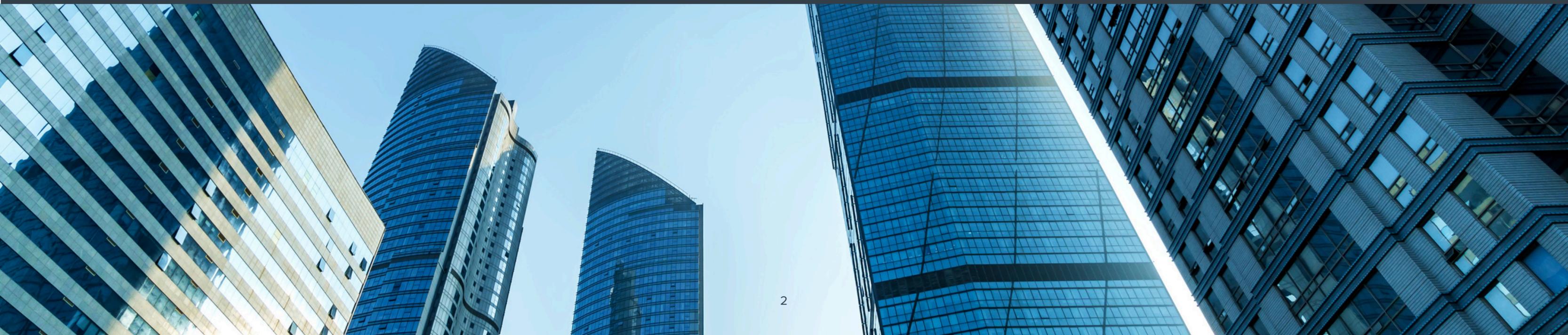
Table of Contents



Risk is constantly evolving. These five roundups distill current trends and risk drivers shaping organizational exposures today and provide insights for staying ahead and protecting performance.

5 Trends Impacting the Commercial Insurance Market.....	3
5 Key Cost Drivers of Nuclear Verdicts.....	4
5 Ways for Businesses to Reduce Tariff-Related Risks.....	5
5 Considerations for Workplace Policies on Artificial Intelligence.....	6
5 Common Cybersecurity Mistakes and Steps to Protect Organizations.....	7

The following information does not constitute advice. Always contact your insurance broker or trusted advisor for specific risk- and insurance-related questions.

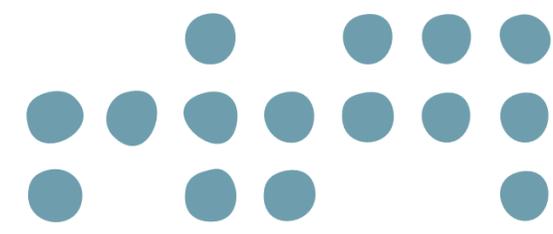


5 Trends Impacting the Commercial Insurance Market

Understanding market trends is the first step toward controlling insurance costs. Organizations that take a proactive approach to risk management, loss control, and coverage strategy are better positioned to secure favorable terms and protect their bottom line.

- 1 Social Inflation and Litigation Trends.** Social inflation refers to societal forces pushing insurance costs above overall inflation. Key contributors include increased third-party litigation funding and rising anti-corporate sentiment. These trends have led to greater business accountability and more nuclear verdicts (awards over \$10 million), driving higher claim severity and premium increases across many commercial insurance segments.
- 2 AI and Technology Exposures.** The rapid adoption of AI tools is creating new liability risks, including algorithmic bias, privacy concerns, and cyber vulnerabilities. Insurers are scrutinizing policyholders' technology governance and disclosure practices, with inadequate oversight potentially triggering D&O, EPL, and cyber claims.
- 3 Inflation and Supply Chain Volatility.** Wage and medical inflation remain elevated, while tariffs and global supply chain disruptions continue to inflate construction and repair costs. These factors are creating valuation gaps, underinsurance concerns, and higher claim severity, prompting insurers to implement rigorous valuation protocols.
- 4 Cybersecurity Threats and Fraud Risks.** AI-powered cyberattacks, ransomware incidents, and business email compromise scams are escalating. Shadow IT and deepfake-enabled fraud are also contributing to rising claims costs, prompting insurers to require robust cybersecurity controls and fraud prevention measures as prerequisites for coverage.
- 5 Underwriting Discipline and Capacity Management.** Even as some segments show signs of stabilization, insurers remain cautious. Many carriers are maintaining strict underwriting standards and emphasizing risk quality, loss control, and accurate valuations. Organizations that cannot demonstrate strong risk management practices may face higher premiums, reduced limits, or coverage restrictions.





5 Key Cost Drivers of Nuclear Verdicts

Nuclear verdicts—jury awards exceeding \$10 million—pose a significant threat to businesses. By understanding the main drivers and implementing safeguards, such as proper risk assessments, routine training, ongoing compliance, and adequate insurance, businesses can reduce the likelihood of costly litigation.

