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FOR IMMEDIATE RELEASE

Press Release

Milliman Retail Cost of Risk: Retailers to spend \$23 billion in 2016 on costs associated with injuries, cyber, and other insured risks

First annual study analyzes retail industry's unique risk exposure

Roughly half a penny out of every retail dollar goes toward insurance

Seattle – September 6, 2016 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2016 Retail Cost of Risk, which measures the cost of property and casualty risks faced by retailers. In 2016, the average cost of risk for U.S. retailers is projected to amount to \$5.93 per \$1,000 of sales. Around 60% of the costs is attributable to the injuries of employees and customers; workers' compensation costs represent around 40% of the overall risk and the cost of customer injuries represent around 20% of the total. Other risks, including property damage, cyber, and miscellaneous liabilities, account for the remaining 40%.

Back-to-school and back-to-college shopping represents the second-largest shopping season of the year, with projected sales of \$75.8 billion in 2016, according to the National Retail Federation. "The many families still wrapping up their back-to-school shopping lists may not be aware that retailers devote a small but significant share of every dollar you spend with them to pay for their risks," said Amy Angell, author of the 2016 Retail Cost of Risk analysis. This year, roughly one-in-200 households will be involved in a general liability incident at a retailer. Most of the incidents are small property damage claims such as damage to vehicles in parking lots. In addition, the more than 15.7 million people employed in the retail sector are expected to experience over 55,000 workplace injuries each month. As with customer injuries, the vast majority of such incidents will be minor in nature.

Milliman has launched the Retail Cost of Risk in an effort to illuminate the risks that retailers face, and to track how they change over time, especially as new liabilities—cyber risk, for example—become a growing and more expensive concern for the retail industry.

Retailers work hard to reduce the potential for employee and customer injuries. The frequency of workers' compensation and general liability claims has consistently declined since 2011, a testament to the success of safety and risk management programs. Despite the decreasing claim frequency, the cost of risk has remained fairly level over time (as a percentage of sales) because the average cost of such injuries has risen each year, and because retailers face new risks. For example, retailers saw a 40% increase in the cost of cyber insurance in 2015, not to mention an increase in deductibles that puts more of the risk on retailers.

To view the complete Retail Cost of Risk, go to www.milliman.com/retail-risk/.

About Milliman



Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit www.milliman.com

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