MarshMcLennan Agency

Manufacturing Risk Report

A guide to the critical five

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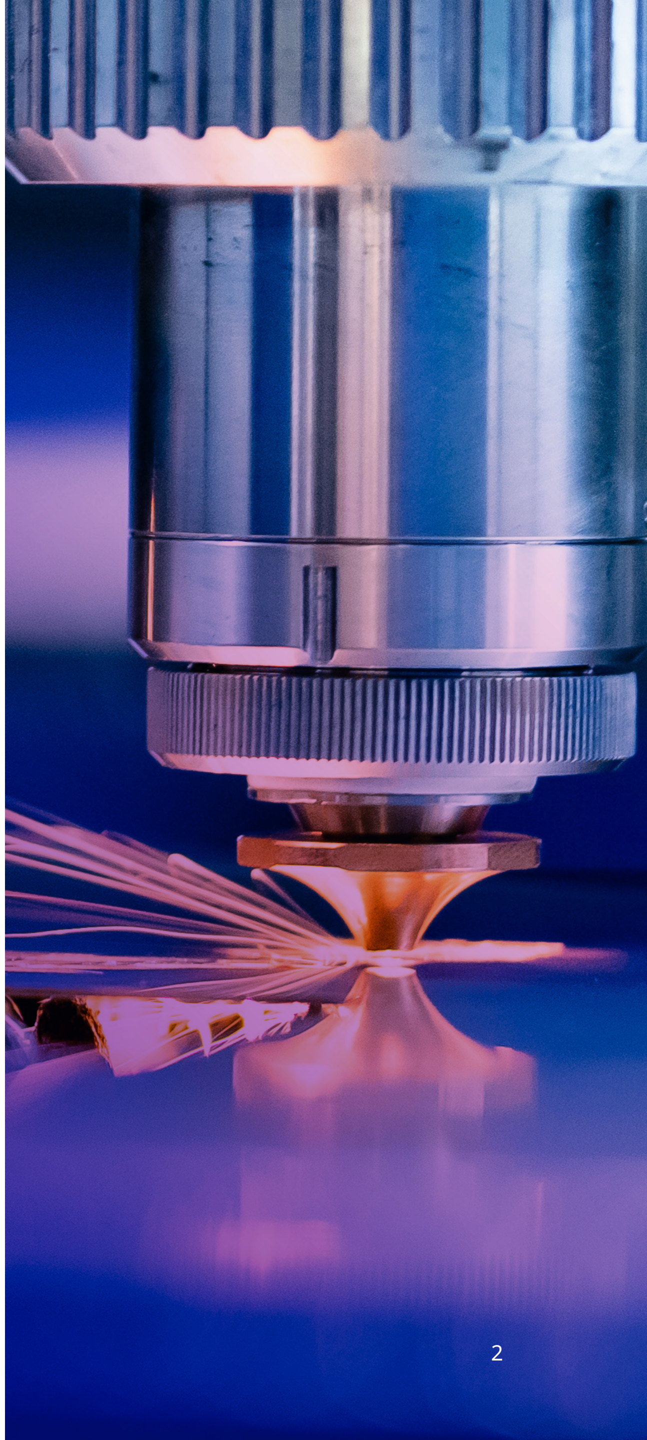
At the center of progress and risk

Manufacturing has one of the largest economic multipliers of any major sector in the U.S. As a result, the industry plays a powerful dual role in today's world: It reflects the state of the domestic economy and societal trends—and shapes them. Every new machine, job, or plant expansion ripples outward, driving employment, innovation, and community development.

But that influence also comes with increased exposure. The same operations that fuel economic growth are increasingly vulnerable to a broader, more complex range of risks.

Traditionally, manufacturers relied on standard property and casualty (P&C) insurance—especially for business interruption and equipment breakdown—to absorb operational risks. But those policies were built for physical damage, not for digital disruption or supplier insolvency. If a cyberattack halts production or a software failure knocks out a plant's robotics, a standard policy with low limits won't cut it.

Strategic manufacturers are reevaluating their entire approach to risk—not just operational and financial exposures but also the human factors that drive performance and retention. With climate volatility, labor scarcity, and rising cost pressures, today's question for manufacturing risk managers isn't, "Are we covered?" It's first and foremost, "Are we prepared?"



As complexity multiplies, one thing is clear.

