



2026 C-Suite Stress Index

Keeping pace with risk: The high-stakes threats
U.S. businesses aren't prioritizing enough in 2026

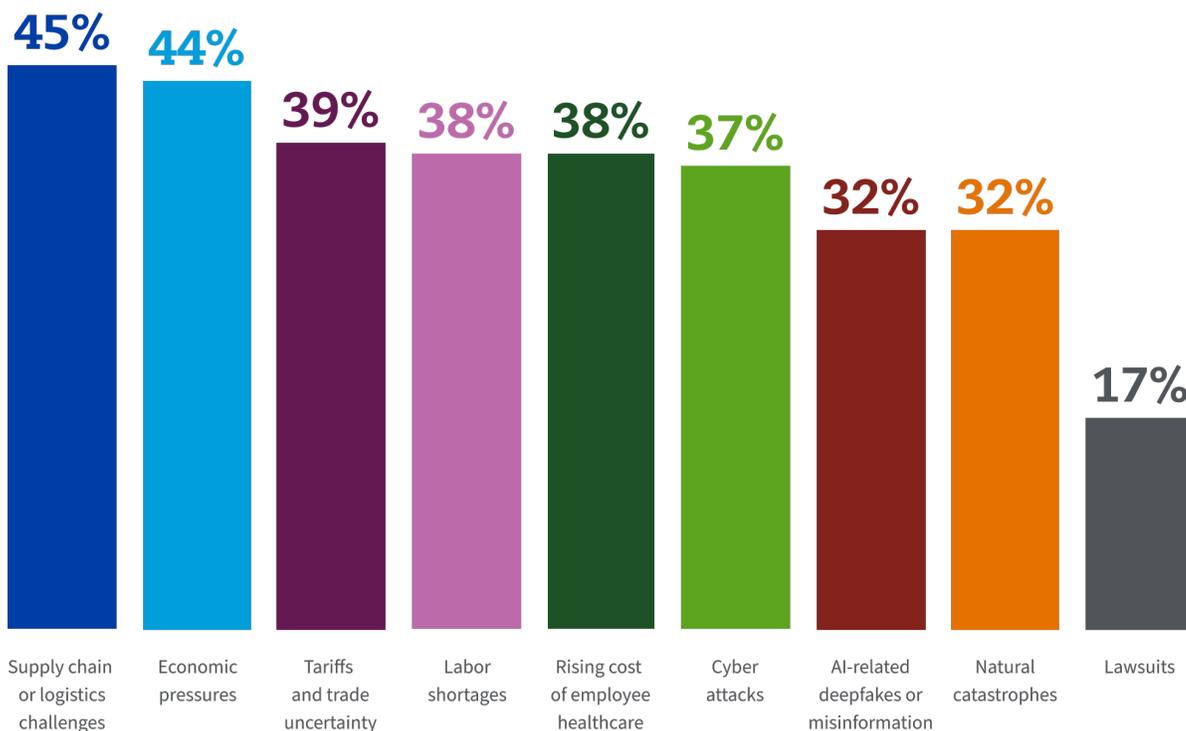


Table of contents

Executive summary	3
A proactive approach in an ever-changing landscape	
Key findings	5
Optimism—with concern beneath the surface	6
Industry outlooks	
A complex set of stressors	
Runaway litigation: A business-ending threat hiding in plain sight.....	7
The threat of nuclear verdicts	
Concerns vary by region	
Third-party litigation funding	
Vehicle risk management: A bright spot	
The lived experience of weather and natural catastrophe risks	9
The increasing impact of extreme weather	
Property damage—and property insurance	
Workforce strain: Managing injury risks and workers’ compensation claims.....	10
A rapidly changing workforce	
The risks of doing more with less	
Increasing workers’ compensation claims—and more on the way	
Taking action for employees	
The healthcare industry’s dual pressures: Aging patients and workforce	
The disconnect between risk exposure and insurance coverage.....	13
No time for complacency	
Conclusion	14
Methodological notes.....	14
About Sentry	14

Executive summary

U.S. business leaders enter 2026 feeling broadly confident about their prospects, with 54% believing their company will not only survive, but thrive, this year. But beneath that optimism lies a significant disconnect between the risks leaders worry about most and the ones that could put their companies out of business in a single event.



