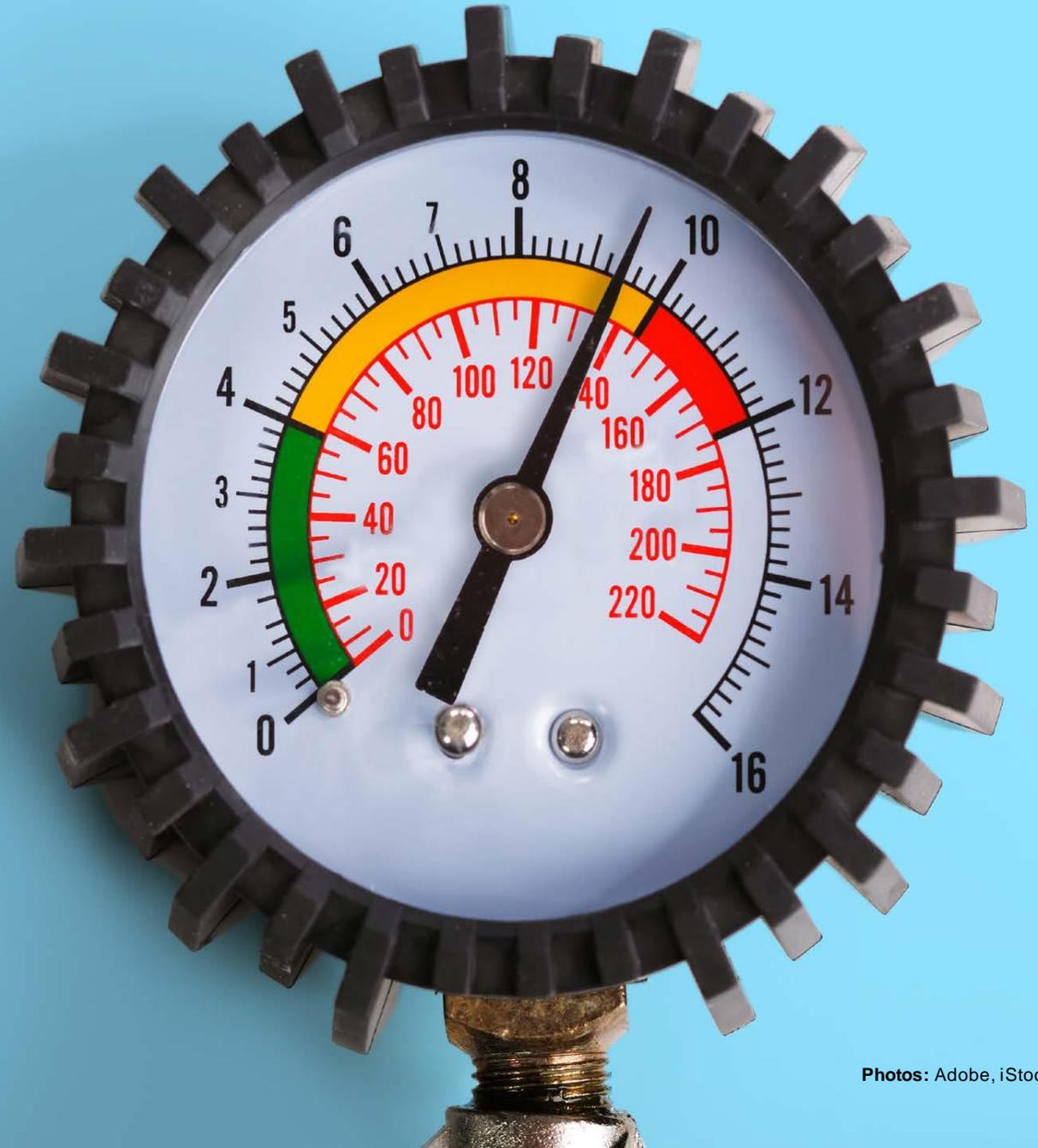


# ALLIANZ RISK BAROMETER 2021

Top Business Risks for 2021

Department / Author /  
Place / Date





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# METHODOLOGY AND PARTICIPANTS

- The **tenth** Allianz Risk Barometer is the biggest yet, incorporating the views of a record **2,769 respondents** from **92 countries**.
- The survey was conducted among **Allianz customers (global businesses), brokers** and **industry trade organizations**, as well as corporate insurance risk consultants, underwriters, senior managers and claims experts of **AGCS and other Allianz entities**.
- Respondents were asked to select the industry about which they were particularly knowledgeable and to name up to three risks they believed to be of the most importance.
- **Large enterprises (>\$500mn annual revenue)** contributed 1,234 respondents [44%], **mid-sized enterprises (\$250mn to \$500mn revenue)** had 495 respondents [18%], while **small enterprises (<\$250mn)** produced 1,040 respondents [38%] from 22 industries.



**2,769**  
RESPONDENTS



**92**  
COUNTRIES / TERRITORIES



**22**  
INDUSTRY SECTORS



# TOP 10 GLOBAL BUSINESS RISKS FOR 2021



**Source:** Allianz Global Corporate & Specialty. Figures represent the number of risks selected as a percentage of all survey responses. The 2,769 respondents could provide answers for up to three risks. **Photos:** Adobe, iStock, Shutterstock  
<sup>1</sup> Pandemic outbreak ranks higher than cyber incidents based on the actual number of responses <sup>2</sup> Market developments ranks higher than changes in legislation and regulation based on the actual number of responses <sup>3</sup> Macroeconomic developments ranks higher than climate change based on the actual number of responses **KEY = RED Risk higher than 2020 GREEN risk lower than in 2020**



# SELECTED RESULTS HIGHLIGHTS

- A Covid-19 related trio of risks heads up the 10th Allianz Risk Barometer 2021, reflecting the disruption caused by lockdowns in many countries globally in response to the coronavirus outbreak.
- **Business interruption (BI)** returns to #1 as the top peril globally in the Allianz Risk Barometer (41% of responses). BI has been the top risk for eight of the last 10 years.
- New to the top 10, **pandemic outbreak** climbs to second position in the Allianz Risk Barometer (40% of responses). Pandemic is the biggest climber this year (up 15 positions).
- Businesses are still as concerned as ever about **cyber incidents** (3rd, 40%)\* with more respondents picking this as a top peril than last year. Business interruption, pandemic and cyber are strongly interlinked, demonstrating the growing vulnerabilities of our highly globalized and connected world
- **Market developments** (4th 19%) and **changes in legislation and regulation** (5<sup>th</sup>, 19%)\*\* round out the top five global risks.