Yesterday's risk strategy won't solve today's challenges. To stay resilient, manufacturers need a modern playbook designed to tackle the top five forces currently reshaping the industry. These critical five are:

1. A supply chain under stress
2. The rapid pace of technological advancement
3. Modern cyber threats
4. Workforce shortages and skills gaps
5. Regulatory pressure and environmental fallout

The rising cost and complexity of property risk

Property insurance was one of the manufacturers' more predictable budget line items. But in recent years, the market has shifted dramatically. What was once a stable expense is now a top-line concern and, in some cases, a catalyst for operational change.

Consider these examples:

A paint manufacturer with operations in Houston and Southern California saw its property premium jump from $70,000 to $260,000—for the same facilities, with less coverage.

Another business leasing a warehouse in the greater Houston area is now considering buying a location in a lower-risk state, like Tennessee or Utah, after factoring in escalating insurance costs tied to wildfire and storm exposure.

Why? Catastrophic weather events are escalating and expanding, leading insurers to tighten terms or exit specific regional markets altogether. Rebuild times are longer due to contractor shortages and supply chain delays. Plus, it's not just the building you're insuring; it's what's inside it: specialized equipment, business operations, and the contingent losses that affect your suppliers and customers downstream.

What strategic manufacturers can do about it:

- **Consolidate policies and renewal dates:** Bringing multiple lines of coverage to market at once gives underwriters a more complete picture and, often, more favorable terms.
- **Engage insurers early:** A site visit 60+ days before renewal helps build credibility and trust, especially if you've made risk mitigation improvements.
- **Leverage national broker expertise:** Multi-location manufacturers often don't have visibility into local insurance trends in every market. A broker with national reach can spot those patterns and help you make smarter decisions.
- **Build long-term relationships with carriers:** A 20-year track record of clean premiums makes a difference when it's time to file a large claim.
- **Explore creative solutions:** Parametric policies, carve-outs for brush fire exposure, shared limits, and high-deductible options can help manage costs without sacrificing protection.

A supply chain under stress

Global events have local consequences.

In 2024, [80% of organizations] reported a disruption in their supply chains, with most experiencing between one and 10 disruptions over the span of 12 months. This was a [38% increase in global supply chain disruptions] over the previous year. General manufacturing was among the top five industries impacted.

The risks are coming from all angles, and if manufacturers have learned anything in the last five years, it's that supply chain risk is, in fact, global.

From fires in California and hurricanes in the Gulf to recent tariff shocks and wars overseas, what happens in one corner of the world can ripple through a production line somewhere else within days. The myth of regional resilience is gone.

Insurance underwriters aren't just asking whether a facility is protected from an in-house fire anymore—they're asking: How long would it take to get production back online if a key machine fails or a component is stuck in transit due to political instability overseas? If the answer is six months, that's six months of business interruption exposure.

What do underwriters want to know about your supply chain contingency plans?

Underwriters are digging deeper into how manufacturers prepare—not just react. They evaluate whether your business has the foresight, flexibility, and planning to absorb a supply chain disruption without catastrophic loss.

They want to know:

- Can you pivot quickly if a key supplier goes offline?
- Do you have backup sources for critical raw materials or parts?
- Are your recovery timelines realistic in today's global environment?
- What happens if your disruption causes downstream damage or regulatory exposure?

It's not just about the likelihood of a loss; it's about how long you'll stay down and how far the ripple effects of the impact could spread. In a tightly interconnected supply chain, your failure can quickly become someone else's liability. For example, if your facility can't deliver a critical component on time, your customer may miss their production deadline, potentially breaching their contracts and causing further downstream losses.

The time factor

One of the most overlooked challenges in modern manufacturing is time—not just how long it takes to make a product, but how long it takes to recover from a supply chain disruption. That's a key reason property insurance costs have soared: delays in getting equipment, materials, or contractors back on-site lead to losses. Construction sites sit idle if a hurricane delays the production of roofing materials. A fire could sideline operations for months or longer if your equipment is custom-built. And if your customer suddenly can't get your product, that's supply chain risk from the demand side.