There's no denying the issues executives view as the top threats are real and persistent concerns. **But the risks most executives fear could lead to catastrophic, business-ending losses—specifically multimillion-dollar lawsuits and natural catastrophes—may be overlooked.**

93% of executives have seen their companies impacted by lawsuits in the past five years, often driving up insurance premiums and legal costs. 66% view third-party funded litigation as a mounting concern in their industries, and even more (69%) believe a single multimillion-dollar verdict would likely put their company out of business. Yet fewer than one in five leaders include lawsuits among their top risks heading into 2026.

A similar disconnect appears around severe weather and other natural catastrophes. Nearly all executives (92%) have experienced some kind of weather-related disruption in the past five years, and half believe the next major weather event or natural catastrophe could force their company to close entirely. And still, only 32% cite natural catastrophes among their top threats for 2026.

Executive summary (cont.)

A PROACTIVE APPROACH IN AN EVER-CHANGING LANDSCAPE

The omnipresent nature of legal and environmental threats—alongside operational and workforce-driven variables—leaves many executives questioning whether their insurance policies have kept pace with the realities of today’s business environment. In fact, just 17% of executives are completely confident their insurance coverage is sufficient.

But these business leaders aren’t complacent. Nearly all executives (98%) plan to reevaluate their policies in 2026, with many expecting to:

-  Expand their existing coverage (42%)
-  Mitigate risks by purchasing additional coverage (43%)
-  Eliminate current gaps in coverage (39%)

Additionally, more than 8 in 10 plan on increasing their investment in worker safety this year. Executives cited several goals for these planned investments, including combating rising healthcare costs (42%) and curbing workers’ compensation incidents (41%).

Taken together, these findings point to a clear challenge—and opportunity—for U.S. businesses. Leaders must balance their day-to-day responsibilities while reckoning with several potentially company-altering risks. Emphasizing workplace safety and improving their coverage won’t eliminate these threats, but it will be essential for businesses looking to protect what they’ve built and remain resilient in 2026.

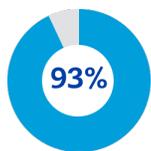


Key findings

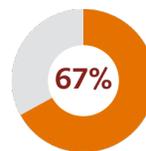
On behalf of Sentry Insurance, Wakefield Research surveyed 1,250 U.S. executives at companies with a minimum of 10 employees, with the goal of better understanding the factors impacting these leaders' outlooks entering 2026. The results reveal a strong degree of confidence, tempered by uncertainty regarding coverage adequacy amid a changing business landscape—and a potential under-prioritization of the risks that could force companies to close their doors permanently.

Just 17% of leaders

identified lawsuits among the biggest threats to their companies in 2026, despite the following:



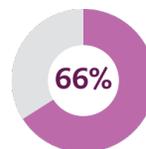
have been impacted by litigation in the past five years



view recent increases in litigation and multimillion-dollar verdicts as a growing problem in their industry



believe a single multimillion-dollar verdict would likely put their company out of business



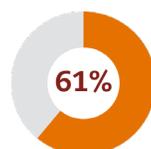
feel the recent increase in third-party-funded litigation is a problem in their industry

83%

of leaders intend to increase their investment in worker safety in 2026



hope to increase retention or make recruitment easier



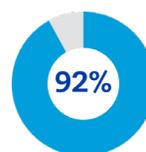
of businesses with company vehicles have installed dash cams



require employees to take additional driver safety training after failing to follow safe driving practices

68%

of leaders don't consider natural catastrophes a top-five risk in 2026, despite these results



of companies have been impacted by severe weather over the past five years



believe the next severe weather event or natural catastrophe could put an end to their company



are at least somewhat concerned property insurance will be more difficult to acquire for businesses in their locations

Optimism—with concern beneath the surface

Our findings suggest a business environment defined by cautious optimism. While many executives believe their companies are positioned to succeed, that confidence sits uneasily alongside elevated stress and a clear awareness of external pressures.

