



2023 Allianz Risk Barometer

UK & Nordics webinar

19 January 2023 | 9:30am GMT / 10.30am CET
AGCS Regional Unit London & Nordics

Agenda and speakers

1 Allianz Risk Barometer
2023 headlines

2 UK and Nordic top 10 risks

3 Topic deep dives:

- Cyber
- Political risks and violence
- Energy crisis

4 Questions
& Answers



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ARB 2023

summary

Methodology and participants

The survey was conducted among **Allianz customers (global businesses), brokers and industry trade organizations**, as well as risk consultants, underwriters, senior managers and claims experts in the corporate insurance segment of both **AGCS** and other **Allianz entities**.



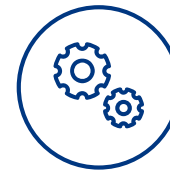
12th
edition in
2023



2,712
respondents



94
countries



23
industry
sectors



Oct & Nov
2022
survey run

The most important business risks in 2023

Figures represent how often a risk was selected as a percentage of all survey responses. Respondents: 2,712. Figures don't add up to 100% as up to three risks could be selected.

1 34%		Cyber incidents (e.g. cyber crime, IT failure/outage, data breaches, fines and penalties)	↔ 2022: 44% (1)	6 19%		Natural catastrophes (e.g. storm, flood, earthquake, wildfire, extreme weather events)	↓ 2022: 25% (3)
2 34%		Business interruption (incl. supply chain disruption)	↔ 2022: 42% (2)	7 17%		Climate change (e.g. physical, operational and financial risks as a result of global warming)	↓ 2022: 17% (6)
3 25%		Macroeconomic developments (e.g. inflation, deflation, monetary policies, austerity programs)	↑ 2022: 11% (10)	8 14%		Shortage of skilled workforce	↑ 2022: 13% (9)
4 22%		Energy crisis (e.g. supply shortage/outage, price fluctuations)	NEW	9 14%		Fire, explosion	↓ 2022: 17% (7)
5 19%		Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)	↔ 2022: 19% (5)	10 13%		Political risks and violence (e.g. political instability, war, terrorism, civil commotion, strikes, riots, looting)	NEW

The most important regional risks in 2023



Top 10 risks in The UK

Rank		Percent	2022 rank	Trend
1	Cyber incidents (e.g. cyber crime, malware/ransomware causing system downtime, data breaches, fines and penalties)	40%	1 (50%)	→
2	Business interruption (incl. supply chain disruption)	37%	2 (34%)	→
3	Macroeconomic developments (e.g. inflation, deflation, monetary policies, austerity programs)	34%	NEW	↑
4	Energy crisis (e.g. supply shortage/outage, price fluctuations)	26%	NEW	↑
5	Shortage of skilled workforce	21%	5 (18%)	→
6	Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)	20%	4 (26%)	↓
7	Climate change (e.g. physical, operational and financial risks as a result of global warming)	15%	3 (31%)	↓
8	Political risks and violence (e.g. political instability, war, terrorism, civil commotion, strikes, riots, looting)	13%	NEW	↑
9	New technologies (e.g. risk impact of artificial intelligence, connected/ autonomous vehicles, electric vehicles, nanotechnology, blockchain, 5G)	11%	NEW	↑
10	Fire, explosion	10%	8 (15%)	↓

Source: Allianz Global Corporate & Specialty. Figures represent the number of risks selected as a percentage of all survey responses from 126 respondents. All respondents could select up to three risks per industry, which is why the figures do not add up to 100%.



