

Press release: Allianz Risk Barometer 2023: Business interruption, fire and explosion and Cyber incidents are the top business risks in South Korea

- **12th annual Allianz survey: Business interruption (#1) and Cyber incidents (#3) remain as top business risks for the last two years in the Republic**
- **Fire, explosion rise up from 5th spot to #2, while Climate change debuts at #4 and Natural catastrophes (#5) are the remaining key risks in South Korea**
- **Globally, cyber incidents, business interruption, and macroeconomic developments are the top three risks in 2023**

Singapore – January 17, 2023. Business interruption (#1 with 36% of respondents), Fire, explosion (#2 with 32%) rises from the fifth spot and Cyber incidents (#3 with 29%) are the top business risks in South Korea. Climate change debuts in the top 10 at (#4 with 25%) and Natural catastrophes (#5 with 22%) are the remain risks according to the Allianz Risk Barometer compiled by Allianz Group’s corporate insurer Allianz Global Corporate & Specialty (AGCS).

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 South Korea Risks



Top 10 risks in South Korea

Source: Allianz Global Corporate & Specialty

Figures represent how often a risk was selected as a percentage of all responses for that country
Respondents: 59. 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)	36%	1 (39%)	→
2	Fire, explosion	32%	5 (19%)	↑
3	Cyber incidents (e.g. cyber crime, malware/ransomware causing system downtime, data breaches, fines and penalties)	29%	2 (33%)	↓
4	Climate change (e.g. physical, operational and financial risks as a result of global warming)	25%	NEW	↑
5	Natural catastrophes (e.g. storm, flood, earthquake, wildfire, extreme weather events)	22%	3 (25%)	↓
6	Energy crisis (e.g. supply shortage/outage, price fluctuations)	15%	NEW	↑
6	Macroeconomic developments (e.g. inflation, deflation, monetary policies, austerity programs)	15%	NEW	↑
8	New technologies (e.g. risk impact of artificial intelligence, connected/autonomous vehicles, electric vehicles, nanotechnology, blockchain, 5G)	14%	4 (22%)	↓
9	Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)	12%	5 (19%)	↓
10	Market developments (e.g. intensified competition/new entrants, M&A, market stagnation, market fluctuation)	10%	8 (17%)	↓

In South Korea, businesses are most concerned about **Business interruption**, which has claimed top spot for the last two years. Thousands of cargo truck drivers in South Korea were on strike over a lack of progress on wage demands. The strike disrupted supply chains and cost the country about 3.5 trillion won

(US\$2.6 billion) in lost shipments. It also reduced shipments of petrochemicals overseas to about 5%. Work at some construction sites across South Korea were halted due to supply disruptions.

According to reports, about 80 gas stations across the country were running out of petrol due to the strike. South Korea's factory activity shrank for a sixth consecutive month in December, as the global economic downturn and a local truckers' strike led to the worst slump in demand in 2-1/2 years. The impact of the strike on Asia's fourth-largest economy has spilled over to other domestic industries.

Fire, explosion and **Cyber incidents** remain a top five risk for South Korea as a fire at a suburban data centre south of Seoul damaged servers of South Korea's major tech companies, such as Kakao and Naver in October, causing extensive disruption to the country's dominant messenger service and Internet portal.

The fire affected the operations of companies including Kakao and Naver housed at the data centre in Pangyo, on Seoul's southern periphery. Kakao's messenger app, Kakao Talk which has more than 47 million active users in South Korea and some affiliated services remained down more than eight hours after the fire broke out. Various services offered by Naver also went down partially for several hours.

Safety precautions were preventing Kakao from resuming power supplies to its data centre. Most of its systems were restored but miscellaneous functions remain shaky and disruptions to a wide range of services from payments to taxis and restaurant bookings have raised questions about public reliance on the app. More than 500 small businesses complained about lost sales due to the Kakao outage.

CT Noh, CEO AGCS South Korea said: "Business interruption continues to be a key risk in South Korea. As seen in the incidents occurring in 2022, the interconnectivity of risks is prevalent as fire and cyber incidents led to widespread business interruption in many industries. Businesses need to continue to enhance resilience by working with stakeholders and partners to develop alternative suppliers and improve business continuity management."

[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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