



2025 C-Suite Stress Index

Executives eye external threats: Economy, labor, weather, and litigation



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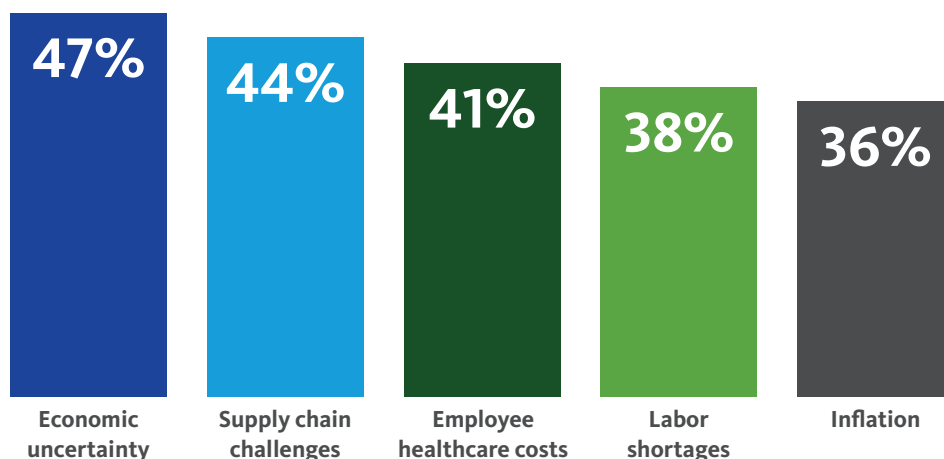
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Executive Summary

Business leaders anticipate a range of external challenges threatening their bottom lines in 2025. **Economic uncertainty (47%)** is seen as the biggest threat, compounded by additional ongoing challenges:



The unpredictable nature of these external factors makes planning difficult, putting leaders under pressure as they search for ways to shore up their businesses.

Most executives (67%) feel more stressed at the onset of 2025 than the prior year.

A quarter (25%) anticipate shrinking or even going out of business this year, and nearly all (97%) have put off upgrades due to cost pressures or scarce resources, including upgrades to business equipment (48%) or technology (47%).

Against this backdrop, many leaders plan to reevaluate their company's insurance policies, as just 26% are "completely confident" their coverage is adequate. This sentiment makes sense—in the face of so many factors outside their business's control, leaders are stressed and seeking peace of mind in the form of financial protection.

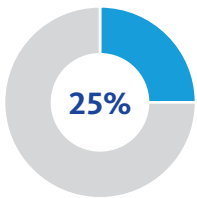
And it's worth noting that for many business leaders, anxiety over the coming year does not necessarily equate to pessimism. In fact, nearly half of the leaders we surveyed **believe their businesses will not only survive, but thrive, in the year ahead.**

Read on to learn more about the external pressures business leaders expect to face in 2025—and the concrete actions they're taking to manage their risk, and stress.

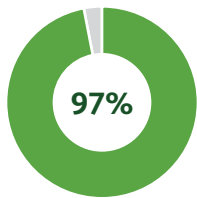
Key Findings

On behalf of Sentry Insurance, Wakefield Research conducted a survey of 1,000 owners and C-suite leaders of U.S. companies to better understand what business challenges leaders expect to face in 2025—and how they're preparing to overcome them.

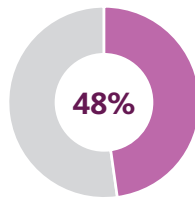
67% of business leaders feel more stressed at the onset of 2025 than the prior year



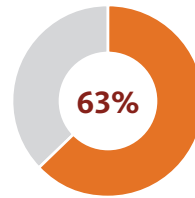
anticipate shrinking or even going out of business in 2025



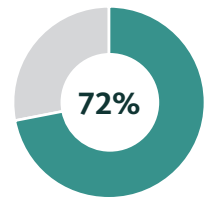
have put off updates due to cost pressures or scarce resources



are asking employees to work longer hours or take fewer breaks

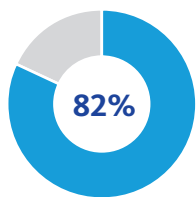


Faced extreme weather outages that left company, customer, or vendor systems unable to operate

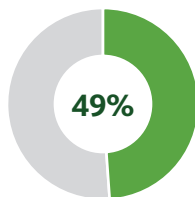


recognize increases in litigation and multimillion-dollar verdicts as a problem in their industry

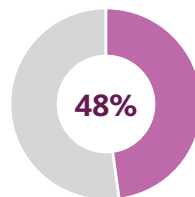
47% believe their company will not only survive but thrive in 2025