\* Pandemic outbreak ranks higher than cyber incidents based on the actual number of responses

\*\* Market developments ranks higher than changes in legislation and regulation based on the actual number of responses



# THE COVID TRIO: BI, PANDEMIC OUTBREAK, CYBER

- **Business interruption, pandemic outbreak and cyber incidents** are strongly interlinked, highlighting growing vulnerabilities of our highly globalized and connected world.
- Wider digitalization, more remote working and growing reliance on technology and online sales will only heighten business interruption risks.
- Economic consequences of the pandemic will likely fuel unrest in 2021, with implications for supply chains and business interruption.
- Companies look to de-risk supply chains and boost business continuity management for future “extreme” events, such as a global-scale cloud outage or cyber-attack, natural disasters driven by climate change or even another disease outbreak.





# BI RETURNS AS TOP RISK BUT WITH A COVID TWIST

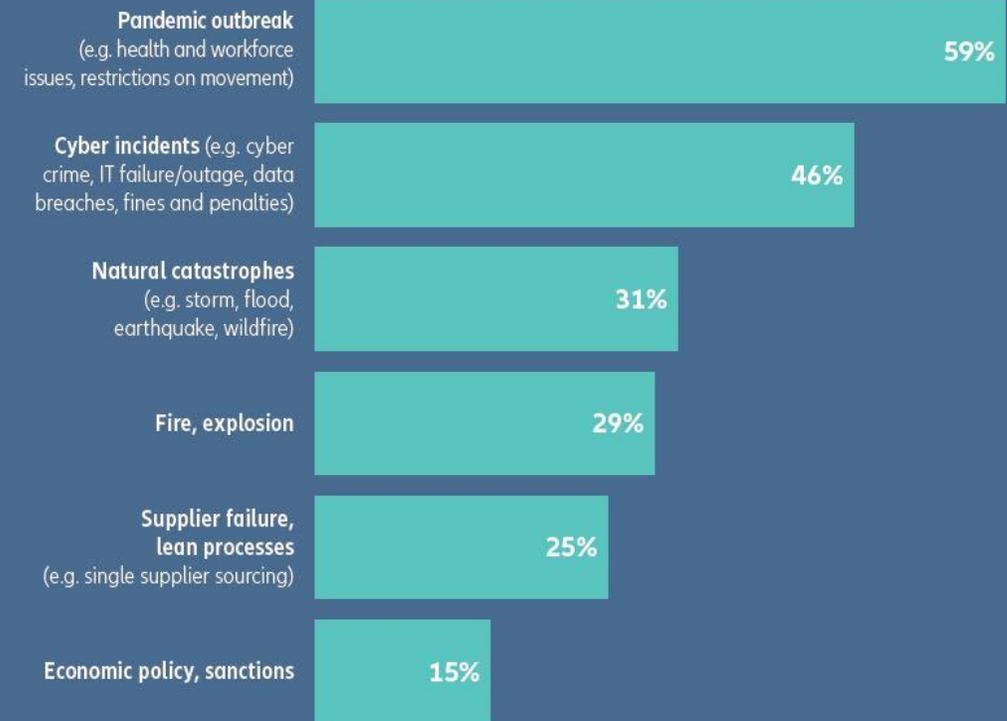
- In 2021, **BI** (41% of responses) ranks as the most important business risk.
- BI ranks top in nine countries and in the **Americas** region.
- BI is the top risk in these sectors: **chemical/pharma/bio-pharma; consumer goods; engineering/construction/real estate; food and beverages; manufacturing; mining; oil and gas; renewable energy; retail/wholesale; and transportation.**
- Covid-19 has highlighted the vulnerability of global supply chains to extreme events and the awareness of BI is now at the very top of organizations.
- Accelerated digitalization due to Covid-19 could bring new risks, while economic, societal and political repercussions could bring sources of disruption for years to come.



## THE COVID TRIO:

WHICH CAUSES OF BUSINESS INTERRUPTION DO COMPANIES FEAR MOST?