A robust supply chain contingency plan

Whether it's a raw material shortage, a geopolitical event, or a natural disaster, insurers want to know that the business isn't one event away from a complete stop. That kind of resilience requires more than a backup supplier and inventory buffer; it takes a multi-layered strategy that includes the following components:

Ongoing risk assessment	Diversification of suppliers	Geographical sourcing	Third-party risk management	Backup strategies
Supply chain risk evaluation should regularly be a part of your business planning process. Update scenarios and impact models based on new exposures annually.	Don't rely on a single vendor for key materials. Maintaining multiple sources reduces the risk of disruption.	Source materials from various regions to avoid the impacts of localized events.	Regularly assess the risk profiles of your vendors and partners, including their financial health, ESG performance, and operational resiliency.	Have a plan B for critical machinery or production lines to keep operations running during equipment failures or power outages.
Dependency mapping	**Inventory strategy shifts**	**Realistic recovery modeling**	**Broker collaboration**	
Identify who relies on your products and how delays or disruptions affect them. Build plans to manage these ripple effects.	Moving from just-in-time to just-in-case reserves, particularly for critical components with long lead times, can create the needed buffer.	Estimate how long it would take to recover from different disruptions and plan accordingly to meet those timelines.	Work closely with your insurance broker to align your contingency plans with your coverage. A well-documented, proactive strategy can improve your insurability and lead to more favorable terms.	

Supply chain disruptions stall operations and could impact employees through layoffs, burnout, or benefit instability. Manufacturers that integrate workforce well-being into their contingency planning by offering access to telehealth, financial coaching, or mental health resources could help stabilize morale and retain top talent during periods of stress.

Common coverages applicable to a modern supply chain strategy include:

1 **Business interruption:** This coverage covers lost income and ongoing expenses (such as rent, payroll, and utilities) if your operations are suspended due to a covered physical loss. In today's supply chain realities, business interruption coverage limits must be based on realistic recovery timelines, including the time it takes to replace machinery, source materials, and resume full operations.

2 **Contingent business interruption:** This extends business interruption coverage to losses due to a disruption to your key suppliers or customers, even if your facilities aren't damaged. This coverage can be critical for manufacturers that rely on a single-source supplier or just-in-time inventory.

3 **Property insurance:** This covers damage to your buildings, equipment, and inventory. For manufacturers, property insurance must now account for more than replacement costs—it should reflect longer lead times for machinery, increased rebuild costs, and labor shortages that could delay restoration and drive up loss severity.

4 **Environmental liability:** This protects against the costs associated with pollution or environmental damage caused by your operations. This coverage can be triggered when a supply chain disruption leads to hazardous material spills, improper waste handling, or environmental compliance violations.

Reach out to a specialist today to learn more about mitigating supply chain risks.

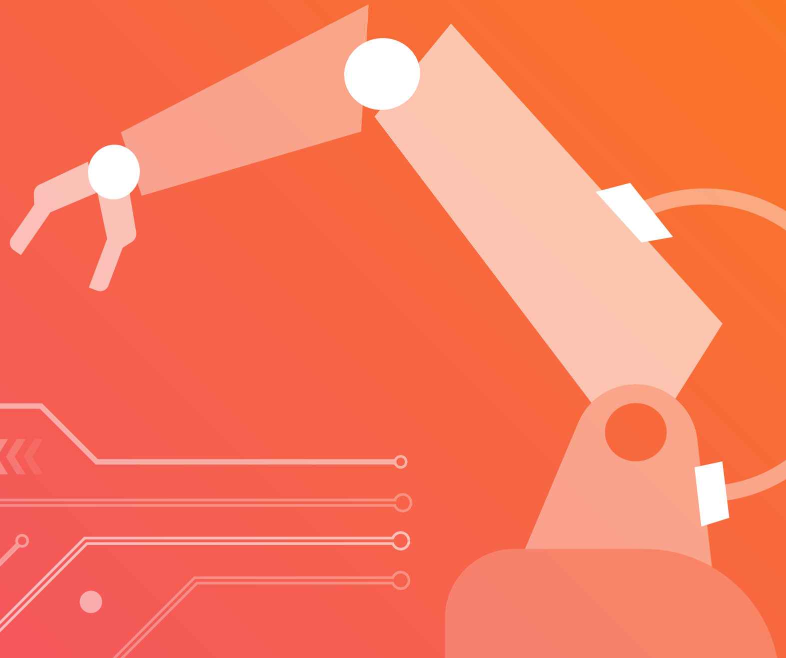
Tool spotlight: Sentrisk™

Sentrisk is an AI-powered platform designed to help growth-stage manufacturers see and understand the hidden risks in their supply chain.

It helps organizations:

- Identify single points of failure in their supply chain.
- Assess global exposure to natural catastrophes and political unrest.
- Understand the time it takes to recover at the asset level.
- Stay up to date on ongoing disruptions.
- Prioritize mitigation strategies.

The rapid pace of technological advancement



Is innovation outpacing proper integration?