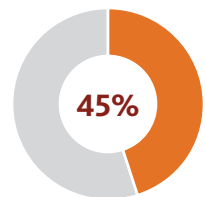
of executives plan to boost investments in worker safety during 2025



hope to increase retention rates by increasing worker safety investments



hope to gain increased output by increasing worker safety investments



hope to improve recruitment efforts by increasing worker safety investments

74% of executives are not completely confident that their company's current insurance coverage is adequate

External threats challenging business leaders

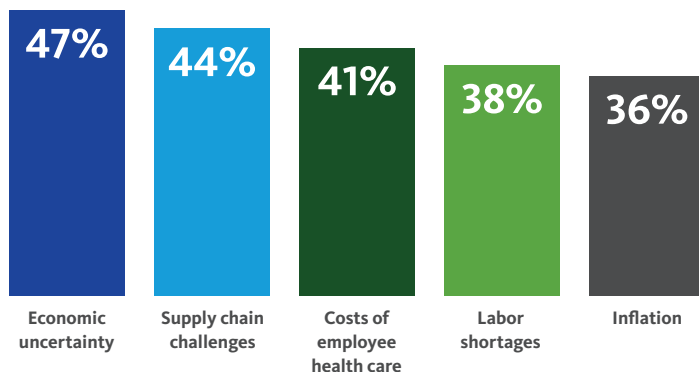
The divide in 2025 outlook amongst business leaders is stark:

While 47% of executives are confident their company will survive—even “thrive”—this year, a full quarter of respondents are concerned their companies will shrink or potentially shut down this year.

And even those optimistic executives are feeling the strain that comes with leading a business in the face of the very real, very unpredictable challenges largely outside their control. 67% of executives, including 63% of those optimistic about the coming year, describe the stress they face heading into 2025 as higher compared to this time last year.

EXTERNAL STRESSORS: BY THE NUMBERS

Leaders are struggling with the threats posed to their business by:



HOW LEADERS ARE RESPONDING

Many company leaders are actively taking steps to better shore up their businesses—often relying on existing technology and equipment to maintain the health of their company.

However, it's hard to invest in operations when expenses are rising and uncertainty looms. Many businesses are preparing for potential headwinds by making the tough decision to delay upgrades to their existing equipment and infrastructure. By taking a more cautious approach, businesses are likely weighing near-term risks and short-term term costs with the long-term benefits of upgrades to their operation.

FINANCIAL OBSTACLES

Cost pressures and/or resource scarcity have kept 97% of executives from making needed upgrades, including:



THE RISKS OF INACTION

While upgrading facilities or equipment requires upfront costs, the risk of not doing so may prove more costly in the future.

Dated equipment and systems pose risk—particularly in industries that rely on machinery to drive production and maintain a competitive advantage. Equipment failure can lead to costly repairs, logistical headaches, and extended downtime. Additionally, a malfunction in specialized equipment often necessitates sourcing hard-to-find parts, further delaying the delivery of products to customers. As leaders focus on maximizing existing resources, regular inspections and proper maintenance will be critical. A proactive approach can help pinpoint problems, minimize repairs, and keep operations running smoothly.

Cyberattacks continue to impact businesses of all sizes and industries. 33% of executives listed cyberattacks among the top threats to their company in 2025. As leaders postpone updates to their technology and cybersecurity systems in the coming year, businesses will need to assess their vulnerabilities to protect sensitive data.

Labor market puts pressure on workers—and elevates risk

The lack of available workers for labor-intensive tasks poses risks for both employees and their employers. Across a range of industries, leaders are requiring workers to do more with less:



48% admit employees are pressured to work longer hours and/or take fewer breaks



81% say employees are being assigned tasks outside their roles and/or training



43% have increased output expectations for employees



40% have shortened training cycles to get workers into roles quicker

SAFETY EFFORTS GET OVERSHADOWED BY DEMAND

Around a quarter of executives (24%) have put off enhancements to safety protocols due to cost pressures.

Leaders are relying on their employees to take on extra responsibilities that could put their workforce and company at risk. Many companies are asking employees to take on tasks that go beyond their experience, which can contribute to an increase in worker injuries.

HOW LEADERS ARE RESPONDING

Still, most leaders recognize that a safe workforce has never been more critical to meeting demand. In fact, 82% plan to boost investments in worker safety during 2025.

However, these ambitious safety plans will only succeed if they don't get overshadowed by the growing pressure to increase output without proper coaching.

As labor shortages remain a dominant perceived threat, leaders who plan to spend are prioritizing staffing, particularly:

- Increasing worker retention rate (49%)
- Making employee recruitment easier (45%)

Additionally, executives who plan to invest in worker safety intend to focus on:

- Reducing lost work hours or curbing workers' compensation claims (61%)
- Increasing operational output (48%)

While there's significant room for improvement in workplace safety practices, leaders' responses indicate a clear pattern: A healthy workforce will be a competitive advantage for companies seeking growth.