### Top six answers



Source: Allianz Risk Barometer 2021

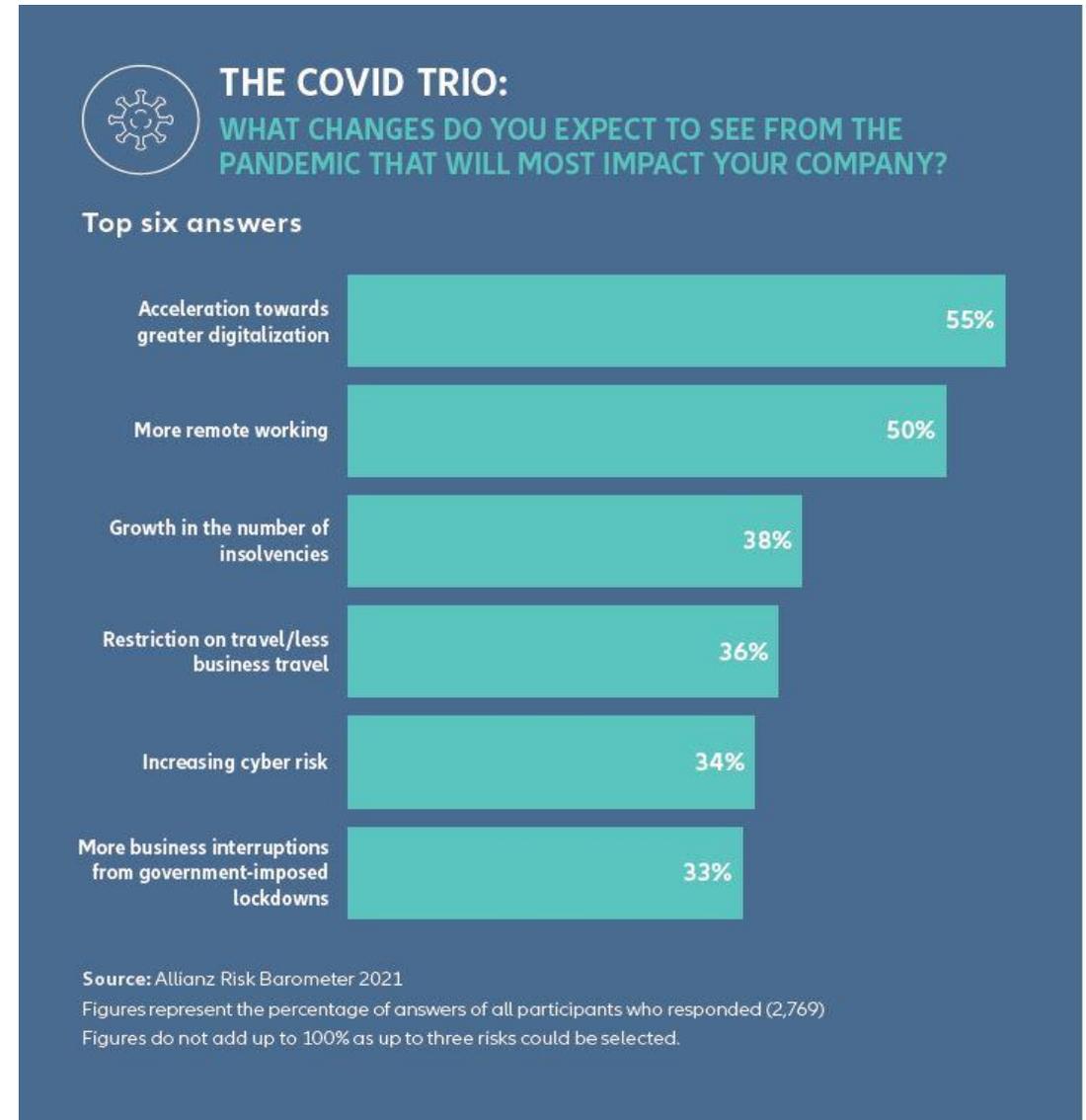
Figures represent the percentage of answers of all participants who responded (1,140)

Figures do not add up to 100% as up to three risks could be selected.



# PANDEMIC OUTBREAK: COVID, A 'KNOWN SURPRISE'

- In 2021, **pandemic outbreak** (#2, 40%) appears in global top 10 for first time.
- Pandemic ranks top in the **Africa & Middle East** region and 16 countries, including Australia, China, Nigeria, and the UK.
- Pandemic is the top risk for these sectors: **aviation/aerospace/defense; consumer goods; entertainment/media; government/public services; hospitality/leisure/tourism; and marine/shipping.**
- Prior to 2021, pandemic had never finished higher than #16 in 10 years of the Allianz Risk Barometer, a clearly underestimated risk.
- The pandemic demonstrates how vulnerable the world is to unpredictable and extreme events and highlights the downside of global production and supply chains.





# CYBER INCIDENTS

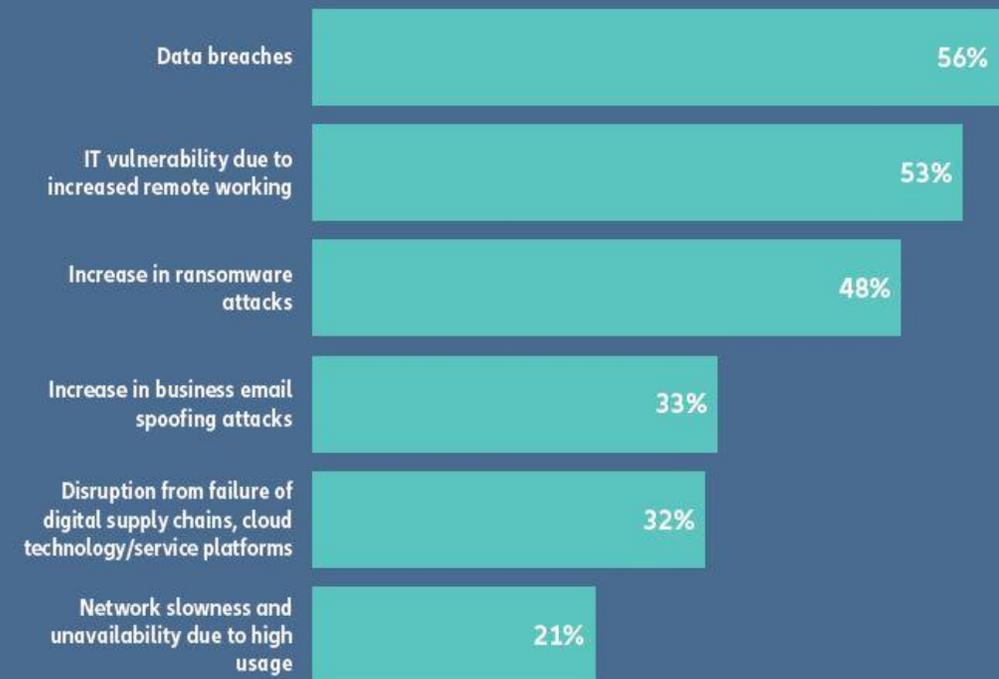
- Cyber incidents may have slipped to #3 in the 2021 Allianz Risk Barometer, but it remains a key peril with more respondents than in 2020.
- Cyber ranks top in 12 countries and in the **Asia Pacific** and **Europe** regions.
- Cyber is the top risk for these sectors: **financial services; government and public services; power & utilities; professional services; technology; and telecommunications.**
- Covid-19 highlights how quickly criminals adapt and the digitalization surge driven by the pandemic has created opportunities for intrusions with new cyber loss scenarios constantly emerging.
- Data breaches and ransomware are the biggest threats, with data and privacy costs rising and ransomware attacks more frequent, larger and damaging.



## CYBER INCIDENTS:

WHICH CYBER EXPOSURES CONCERN YOUR COMPANY MOST OVER THE NEXT YEAR?

