

Media Release: Allianz Risk Barometer: Business interruption, Cyber incidents, and Natural Catastrophes top business risks in Singapore

- **Fire & explosion and Climate change 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 – **Business interruption** is the top business risks in Singapore for the 6th consecutive year according to the **Allianz Risk Barometer**. **Cyber incidents** such as ransomware attacks, data breaches, and IT disruptions and **Natural catastrophes** such as floods and extreme weather remain the second and third top risks respectively. **Fire & explosion** and **Climate change** are the 4th and 5th biggest worries for Singapore businesses in 2024, 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. The New Year’s Day earthquake which hit central Japan caused destruction and triggered mass evacuations and major tsunami warnings, with insured property losses estimated to be between US\$1.8bn and US\$3.3bn.

Top risks in Singapore

Commenting on Singapore, **Christian Sandric, Regional Managing Director of Allianz Commercial Asia**, said: “Recent supply chain disruptions shed light on the interconnected nature of our economy and how businesses in Singapore are not spared from the effects of natural catastrophes and geopolitical events. Advance preparation coupled with regular testing and updating of a robust business continuity plan is crucial for businesses to safeguard themselves from such disruptions.

“Businesses today are also up against some of the most sophisticated cyber threats. As losses from cybercrime cases mount, organizations ought to expand and strengthen their slew of cyber risk management tools to better protect themselves and their customers against digital threats. Failure to adequately address cybersecurity challenges can negatively impact digital trust and in turn result in wavering consumer confidence.”

Business interruption (51%) retains its position as the top risk in Singapore, in line with all other countries and regions in Asia where it ranks amongst the top five risks. The city-state suspended poultry imports from 23 regions in Japan, the United States, and other countries hit by the H5N1 avian influenza. India’s export ban on rice following destructive rains also left prices soaring in neighboring countries, against a backdrop of already simmering food price inflation and bleak economic outlook resulting from the Russian-Ukraine war.

It is hence no surprise that **Natural catastrophes** (29%) ranks the third amongst top risks locally, despite Singapore being relatively guarded against natural disasters. Businesses here are not spared from the knock-on effects of adverse weather events like that of El Nino that disrupt crop cultivation in neighboring Southeast Asia countries, leading to price hikes across agriculture products like palm oil, rice, and other commodities. According to the Monetary Authority of Singapore (MAS) and Ministry of Trade and Industry (MTI), adverse weather events can cause fresh shocks to global energy and food commodity prices and are therefore flagged as risks.

Businesses in Singapore continue to be wary of **Cyber incidents** (34%) as ransomware attacks and phishing scams proliferate, with variants of the latter amounting to at least S\$446,000 (US\$335,000) in just the first two weeks of January 2024. Statistics from the Singapore Police Force (SPF) point to a 64.5% increase in the number of scam cases during the first half of 2023 compared with the same period in 2022. The prevalence of such scams has even called for local banks to introduce a range of anti-scam features including “money-locking” accounts blocking digital transactions to prevent fraudsters from siphoning money out of compromised accounts. A \$20 million initiative by the Singapore government has also since been introduced, aimed at combatting the new trend of scams that employ deepfake technology, such as two separate videos purportedly showing Prime Minister Lee Hsien Loong and Deputy Prime Minister Lawrence Wong promoting investment products.

The top 10 business risks in Singapore 2024

Top 10 risks in Singapore

Source: Allianz Commercial. Figures represent how often a risk was selected as a percentage of all responses for that country. Respondents: 65. Figures don't add up to 100% as up to three risks could be selected

Rank		Percent	2023 rank	Trend
1	Business interruption (incl. supply chain disruption)	51%	1 (50%)	→
2	Cyber incidents (e.g., cyber crime, IT network and service disruptions, malware / ransomware, data breaches, fines, and penalties)	34%	2 (33%)	→
3	Natural catastrophes (e.g., storm, flood, earthquake, wildfire, extreme weather events)	29%	3 (22%)	→
4	Fire, explosion	26%	3 (22%)	↓
5	Climate change (e.g., physical, operational, and financial risks as a result of global warming)	20%	8 (14%)	↑
6	Changes in legislation and regulation (e.g., tariffs, economic sanctions, protectionism, Euro-zone disintegration)	18%	5 (19%)	↓
7	Macroeconomic developments (e.g., inflation, deflation, monetary policies, austerity programs)	15%	5 (19%)	↓
8	Energy crisis (e.g., supply shortage / outage, price fluctuations)	12%	7 (15%)	↓
8	Market developments (e.g., intensified competition / new entrants, M&A, market stagnation, market fluctuation)	12%	NEW	↑
10	Political risks and violence (e.g., political instability, war, terrorism, coup d'état, civil commotion, strikes, riots, looting)	11%	10 (12%)	→

[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.

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