

Press release: Allianz Risk Barometer 2023: Changes in legislation and regulation, business interruption, and pandemic outbreak are top business risks in China

- **12th annual Allianz survey: Changes in legislation and regulation ranks the highest risk, the first time in over five years**
- **Business interruption (#2), pandemic outbreak (#3), macroeconomic developments (#4), and natural catastrophes (#5) make up the remaining top five risks**
- **Globally, cyber incidents, business interruption, and macroeconomic developments are the top three risks in 2023**

Singapore – January 17, 2023. Changes in legislation and regulation (#1 with 42% of responses) rank the highest risk in China, the first time in over five years, according to the **Allianz Risk Barometer** compiled by Allianz Group's corporate insurer Allianz Global Corporate & Specialty (AGCS). **Business interruption** (#2 with 32%) remains a key risk, with **Pandemic outbreak** (#3 with 30%), **Macroeconomic developments** (#4 with 28%), and **Natural catastrophes** (#5 with 22%) posing a growing threat to businesses in China.

In its 12th edition, the **2023 Allianz Risk Barometer** incorporates the view of 2,712 risk management experts in 94 countries and territories including CEOs, risk managers, brokers and insurance experts.

According to the survey, **Cyber incidents** and **Business interruption** rank as the biggest company concerns globally (both with 34% of all responses), and for the second year in succession. **Macroeconomic developments** such as inflation, financial market volatility and a looming recession (up from #10 to #3 year-on-year), is a notable top riser in this year's list of global business risks, as the economic and political consequences of the world in the aftermath of Covid-19 and the Ukraine war take hold.

AGCS' CEO Joachim Mueller comments on the findings: "For the second year in a row the **Allianz Risk Barometer** shows that companies are most concerned about mounting cyber risks and business interruption. At the same time, they see inflation, an impending recession and the energy crisis as immediate threats to their business. Companies – in Europe and in the US in particular – worry about the current 'permacrisis' resulting from the consequences of the pandemic and the economic and political impact from ongoing war in Ukraine. It's a stress test for every company's resilience.

“The positive news is that as an insurer we see continuous improvement in this area among many of our clients, particularly around making supply chains more failure-proof, improving business continuity planning and strengthening cyber controls. Taking action to build resilience and de-risk is now front and center for companies, given the events of recent years.”

Top Asia Pacific Risks

Business interruption (#1 with 35% of responses) is the top risk in Asia Pacific, surpassing **Cyber incidents** (#2 with 32%) which ranked top for the previous three years. This comes as little surprise as companies need to navigate supply chain disruption, uncertain geopolitical, economic and climate risks, as well as long-term transformations such as digitalization and decarbonization. The threat of recession is another likely source of disruption in 2023, with potential for supplier failure and insolvency, which is a particular concern for companies with single or limited critical suppliers. According to [Allianz Trade](#), global business insolvencies are likely to rise by 19% in 2023.

Natural catastrophes (#3 with 27%), **Changes in legislation and regulation** (#4 with 24%), and **Climate change** (#5 with 22%) make up the other top five risks in the region.

Top China Risks



Top 10 risks in China

Source: Allianz Global Corporate & Specialty

Figures represent how often a risk was selected as a percentage of all responses for that country. Respondents: 103. Figures don't add up to 100% as up to three risks could be selected

Rank		Percent	2022 rank	Trend
1	Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)	42%	2 (34%)	↑
2	Business interruption (incl. supply chain disruption)	32%	1 (36%)	↓
3	Pandemic outbreak (e.g. health and workforce issues, restrictions on movement)	30%	9 (11%)	↑
4	Macroeconomic developments (e.g. inflation, deflation, monetary policies, austerity programs)	28%	NEW	↑
5	Natural catastrophes (e.g. storm, flood, earthquake, wildfire, extreme weather events)	22%	8 (14%)	↑
6	Cyber incidents (e.g. cyber crime, malware/ransomware causing system downtime, data breaches, fines and penalties)	18%	4 (20%)	↓
7	Market developments (e.g. intensified competition/new entrants, M&A, market stagnation, market fluctuation)	16%	3 (23%)	↓
8	Fire, explosion	15%	4 (20%)	↓
9	Climate change (e.g. physical, operational and financial risks as a result of global warming)	12%	NEW	↑
9	New technologies (e.g. risk impact of artificial intelligence, connected/ autonomous vehicles, electric vehicles, nanotechnology, blockchain, 5G)	12%	6 (17%)	↓