### Top six answers



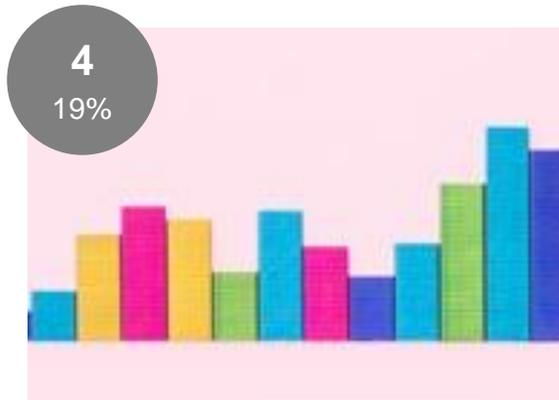
Source: Allianz Risk Barometer 2021

Figures represent the percentage of answers of all participants who responded (1,096)

Figures do not add up to 100% as up to three risks could be selected.



# TOP RISKS IN FOCUS



## MARKET DEVELOPMENTS\*

Rising insolvency rates are a big concern. Euler Hermes' global solvency index is expected to hit a record high for bankruptcies in 2021 – up 35%.



## CHANGES IN LEGISLATION AND REGULATION

Data and sustainability are two important areas for 2021. Data access and use determine the risk landscape. To transition to a zero-carbon economy, integrating sustainability considerations into all business activities is key.

## NATURAL CATASTROPHES

Devastating wildfires in California and Australia and record-breaking numbers of tropical storms in the Atlantic Ocean were among the natural catastrophes to dominate the headlines in 2020.



## FIRE, EXPLOSION

A major fire or explosion prevents companies from servicing their customers or resuming operations, and such incidents drive BI claims, in particular. Mitigation practices remain essential for all businesses to lower the risk of fire loss.



Photos: Adobe, Shutterstock

\*Market developments ranks higher than changes in legislation and regulation based on the actual number of responses.



# TOP RISKS IN FOCUS



8  
13%

## MACROECONOMIC DEVELOPMENTS<sup>1</sup>

Interest rates will remain low for a very long time in the US and even longer in Europe. According to Allianz Research estimates, the Fed is likely to envisage a first rate hike from Q3 2023 only.



9  
13%

## CLIMATE CHANGE / INCREASING VOLATILITY OF WEATHER

Compared to Covid-19, climate change is a catastrophe in slow motion. While the virus may have inadvertently led to a minor reduction in emissions due to less traffic, travel and industrial activity, the need to combat and prevent climate change and global warming is as high as ever. 2020 was the joint hottest year on record.

## POLITICAL RISKS AND VIOLENCE

Civil unrest incidents such as protests and riots challenge terrorism as the main political risk exposure for companies. As the Covid-19 fallout mounts, global protester numbers should swell – 75 countries will likely experience an increase in protests by late 2022.

10  
11%



Photos: iStock, Shutterstock

<sup>1</sup> Macroeconomic developments ranks higher than climate change based on the actual number of responses



# SME BUSINESS RISKS

## Top 5 risks for SMALL-SIZE COMPANIES (<\$250mn annual revenues)

1 42%		<b>Pandemic outbreak</b> (e.g. health and workforce issues, restrictions on movement)	NEW
2 35%		<b>Cyber incidents</b> (e.g. cyber crime, IT failure/outage, data breaches, fines and penalties)	2020: 35% (1)
3 34%		<b>Business interruption</b> (incl. supply chain disruption)	2020: 28% (3)
4 21%		<b>Changes in legislation and regulation</b> (e.g. trade wars and tariffs, economic sanctions, protectionism, Brexit, Euro-zone disintegration)	2020: 29% (2)
5 20%		<b>Market developments</b> (e.g. volatility, intensified competition / new entrants, M&A, market stagnation, market fluctuation)	2020: 27% (4)

## Top 5 risks for MID-SIZE COMPANIES (\$250mn to \$500mn annual revenues)

1 44%		<b>Business interruption</b> (incl. supply chain disruption)	2020: 37% (1)
2 40%		<b>Pandemic outbreak</b> (e.g. health and workforce issues, restrictions on movement)	NEW
3 34%		<b>Cyber incidents</b> (e.g. cyber crime, IT failure/outage, data breaches, fines and penalties)	2020: 36% (2)
4 21%		<b>Natural catastrophes</b> (e.g. storm, flood, earthquake, wildfire)	2020: 19% (5)
5 20%		<b>Fire, explosion</b>	2020: 22% (4)

**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that company size. Respondents: 1,040. Figures don't add up to 100% as up to three risks could be selected.

**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that company size. Respondents: 495. Figures don't add up to 100% as up to three risks could be selected. **Photos:** iStock, Adobe, Shutterstock

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020

**THANK YOU**



# ALLIANZ GLOBAL CORPORATE & SPECIALTY

## EXPERT KNOWLEDGE

AGCS publishes several studies and reports to raise awareness of its in-house expertise through industry thought leadership on selected topics.

### Recent publications include:

- Allianz Risk Barometer 2021
- Directors & Officers Insurance Insights 2021
- Liability Loss Trends
- Aviation Risk 2020: Safety And The State of the Nation
- Safety and Shipping Review
- Managing The Impact of Increasing Interconnectivity
- Several Allianz Risk Consulting Tech Talks & Risk Bulletins

Appearing twice a year, **Global Risk Dialogue** is the Allianz Global Corporate & Specialty client magazine with news and expert insights from the world of corporate risk.