Extreme weather raises alarms

From tornadoes to migrating convective storms, extreme weather events are hitting companies—either directly or via their suppliers and customers—at an alarming rate. And many leaders feel outmatched by Mother Nature.



67% fear the next severe weather event could put their company out of business

THE CONSEQUENCES OF POST-DISASTER INTERRUPTIONS

With 54% of companies unable to remain in business longer than 60 days without generating any income—and another 11% unable to withstand even a single day without income—it's clear most companies have very little financial cushion to fall back on should a natural disaster interrupt their business.

Smaller companies, in particular, face mounting challenges. 17% of executives at companies with 10–49 employees believe they wouldn't be able to remain in business a single day without generating income.

Concerningly, some executives appear overly confident in their company's ability to withstand a weather incident—or unfamiliar with the extent to which such an event could disrupt business. Executives at companies that anticipate surviving 30 days or fewer without generating income are the least concerned—47% say they don't fear a business-shuttering event from the next severe weather incident.

CHANGES IN SEVERE WEATHER PATTERNS

One source of this perception gap could be outdated ideas of where—and when—severe weather strikes. **An incredible 90% of executives say their businesses have been impacted by severe weather events during the past five years.** However, the impacts weren't limited to the businesses themselves. 39% experienced supply chain disruptions that created delays, and 34% had employees who were unable to come to work due to these incidents. 63% of leaders cited outages that left company, customer, or vendor systems unable to operate.

Businesses across the U.S. are also increasingly vulnerable to severe weather events, regardless of geographical location.

Executives across every region worry the next severe weather event could threaten the future of their company—including 62% in the South, 67% in the Midwest, and 70% each in the West and Northeast.

HOW LEADERS ARE RESPONDING

More than one-third of executives (35%) plan to reevaluate their company's insurance policies this year because their area has started to experience new kinds of natural disasters.

In addition to most being unable to withstand much time without generating revenue, few leaders are confident they could pay their employees for multiple months following a natural disaster. Most executives (76%) aren't completely confident their insurance would cover six months of payroll following a weather event that significantly limits their revenue.

In the year ahead, businesses will need to prepare for navigating unforeseen outages as weather patterns shift. Any interruption—prolonged or not—can affect profits, payroll, and customer commitments. Particularly small and mid-sized businesses that might not have the resources to resume operations quickly.

Many leaders may benefit from revisiting, and updating, their business's continuity plan—with processes and contingencies outlined to minimize disruptions.



Nuclear verdicts are a growing concern

Multimillion-dollar verdicts are a growing phenomenon that risks putting companies out of business. Unsurprisingly, they've caught the attention of company leaders.

Nearly a quarter (24%) of executives initially identified lawsuits among their top five threats in 2025. However, this perception increased substantially when leaders were asked about the risk to their own industry and business.

This may suggest a disconnect between perceived risk to others, while underestimating the risk of a large verdict to their own operations.



72% of leaders view increases in litigation and multimillion-dollar verdicts against companies as a problem in their industry. And 24%—including 34% at companies with \$50 million or more in annual revenue—characterize it as a “massive” problem.

Nearly three-quarters of executives (72%) believe that increases in litigation and multimillion-dollar verdicts are a problem for their industry. For the vast majority (82%), a multimillion-dollar verdict against their company would likely put them out of business.

HOW LEADERS ARE RESPONDING

Companies are looking to protect themselves. 59% report increasing their liability insurance to help cover the cost of litigation.

While this is one near-term strategy, it isn't a complete solution to an industry-wide problem. It's important for leaders to avoid a false sense of security, which could lead to a reduced emphasis on workplace safety.

It's crucial that businesses use a two-pronged approach:

1. Take a safety-first approach to daily operations—including hiring practices, training programs, and accident protocols
2. Carry sufficient insurance to cover potential litigation expenses

Businesses who don't take safety seriously—or who may give the impression of not taking safety seriously—may face greater exposure to large verdicts.

THE VALUE OF PROACTIVE—AND ONGOING—SAFETY MEASURES

As outsized verdicts become more common, businesses are finding that many large judgements stem from a critical segment of the modern workforce—company drivers.

In today's economy, many leaders indicated their business relies on company vehicles (77%) as part of their operations. Oftentimes, drivers are relied on to transport goods, deliver services, and fulfill orders. Unfortunately, their job carries significant risk as they share the road.

Recognizing this, some leaders are starting to acknowledge that safety can't just exist within the facility. It needs to be ingrained in every aspect of daily operations—including driver training. While 41% of leaders require employees to attend mandatory safety training before using a company vehicle—that leaves 59% who haven't.