Changes in legislation and regulation (#1 with 42% of responses) rank the highest risk in China, the first time in over five years and keeping its place amongst the top three risks for the third consecutive year. The increasingly tightening regulatory environment has contributed to a [more](#)

[challenging business environment](#), where industries as disparate as technology, finance, education, and transport have had to adapt to a new regulatory climate.

Business Interruption ranks the second top risk in China, in line with all other countries and regions in Asia Pacific where it ranks amongst the top three risks. This is contributed by covid outbreaks as staffing shortages [threaten to close factory production lines](#). **Pandemic risk** rose year-on-year in China (from #9 to #3) – the only country in the survey to do so – following its recent easing of long-in-place restrictions which will stress-test the Chinese economy.

Macroeconomic developments such as inflation or economic and financial market volatility rank as the fourth top risk for companies in China in 2023 and is a new entry in the top 10 risks in the country. Globally, inflation is a particular concern as it is ‘eating’ into the price structure and profitability margins of many companies. Like the real economy, the financial markets are facing a difficult year, as central banks drain excess system-wide liquidity and trading volumes even in historically liquid markets decline. Domestically in China, one of the particularly noteworthy points is the weakness of the real estate sector, which remains a drag on consumer sentiment. According to [Allianz Trade](#), China is expected to register +15% more insolvencies in 2023 on the back of low growth and a limited impact from monetary and fiscal easing.

Natural catastrophes is the fifth top risk in China, rising from #8 to #5, spurred by extreme weather events such as the [disastrous floods](#) in Guangdong, Guangxi and Fujian provinces which caused \$5bn of losses, and devastating heatwaves suffered by China in the sixth warmest July and August since 1880.

Patrick Zeng, CEO Hong Kong & Greater China in AGCS, commented, “Amidst an increasingly tightening regulatory environment, businesses in China will also need to navigate business interruption risks, which may worsen due to the easing of the country’s zero-Covid policy. In addition, the challenging macroeconomic landscape may significantly impact profitability, hence it is imperative for companies to build resilience and be prepared for business interruption and natural catastrophes that can further stress its cash flow.”

[View the full global and country risk rankings](#)

For further information please contact:

Singapore: Shakun Raj

Tel. +65 6395 3817

shakun.raj@allianz.com

About Allianz Global Corporate & Specialty

Allianz Global Corporate & Specialty (AGCS) is a leading global corporate insurance carrier and a key business unit of Allianz Group. We provide risk consultancy, Property-Casualty insurance solutions and alternative risk transfer for a wide spectrum of commercial, corporate and specialty risks across nine dedicated lines of business and six regional hubs.

Our customers are as diverse as business can be, ranging from Fortune Global 500 companies to small businesses. Among them are not only the world's largest consumer brands, financial institutions, tech companies and the global aviation and shipping industry, but also floating wind farms or Hollywood film productions. They all look to AGCS for smart solutions to, and global programs for, their largest and most complex risks in a dynamic, multinational business environment and trust us to deliver an outstanding claims experience.

Worldwide, AGCS operates with its own teams in more than 30 countries and through the Allianz Group network and partners in over 200 countries and territories, employing around 4,250 people. As one of the largest Property-Casualty units of Allianz Group, we are backed by strong and stable financial ratings. In 2021, AGCS generated a total of €9.5 billion gross premium globally.

For more information please visit our website www.agcs.allianz.com

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