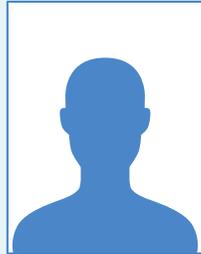
# ALLIANZ GLOBAL CORPORATE & SPECIALTY

## YOUR CONTACT

For further information please contact

**Name**

Title



 Telephone

 Email

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# APPENDIX





# THE MOST IMPORTANT BUSINESS RISKS IN EUROPE



**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that region. Respondents: 1,278. Figures don't add up to 100% as up to three risks could be selected. **Photos:** iStock, Adobe, Shutterstock  
**KEY =** PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020



# THE MOST IMPORTANT BUSINESS RISKS: AMERICAS



Source: Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that region. Respondents: 540. Figures don't add up to 100% as up to three risks could be selected. Photos: iStock, Adobe, Shutterstock.  
 KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020



# THE MOST IMPORTANT BUSINESS RISKS IN ASIA PACIFIC



**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that region. Respondents: 324. Figures don't add up to 100% as up to three risks could be selected. **Photos:** iStock, Adobe, Shutterstock.  
**KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020**



# THE MOST IMPORTANT BUSINESS RISKS IN AFRICA & MIDDLE EAST

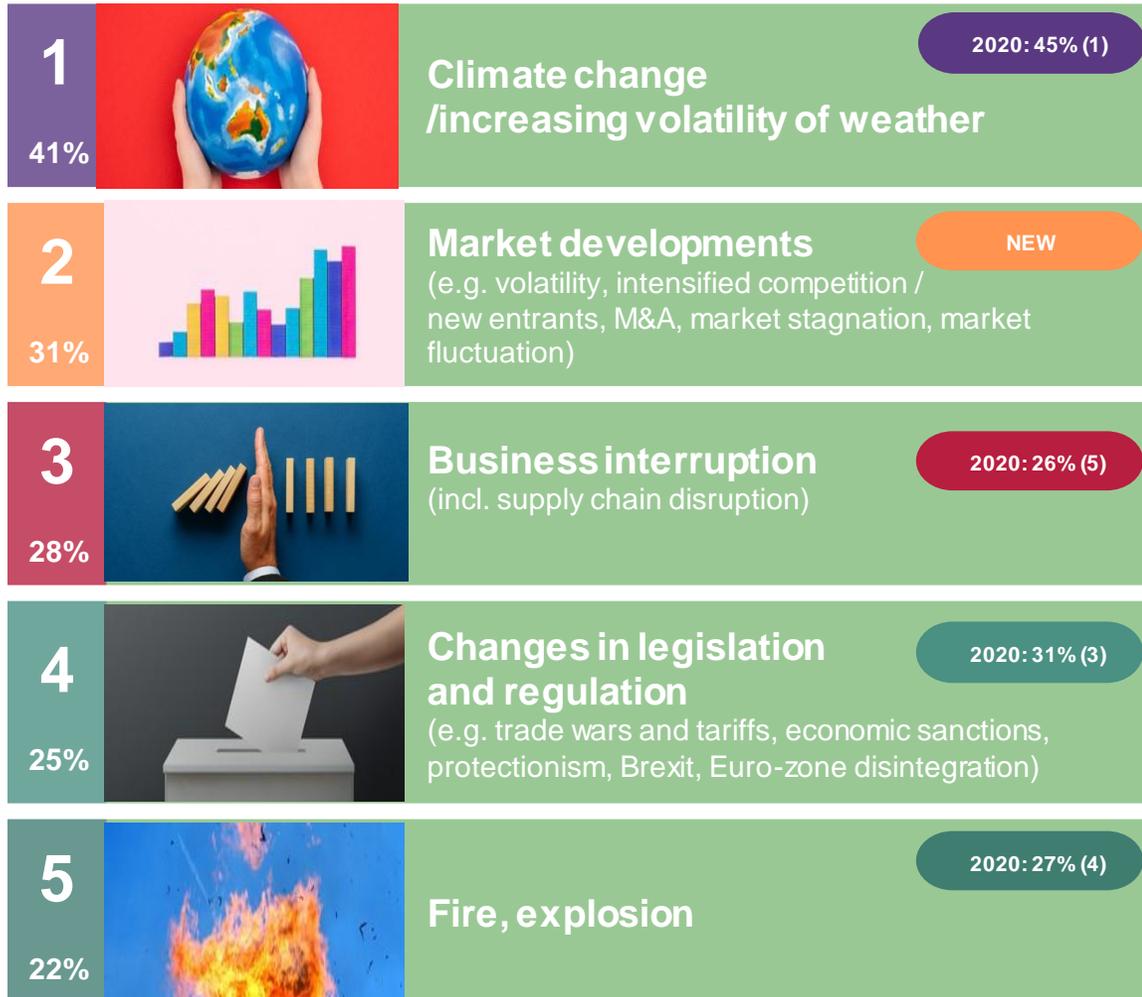


**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that region. Respondents: 627. Figures don't add up to 100% as up to three risks could be selected. **Photos:** iStock, Adobe, Shutterstock.  
 1 Pandemic outbreak ranks higher than business interruption based on the actual number of responses 2 Theft, fraud and corruption ranks higher than changes in legislation and regulation based on the actual number of responses  
**KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020**



# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN AGRICULTURE



## TOP 5 RISKS IN AVIATION, AEROSPACE, DEFENSE



Source: Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 32. Figures don't add up to 100% as up to three risks could be selected.

