



# Fidelman & Co.



## QUESTION

# TAM - Risk Managers: Insurance Products for their Investments

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## INSIGHTS

- In March 2018, 5,050,341 flood insurance policies were enforced in the United States, where 80,427 of the policies are only content coverage, 1,506,026 had buildings coverage only, and 3,463,888 had both contents and building coverage.
- The United States large enterprise market for enterprise governance, risk and compliance market is estimated to reach an overall market size of \$11.92 billion by 2025.

## OVERVIEW

After searching extensively through various media articles, blogs, surveys and polls, industry resources, research publications, regulatory resources such as FEMA & FDIC, company publications on risk management and insurance companies, and their press releases for the total addressable market of risk managers who buy insurance products for their investments, we've determined that the information you've requested for is not publicly available because of the following reasons; 1) Due to competition and fear of being replicated, risk managers may choose not to disclose which insurance products they are buying since there are no regulatory bodies in the United States compelling them to report such information to the public. 2) For compliance reasons, risk managers cannot discuss or disclose in public the portfolio details that they are managing for a specific company. 3) Due to ethical and compliance reasons, insurance companies also cannot discuss or disclose their client's portfolios in public. However, we were able to find market size information specific to [global enterprise governance, risk \(2\)](#), and compliance with the United States market such as; 1) The United States large enterprise market for [enterprise governance, risk and compliance \(2\)](#) market is estimated to reach an overall market size of [\\$11.92 billion by 2025 \(2\)](#).

Below you'll find an outline of our research methodology to better understand why the information you've requested for is publicly unavailable, as well as a deep dive into our research findings.

### **Methodology:**

We began with searching for a pre-existing information on the total addressable market of risk managers in the United States who buy insurance products for their investments, by searching through various media articles, blogs, surveys and polls, industry resources, research publications, regulatory resources such as FEMA & FDIC, company publications of risk management and insurance companies and their press releases, we found no pre-existing information on the total addressable market of risk managers who buy insurance products for their investments. In the effort to employ triangulations, we searched through [McKinsey \(1\)](#) and [PRNewswire \(2\)](#) for the number of risk managers operating in the United States and the percentage of those who have any kind of insurance product in their portfolio to enable us to get a sense of the market but there was no information available or disclosed. This lack of information could be because of the following reasons; 1) Due to competition and fear of being replicated, risk managers may choose not to disclose which insurance products they are buying since there are no regulatory bodies in the United States compelling them to report such information to the public. 2) For compliance reasons, risk managers cannot discuss or disclose in public the portfolio details that they are managing for a specific company. 3) Due to ethical and compliance reasons, insurance companies also cannot discuss or disclose their client's portfolios in

public.

### Helpful Findings:

While we could not find a direct answer to your question, or any possible approach to apply triangulation, we were able to gather useful information relating to the risk management industry in general in the United States, which we think will be helpful for your project.

### market size data on risk management industry in the United States

According to a survey carried out by [McKinsey \(1\)](#) on [27 Insurers \(1\)](#), there were approximately [\\$3 trillion \(1\)](#) in assets managed by risk managers in [2015 \(1\)](#). According to [S&P Global Market Intelligence \(4\)](#) in [2016 \(4\)](#), the United States insurance industry's net premiums amounted to [\\$1.1 trillion \(4\)](#). In the United States, the insurance industry is generally recognized in "[3 distinct segments \(6\)](#) namely; property/casualty, and life and health". [53% \(4\)](#) of the net premiums was generated by [life/health insurers \(4\)](#) which amounted to [\\$597.7 billion \(4\)](#), while [47% \(4\)](#) of the net premiums was generated by [property/casualty insurers \(4\)](#) which amounted to [\\$533.7 billion \(4\)](#). [5,977 insurance companies \(4\)](#) exist in the United States as of [2016 \(4\)](#) (including territories). These insurance companies according to the [National Association of Insurance Commissioners \(4\)](#) includes; property/casualty ([2,538 \(4\)](#)), life/annuities ([872 \(4\)](#)), health ([858 \(4\)](#)), fraternal ([85 \(4\)](#)), title ([55 \(4\)](#)), risk retention groups ([247 \(4\)](#)), and other companies ([1,314 \(4\)](#)). The United States large enterprise market for [enterprise governance, risk and compliance \(2\)](#) market is estimated to reach an overall market size of [\\$11.92 billion by 2025 \(2\)](#). Meanwhile, in [2016 \(2\)](#), the [global enterprise governance, risk \(2\)](#), and compliance market were valued at [\\$22.11 billion \(2\)](#), and it is expected to grow at a [CAGR of 12.7% \(2\)](#) from [2016 to 2025 \(2\)](#), which should amount to [\\$64.6 billion by 2025 \(2\)](#). In [2016 \(2\)](#), risk management emerged as the [largest solution segment \(2\)](#) and it is estimated to generate revenue over [\\$15.96 billion by 2025 \(2\)](#).

### Flood and Hurricane Insurance in United States

In [March 2018 \(3\)](#), [5,050,341 \(3\)](#) flood insurance policies were enforced in the United States. [80,427 \(3\)](#) of the policies are only contented coverage, while [1,506,026 \(3\)](#) had buildings coverage only. [3,463,888 \(3\)](#) had both contents and building coverage. [FEMA \(7\)](#) reports show that [98% \(7\)](#) of the states in the United States have been impacted by a flooding event in the past. The [National Flood Insurance Program \(NFIP\) \(7\)](#) was enacted by the United States Congress with [three main pillars \(7\)](#): affordable insurance, floodplain management, and flood mapping. "Since its inception, the program has helped thousands

of homeowners with total claims exceeding [\\$65 billion \(7\)](#)". "[New York University \(NYU\) \(7\) Furman Center](#)" study found that there are about [6.9 million \(7\)](#) housing units within the [100-year floodplain \(7\)](#) as defined by [FEMA \(7\)](#).

## Conclusion:

To wrap it up, after searching extensively through several industry resources, surveys and polls, media articles, research publications, blogs, regulatory resources, company sources from risk management and insurance companies as well as press releases we were unable to locate pre-existing details on the total addressable market of risk managers who purchase insurance products for their investments. The lack of accessible information is likely due to the fact that risk managers are not legally required to disclose the insurance companies they use. It is also noted that risk managers and insurance companies must adhere to practices that prevent them from publicly revealing the details of their client's portfolio. Despite the lack of readily available information, helpful details were found regarding the risk management and the insurance industries. In 2015, [McKinsey \(1\)](#) reported that risk managers managed about [\\$3 trillion \(1\)](#) in assets. In 2016, [S&P Global Market Intelligence \(4\)](#) reported that the insurance industry in the United States had [\\$1.1 trillion \(4\)](#) in net premiums. As recent as [March 2018 \(3\)](#), there were [5,050,341 \(3\)](#) flood insurance policies enforced in the United States.

## SOURCES

- 1) Transforming enterprise risk management for value in the insurance industry  
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- 2) Enterprise Governance, Risk and Compliance Market Worth \$64.6 Billion by 2025:  
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- 3) Policies in Force by Coverage Type | FEMA.gov  
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- 4) Facts + Statistics: Industry overview | III  
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