The tools that once seemed futuristic are now fixtures on the factory floor. Over 70% of manufacturers report integrating technologies such as data analytics and cloud computing into their processes, and nearly half are utilizing Internet of Things (IoT) sensors, devices, and systems.

Manufacturers aren't just adapting to new technologies; they're retrofitting production lines and rethinking legacy workflows. When a new system or capability is introduced—robotic arms, AI-enabled quality control, or 3D printing—existing equipment, floor layouts, and even staffing models often need to be updated.

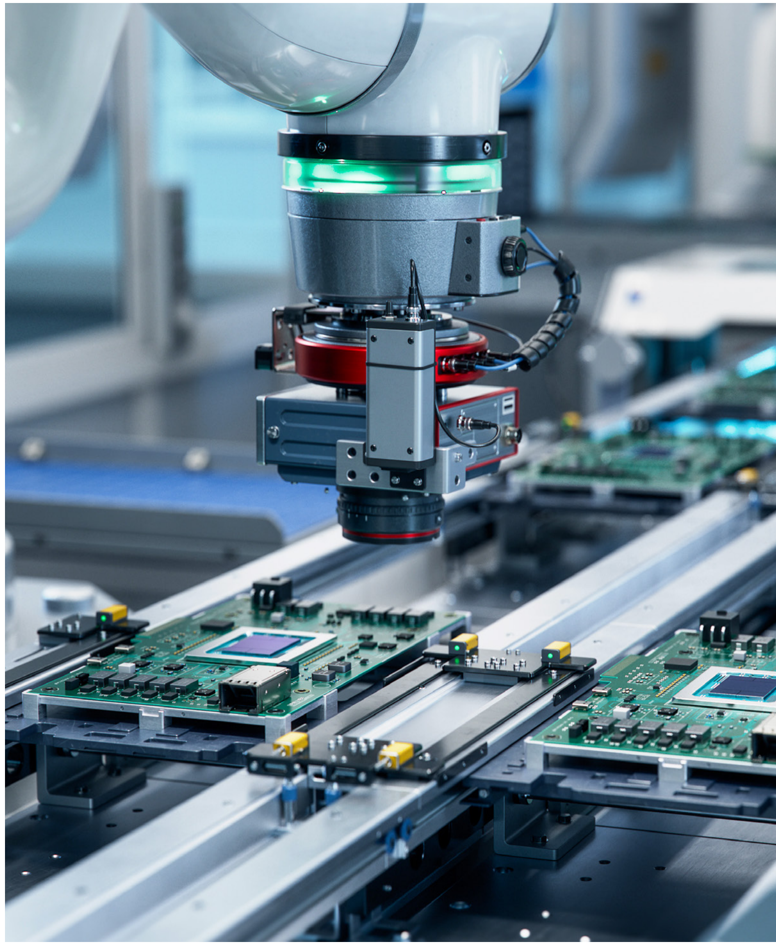
For risk managers, the shift toward smart factories and digital operations introduces new obstacles. Here are three of manufacturing's most pressing tech challenges:

1 Overdependence on technology

The more automated and connected the factory floor becomes, the more vulnerable it is to disruption. A single cyberattack can bring operations to a standstill by locking data and freezing the physical systems that depend on that data. Cyberattacks on manufacturers have spiked by 300% in recent years, and in highly automated environments, even a temporary system lockout can shut down entire production lines.

What it looks like

A precision tooling manufacturer implemented AI-driven robotics to streamline production. When their network was hit with malware, the robots couldn't receive instructions, safety protocols failed, and manual override wasn't an option. The result: five days of downtime and a seven-figure business interruption claim.



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Delayed ROI

Investing in robotics, AI, or 3D printing isn't cheap, and the payback isn't always immediate. Retrofitting production lines, training staff, and reworking quality assurance processes can delay profitability. In addition to shifting global trade dynamics, fluctuating material costs, and economic instability, CFOs may struggle to forecast when that investment will pay off.

What it looks like

A regional automotive parts manufacturer invested heavily in robotic welding equipment to reduce defects and increase output. While the machines performed well in tests, real-world integration led to unanticipated downtime, retraining delays, and the need to replace supporting software. Six months in, they're still operating below expected capacity, stretching the break-even timeline and putting pressure on cash flow.

3

Workforce shift

Technology isn't just replacing workers—it's raising the bar on who gets hired. Running a robotic assembly line or troubleshooting an automated inspection process takes technical know-how. This shift also comes with compensation pressures. A worker managing an industrial 3D printer or maintaining a robotic fleet isn't earning minimum wage; they're closer to a systems engineer than a shop floor trainee.