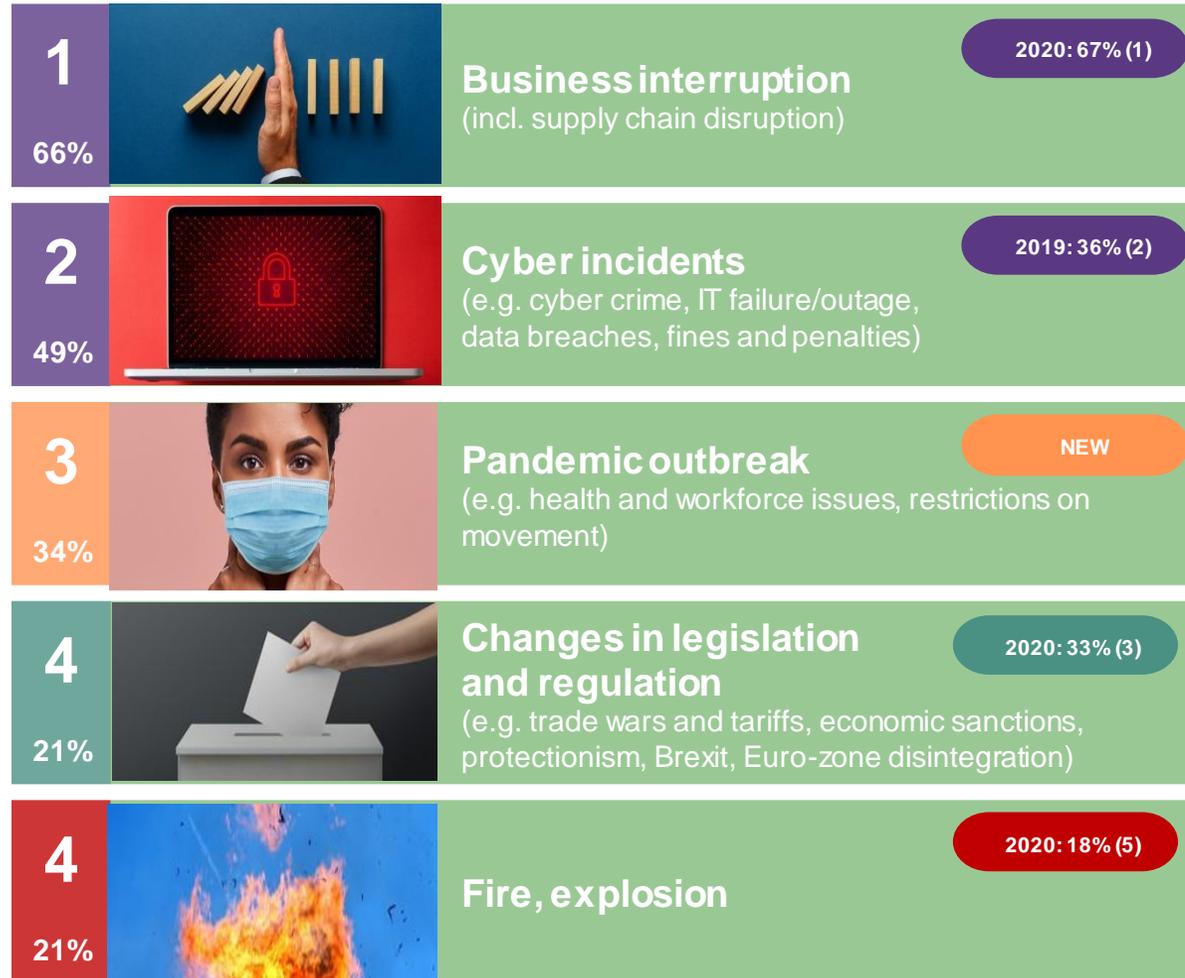
Source: Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 78. Figures don't add up to 100% as up to three risks could be selected. Photos: iStock, Adobe, Shutterstock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020

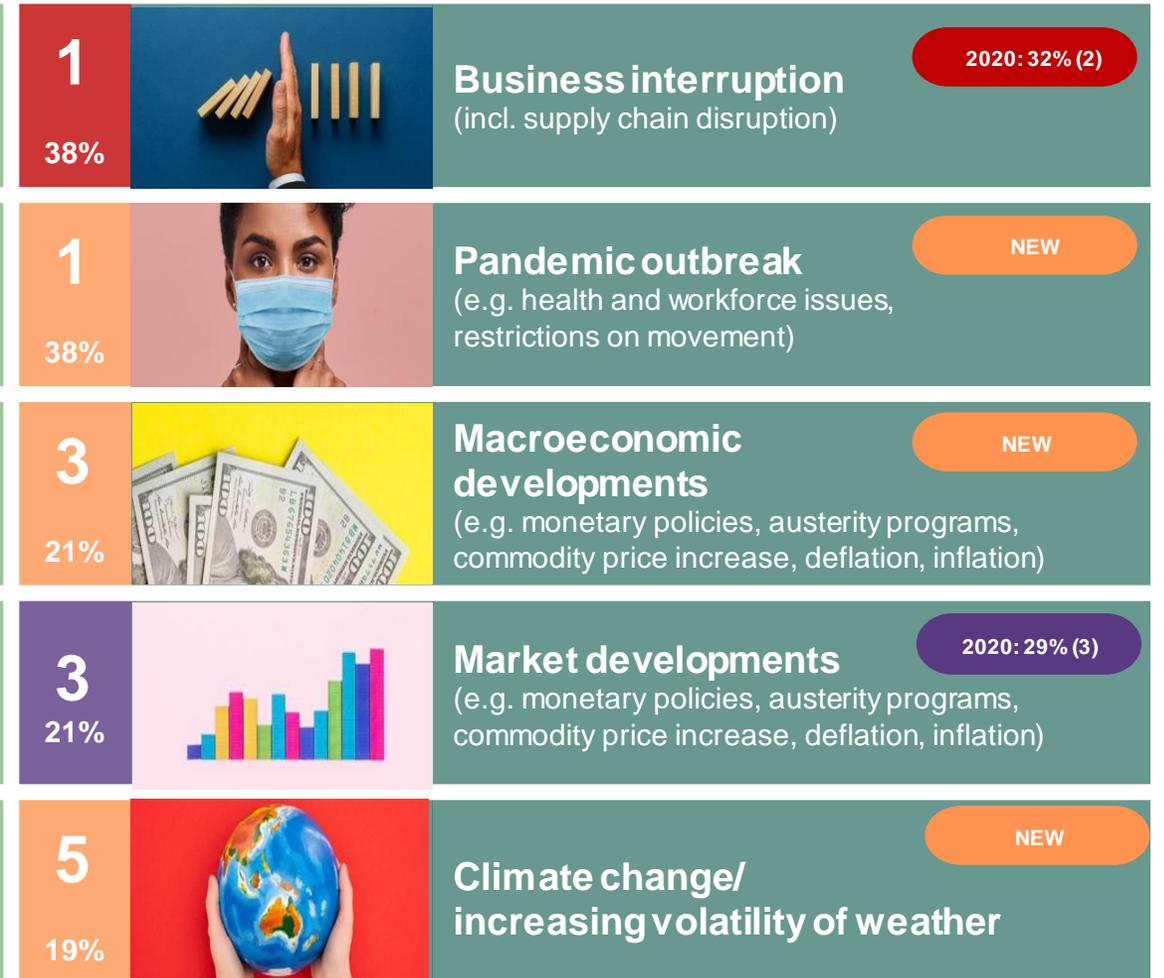


# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN CHEMICALS, PHARMACEUTICALS, BIOPHARMA



## TOP 5 RISKS IN CONSUMER GOODS



**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 53. Figures don't add up to 100% as up to three risks could be selected.