Top 10 risks in The Nordics

Rank		Percent	2022 rank	Trend
1	Cyber incidents (e.g. cyber crime, malware/ransomware causing system downtime, data breaches, fines and penalties)	56%	1 (73%)	→
2	Business interruption (incl. supply chain disruption)	49%	2 (46%)	→
3	Macroeconomic developments (e.g. inflation, deflation, monetary policies, austerity programs)	25%	NEW	↑
4	Political risks and violence (e.g. political instability, war, terrorism, civil commotion, strikes, riots, looting)	22%	NEW	↑
5	Energy crisis (e.g. supply shortage/outage, price fluctuations)	21%	NEW	↑
6	Market developments (e.g. intensified competition/new entrants, M&A, market stagnation, market fluctuation)	14%	7 (13%)	↑
6	Natural catastrophes (e.g. storm, flood, earthquake, wildfire, extreme weather events)	14%	5 (15%)	↓
6	Shortage of skilled workforce	14%	7 (13%)	↑
9	Changes in legislation and regulation (e.g. trade wars and tariffs, economic sanctions, protectionism, Euro-zone disintegration)	13%	6 (14%)	↓
10	Climate change (e.g. physical, operational and financial risks as a result of global warming)	11%	3 (25%)	↓

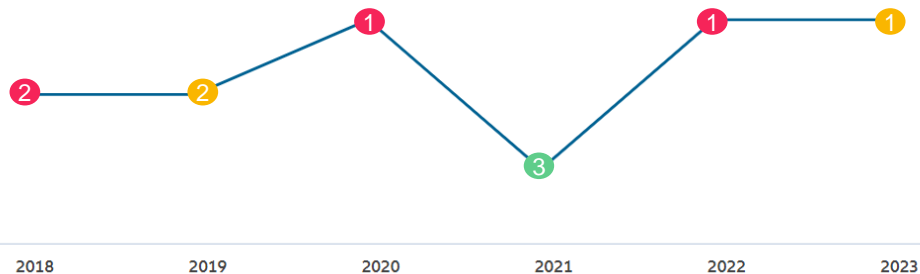
Source: Allianz Global Corporate & Specialty. Figures represent the number of risks selected as a percentage of all survey responses from 63 respondents. All respondents could select up to three risks per industry, which is why the figures do not add up to 100%.