What it looks like

An electronics manufacturer upgraded its assembly line with automated visual inspection powered by AI. The system required ongoing calibration and troubleshooting, which existing line workers weren't trained to handle. The company had to create new job roles, rewrite training manuals, and increase starting salaries by 40% to attract candidates with manufacturing experience and technical certifications.

As these jobs evolve, so must the way companies support their workers. Today's digitally fluent workforce expects digitally delivered benefits—on-demand access to plan info, 401(k) tools, and healthcare services.

Intelligent risk management doesn't mean slowing down innovation.

Risks that once stemmed from physical damage or human error can now arise from automation failures, software malfunctions, and globalized customer relationships. As technology becomes more deeply embedded in operations, manufacturing risk managers must think beyond updating coverage types and reconsider the assumptions behind them: how downtime occurs, where disruption originates, and which assets are critical.

Here's what to consider when aligning insurance and risk strategy with today's tech realities:

Business interruption (tailored for tech)

A fire isn't the only thing that can halt production. A failed software update or corrupted firmware can cause just as much downtime today. Business interruption coverage must reflect the actual time to recovery for advanced systems, which may involve procuring new custom equipment, writing or updating proprietary code, or working with niche service providers.

Underwriters will want to know:

- Your average time to restore key equipment or software.
- Whether your coverage limits match the complexity of your equipment tech.
- How redundancies and backup protocols are built into operations.

Contingent business interruption and trade credit insurance

Your financial exposure grows when you adopt new technologies to serve new markets. Retrofitting a line for a significant international customer introduces risk—what if they cancel, delay payment, or go under? Financial data in global deals may be complex to verify. Or what if your key component supplier is hit by a natural disaster, leaving your automation idle?

Contingent business interruption helps protect you from physical disruptions in your supply chain (e.g., a flood damaging your robotics vendor). At the same time, trade credit insurance helps cover you if your customer fails to pay or defaults on an order.

Cyber insurance

Automation and innovative machinery rely on connectivity—but every connected device becomes a potential entry point for cybercriminals. A ransomware attack that disables your network could also shut down your robotics, quality control systems, or smart sensors.

Reach out to a specialist today to learn more about how your coverage can evolve alongside your technology.

Modern cyber threats

Increased connectivity = increased exposure

Manufacturers are building smarter production lines. They are embracing digital transformation, integrating connected devices on the shop floor, and using data to optimize everything from supply chains to predictive maintenance. While this progress is driving significant gains in efficiency and productivity for manufacturers, it comes at a cost: exposure to new risks.

For over three years, manufacturing has been the most targeted sector for cyberattacks, accounting for more than a quarter of reported incidents. The average cost of a successful cyberattack on an industrial organization has climbed to $4.73 million.

Why are manufacturers such attractive targets?

- A low tolerance for downtime makes manufacturers more likely to pay a ransom.
- Many manufacturers still operate on legacy systems and have low cyber maturity.
- As they grow more connected, the stakes grow higher—not just for them, but for their partners and customers.

The manufacturing cyber threat landscape

Each type of cyberattack exploits different vulnerabilities—human error, a system weakness, or valuable intellectual property. Understanding what each threat targets helps manufacturers design more effective risk mitigation strategies and coordinate their coverage.

Cyber threat	Description	Primary vulnerability	Impact
Invoice manipulation & social engineering	Hackers trick employees into wiring money or sharing credentials by impersonating trusted contacts.	Attackers exploit employees, often in sales or finance, through phishing or impersonation.	Financial theft, reputational damage
Intellectual property theft	Sensitive designs, formulas, or product specs are stolen, leaked, or sold on the dark web.	Cybercriminals target valuable technical information stored in company systems.	Loss of competitive advantage, legal exposure
Operational shutdown (ransomware)	Malware locks down systems, halting production and demanding a ransom for access restoration.	Vulnerabilities in outdated or unprotected systems disrupt core manufacturing operations.	Downtime, missed deliveries, lost revenue
Deepfake executive fraud	AI-generated voice or video is used to impersonate executives and authorize fraudulent activity.	Attackers mimic senior leaders to exploit employee trust in authority and bypass approval processes.	High-dollar theft, internal confusion, erosion of trust

Cyber risk management for manufacturers

Managing cyber risk today means going beyond firewalls and antivirus software. It requires implementing the proper technical controls, training your people, and aligning your coverage across policies.

