

Press release: Allianz Risk Barometer 2023: Pandemic outbreak, changes in legislation and regulation, and business interruption top threats in Hong Kong

- **12th annual Allianz Survey: Pandemic outbreak remains a top concern of Hong Kong businesses for the third consecutive year despite the easing of Covid-19 restrictions**
- **Changes in legislation & regulation (#2) and Business interruption (#3) climb up the rankings, alongside Cyber Incidents (#4) and macroeconomic developments (#4)**
- **Globally, cyber incidents, business interruption, and macroeconomic developments are the top three risks in 2023**

Singapore – January 17, 2023

Pandemic outbreak (#1 with 39% of responses) remains the most important risk in Hong Kong, according to the **12th Allianz Risk Barometer 2023**. **Changes in legislation & regulation** has moved up a notch (#2 with 32%), up from #3 last year, while **Business interruption** climbs up five places to #8 from #3 in 2022 (#3 with 30%). **Cyber incidents** fell from #2, tied with **Macroeconomic developments** as the fourth most concerning business risk (#4 with 20% of responses).

The **Allianz Risk Barometer** is an annual business risk ranking compiled by Allianz Group's corporate insurer Allianz Global Corporate & Specialty (AGCS), together with other Allianz entities, which incorporates the views of 2,712 risk management experts in 94 countries and territories including CEOs, risk managers, brokers and insurance experts. It is being published for the 12th time.

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 Hong Kong Risks



Top 10 risks in Hong Kong

Source: Allianz Global Corporate & Specialty

Figures represent how often a risk was selected as a percentage of all responses for that territory
Respondents: 44. Figures don't add up to 100% as up to three risks could be selected

Rank		Percent	2022 rank	Trend
1	Pandemic outbreak (e.g. health and workforce issues, restrictions on movement)	39%	1 (39%)	→
2	Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)	32%	3 (25%)	↑
3	Business interruption (incl. supply chain disruption)	30%	8 (16%)	↑
4	Cyber incidents (e.g. cyber crime, malware/ransomware causing system downtime, data breaches, fines and penalties)	20%	2 (35%)	↓
4	Macroeconomic developments (e.g. inflation, deflation, monetary policies, austerity programs)	20%	NEW	↑
6	Climate change (e.g. physical, operational and financial risks as a result of global warming)	16%	NEW	↑
6	Natural catastrophes (e.g. storm, flood, earthquake, wildfire, extreme weather events)	16%	5 (18%)	↓
6	Political risks and violence (e.g. political instability, war, terrorism, civil commotion, strikes, riots, looting)	16%	8 (16%)	↑
9	Fire, explosion	14%	5 (18%)	↓
10	New technologies (e.g. risk impact of artificial intelligence, connected/ autonomous vehicles, electric vehicles, nanotechnology, blockchain, 5G)	9%	NEW	↑

The **Pandemic outbreak** (#1 with 39% of responses) returns as the most important risk among Hong Kong risk managers for the third consecutive year. Despite a general relaxation of Covid-19 policies around the world, Hong Kong witnessed a continuation of pandemic restrictions in 2022, tied to China's "Zero-Covid" strategy. With pandemic restrictions kept in effect till last September, the city has suffered a talent exodus and sluggish inbound tourism. The Hong Kong economy has since shrunk 4.5% year-on-year in Q3, with investment sentiment and economic outlook remaining weak.

Changes in legislation & regulation (#2 with 32%) remain on risk managers' radars as geopolitical tensions have continued to weigh on the economy, adding to business risks. Notably, Hong Kong experienced a bleak year of Initial Public Offering (IPO) listings following regulatory crackdowns and heightened scrutiny of companies' fundraising outside of mainland China.

Pandemic restrictions have also exposed supply chain vulnerabilities as Hong Kong companies weather **Business interruptions** (#3 with 30%) and logistical challenges at the height of government lockdowns and restrictions. Beyond air freight, land and sea freight also saw heightened disruptions due to shortages in labour that have arisen from stringent Covid-19 testing requirements, threatening the appeal of Hong Kong as a global hub for transshipment.

Patrick Zeng, CEO Hong Kong & Greater China in AGCS, said: "The series of Covid-19 restrictions in Hong Kong have brought multiple challenges to the economy, especially when it comes to the robustness of supply chains and the local business investment climate.

The recent easing of Covid-19 restrictions will alleviate some of the pressure businesses have been facing in the past three years. However, businesses will have to remain resilient and make full preparations to navigate any changes in legislation and geopolitical tensions that may lie ahead."

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

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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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