



Allianz Risk Barometer

Identifying the major business risks for 2023

The most important corporate concerns for the year ahead, ranked by 2,712 risk management experts from a record 94 countries and territories.

[Executive Summary](#)

Methodology

The 12th **Allianz Risk Barometer** incorporates the views of 2,712 respondents from 94 countries and territories. The annual corporate risk survey was conducted among Allianz customers (businesses around the globe), brokers and industry trade organizations. It also surveyed risk consultants, underwriters, senior managers, claims experts, as well as other risk management professionals in the corporate insurance segment of both AGCS and other Allianz entities.

Respondents were questioned during October and November 2022. The survey focused on large- and small- to mid-size companies. Respondents were asked to select the industry about which they were particularly knowledgeable and to name up to three risks they believed to be most important.

Most answers were for large-size companies (>\$500mn annual revenue) [1,281 respondents, 47%]. Mid-size companies (\$250mn to \$500mn revenue) contributed 519 respondents (19%), while small-size enterprises (<\$250mn revenue) produced 912 respondents (34%). Risk experts from 23 industry sectors were featured.

Ranking changes in the **Allianz Risk Barometer** are determined by positions year-on-year, not percentages.

All currencies listed in the report are in US\$ unless stated.

[View the full regional, country and industry risk data](#)



2,712

respondents



94

countries and territories



23

industry sectors

Countries and industry sectors need at least 15 respondents to feature in the [Allianz Risk Barometer Appendix](#) results document

The most important global business risks for 2023

Key

↑ Risk higher than in 2022

↓ Risk lower than in 2022

→ No change from 2022

(5%) 2022 risk ranking %

Source: Allianz Global Corporate & Specialty

1 Cyber incidents ranks higher than business interruption based on the actual number of responses

2 Changes in legislation and regulation ranks higher than natural catastrophes based on the actual number of responses

3 Shortage of skilled workforce ranks higher than fire, explosion based on the actual number of responses

1

→ 34%

2022: 1 (44%)

Cyber incidents¹

(e.g. cyber crime, malware/ransomware causing system downtime, data breaches, fines and penalties)



3

↑ 25%

2022: 10 (11%)

Macroeconomic developments

(e.g. inflation, deflation, monetary policies, austerity programs)



5

→ 19%

2022: 5 (19%)

Changes in legislation and regulation²

(e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)

7

↓ 17%

2022: 6 (17%)

Climate change

(e.g. physical, operational and financial risks as a result of global warming)



6

↓ 19%

2022: 3 (25%)

Natural catastrophes

(e.g. storm, flood, earthquake, wildfire, extreme weather events)



2

→ 34%

2022: 2 (42%)

Business interruption

(incl. supply chain disruption)



4

↑ 22%

NEW

Energy crisis

(e.g. supply shortage/outage, price fluctuations)



8

↑ 14%

2022: 9 (13%)

Shortage of skilled workforce³



9

↓ 14%

2022: 7 (17%)

Fire, explosion



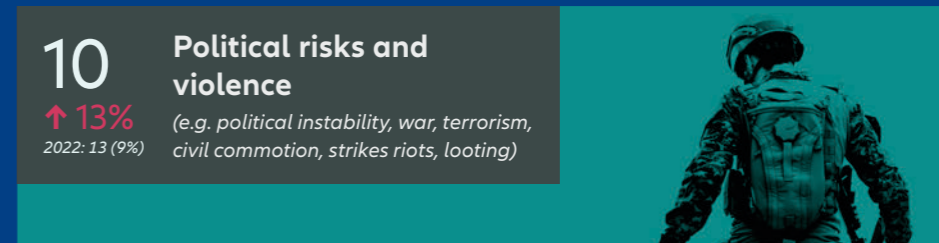
10

↑ 13%

2022: 13 (9%)

Political risks and violence

(e.g. political instability, war, terrorism, civil commotion, strikes riots, looting)



Figures represent how often a risk was selected as a percentage of all survey responses from 2,712 respondents. All respondents could select up to three risks per industry, which is why the figures do not add up to 100%.