Here's where manufacturers should focus their efforts:

Cyber hygiene: The new baseline

Insurers now require more than just strong passwords to demonstrate cyber sophistication and due diligence. To qualify for cyber coverage, many carriers expect manufacturers to have specific controls, including multifactor authentication, privileged access management, and endpoint detection and response. Learn all 12 top cybersecurity controls insurers look for.

Employee education: Your front line of defense

Employees are a prime vulnerability for any organization, and attackers know the most straightforward way in is often through a click, not code. Training employees—especially those in sales, finance, and procurement—to recognize phishing, spoofed invoices, and suspicious requests is critical. This education should be continuous and evolve alongside the threat landscape.

Security evaluation: See the gaps before the attackers do

Even if IT is outsourced, the manufacturer still owns the risk. Regular security assessments are essential for identifying upcoming vulnerabilities, scoring your cyber readiness, and determining how attackers could get in. With visibility comes control.

Coverage coordination: Align cyber and crime policies

Many of today's cyberattacks fall in the gray area between policy lines, creating a coverage gap. Cyber policies often exclude financial fraud, while crime policies often exclude digital vectors—methods used by cyber attackers to gain access to a system or network. If your policies aren't working together, you could be left exposed.

Reach out to a specialist today to learn more about how to mitigate your cyber coverage gaps.

Is it cyber or crime coverage? Why it might be both.

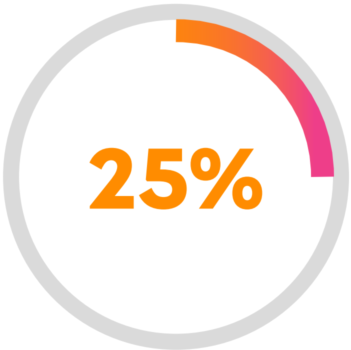
When a manufacturer wires $300,000 to a fraudster posing as a trusted vendor, is that a cyber event or a crime? The answer: it could be both, and that's precisely why coverage coordination matters.

Many modern attacks, especially social engineering scams like invoice manipulation or executive impersonation, start with an act typically covered under a cyber policy (like a phishing email or spoofed domain) but result in a loss often covered under a crime policy (such as a transfer of funds or employee deception). Unfortunately, too many policies still treat these as separate risks, and claims get denied due to coverage gaps, exclusions, or disagreements over which policy should respond. The best way to stay protected is to make sure your two coverages are in sync by working with a broker and confirming coverage triggers and definitions.

Workforce shortages and skills gap

Labor shortages are no longer looming...they're here.

For many manufacturers, the most significant constraint on growth isn't demand or capacity; it's people. The industry has watched its workforce age for decades while education systems have pushed younger generations toward four-year professional degrees over trade schools. The result is a shadow bench of trained talent, a perception problem about the nature of manufacturing work, and a growing gap between the jobs available and the skills required to fill them.



Since 2020, nearly [a quarter of the manufacturing workforce] has been age 55+.

Over the last decade, adult education and vocational school enrollment have [declined at a -2.5% CAGR].

Key labor challenges manufacturers face and associated strategies

Challenge	What it looks like on the ground	Associated strategy
Aging workforce	Long-tenured employees—often with 20 to 40 years of experience—are retiring, taking with them deep institutional knowledge and skills that aren't easily replaced.	**Meaningful planning and benefits:** Develop succession plans and mentorship programs to capture institutional knowledge. Offer strong benefits packages to employees. Consider phased retirement options or part-time advisory roles for senior workers.
Technical talent gap	As automation expands, manufacturers need workers with mechatronics, robotics, and digital systems skills.	**Training programs:** Build internal training programs and partner with trade schools or industry organizations to develop talent pipelines. Invest in "train the trainer" programs to teach employees how to train others and accelerate onboarding effectively.
Low youth engagement	Many schools have shifted away from trade education, pushing students toward four-year degrees. As a result, teens and parents are often unaware of high-tech, high-paying opportunities in manufacturing.	**Early exposure:** Partner with middle and high schools to offer plant tours, job shadowing, and career days. Sponsor technical education programs and promote tuition reimbursement for trade certification.
Wage competition	Manufacturing wages haven't always kept pace with local service industry pay. In some regions, fast-food jobs offer higher hourly wages, hiring bonuses, and predictable hours—causing skilled factory workers to leave for seemingly "easier" work down the road.	**Competitive pay:** Conduct local market pay analyses and adjust wages to remain competitive—even with indirect competitors like fast food or retail. Clearly communicate total compensation to highlight the full value beyond base pay
Caregiving constraints	Lack of access to affordable childcare keeps many would-be workers, especially women, out of the labor pool. Some manufacturers partner with local employers or municipalities to co-invest in daycare facilities to bring people back to work.	**Meaningful benefits:** Explore on-site or subsidized childcare partnerships with local employers. Offer flexible shifts or scheduling accommodations where possible.
Cultural perception	Manufacturing is often seen as physically exhausting, dirty, or low-tech work. In reality, modern facilities are clean, automated, and increasingly digital. Correcting this image is key to attracting younger generations and career switchers.	**Re-education:** Invest in employer branding that reflects the true nature of modern manufacturing—high-tech, clean, and innovative. Highlight real employee stories to shift outdated perceptions.

