

Press release: Allianz Risk Barometer 2023: Cyber incidents, Natural catastrophes and Business Interruption remain top threats in Japan

- **12th annual Allianz survey: Cyber incidents rank the highest, chosen by almost half of respondents as the top three risks in the country**
- **Natural catastrophes (#2), Business interruption (#3), Climate change (#4) and New technologies (#5) remain key business risks in Japan**
- **Globally, cyber incidents, business interruption, and macroeconomic developments are the top three risks in 2023**

Singapore – January 17, 2023. **Cyber incidents** (#1 with 51% of respondents) rank the highest for the third consecutive year according to the **Allianz Risk Barometer** compiled by Allianz Group's corporate insurer Allianz Global Corporate & Specialty (AGCS). **Natural catastrophes** (#2 with 35%), **Business interruption** (#3 with 33%), **Climate change** (#4 with 30%) and **New technologies** (#5 with 16%), remain key business risks in Japan.

In its 12th edition, the [2023 Allianz Risk Barometer](#) incorporates the views 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 Japan Risks



Top 10 risks in Japan

Source: Allianz Global Corporate & Specialty

Figures represent how often a risk was selected as a percentage of all responses for that country
Respondents: 57. Figures don't add up to 100% as up to three risks could be selected

Rank		Percent	2022 rank	Trend
1	Cyber incidents (e.g. cyber crime, malware/ransomware causing system downtime, data breaches, fines and penalties)	51%	1 (63%)	→
2	Natural catastrophes (e.g. storm, flood, earthquake, wildfire, extreme weather events)	35%	2 (46%)	→
3	Business interruption (incl. supply chain disruption)	33%	3 (33%)	→
4	Climate change (e.g. physical, operational and financial risks as a result of global warming)	30%	5 (18%)	↑
5	New technologies (e.g. risk impact of artificial intelligence, connected/ autonomous vehicles, electric vehicles, nanotechnology, blockchain, 5G)	16%	7 (11%)	↑
6	Political risks and violence (e.g. political instability, war, terrorism, civil commotion, strikes, riots, looting)	12%	9 (8%)	↑
7	Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)	9%	8 (10%)	↑
7	Energy crisis (e.g. supply shortage/outage, price fluctuations)	9%	NEW	↑
9	Fire, explosion	7%	NEW	↑
9	Macroeconomic developments (e.g. inflation, deflation, monetary policies, austerity programs)	7%	NEW	↑

In Japan, businesses are most concerned about **Cyber Incidents**, which has claimed top spot for the last three years. Earlier in 2022, a large car Japanese manufacturer closed all of its factories nationwide for a day following a cyberattack at a supplier. The suspension affected an output of around 13,000 vehicles.

A Japanese semiconductor company, which makes a vital component for semiconductors and was also hit by a cyberattack.

While big companies have cyber security measures in place, the government is worried about small or mid-level subcontractors.

According to the Allianz Cyber Center of Competence, the frequency of ransomware attacks remains elevated in 2023, while the average cost of a data breach is at an all-time high at \$4.35mn and expected to surpass \$5mn in 2023. The conflict in Ukraine and wider geopolitical tensions are heightening the risk of a large-scale cyber-attack by state-sponsored actors. In addition, there is also a growing shortage of cyber security professionals, which brings challenges when it comes to improving security.

Extreme weather conditions still pose a risk in the country as Japan faced the highest temperatures since record-keeping began in 1875. Temperatures of nearly 40 degrees Celsius were marked in some parts of greater Tokyo, home to 37 million people, The power grid in greater Tokyo came close to usage levels that could have threatened power outages.

For businesses in many countries, 2023 is likely to be another year of heightened risks for **Business interruption** (BI) because many business models are vulnerable to sudden shocks and change, which in turn impact profits and revenues.

The scope of disruptive sources is wide. Cyber is the cause of BI companies fear most (45% of responses); the second most important cause is the energy crisis (35%), followed by natural catastrophes (31%). The skyrocketing cost of energy and the heatwave in Japan has forced some energy-intensive industries to use energy more efficiently, move production to alternative locations or even consider temporary shutdowns.

Commenting on the Japan results Ken Motoda, Representative Director & President for Allianz Fire and Marine Japan said: "For many companies the threat in cyber space is still higher than ever and cyber insurance claims remain at a high level. Large companies are now used to being targeted and able to repel most attacks. Increasingly, we see more small- and mid-size businesses impacted who often tend to underestimate their exposure. They all need to continuously invest in strengthening their cyber controls.

Business interruption is a consequence of many of the other risks in the rankings, such as cyber and natural catastrophes and will be a perennial concern for companies the world over and in Japan. There will be a greater need for companies to build resilience to cope with the interconnectivity of risks in future."

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

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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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