INDUSTRY OUTLOOKS

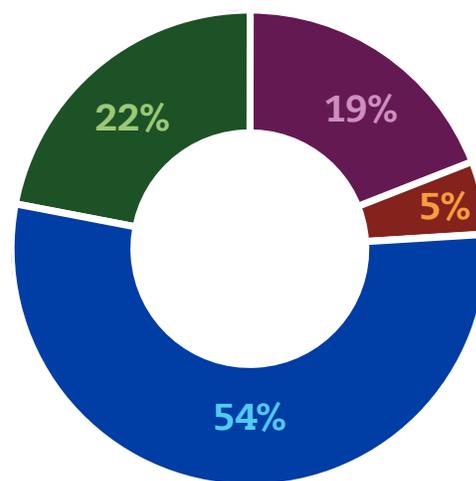
Dividing executive feedback into industry verticals uncovers several patterns. Confidence is especially strong among leaders in the retail and long-haul trucking spaces, where 60% of leaders in these industries expect to thrive in 2026. At the same time, executives in manufacturing are more likely than others (30%) to worry that their businesses could shrink or even go out of business this year.

A COMPLEX SET OF STRESSORS

Executives' overall optimism, however, is accompanied by the strain of uncertainty. 60% of executives head into 2026 feeling more stressed than they did a year ago. For many leaders, this stress isn't rooted in a lack of belief in their business's long-term potential so much as the pressures of navigating persistent, overlapping risks in the near term.

Executives point to supply chain or logistics challenges (45%), economic pressures (44%), and uncertainty around tariffs and trade (39%) as the biggest threats to their companies. Rising employee healthcare costs (38%) and labor shortages (38%) also rank highly, underscoring the operational and workforce-related issues leaders expect to contend with this year.

The most revealing data point, however, concerns two of the least-cited risks. **Only 32% identify natural catastrophes among the top threats to their company, and even fewer identify lawsuits (17%).** These risks share an alarming worst-case outcome: the potential for a single event to put a company out of business. Leaders are aware of these threats, yet they run the risk of downplaying them in favor of more immediate concerns.



54% feel confident their company won't only survive, but also thrive

22% expect their company to remain stable, though they don't expect growth

19% anticipate their company will shrink in 2026

5% worry 2026 may be the year their company goes out of business

Runaway litigation: A business-ending threat hiding in plain sight

Lawsuits are common, costly, and capable of ending a business overnight. Leaders recognize this risk, but don't fully elevate it in their planning for the year ahead. Doing so requires a clear-eyed assessment of risks, both internal—such as an aging or unskilled workforce leading to workers' compensation claims—and external, including social inflation of jury-awarded verdicts.

Nearly all executives (93%) have seen their own companies impacted by lawsuits in the past five years, underscoring just how widespread legal exposure has become.

The consequences are tangible and disruptive. Nearly 50% of executives report higher insurance premiums or rising legal costs directly related to litigation. Beyond the financial toll, lawsuits often pull leadership away from day-to-day operations:



42% report their management team's attention being diverted to legal matters—including 51% in retail



More than a third (**37%**) have had to hire additional employees to manage litigation demands

THE THREAT OF NUCLEAR VERDICTS

The stakes grow even higher when executives consider the potential consequences of a single, multimillion-dollar verdict, often referred to as a “nuclear verdict.” **Nearly seven in 10 leaders (69%) believe a single nuclear verdict would likely put their company out of business.** This concern is even more acute among small and midsize businesses, including 76% of executives at companies with annual revenues below \$5 million, and 71% of those with revenue of \$5 million–\$50 million.

CONCERNS VARY BY REGION

While the frequency and severity of multimillion-dollar verdicts impacts companies throughout the country, levels of concern vary significantly by region. Executives in the West report litigation and multimillion-dollar verdicts already being a problem in their industry much more frequently (73%) than their Northeastern counterparts (59%). Executives based in the West and Midwest viewed this issue as a **massive problem** (16% and 15%, respectively) at an exponentially higher rate than executives in the Northeast (4%).

THIRD-PARTY LITIGATION FUNDING

The rise of third-party litigation funding adds another layer of complexity to the issue. In short, third-party litigation funding involves investors—including foreign entities—providing financing for litigation in exchange for a large share of successful claim payouts. Two-thirds of executives (66%) view third-party litigation funding as a problem in their industry, including a quarter (25%) of executives in long-haul trucking industries, who describe it as a massive and increasing threat.