Strategic risk management for labor starts with retention.

Finding qualified workers in today's environment is difficult, but retaining the strong ones is even more critical—and more cost-effective. The cost of replacing an employee can range from one-half to two times the employee's annual salary. Multiply that across high-churn environments, and the cost of employee loss becomes a significant drain on operational efficiency and profitability. But it's not just about dollars. Retaining workers also preserves institutional knowledge, reduces downtime, and builds stronger team dynamics, especially in manufacturing environments where safety and skill continuity are critical.

Strategic use of employee benefits and retirement tools can help manufacturers build loyalty without increasing spending. For example, pooled employer plans (PEPs) allow small and midsize employers to offer competitive retirement savings options without the administrative burden of managing a standalone plan. Tools like Prosper Wise℠ provide one-on-one financial coaching, helping workers plan, save, and invest for the future with confidence. Employees who see a clear path to financial wellness and retirement are more likely to stay for the long haul.

Reach out to a specialist today to learn more about retirement, wealth, and voluntary benefits options.

Total rewards ≠ just a paycheck

One manufacturer found that when employees were shown their compensation, including:

Health + Retirement + PTO + Other benefits

Their perceived value of working there jumped dramatically.

That $17/hour job transformed into a $30/hour complete package. Employees don't always want more; they want to understand what they already have. Visual tools, multilingual videos, and annual benefit statement rollouts are becoming best practices for manufacturers serious about retention.

Tool spotlight:
Workforce health, wealth, and retention solutions

Today's workforce challenges require more than just good intentions. They need innovative tools and products to attract, engage, and retain employees looking for total well-being, financial security, and comprehensive benefits management. Build out your workforce strategy with targeted solutions like:

Workers' Health 360®: Integrating workers' compensation, medical plan, pharmacy, and disability data into one easy-to-digest platform, Workers' Health 360® helps manufacturers spot health and safety risks earlier, launch targeted interventions, reduce claims costs, and improve overall employee well-being.

MMA Propser Wise™: Whether planning for retirement, managing debt, or navigating healthcare expenses, MMA Propser Wise™ helps employees build financial security—one of the most requested benefits among today's workforce. Supporting financial well-being strengthens loyalty, reduces absenteeism, and positions manufacturers as employers who invest in the whole lives of their people.

Rx Solutions: By managing formularies, negotiating better rates, and promoting smarter drug utilization, Rx Solutions create savings that can be reinvested into broader benefits packages and help employers stay competitive on total compensation while keeping employee out-of-pocket costs low.

Planning & Analytics for Total Health: By analyzing medical claims, enrollment patterns, and utilization trends, manufacturers can fine-tune their offerings, eliminate waste, enhance popular programs, and demonstrate value to employees. This smarter approach to benefits design controls costs and strengthens retention by ensuring employees feel their needs are understood and met.

These tools help organizations strengthen their workforce, improve retention, and stay competitive—beyond raising salaries.

Regulatory pressure and environmental fallout

Increased regulatory scrutiny is reshaping the way manufacturers operate.

Even amid shifts in federal enforcement priorities, manufacturers face mounting pressure from state regulators, international standards, and supply chain partners to meet strict environmental, health, and safety expectations. The result is a growing patchwork of compliance requirements tied to emissions, chemical use, waste management, and worker protection.

Small manufacturing firms spend over $50,000 annually on regulatory compliance—more than 3x the average for U.S. businesses.

One of the most pressing challenges is the management of hazardous substances and waste. While PFAS have received significant attention, they represent just a fraction of the broader regulatory landscape. Many common industrial chemicals—used in coatings, solvents, coolants, adhesives, and flame retardants—are now under scrutiny for their potential environmental and health impacts. In many cases, these substances are difficult to detect, hard to contain, and expensive to remediate once released into the air, water, or soil.