Allianz Risk Barometer 2023: Top concerns around the world

[View all country, regional and industry risk data here](#)

The graphics show the top three risks in **selected countries** and whether each risk is considered to be more or less important than 12 months ago or is in the same position.



Australia

- 1. Natural catastrophes ↑
- 2. Business interruption ↓
- 2. Climate change ↑

Natural catastrophes is the new top risk, driven by events such as flooding, which resulted in the country's costliest-ever nat cat in 2022



Brazil

- 1. Business interruption ↑
- 2. Cyber ↓
- 2. Macroeconomic developments ↑

Companies are worried about the increasing number of disruptive scenarios they face



Canada

- 1. Cyber ↑
- 2. Shortage of skilled workforce ↑
- 3. Climate change →

Cyber incidents is the new top risk concern for Canadian companies



China

- 1. Changes in legislation ↑
- 2. Business interruption ↓
- 3. Pandemic ↑

The Covid-19 pandemic dominates the risk agenda following the easing of rules and warnings of a surge in cases



France

- 1. Cyber ↑
- 2. Business interruption ↓
- 3. Energy crisis ↑

Cyber incidents is the new top risk, while impact of the energy crisis is in the top 10 for the first time



Germany

- 1. Business interruption →
- 2. Cyber →
- 3. Energy crisis ↑

Business interruption remains the top risk, while firms are also worried about the energy crisis



India

- 1. Cyber →
- 2. Business interruption ↑
- 3. Changes in legislation ↑

Cyber is the top risk for the sixth year in a row



Italy

- 1. Cyber →
- 2. Business interruption →
- 3. Energy crisis ↑

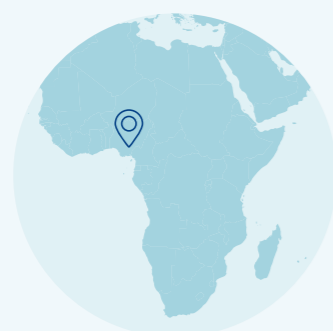
The impact of the energy crisis moves into the top three risks with a third of responses



Japan

- 1. Cyber →
- 2. Natural catastrophes →
- 3. Business interruption →

Cyber is the top risk for the third year in succession



Nigeria

- 1. Macroeconomic developments ↑
- 2. Political risks/violence →
- 3. Cyber ↓

The impact of inflation is the biggest concern for businesses



Singapore

- 1. Business interruption →
- 2. Cyber →
- 3. Fire ↑

Fire is a new top three risk, reflecting the costly impact an incident can have



South Africa

- 1. Critical infrastructure blackouts ↑
- 2. Cyber ↓
- 3. Business interruption ↓

Critical infrastructure blackouts or failures is the top risk for the first time



Spain

- 1. Cyber ↑
- 2. Business interruption ↓
- 3. Fire ↑

Cyber incidents is the new top risk, up from #2 in 2022



Switzerland

- 1. Cyber →
- 2. Energy crisis ↑
- 3. Business interruption ↓

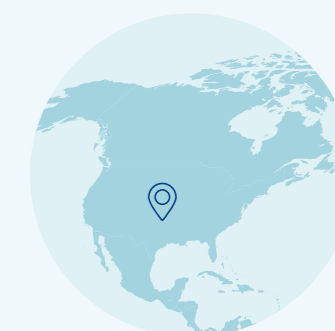
The impact of the energy crisis is a new risk entry and a core concern for firms at #2



UK

- 1. Cyber →
- 2. Business interruption →
- 3. Macroeconomic developments ↑

Impact of inflation is weighing heavily on UK firms after it rose to 10%+ during 2022



USA

- 1. Business interruption →
- 2. Cyber →
- 3. Macroeconomic developments ↑

Macroeconomic risks such as inflation are a new entry in the top 10 risks year-on-year

Top global risks overview

Elevated levels of disruption look set to continue in 2023 as dangers from digitalization, the war in Ukraine, high energy prices and inflation, geopolitical and economic uncertainty, and climate change test already strained business models and supply chains, according to the **Allianz Risk Barometer**.