These responses reinforce the potential disconnect leaders experience when identifying primary threats to their businesses. Without downplaying very real threats like economic pressures and healthcare costs, opportunities exist for executives to better anticipate the consequences of a potentially devastating lawsuit—and take steps to reduce their risk of facing one.

Vehicle risk management: A bright spot

While many risks feel harder to control, vehicle safety stands out as an area where companies are taking impactful, proactive steps.

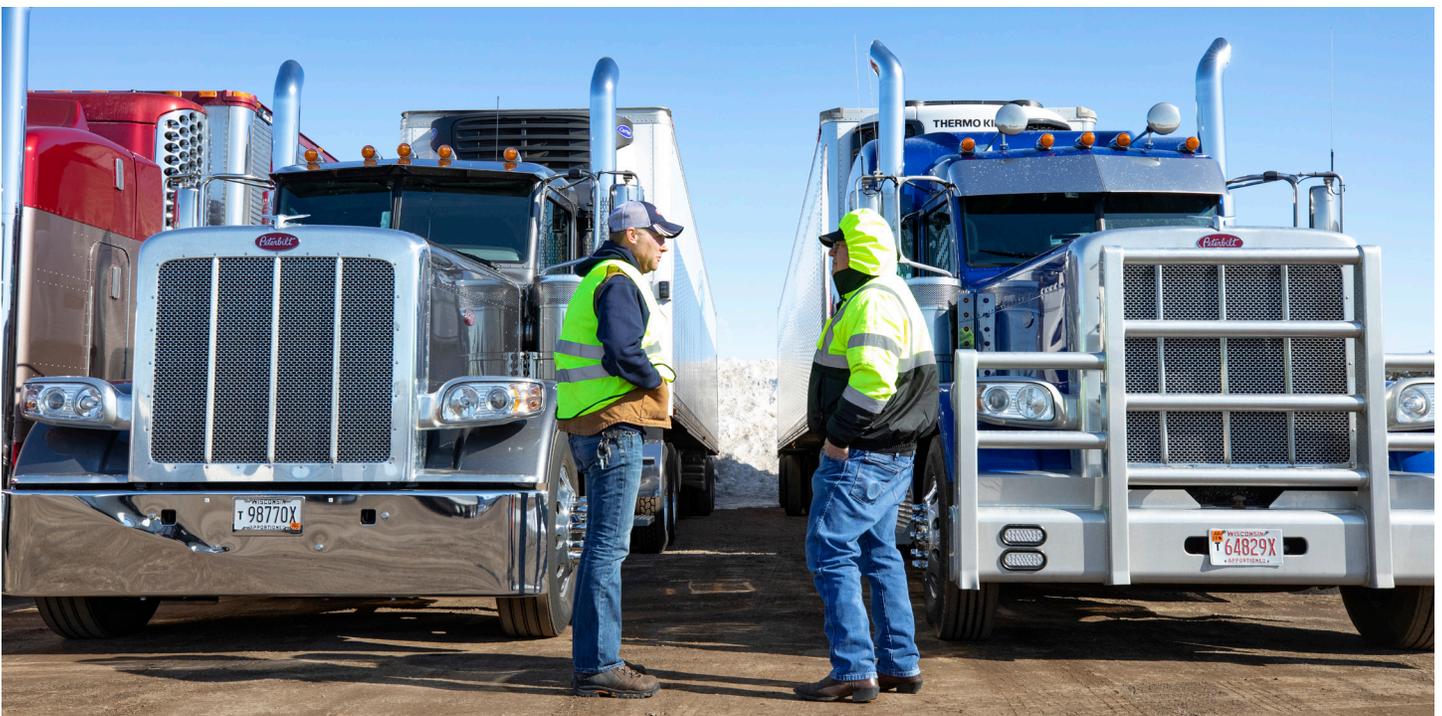
69% of surveyed executives run companies that operate vehicles, and most have already adopted dash cams as part of their risk management approach, with 61% using this technology across sectors—including 77% in long-haul industries.

Installing dash cams is a crucial first step, but making the most of these tools requires follow-through. **Half of executives with dash cams (50%) have used footage to exonerate a driver involved in a lawsuit**, while nearly seven in 10 (69%) use recordings to improve driver behavior and reinforce safer habits.