However, those who take a more proactive approach are seeing real, measurable value in dashcams to enhance their safety efforts. The vast majority (86%) of companies who've installed dashcams in company vehicles have used the footage from them, including 39% who've used the footage to exonerate their drivers involved in a lawsuit. 68% of companies that use dashcams in their company vehicles have used the footage to improve driver habits.

HOW LEADERS ARE RESPONDING

More leaders are recognizing safe drivers are a key part of keeping their businesses out of litigation trouble—however, their approach may vary between proactive and reactive strategies.

Nearly all surveyed executives (95%) have taken corrective action when an employee fails to follow safe driving practices:

- 58% required the employee to take additional driver safety training
- 45% moved the employee to a different position in the company
- 36% barred the employee from using company vehicles
- 24% fired the employee

Protecting the future

74% of executives don't feel completely confident that their company's current insurance coverage is adequate. For many, these concerns are well-founded given the risks they forecast in the business environment. More than 40% of executives admit to putting off increasing their insurance coverage due to cost pressures or resource scarcity.

That said, the new year seems to be bringing a new perspective on insurance. **Nearly all executives (97%) plan to reevaluate their insurance policies this year**, though their areas of focus vary:



43% will reevaluate their policies this year with an eye to adding insurance coverage to lower risks



38% are looking to shore up areas where they are not currently covered but know that they should be

SHARING THE RISK

Executives also differ in approach when it comes to business insurance premiums and deductibles. While 38% prefer to pay more now than later—looking for policies with higher premiums to avoid deductibles they can't afford—28% choose to keep money in reserves to cover higher deductibles, allowing them to take advantage of lower premiums.

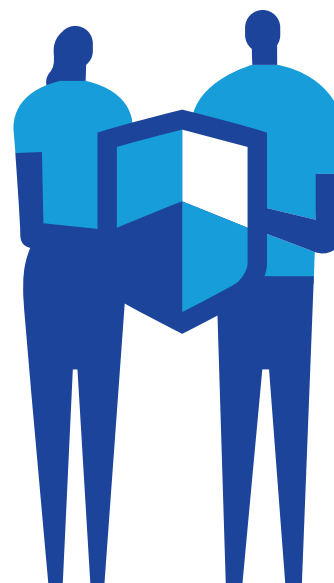
Nearly a quarter (23%) are willing to accept some level of risk in an effort to save costs. However, this is a tactic typically best suited for safety conscious businesses who have demonstrated a history of few or no accidents.

While priorities may vary, an overarching theme remains: Business leaders see a growing set of risks on the horizon, and they're seeking ways to balance short-term costs without compromising their long-term protection. For many, that includes exploring the best risk-sharing structure with their insurer, which will likely drive many renewal conversations in the coming year.

HOW LEADERS ARE RESPONDING

As business leaders navigate evolving risk—from an uncertain economy and severe weather events to multi-million dollar lawsuits—insurance can play a key role in the resilience of a company.

In 2025, many leaders appear to be basing their approach to business insurance on their outlooks for their respective businesses. The majority of leaders (55%) who expect their companies to thrive this year are planning to boost their insurance coverage for additional protection.



Conclusion

Business leaders are very much aware of the challenges ahead in 2025. After all, many of these challenges are continuations of the top stressors of 2024. And while leaders can't control external pressures, they can control how they respond to them—specifically, by making proactive internal decisions to mitigate risk.

Many are doing just that, perhaps recognizing that with risk comes uncertainty, and with uncertainty comes stress.

Leaders are committed to:

- Prioritizing safety and training
- Finding creative ways to protect revenue
- Growing their businesses in the face of evolving challenges

In addition, many are looking to shore up their insurance to help ensure they're financially prepared for the unexpected.

Nearly half of leaders have their eyes set on growth, despite a growing set of challenges. That optimism seemingly stems from their ability to adapt—focusing on maximizing resources, investing in their current workforce, and integrating resilience into their 2025 planning.

In the face of so much stress and uncertainty, these actions may ultimately bring business leaders peace of mind.

Methodological notes

The Sentry Insurance Survey was conducted by [Wakefield Research](#) among 1,000 U.S.



executives with a minimum of 10 employees, where qualifying roles are as follows: business owners, CEOs, CFOs, and CROs, between November 25th and December 9th, 2024, using an email invitation and an online survey. The study included an oversample of 100 respondents each in the following industries: auto dealers and distribution/logistics/transportation, and an oversample of 100 respondents at companies with a minimum of 1,000 employees.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 3.1 percentage points in the main sample and by more than 9.8 percentage points in each oversample, from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.



About Sentry

At Sentry, we understand what matters most. Your business. Your employees. Your peace of mind. That's why we've specialized in business insurance for over 120 years. Today, we're proud to insure over 28,000 businesses throughout the U.S., from small businesses to large Fortune 500 companies—all backed by over 6,300 employees.