Despite positive moves to diversify business models and supply chains since Covid-19, businesses continue to experience significant disruption around the world. The pandemic came as a massive shock to business models, creating global shortages, delays and higher prices, while the war in Ukraine triggered an energy crisis, particularly in Europe, turbocharging inflation.

Unsurprisingly, given the current 'permacrisis', **business interruption and supply chain disruption** ranks as the second top risk in this year's **Allianz Risk Barometer** (34%). It is second only to **cyber incidents** (by just a few votes, also on 34%), whose top position reflects the importance of today's digital economy, the evolving threat from ransomware and extortion, as well as geopolitical rivalries and conflicts increasingly being played out in cyber space. Cyber risk and business interruption (BI) are closely linked, with cyber also ranking as the cause of BI companies fear most.

Indeed, the results show that a number of BI-related risks have climbed this year's rankings as the new economic and political consequences of the world in the aftermath of Covid-19 and the Ukraine war take hold. These include the impact of the **energy crisis**, a new entry in the 2023 survey at #4, while **macroeconomic developments**, such as inflation and potential recession, peaks at #3 – its highest position since the first **Allianz Risk Barometer** in 2012.

Political risks and violence is another new entry in the top 10 global risks at #10, **shortage of skilled workforce** rises to #8, while outside of the top 10, the prospect of **critical infrastructure blackouts or failures** (#12) is also of more concern to respondents than 12 months ago. Conversely, **pandemic outbreak** plummets down the list of concerns (#4 in 2022 to #13 in 2023) as vaccines have brought an end to lockdowns and restrictions in most major markets. The exception? China sees pandemic risk rise year-on-year (from #9 to #3) – the only country in the survey to do so – following its recent easing of long-in-place restrictions.



Digital danger

Cyber incidents, such as IT outages, ransomware attacks or data breaches, ranks as the most important risk globally for the second year in succession – the first time this has occurred. A data breach is the exposure which concerns companies most – reports show that even the average cost from such incidents reached an all-time high in 2022 of \$4.35mn and is expected to surpass \$5mn in 2023 – followed by ransomware attacks and failure of digital supply chains or cloud service platforms.

Severe business interruption can result from a wide range of cyber-related triggers, including malicious attacks by criminals or nation state-backed hackers, human error or technical glitches. Allianz claims analysis shows BI is the single biggest loss driver for cyber insurance claims. Hackers are increasingly targeting both digital and physical supply chains, which provide opportunities to simultaneously attack multiple companies and gain additional leverage for extortion, while one consequence of more large corporations investing in cyber security is that small- and mid-size businesses are increasingly targeted.

It is clear that organizations with good cyber maturity are better equipped to deal with incidents. Frequency of IT security training, cyber incident response plans and cyber-security governance are among the areas where many companies can improve. Incident response is critical as the cost of a claim quickly escalates once BI kicks in.

Macroeconomic malaise

First came Covid-19, then the war in Ukraine. Aside from the human tragedy, the economic and financial market volatility that these major events have caused looks set to continue in 2023. High inflation, and efforts by central banks to tame it, together with the energy crisis, have resulted in the cost-of-living soaring and the threat of recession. All three major economic areas – the US, China and Europe – are in crisis at the same time, albeit for different reasons.



Elevated levels of disruption look set to continue in 2023 with companies most concerned about the impact of mounting cyber risks and business interruption, which can be a consequence of many of the top risks identified by our customers in this year's **Allianz Risk Barometer**.

At the same time, the unexpected geopolitical crises and globally felt macroeconomic challenges of the last year have pushed threats such as inflation and the energy crisis into the top five risks worldwide and companies will need to take systematic precautions to strengthen their economic and physical resilience. At Allianz, even in such turbulent times, our goal remains unchanged: as a trusted partner, we want to work with our business clients and support them in staying on course for success.



Chris Townsend,
Member of the Board
of Management at
Allianz SE.

Such macroeconomic developments rank as the third top risk for companies in 2023 (25%), up from #10 in 2022. Inflation is a particular concern as higher costs can make certain business models uneconomic while it also has a direct relationship to the cost of BI. Recession is another likely source of disruption in 2023, bringing the potential for supplier failure and insolvency (a new entry in the top global risks at #17). Global business insolvencies are likely to rise by 10% in 2022 and 19% in 2023 as the cost of energy, rising interest rates and wages weigh heavily on profitability and cash flows.