Technology is also paired with accountability. Nearly all executives (92%) have taken action when an employee failed to follow safe driving practices, including:

- Additional training (57%)
- Formal warnings (47%)
- Role reassignment (41%)
- Barring the employee from using company vehicles (41%)
- Termination (20%)

These actions highlight a bright spot in risk mitigation—one where companies are taking measurable action to reduce accidents, limit claims, and lower their litigation exposure.



The lived experience of weather and natural catastrophe risks

While many executives recognize that severe weather has the power to end their business in a single event, far fewer list natural catastrophes among their perceived threats. Sure—floods, tornadoes, and other disasters are entirely out of executives' control. But as weather-driven disruptions become more frequent and more severe, it's imperative for executives to prepare for the moment the unimaginable becomes reality.

Severe weather and natural catastrophes are no longer distant or once-in-a-hundred-year threats for U.S. businesses. They are regularly disrupting operations, damaging assets, and testing resilience. And executives know it.

50% of executives believe the next severe weather event or other catastrophe could end their company altogether—a concern that rises sharply among smaller firms, where 63% of leaders at companies with 10–49 employees believe a single event could be business-ending.

And yet, despite how widespread these disruptions have been, only 32% of leaders list natural catastrophes among the top threats facing them in 2026—revealing a misalignment between the priority of the risk and its potentially devastating impact.

THE INCREASING IMPACT OF EXTREME WEATHER

The operational consequences of severe weather are already familiar to many businesses. Nearly all executives (92%) report that their companies have been impacted by some form of severe weather in the past five years.

Over the past five years, 43% of executives—including 53% in the retail sector—report that weather-related outages left their company systems temporarily unable to operate. Supply chain delays were nearly as common, affecting 40% of companies overall and 50% of businesses with more than 1,000 employees.

PROPERTY DAMAGE—AND PROPERTY INSURANCE

70% of companies have experienced property damage due to severe weather, including damage to their:



34%
Facilities



34%
Vehicles



33%
Equipment

These losses can be costly on their own. But they can quickly become devastating when paired with operational shutdowns, supply chain disruptions, and another looming disruption: the potential inability for companies to secure property insurance at all. **In fact, the vast majority (84%) of executives are concerned that property insurance will become harder to obtain in the places they operate.** That concern is particularly acute among leaders in the western U.S., where nearly half (48%) are very or extremely concerned about future availability.

Workforce strain: Managing injury risks and workers' compensation costs

Workforce challenges are reshaping risk for U.S. businesses in real and immediate ways. Labor shortages. Growing operational demands. Aging employees and unskilled or under-skilled workers. These intersecting factors are increasing the risk of workplace injuries and workers' compensation claims, and executives are taking note.

Two-thirds of executives (66%) have either already seen an influx of unskilled or under-skilled workers lead to more claims, or are concerned it will happen soon. In addition, nearly all executives (97%) are feeling the impact of an older population and shifting retirement age. Together, these shifts are forcing companies to do more with fewer—and often less experienced—workers.

A RAPIDLY CHANGING WORKFORCE

As the population ages and average retirement age increases, companies are feeling the impacts. 46% of executives report that more of their employees are working until they're older, with large groups of employees leaving at once as they reach retirement age (39%).

At the same time, nearly half of surveyed businesses (44%) have felt the impact of a shrinking labor pool, resulting in fewer skilled workers available.

THE RISKS OF DOING MORE WITH LESS

With all these changes occurring simultaneously, businesses are bound to be impacted, particularly through workplace injuries. 46% of executives already report seeing higher healthcare expenses, and nearly half (49%) fear injuries will rise as their companies push for higher output.

44% acknowledge that their employees are being asked to perform tasks they're not fully trained for. This concern is especially pronounced in retail, where 53% of executives see workers being placed in higher-risk situations due to training gaps. These compounding factors make injuries not only likely, but almost inevitable.

INCREASING WORKERS' COMPENSATION CLAIMS—AND MORE ON THE WAY

In a business landscape that encourages—and often requires—role flexibility, executives recognize that this versatility comes with trade-offs, one of which may be a higher risk of workplace injuries.