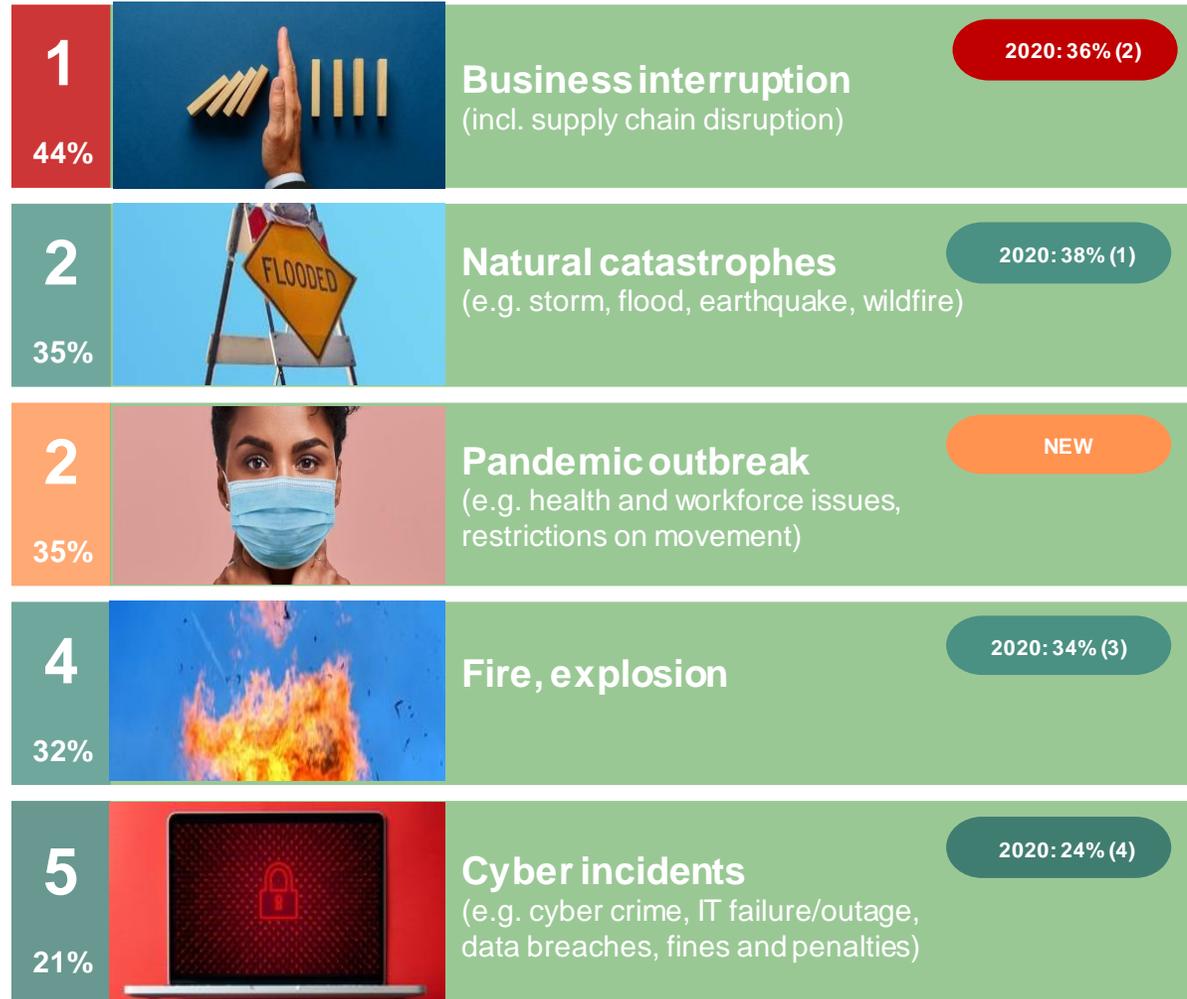
**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 42. Figures don't add up to 100% as up to three risks could be selected. **Photos:** iStock, Adobe, Shutterstock

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020



# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN ENGINEERING, CONSTRUCTION, REAL ESTATE



## TOP 5 RISKS IN ENTERTAINMENT & MEDIA



**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 119. Figures don't add up to 100% as up to three risks could be selected.