Energy errors

Given its potential to cause widespread disruption through supply shortages or outages and price fluctuations, the **energy crisis** (22%) is the biggest mover at #4, appearing in the **Allianz Risk Barometer** for the first time.

The skyrocketing cost of energy has forced some energy-intensive industries to use energy more efficiently, move production to alternative locations or even consider temporary shutdowns. The resulting shortages threaten to cause supply disruption across a number of critical industries in Europe, including food, agriculture, chemicals, pharmaceuticals, construction and manufacturing. The results show that companies in Europe, which has been heavily dependent on Russian gas, are much more concerned about the impact of the crisis than elsewhere in the world, given its resulting shock to revenues and profitability.

ESG exposures and disclosures

Changes in legislation and regulation (19%) is a perennial top five peril in the **Allianz Risk Barometer** – appearing three times at #5 in the past five years. The growing corporate reporting and compliance measures around sustainability and other environmental, social, and governance (ESG) issues are high on the risk register for companies in 2023. Cyber security resilience; company working conditions; and increasing regulatory and disclosure requirements rank as the top three ESG risk trends for the year ahead. However, a lack of consistent standards and reporting frameworks is hindering ESG knowledge gathering, as is a lack of in-house expertise.

Changing climate for natural catastrophes

The fall of **natural catastrophes** (19%) and **climate change** (17%) to #6 and #7 respectively (down from #3 and #6 in 2022) is driven in part by the perception that, for many, there are more pressing developments to deal with on the risk landscape, such as economic and geopolitical uncertainty. Certainly, events evidence no room for complacency. Hurricane Ian in the US, widespread flooding in South East Asia and Australia, winter storms in Europe and the US, severe heatwaves and droughts around the world, and even record-breaking hailstorms in France all contributed to another \$100bn+ year of insured losses in 2022.

On a positive note the **Allianz Risk Barometer** results also show that companies are still taking action against climate change and are continuing their net-zero transition journeys despite these challenges. The top three actions firms are taking are: adopting carbon-reducing business models; developing a dedicated risk management strategy for climate risks; and creating contingency plans for climate change-related eventualities.

Talent travails and fire failures

Another consequence of the pandemic and rising wage inflation is a **shortage of skilled workforce**, which climbs one place year-on-year to #8 (14%). Some countries have experienced a reduction in the available workforce at a time of high demand for labor, as some older workers took early retirement. And while the cost-of-living crisis may bring some of these people back into the workforce, at the end of 2022 there were almost two unfilled positions in the US for every job seeker, while another study in 2022 reported that 40% of workers globally said they might leave their jobs in the near future.

Fire and explosion ranks #9 overall (14%), falling from #7 in 2022. Risks are often well understood and typically well risk managed. However, BI and supply chain disruption from fires remains a significant hazard, especially where companies rely on third party suppliers for critical components. Claims analysis by Allianz shows that fire is the largest single cause of corporate insurance losses, accounting for 21% of the value of 500,000+ insurance industry claims over the past five years (equivalent to €18bn).

Political problems

Driven by 2022 being another year of turmoil with conflict and civil unrest dominating the news around the world, **political risks and violence** is a new entry in the top 10 global risks at #10 (13%).

Given the Ukraine-Russia conflict alone fueled inflation, an energy crisis in Europe and threatened shortages and price volatility for key raw materials, it is unsurprising that war ranks as the top business exposure in this area according to respondents. However, strikes, riots and civil commotion (SRCC) also score highly, representing the real risk these present to businesses. Recent years have shown the huge impact a coordinated violent SRCC event can have on an economy and politics, such as the Black Lives Matter protests in the US or the South Africa Zuma riots of 2021, while in 2023 the rising cost of living could also bring an increased risk of disruption from such events.

Developing de-risking actions

There is little doubt that recent disruptions have increased awareness around BI and supply chain risk and that companies and governments are taking action to build resilience and de-risk.