84%

are asking employees to perform tasks outside their roles, above their level, or that they haven't been trained for

For some businesses, these concerns aren't just forecastable—they're already here. Nearly one in five executives (18%) have already experienced higher workers' compensation losses related to unskilled or under-skilled workers. Among companies with \$50 million or more in revenue, that figure rises to 28%.

51%

are calling on employees to work longer hours or take fewer breaks

Workforce strain: Managing injury risks and workers' compensation costs (cont.)

Looking ahead, executives who fear their business may shrink or close in 2026 are more than twice as likely to already be seeing rising workers' compensation losses stemming from unskilled or under-skilled workers (30%) compared with those who expect their business to thrive (14%).

TAKING ACTION FOR EMPLOYEES

In response to these concerns, leaders are planning to invest in protecting their workers. The vast majority of executives (83%) plan to increase spending on worker safety. And while protecting their employees is the priority, executives believe these investments will also support their broader business goals.

The three most-cited goals for these investments are:

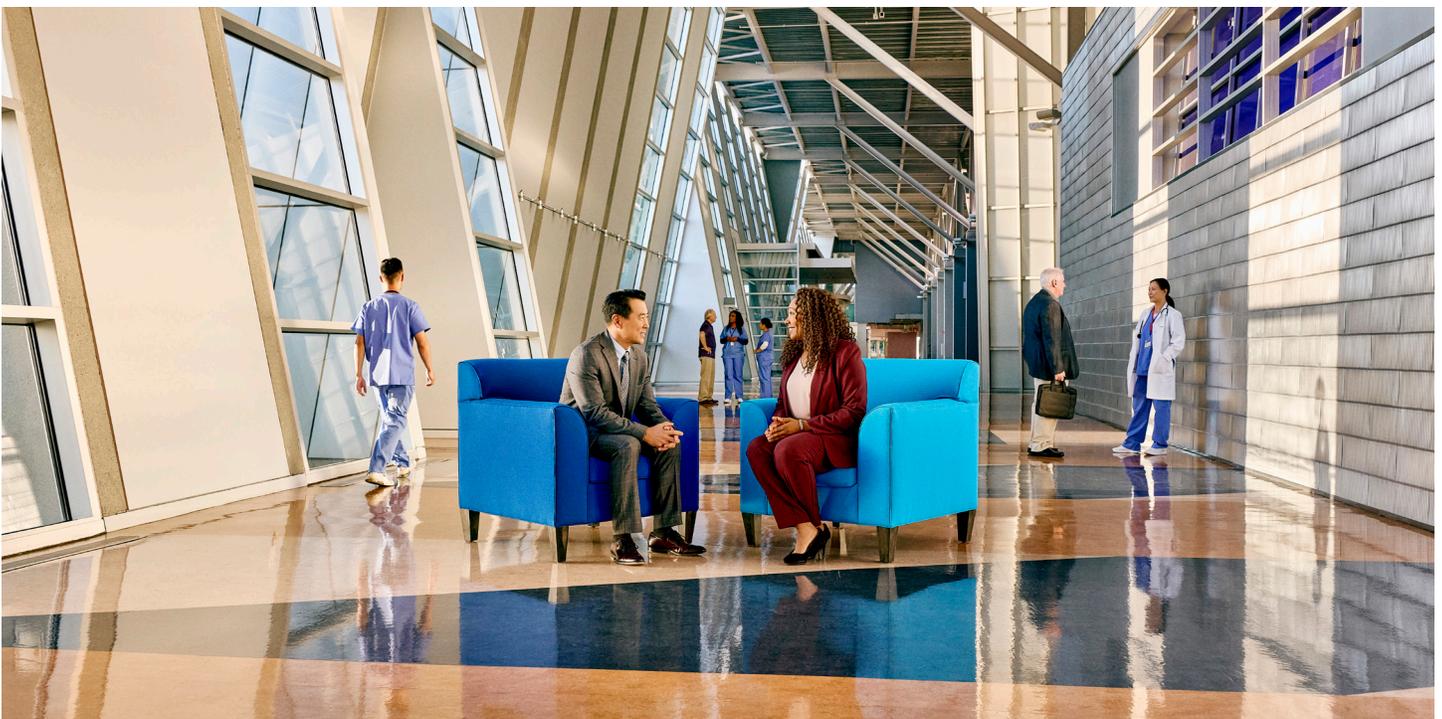


The healthcare industry's dual pressures: Aging patients and workers

For healthcare executives, the aging U.S. population is contributing to an increasing demand for services. At the same time, healthcare employees are aging themselves, and they're not retiring when they used to. This collision of factors is straining the workforce, increasing the risk of workplace injuries—for workers and patients alike—and creating unique liability challenges.