The risk isn't always direct. Manufacturers may unknowingly use or emit regulated substances if they're embedded in raw materials or supplied components. And as regulations evolve, what was once compliant may no longer be. Moreover, enforcement is shifting upstream: manufacturers are held responsible for their practices and what happens across their supply chains.

Getting ahead of environmental risk

Navigating complex environmental regulations and managing pollution risk is critical to modern business operations. It's best accomplished through immediate compliance, strategic risk transfer options, and long-term environmental management.

The first step in reducing exposure is understanding it. Insurance partners can conduct site-specific assessments, identify compliance gaps, and educate internal teams. Sometimes, the solution is as simple as changing a cleaning solution; in other cases, it involves structural process changes to mitigate regulatory risk.

Five questions you'll be asked in an environmental risk assessment.

1. Are any chemicals or byproducts from your process classified as hazardous or regulated substances?
2. Do you use third-party haulers or distributors to move potentially harmful materials?
3. Are you aware of any historical contamination on your property or adjacent sites?
4. Do you have formal training programs for employees handling hazardous materials?
5. Do your product development or R&D teams consider environmental impact during innovation?

Insurance solutions

Environmental and pollution insurance policies help safeguard businesses from environmental risk. Insurance providers can customize policies to address specific operational risks and ensure the necessary protections. Here's a simplified breakdown:

Policy type	Scope of coverage	Covered locations	Claims and costs
Pollution liability coverage	This covers sudden and accidental pollution events, such as chemical spills, emissions, or the release of hazardous substances. It also covers third-party bodily injury, property damage, and cleanup costs.	On-site and off-site, including during transportation by third-party carriers	These claims are often event-driven and time-sensitive, typically triggered by transport accidents or facility incidents. Premiums depend on materials used, volume transported, and risk mitigation efforts.
Environmental impairment liability coverage	This covers gradual or unknown pollution incidents—such as long-term soil or groundwater contamination—that may not be immediately detectable.	Primarily on-site, but can extend to off-site impacts depending on the policy	These policies are designed for delayed or hidden environmental risk, as claims may surface years after operations. They're helpful for industries with high environmental complexity or legacy risks, such as manufacturing.
Brownfield coverage	This transfers environmental cleanup and legal liability from the buyer to the insurer for contaminated or previously industrial properties. It's often used in real estate transactions or site redevelopment.	Specific to known or suspected contaminated properties, typically those being sold, repurposed, or redeveloped	These claims relate to historic pollution, and the costs depend on site conditions and risk profiles. Securing this coverage may require detailed site assessments.

Watch out for PFAS exclusions.

The growing risk of tightening PFAS regulations and rising litigation has led many insurance companies to incorporate PFAS exclusions in their insurance policies. A PFAS exclusion means the policy would not cover any claim related to PFAS contamination. Working with your broker, you can protect yourself against these exclusions by:

Reviewing your policies
Understand the scope and limitations of your coverage, especially any PFAS exclusions.

Engaging in risk management
Implement strategies to prevent PFAS contamination and mitigate potential liabilities.

Seeking alternative coverage
Consider specialized environmental liability insurance that may offer PFAS coverage, though these options might come with higher costs and specific conditions.

A defining moment

Supply chain stress, technological advancement, modern cyber threats, workforce shortages, and regulatory and environmental pressures aren't isolated challenges. They're converging and forcing manufacturers to rethink what resilience really takes.

A shifting geopolitical and economic landscape is layered on top of these challenges. Tariffs loom large, introducing new uncertainty into a strained global trade environment. While many see tariffs as a threat, others view them as an opportunity: a way to bring supply chains closer to home, strengthen domestic production, and spark reinvestment in U.S. communities that once thrived on manufacturing. Either way, this transition will require strength and strategy from manufacturers.

The manufacturers that thrive in this new era will be the ones that ask thoughtful questions, think beyond insurance policies, and view risk management as a tool for transformation rather than just a budget line item.

Reach out to a specialist today to learn more about mitigating risks in your manufacturing business.

About Marsh McLennan Agency

Marsh McLennan Agency (MMA) provides business insurance, employee health & benefits, retirement, and private client insurance solutions to organizations and individuals seeking limitless possibilities. With 15,000+ colleagues and 300+ offices across United States and Canada, MMA combines the personalized service model of a local consultant with the global resources of the world's leading professional services firm, Marsh McLennan (NYSE: MMC).

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Business Insurance
Employee Health & Benefits
Private Client Services
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