The **Allianz Risk Barometer** results show that companies have begun to diversify their businesses and supply chains, as well as stepping up risk management. More time and money is being invested into looking into and documenting the supply chain strategies of businesses. Companies that have suffered disruption are now improving transparency and data on supply chain risks.

According to respondents, the most common action taken by companies to de-risk supply chains and make them more resilient is to develop alternative and/or multiple suppliers – although this can be a lengthy process and is not without its own pitfalls – while broadening geographical diversification of supplier networks in response to geopolitical trends is the third most common action. The war in Ukraine has been an eye opener for many, demonstrating how a conflict can result in shortages and price increases for raw materials, raising awareness of the need to be more sophisticated in understanding which components and materials are critical, where they are sourced, as well as how to secure them.



Another positive development is an enhanced focus on business continuity management. Initiating and/or improving this is the second most common action companies are taking to de-risk, according to the **Allianz Risk Barometer**. Whether it is planning for the fallout from a cyber-attack or a natural catastrophe, business leaders increasingly see the value in investing more time and money in understanding what business continuity planning can achieve. Companies need to constantly review this across the whole organization, given BI risk is not typically fixed on a particular trigger, location or product but can originate from various areas, crossing sites and continents.

Despite such progress, many companies have yet to improve supply chain transparency or are not able to provide good quality data or willing to engage with the relevant stakeholders to obtain it. This is usually due to a lack of awareness among companies that have not experienced disruption and still see this as a remote possibility. But when disruption happens, it can have catastrophic consequences, which is why insurers and brokers must continue to bring knowledge and raise awareness for companies and clients, given the growing connectivity between many organizations.

Transparency and quality data are key to developing solutions to BI, supply chain disruption and indeed many of the other risks identified in this year's **Allianz Risk Barometer**. Access to good quality structured data will help the insurance industry to be more creative and develop new solutions and products, aligning these with the pain points of customers, which continually change over time.

The good news! Although 2023 may prove to be a challenging year for many, the medium-term outlook is much brighter, despite – or rather because of – the energy price crisis. The consequences, beyond the expected recession in 2023, are already becoming clear: a forced transformation of the economy in the direction of decarbonization as well as increased risk awareness in all parts of society, helping to build resilience in the long run.



Top risks for small- and mid-size companies

Although large-size companies (>\$500mn annual revenue) account for the majority of **Allianz Risk Barometer** responses, collectively, small- (<\$250mn) and mid-size (\$250mn to \$500mn) businesses are responsible for half of all responses.

Business interruption (including supply chain disruption) maintains its position as the top risk year-on-year for mid-size companies, while for small-size companies, cyber incidents maintains its top position. Both business interruption (BI) and cyber rank as a top three risk in each segment.

For these companies the cyber risk landscape has changed significantly since the Covid-19 pandemic. Many had to quickly digitalize their businesses, and development of IT security has not always kept pace. Many smaller companies continue to be under the misconception that cyber-attacks won't happen to them but as many large businesses ramp up their cyber security investments the opposite is true.

More and more poorly protected smaller companies are being exploited as a consequence of this and they can be particularly susceptible to supply chain attacks. The reality is that if a small company suffers a significant cyber incident, and it hasn't adequately managed this risk, there is a chance it may not survive in the long run. Companies need to better understand their exposures, invest in cyber security, raise employee awareness and develop response plans.

The **energy crisis** and adverse **macroeconomic developments** are also the big movers in the small- and mid-size company rankings. Both are new entries in the mid-size company risks (energy crisis at #3, macroeconomic developments at #4). For small-size companies, the energy crisis is a new entry at #4, while macroeconomic developments climbs from #8 in 2022 to #2. Inflationary pressures, monetary tightening, the soaring costs associated with the energy crisis, supply chain disruptions and noticeable staffing shortages are jeopardizing many of these companies' cash flows, which have not yet fully overcome the economic consequences of the Covid-19 pandemic. Half of the countries analyzed by Allianz recorded double-digit increases in business insolvencies in the first half of 2022. The top European SME markets (the UK, France, Spain, the Netherlands, Belgium and Switzerland) explain two-thirds of the rise. The outlook for 2023 is no better.

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