Topic deep dives

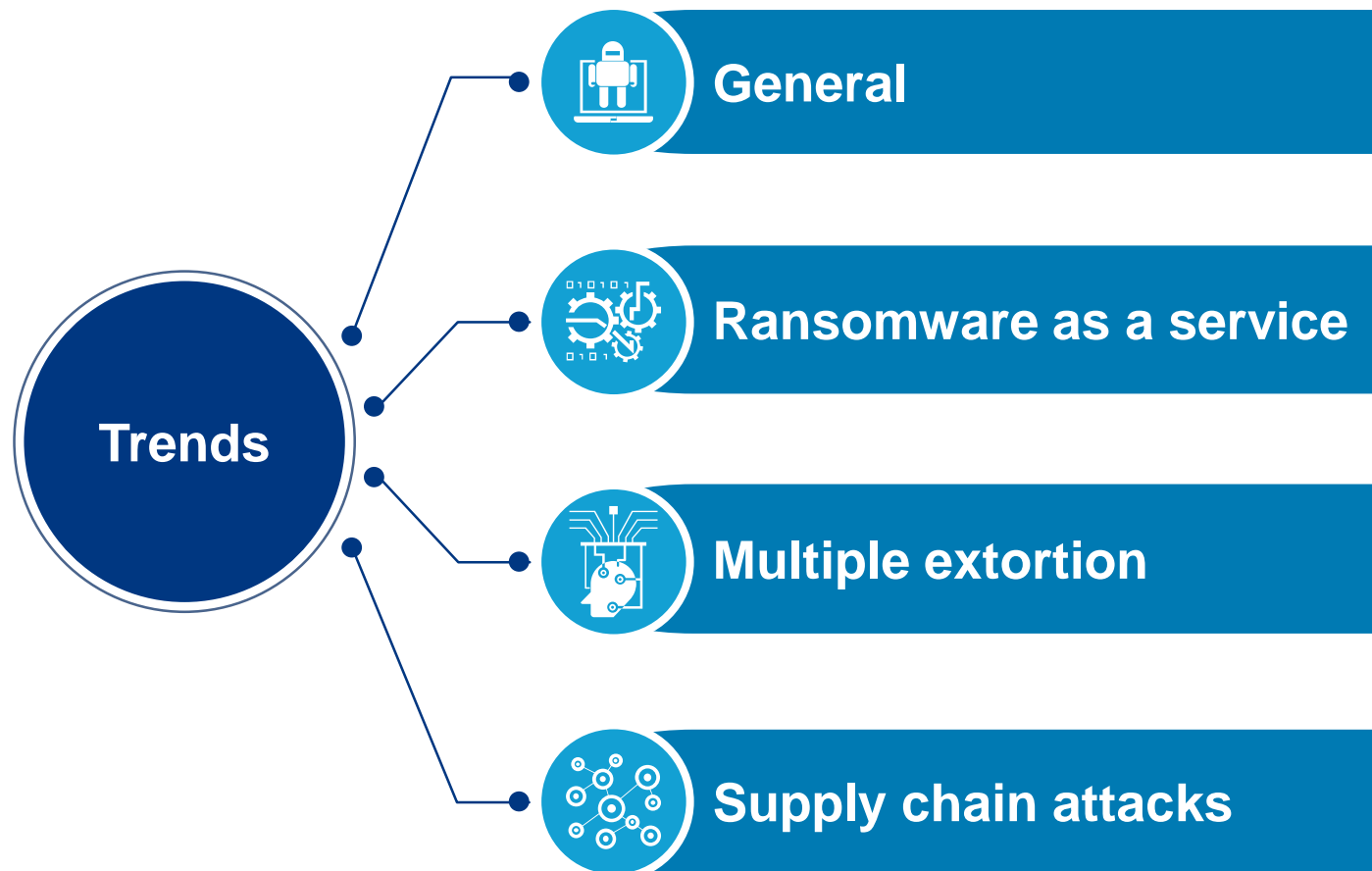
Focus: Cyber incidents

- #1 business risk in 2023 worldwide (34% of responses) - the second year in a row
- #1 business risk in 2023 in 19 countries
- Cyber insurance claims remain at a high level. Increasingly, we see more small- and mid-size businesses impacted who often tend to underestimate their exposure.

Ranking history



A ransomware pandemic



- 623 million ransomware attacks in 2021: double the number in 2020 and a 232% increase since 2019. (SonicWall Threat Intelligence)
- Ransomware forecast to cause \$30bn in damages to global organisations by 2023 (Acronis)

Cyber risks **implications**



Cybersecurity governance and ESG

- Solid cybersecurity governance and controls are key to:
 - Ensure a company is adequately prepared to withstand attacks
 - Ensure strong ESG position



Regulatory exposure and litigation

- Increasing number of strict privacy regulations
- Potential for more cybersecurity requirements legislation
- Class actions in respect of data breaches and network security failures



Nation state-sponsored attacks on the rise

- Ransomware attacks stabilised temporarily due to sanctions
- State-sponsored attacks increasing given the current geopolitical situation
- Risk from politically-motivated hacking groups/hacktivists

Focus: Political risks and violence

- A new entry at #10 globally.
- Much higher ranked in Nordics at 4th (22%) and in the UK at 8th (13%)
- Aside from war, companies are also concerned about increasing disruption from civil unrest as the cost-of-living crisis bites in many countries.



- Terrorism and Sabotage
- Strike, Riots and Civil Commotion & Malicious Damage
- War and Civil War (including Warlike perils)



- Terrorism liability
- Nuclear Chemical Biological and Radiological Acts
- Active Assailant / Shooter
- Cyber Terrorist (PD BI)



Global trends increasing PVT events



Terrorism:

- Reducing threat of property damage
- Increase in low intensity, high frequency
- Irrational terrorism – focused on loss of life. No end goal



SRCC:

- Huge range of topics are leading to SRCC
- Fuelled by environmental, economic, ethnic/cultural and political factors.
- More frequency and more intensity
- Persistent and long lasting

