

Press release: Allianz Risk Barometer 2023: Business interruption and cyber top threats for the sixth consecutive year in Singapore

- **12th annual Allianz survey: Business interruption ranks the highest risk for the fifth consecutive year, chosen by half of respondents**
- **Cyber incidents (#2), fire, explosion (#3), natural catastrophes (#3), and changes in legislation & regulation (#5) make up the other top risks to businesses in Singapore**
- **Globally, cyber incidents, business interruption, and macroeconomic developments are the top three risks in 2023**

Singapore– January 17, 2023. Business Interruption (#1 with 50% responses) is the top risk for companies in Singapore for the fifth consecutive year, according to the Allianz Risk Barometer compiled by Allianz Group’s corporate insurer Allianz Global Corporate & Specialty (AGCS). **Cyber Incidents** (#2 with 33%) continues to rank second, while **Fire, explosion** (#3 with 22%), **Natural Catastrophes** (#3 with 22%), and **Changes in legislation & regulation** (#5 with 19%) each move up a rank from 2022. **Macroeconomic developments**, a new entrant (#5 with 19%) also poses a growing concern for businesses in Singapore.

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 risks in the region.

Top Singapore Risks



Top 10 risks in Singapore

Source: Allianz Global Corporate & Specialty
 Figures represent how often a risk was selected as a percentage of all responses for that country
 Respondents: 78. Figures don't add up to 100% as up to three risks could be selected

Rank		Percent	2022 rank	Trend
1	Business interruption (incl. supply chain disruption)	50%	1 (53%)	→
2	Cyber incidents (e.g. cyber crime, malware/ransomware causing system downtime, data breaches, fines and penalties)	33%	2 (42%)	→
3	Fire, explosion	22%	4 (23%)	↑
3	Natural catastrophes (e.g. storm, flood, earthquake, wildfire, extreme weather events)	22%	5 (18%)	↑
5	Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)	19%	6 (17%)	↑
5	Macroeconomic developments (e.g. inflation, deflation, monetary policies, austerity programs)	19%	NEW	↑
7	Energy crisis (e.g. supply shortage/outage, price fluctuations)	15%	NEW	↑
8	Climate change (e.g. physical, operational and financial risks as a result of global warming)	14%	7 (13%)	↓
9	Shortage of skilled workforce	13%	9 (11%)	→
10	Political risks and violence (e.g. political instability, war, terrorism, civil commotion, strikes, riots, looting)	12%	NEW	↑

Business Interruption (#1 with 50%) is the top risk in Singapore, in line with all other countries and regions in Asia Pacific where it ranks amongst the top three risks. The city-state saw a series of supply chain disruptions in 2022, including a chicken export ban by Malaysia that led to a supply-demand imbalance and resultant price surge during the ban and after it was lifted. Export bans on palm oil and wheat by Indonesia and India authorities respectively also add to the list of supply chain stressors. While the bans were generally short-lived, they shed light on a potential domino phenomenon on food nationalism, fueling businesses' supply chain and cost woes in a new era of heightened geopolitical tensions and inflationary pressures.

Businesses remain wary of **cyber perils** (#2 with 33%) as cybercrime, phishing and ransomware threats increase in Singapore. Data breaches suffered by MyRepublic and more recently Keppel Telecommunications and Transportation also point to the financial penalties businesses suffer as a result of such attacks.

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 growing scale and impact of cyber threats hence calls for greater efforts by businesses to foster resilient and secure cyber environments.

Although this year's global survey saw a fall in the threat of **fire, explosion** from #7 in 2022 to #9 in 2023 globally, fire risks rose to top three for Singaporean businesses (#3 with 22%). In 2022, two separate fires at warehouses in the Pioneer industrial area and another incident at Woodlands Industrial Park made local news. The impact of these incidents extends beyond material losses and includes costs associated with business interruption and supply chain disruptions, especially for companies who rely on third party suppliers for critical components.

Commenting on Singapore, Mark Mitchell, Regional Managing Director, Asia Pacific at AGCS, said, "Futureproofing has become a buzzword for organisations in an increasingly uncertain economic environment. In Singapore, businesses were met with a series of disruptions as their supply chains were interrupted by multiple export bans and geopolitical tensions in 2022. Longer-term risks loom ahead considering how many companies here are heavily reliant on their global supply chains.

"The Singapore economy is also one that is highly digitalised, especially with companies embracing more digitalisation as they venture into hybrid working models during and after the pandemic. It is therefore pertinent that businesses avoid complacency that they would be spared from cyber perils. Instead, companies should gear up both in terms of their finances and knowledge tools to adopt effective risk management strategies that ease lofty costs associated with business interruptions and cyber attacks."

[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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