

Media Release: Allianz Risk Barometer: Cyber incidents, Natural catastrophes and Business interruption remain top threats in Japan

- **Climate change and Political risk emerge in 4th and 5th place**
- **Top risks in Asia remain Cyber incidents, Business interruption and Natural catastrophes**
- **Data breaches, attacks on critical infrastructure or physical assets and increased ransomware attacks drive cyber concerns**

Singapore, 16 January 2024 – **Cyber incidents** such as ransomware attacks, data breaches, and IT disruptions, **Natural catastrophes** and **Business interruption**, have been the top 3 risks in Japan since 2021. **Climate change** and **Political risks** are the 4th and 5th biggest worry for companies in Japan in 2024, according to the **Allianz Risk Barometer** which is based on the insights of more than 3,000 risk management professionals.

Globally and in Asia, the top three risks are **Cyber incidents**, **Business interruption** and **Natural catastrophes**. Other major concerns of companies in Asia include **Fire, explosion** (up from #8 to #4 year-on-year) and **Climate change** (remains at #5).

Allianz Commercial CEO Petros Papanikolaou comments on the findings: “The top risks and major risers in this year’s **Allianz Risk Barometer** reflect the big issues facing companies around the world right now – digitalization, climate change and an uncertain geopolitical environment. Many of these risks are already hitting home, with extreme weather, ransomware attacks and regional conflicts expected to test the resilience of supply chains and business models further in 2024. Brokers and customers of insurance companies should be aware and adjust their insurance covers accordingly.”

Large corporates, mid-size, and smaller businesses are united by the same risk concerns – they are all mostly worried about cyber, business interruption and natural catastrophes. However, the resilience gap between large and smaller companies is widening, as risk awareness among larger organizations has grown since the pandemic with a notable drive to upgrade resilience, the report notes. Conversely, smaller businesses often lack the time and resources to identify and effectively prepare for a wider range of risk scenarios and, as a result, take longer to get the business back up and running after an unexpected incident.

Christian Sandric, Regional Managing Director of Allianz Commercial Asia, says, “Cyber incidents, business interruption, and natural catastrophes remain the most significant risks for companies in Asia, be it large corporates, mid-size, or smaller businesses. Companies need to navigate an increasingly volatile global business environment, and this reiterates the importance of a strong risk management culture, as well as robust response measures and

insurance solutions. For example, companies are increasingly exploring multinational policies that facilitate swift incident response and can help minimize loss and damage, and alternative risk transfer solutions to cover risks that are difficult to insure in the conventional market.”

Top risks in Asia

Cyber incidents (36%) ranks as the most important risk globally and in Asia, where it is the top peril in India and Japan. Asia is seeing an increase in cyberattacks and there have been notable cyber incidents in the region, including a cyberattack on Japan’s space agency, data breach of details of citizens with the Indian Council of Medical Research, and outage suffered by South Korean government-run online services.

Despite an easing of post-pandemic supply chain disruption in 2023, **Business interruption** (35%) remains a significant concern and is the second biggest threat in Asia. The region, in particular South Korea, Japan, and China, plays an important role in the global upstream supply chain in several industries including active pharmaceutical ingredients and electronic vehicles. This result reflects the interconnectedness in an increasingly volatile global business environment, as well as a strong reliance on supply chains for critical products or services.

Natural catastrophes (31%) retains its position as the third biggest threat in the 2024 survey. It was the hottest year since records began, while insured losses exceeded US\$100bn for the fourth consecutive year, driven by the highest ever damage bill of US\$60bn from severe thunderstorms. **Natural catastrophes** ranks the top risk in Malaysia and Thailand, which experienced floods in different parts of 2023, and continues to affect Japan.

Top risks in Japan

Businesses in Japan continue to be most concerned about **Cyber incidents** (#1 with 54%) which has claimed top spot for the last four years. **Business interruption** (35%) ranks the third top risk in Japan, behind the closely linked peril of cyber, which continues to be a top cause of business interruption feared by companies.

Ken Motoda, Representative Director & President for Allianz Fire and Marine Japan said:

“Business interruption is closely linked to many of this year’s highly ranked risks, such as cyber, and natural catastrophes, and remains a key concern in a rapidly changing world. Cyber insurance coverage for Japanese companies is still low. Companies have to view cybersecurity as a foundational wing of business operations and continuously adapt to adopt the best practices. The trends of attacks we see are proof that these cyber incidents are happening at a greater frequency and severity, therefore calling for businesses to improve their cyber hygiene in an era of ever-deepening reliance on digital technology.”

Last year, a Japanese large car manufacturer suspended operations at a packaging line for export-bound components after a cyberattack at Japan's biggest port of Nagoya triggered a system glitch and stalled work for more than two days. The car manufacturer also had to suspend operations at all of its assembly plants in Japan due to a malfunction with its production system which brought domestic output to a standstill.

The world's top automaker is a pioneer of the just-in-time inventory management, which keeps down costs but also means that a snarl in the logistics chain can put production at risk.

Extreme **Natural catastrophes** (#2 with 44%) still pose a risk in the country as Japan experienced a magnitude 7.5 earthquake near the Noto peninsula in Ishikawa prefecture, on 1 January. The insured property losses estimated to be between US\$1.8bn and US\$3.3bn is significant given the strength and location of the earthquake but is only a partial view of the total economic impact of the earthquake. The limitations highlight the broader scope of economic and social repercussions that extend beyond insured losses.