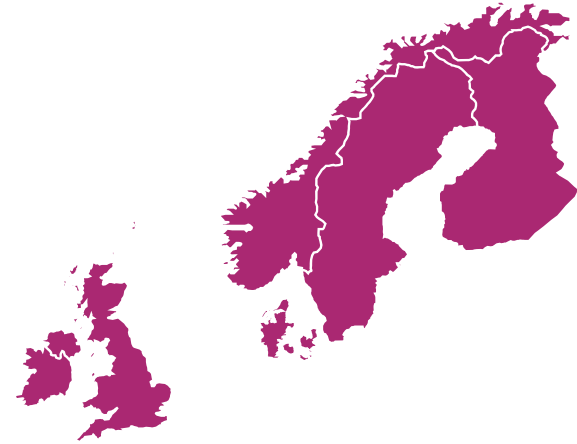


War and Civil War:

- Divisive politics
- More active states (Russia, China, Saudi Arabia, Iran)
- Proxy wars
- Increasing Cyber capability

Regional rankings and drivers

- Political risks and violence ranked #10 globally
- Much higher ranked in Nordics at #4 (22%) and in the UK at #8 (13%)



UK considerations



- Increased Terrorism threat in Northern Ireland (Brexit) and on the mainland (post covid opening)
- SRCC risk on the rise
- Risk of low level SRCC from Unionised strikes
- War is a concern but currently remote