- 1 Social Inflation.** Changing societal values, rising juror expectations, media influence, and public advocacy are driving higher insurance claim costs. Growing skepticism toward businesses and increased demand for transparency make stakeholders more inclined to pursue litigation, further contributing to social inflation and nuclear verdicts.
- 2 Broadened Definitions.** Many courts have expanded the definitions of “liability” and “duty,” holding corporations legally responsible for a wider range of alleged shortcomings. This trend has increased the frequency of class action lawsuits and associated nuclear verdicts.
- 3 Litigation Shifts.** The growing prevalence of litigation financing, in which a third party funds a lawsuit in exchange for a portion of the proceeds, has lowered financial barriers for plaintiffs. This has enabled more individuals to pursue corporate litigation, raising the potential for nuclear verdicts.
- 4 Evolving Trial Tactics.** Attorneys are increasingly using tactics aimed at securing higher jury awards, such as the reptile theory (appealing to jurors’ emotions) and anchoring (suggesting high award amounts to influence jurors’ expectations).
- 5 Regulatory Changes.** Although not the top driver, shifts in federal, state, and industry regulations can influence how juries interpret corporate responsibilities, ultimately affecting punitive judgments when businesses are found noncompliant.



5 Ways for Businesses to Reduce Tariff-Related Risks

Tariffs can pose significant challenges for businesses, affecting supply chain stability and insurance costs. Implementing risk management strategies can help companies reduce exposures and manage insurance costs.

- 1 Diversify Supply Chains.** Businesses should conduct risk assessments to identify supply chain vulnerabilities, particularly those tied to international trade and tariffs. After identifying risks, companies can benefit from diversifying supply chains to reduce trade-related exposure, such as selecting alternative suppliers in regions with favorable trade practices or adopting nearshoring or reshoring strategies.
- 2 Implement Operational Improvements.** Using artificial intelligence and data analytics can improve supply chain visibility, forecast disruptions, and increase efficiency, helping reduce tariff-related risks. Businesses should also develop contingency plans for tariff-driven disruptions and work with legal professionals to ensure compliance with evolving trade policies to avoid fines, delays, or reputational harm.
- 3 Modify Contracts.** When forming or renewing supplier or vendor contracts, businesses should evaluate contract language closely and include clauses addressing tariff-related risks. Cost-sharing provisions can distribute tariff expenses, while regular contract reviews ensure terms remain effective as trade policies evolve.
- 4 Leverage Tariff Mitigation Measures.** Sourcing goods from regions with free or favorable trade agreements can reduce tariff impacts, while operating in foreign trade zones can defer or lower tariffs. Tariff engineering, including adjusting materials, processes, or product designs, may further reduce import costs and manage tariff expenses.
- 5 Review Insurance Policies.** Businesses should document their supply chain and operational risk strategies to ensure insurers provide adequate coverage. Regular insurance reviews are essential, and higher deductibles or self-insurance may help control premiums. Depending on exposures, specialized coverage such as trade credit, contingent business interruption, or political risk insurance may also be appropriate.

5 Considerations for Workplace Policies on Artificial Intelligence

Artificial intelligence (AI) is rapidly reshaping workplaces, often being used without employer oversight. While AI offers efficiency and improved workflows, it introduces legal, ethical, and operational risks. Employers must create clear policies to manage these exposures and guide responsible AI use. Here are five considerations for doing so.

- 1 Compliance and Communication.** AI tools assist with hiring, onboarding, and HR automation, but they may reinforce bias or raise privacy concerns. Regulations have not kept pace with adoption, leaving employers to navigate inconsistent state and federal rules. Organizations should evaluate how AI is used, update existing policies, and ensure compliance across jurisdictions. Because AI adoption can cause employee concern, employers should communicate openly and train staff on AI's purpose and limitations.
- 2 Data Privacy and Surveillance.** AI systems can track performance and analyze workplace data, making privacy safeguards essential. Some states require employee notification or consent for monitoring or AI use in hiring. Employers should disclose how AI is used, limit intrusiveness, and protect confidential information.
- 3 Copyright and Intellectual Property.** AI-generated content may infringe on intellectual property or expose sensitive information. Employers should clarify ownership of AI-generated work, update confidentiality policies, and train employees to avoid using protected or confidential data in AI tools. Limiting AI access can reduce risks.
- 4 Anti-Discrimination Concerns.** AI can unintentionally perpetuate discrimination if trained on biased data. The EEOC has prioritized AI fairness and issued guidance on the topic. Employers should conduct bias audits, review compensation tools, and ensure that vendors comply with anti-discrimination laws.
- 5 Ethical Issues.** As AI capabilities grow, controlling outcomes becomes harder. Employers should establish ethical guidelines and regularly update policies as the technology evolves.

5 Common Cybersecurity Mistakes and Steps to Protect Organizations

Cyberattacks are growing more frequent, more sophisticated, and more costly, and many organizations are unknowingly making mistakes that leave them vulnerable. Here are five common cybersecurity mistakes, along with simple actions organizations can take to help prevent them.

- 1 Using Weak Passwords or Reusing Passwords.** Hackers love simple, reused passwords, like *password*, *123456*, and *qwerty123*. Use strong, unique passwords of 16 characters or more for every account and change them regularly.
- 2 Ignoring Software Updates.** Delaying updates leaves doors open for hackers. Enable automatic updates and check regularly for the latest security patches.
- 3 Failing to Train Employees Adequately.** Employees are your first line of defense, or your weakest link. Train staff regularly with real-world cyberattack scenarios.
- 4 Overlooking Multifactor Authentication (MFA).** A single password isn't enough anymore. Enable MFA to add an extra layer of security to accounts.
- 5 Using Unsecured Public Wi-Fi.** Public Wi-Fi can turn private information into public property. Avoid public networks. Use VPNs and firewalls, and disable autoconnect settings.



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