The top 10 business risks in Japan 2024

Top 10 risks in Japan

Source: Allianz Commercial. Figures represent how often a risk was selected as a percentage of all responses for that country. Respondents: 98. Figures don't add up to 100% as up to three risks could be selected

Rank		Percent	2023 rank	Trend
1	Cyber incidents (e.g., cyber crime, IT network and service disruptions, malware / ransomware, data breaches, fines, and penalties)	54%	1 (51%)	→
2	Natural catastrophes (e.g., storm, flood, earthquake, wildfire, extreme weather events)	44%	2 (35%)	→
3	Business interruption (incl. supply chain disruption)	35%	3 (33%)	→
4	Climate change (e.g., physical, operational, and financial risks as a result of global warming)	20%	4 (30%)	→
5	Political risks and violence (e.g., political instability, war, terrorism, coup d'état, civil commotion, strikes, riots, looting)	13%	6 (12%)	↑
6	Fire, explosion	11%	9 (7%)	↑
6	Loss of reputation or brand value (e.g., public criticism)	11%	NEW	↑
8	Shortage of skilled workforce	9%	NEW	↑
9	Changes in legislation and regulation (e.g., tariffs, economic sanctions, protectionism, Euro-zone disintegration)	8%	7 (9%)	↓
10	Environmental risks (e.g., pollution, biodiversity issues, water stress)	6%	NEW	↑

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

About the Allianz Risk Barometer

The **Allianz Risk Barometer** is an annual business risk ranking compiled by Allianz Group's corporate insurer Allianz Commercial, together with other Allianz entities. It incorporates the views of 3,069 risk management experts in 92 countries and territories including CEOs, risk managers, brokers and insurance experts and is being published for the 13th time.

For further information please contact:

Global: Hugo Kidston

Global: Philipp Keirath

Johannesburg: Lesiba Sethoga

London: Ailsa Sayers

Madrid: Laura Llauradó

Tel. +44 203 451 3891

Tel. +49 160 982 343 85

Tel. +27 112 147 948

Tel. +44 203 451 3391

Tel. +34 660 999 650

hugo.kidston@allianz.com

philipp.keirath@allianz.com

lesiba.sethoga@allianz.com

ailsa.sayers@allianz.com

laura.llaurado@allianz.com

Allianz Commercial
Allianz Global Corporate & Specialty SE
Dieselstrasse 8
85774 Unterföhring
Germany

Chairman of the Supervisory Board: Christopher Townsend.

Board of Management: Petros Papanikolaou, CEO, Oskar Buchauer, Jon-Paul Jones, Dr Thomas Sepp, Dr Renate Strasser, Tracy Ryan, Dr Dirk Vogler, Shanil Williams,

(Release / Stand 07.2023). For VAT-Purposes: VAT-Registration Number: DE 811 150 901; Insurance services are exempt from VAT. Comm.Reg.: Munich HRB 208312



ALLIANZ COMMERCIAL

Munich: Andrej Kornienko
New York: Jo-Anne Chasen
Paris: Florence Claret
Rotterdam: Olivia Smith
Singapore: Shakun Raj

Tel. +49 171 4787 382
Tel. +1 917 826 2183
Tel. +33 158 85 88 63
Tel. +27 11 214 7928
Tel. +65 6395 3817

andrej.kornienko@allianz.com
jo-anne.chasen@agcs.allianz.com
florence.claret@allianz.com
olivia.smith@allianz.com
shakun.raj@allianz.com

About Allianz Commercial

Allianz Commercial is the center of expertise and global line of Allianz Group for insuring mid-sized businesses, large enterprises and specialist risks. Among our customers are the world's largest consumer brands, financial institutions and industry players, the global aviation and shipping industry as well as family-owned and medium enterprises which are the backbone of the economy. We also cover unique risks such as offshore wind parks, infrastructure projects or Hollywood film productions. Powered by the employees, financial strength, and network of the world's #1 insurance brand, [as ranked by Interbrand](#), we work together to help our customers prepare for what's ahead: They trust us to provide a wide range of traditional and alternative risk transfer solutions, outstanding risk consulting and Multinational services, as well as seamless claims handling. The trade name Allianz Commercial brings together the large corporate insurance business of Allianz Global Corporate & Specialty (AGCS) and the commercial insurance business of national Allianz Property & Casualty entities serving mid-sized companies. We are present in over 200 countries and territories either through our own teams or the Allianz Group network and partners. In 2022, the integrated business of Allianz Commercial generated more than €19 billion gross premium globally.

These assessments are, as always, subject to the disclaimer provided below.

Cautionary note regarding forward-looking statements

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements.

Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in Allianz's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) adverse publicity, regulatory actions or litigation with respect to the Allianz Group, other well-known companies and the financial services industry generally, (iv) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (v) mortality and morbidity levels and trends, (vi) persistency levels, (vii) the extent of credit defaults, (viii) interest rate levels, (ix) currency exchange rates, most notably the EUR/USD exchange rate, (x) changes in laws and regulations, including tax regulations, (xi) the impact of acquisitions including related integration issues and reorganization measures, and (xii) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

No duty to update

Allianz assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.

Privacy Note

Allianz Commercial is committed to protecting your personal data. Find out more in our [privacy statement](#).