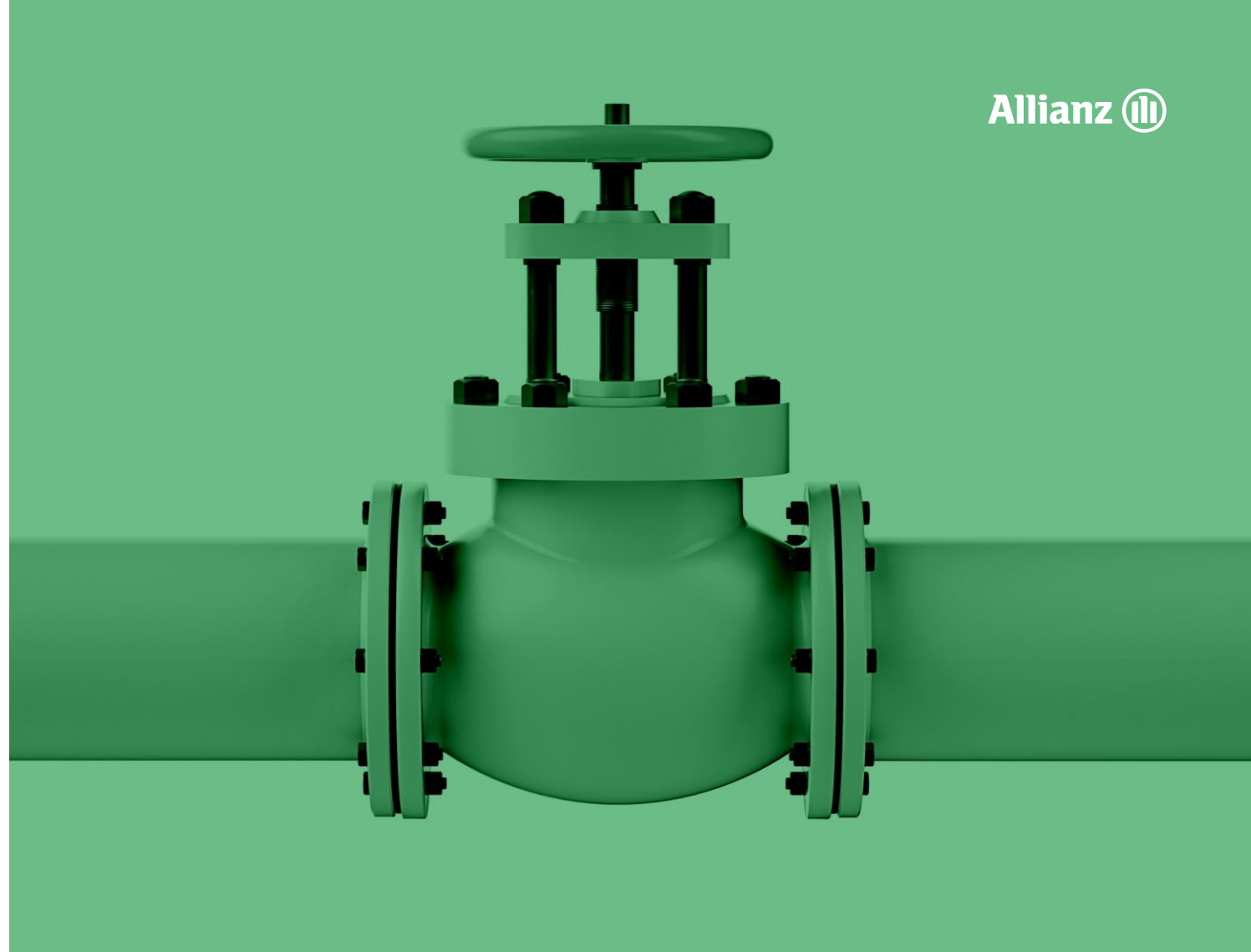
Nordic considerations



- Russian-Ukraine war
- Recent attack on the Nord Stream
- Cyber dominates Nordic concerns
- SRCC risk driven by cost of living crisis
- Risks of small scale Terrorist attacks driven by Islamist and Far Right ideologies

Focus: Energy crisis

- New entrant in the Allianz Risk Barometer, appearing for the first time at #4 globally (22% of responses)
- Companies are concerned about spiraling fuel costs, supply disruptions, inflation, and the effects of Russia's invasion of Ukraine
- Likely to remain the largest profitability shock for European countries and companies
- Opportunity to fast-forward the green transformation



Sustainable energy considerations



- Capacity, engineering expertise and underwriting know-how is readily available for ‘traditional’ renewables



- Cover for transport, construction and operation of promising technology in the energy transition, e.g. photovoltaics



- Green hydrogen gathering momentum to boost progress towards net zero targets

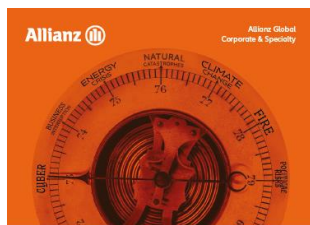


Renewable energy loss history mixed

- Renewable energy not automatically profitable
- Complex, untested technology deployed at scale in early phases
- Huge values at stake
- Understanding and partnership is key

Find out
more

Resources and materials

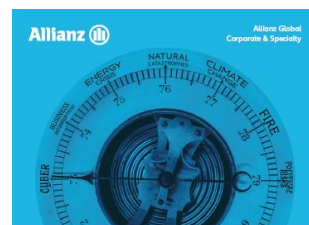


Allianz Risk Barometer

Identifying the major business risks for 2023

The most important corporate concerns for the year ahead, ranked by 2,712 risk management experts from a record 94 countries and territories.

Full report, including expert analysis of the top ten risks



Allianz Risk Barometer Results appendix 2023

Based on the insight of 2,712 risk management experts from 94 countries and territories.

- 1. The most important business risks global
- 2. The most important business risks Europe, America, Asia Pacific, and Africa and Middle East
- 3. The most important business risks industry sector
- 4. The most important business risks company size



The most important business risks by industry sector in 2023



The most important business risks by company size in 2023

Results appendix – featuring industry type and company size risk tables

Other recent publications



Directors and officers (D&O) insurance insights 2023



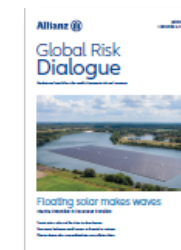
Global Claims Review



Cyber: The changing threat landscape



Safety and Shipping Review 2022



Global Risk Dialogue (Client magazine)

All available on our website  www.agcs.allianz.com

Questions & Answers

Thank you!

