

# Media release: Allianz Risk Barometer 2023: Natural catastrophes, business interruption and climate change are top business risks in Australia

- **12<sup>th</sup> annual Allianz survey: Natural Catastrophes ranks the highest, chosen by almost half of respondents as the top three risks in the country**
- **Business Interruption (#2), Climate Change (#2), and Cyber Incidents (#4) remain key concerns, with Macroeconomic Developments (#5) posing a rising risk to businesses**
- **Globally, Cyber Incidents, Business Interruption, and Macroeconomic Developments are the top three risks in 2023**

**Natural Catastrophes** (#1 with 45% of respondents) is the top risk in Australia this year, according to the Allianz Risk Barometer compiled by Allianz Group's corporate insurer Allianz Global Corporate & Specialty (AGCS). **Business Interruption** (#2 with 34%), **Climate Change** (#2 with 34%), and **Cyber Incidents** (#4 with 27%) remain key concerns, while **Macroeconomic Developments** (#5 with 25%) poses a growing risk to businesses, rising from #9 last year.

In its 12<sup>th</sup> 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 Australia Risks



#### Top 10 risks in Australia

Source: Allianz Global Corporate & Specialty

Figures represent how often a risk was selected as a percentage of all responses for that country  
Respondents: 56. Figures don't add up to 100% as up to three risks could be selected

Rank		Percent	2022 rank	Trend
1	Natural catastrophes (e.g. storm, flood, earthquake, wildfire, extreme weather events)	45%	4 (29%)	↑
2	Business interruption (incl. supply chain disruption)	34%	1 (41%)	↓
2	Climate change (e.g. physical, operational and financial risks as a result of global warming)	34%	3 (34%)	↑
4	Cyber incidents (e.g. cyber crime, malware/ransomware causing system downtime, data breaches, fines and penalties)	27%	1 (41%)	↓
5	Macroeconomic developments (e.g. inflation, deflation, monetary policies, austerity programs)	25%	9 (14%)	↑
5	Shortage of skilled workforce	25%	7 (19%)	↑
7	Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)	16%	5 (27%)	↓
8	Pandemic outbreak (e.g. health and workforce issues, restrictions on movement)	14%	6 (24%)	↓
9	Energy crisis (e.g. supply shortage/outage, price fluctuations)	13%	NEW	↑
10	Market developments (e.g. intensified competition/new entrants, M&A, market stagnation, market fluctuation)	11%	8 (15%)	↓

In Australia, businesses are most concerned about **Natural Catastrophes**, which claimed top spot, rising from #4 last year. The finding is unsurprising, given the increasing frequency and severity of weather events across the nation, and impact on the affected communities, [with the 2022 floods in eastern Australia resulting in insured losses around \\$5.7bn \(AUD\), the country's costliest ever natural catastrophe.](#)

**Business Interruption** ranks the second top risk in Australia given the ongoing impact that the pandemic and severe weather events have had on Australian businesses, including supply chain issues, talent shortages and damage to property. **Climate Change**, tied second top risk in Australia, remains a significant risk as companies are confronted with a wide range of risks resulting from extreme weather, new market conditions or product requirements, or from changes in business strategy.

**Cyber Incidents**, such as IT outages, ransomware attacks or data breaches, ranks as the fourth most important risk in Australia. 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 (USD) and expected to surpass \$5mn (USD) 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. Notably, the [Australian Cyber Security Centre](#) (ACSC) received over 76,000 cybercrime reports over the 2021-22 financial year, an increase of nearly 13% from the previous financial year.

**Macroeconomic Developments** such as inflation or economic and financial market volatility ranks as the fifth top risk for companies in Australia in 2023, up from #9 in 2022. 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.

James Stack, Location Head of AGCS in Australia, said, "We're seeing Australian businesses recalibrate to operate in a post-pandemic world; and while also managing the ongoing impacts of Covid-19, Australia in particular has experienced unpredictable and severe weather conditions.

**Natural Catastrophes** ranks the top business risk in 2023, spurred by recent occurrences of extreme weather, such as the storm and flooding events across Australia. There is a significant protection gap, and we need to come together as an industry through private-public-partnerships and a more proactive approach to risk management, to increase our resilience against these risks.

"**Business Interruption** is the second top risk in Australia, caused by a wide range of disruptive sources such as supply chain issues, extreme weather events and cyber incidents. While the precise impact and scale differs for each business, we do encourage all Australian businesses – no matter the size or type – to look into more flexible business models and develop risk management tools to adapt to the changing business environment."

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

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Allianz Australia delivers a wide range of personal, commercial and corporate insurance products and services to more than 3 million policyholders. It also provides support for workers compensation insurance to around 25 per cent of the top 200 ASX companies, making it one of the leading workers compensation insurers in Australia.

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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](http://www.agcs.allianz.com)

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