Nearly two-thirds of healthcare leaders (63%) fear that the additional demands they're placing on their workers—including longer hours and fewer breaks—could lead to an increase in workplace injuries. Compare that figure to the level of concern across all industries—just 51%—and the difference is stark.

These pressures create a distinct risk profile for healthcare organizations, one in which both operational and liability challenges are heightened.



The disconnect between risk exposure and insurance coverage

Most business leaders have already guided their companies through disruptive events over the past few years, and they know more are likely on the way. Nearly all have experienced severe weather impacts or lawsuit-related challenges, and two-thirds (66%) are concerned that an influx of unskilled or under-skilled workers will increase workers' compensation losses. Thanks to these constantly evolving threats, it's no surprise only 17% of executives are fully confident their insurance coverage is adequate.

For many leaders, this lack of confidence reflects coverage gaps they're already aware of. Nearly four in 10 executives, including 50% of healthcare executives, acknowledge coverage shortfalls they plan to address. Others point to changes to their businesses or operating environments that have outpaced their existing policies:



47% need to increase coverage as their business expands



43% look to lower their overall risk simply by adding coverage



36% report seeing new kinds of natural disasters in their area and want to ensure their companies are protected against those emerging risks

NO TIME FOR COMPLACENCY

Nearly all leaders (98%) plan to reevaluate their insurance policies in 2026—including those who believe their coverage is completely adequate, but who may look to shed unnecessary coverage or simply to ensure all is in order. This proactive approach illustrates a broad recognition amongst leaders that regular policy reviews are necessary to ensure their business keeps pace with evolving risks.

Expectations for the year ahead further shape these decisions. Among executives who anticipate a thriving 2026, more than half (53%) expect to expand or add coverage, whereas only 3% plan to reduce it. Even among those expecting stability without significant growth, only 5% anticipate cutting coverage, suggesting that insurance coverage is viewed as a non-negotiable fundamental.

At first glance, 83% of executives expressing less-than-total confidence in their current business insurance policy seems alarming. But in practice, it reflects well on these leaders. They're not resting on their laurels, assuming yesterday's coverage aligns with the risks of today—and tomorrow. Threats to their businesses constantly evolve, and their policies should too.

Conclusion

Confidence is high among executives, and they clearly understand the pressures they face. Many have already lived through disruptions that tested their operations, finances, and resilience.

Across these experiences, a consistent pattern emerges: Executives' top-of-mind threats aren't necessarily the risks—like severe weather, high-cost litigation, and workforce-related injuries—that could end their business in a single event. Whether this is a significant, industrywide oversight or simply a matter of leaders focusing on the cumulative day-to-day threats to keeping a business running is worthy of further, nuanced discussion.

What stands out, in any case, is a clear shift in mindset.

Nearly all executives plan to reevaluate their insurance coverage in 2026, signaling a move toward practicing proactive vigilance, rather than reacting to volatility as it arises. Leaders are treating insurance as a dynamic tool, one that must evolve alongside their operations, workforce, and industry landscape.

The solution is not a matter of eliminating risk (a noble but ultimately impossible aim). Instead, executives are focused on making sure their coverage keeps pace with reality. As threats become more complex and more consequential, ensuring their insurance policies align with their actual exposures will be essential for businesses looking to protect what they've built.

Methodological notes

The Sentry Insurance Survey was conducted by [Wakefield Research](#) among 1,250 U.S.



executives between December 4 and December 16, 2025, using an email invitation and an online survey. In order to participate in the study, respondents had to belong to an organization with at least 10 full-time employees and to be either the owner of the company or hold one of the following titles: CEO, CFO, or CRO (Chief Risk Officer).

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 more than 218,000 businesses throughout the U.S., from small businesses to Fortune 500 companies—all backed by over 6,300 employees.

To discover what we can do for you and your business, visit [sentry.com](https://www.sentry.com) or call us at 800-473-6879. Let's get the conversation started.