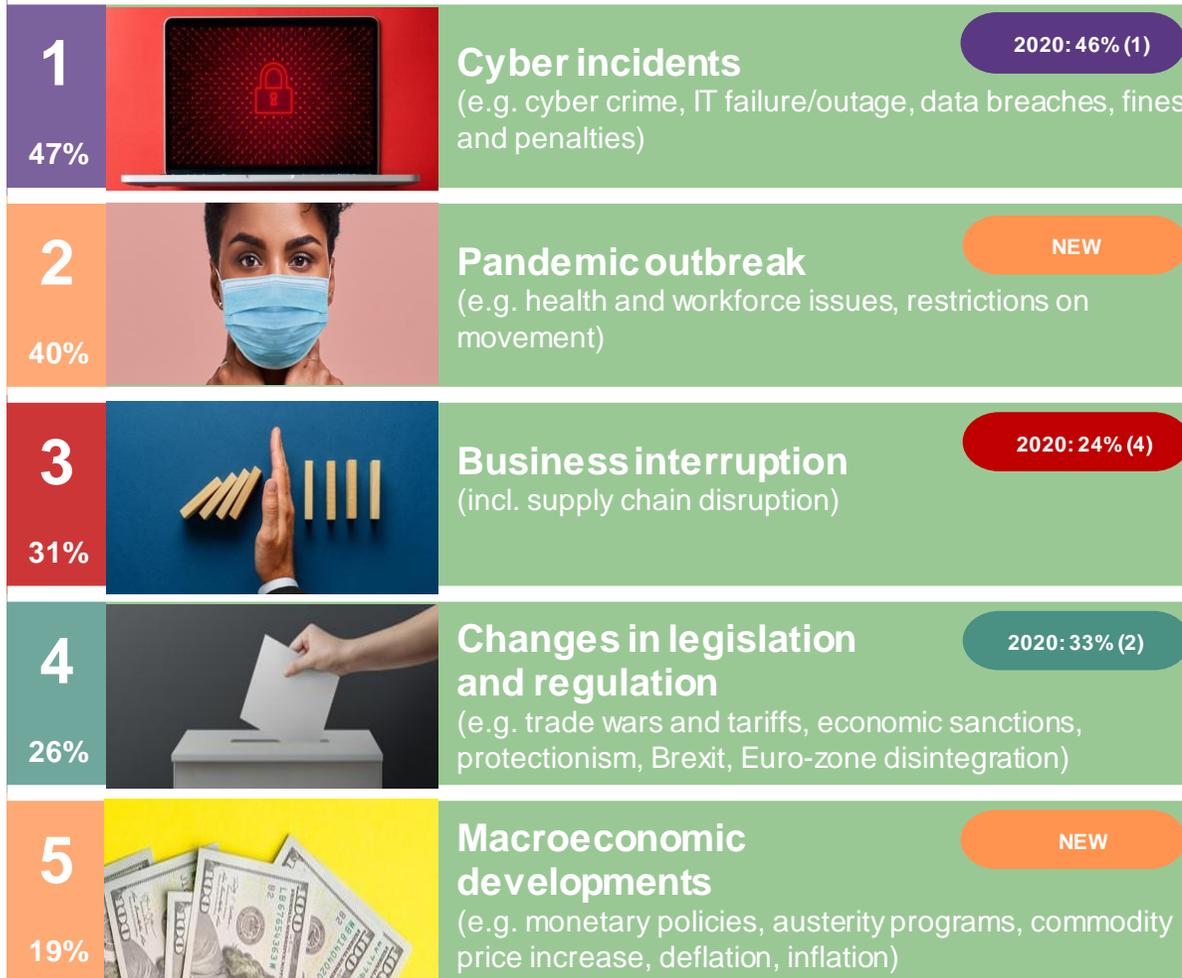
**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 54. Figures don't add up to 100% as up to three risks could be selected. **Photos:** iStock, Adobe, Shutterstock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020

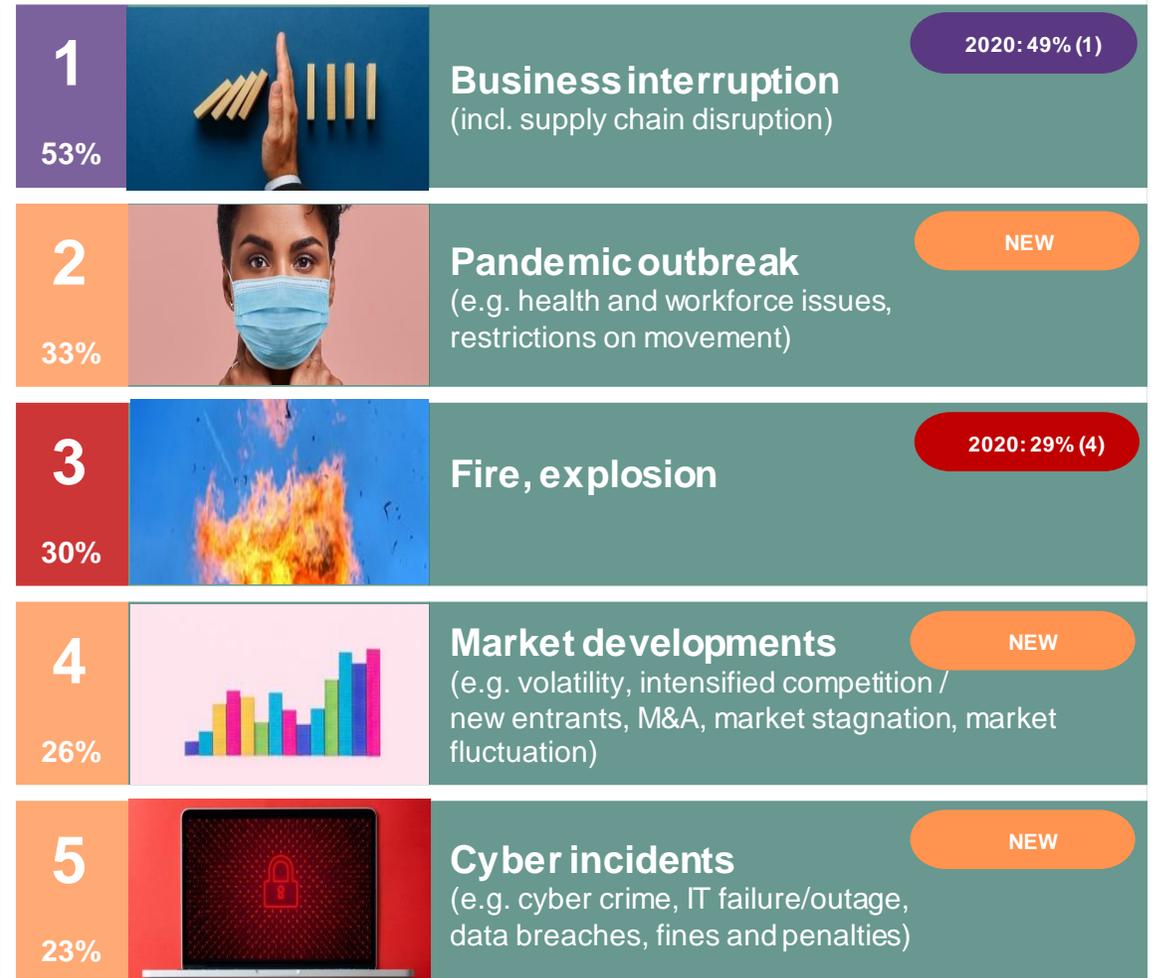


# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN FINANCIAL SERVICES



## TOP 5 RISKS IN FOOD & BEVERAGES (MFG. & SUPPLY)



Source: Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 931. Figures don't add up to 100% as up to three risks could be selected.

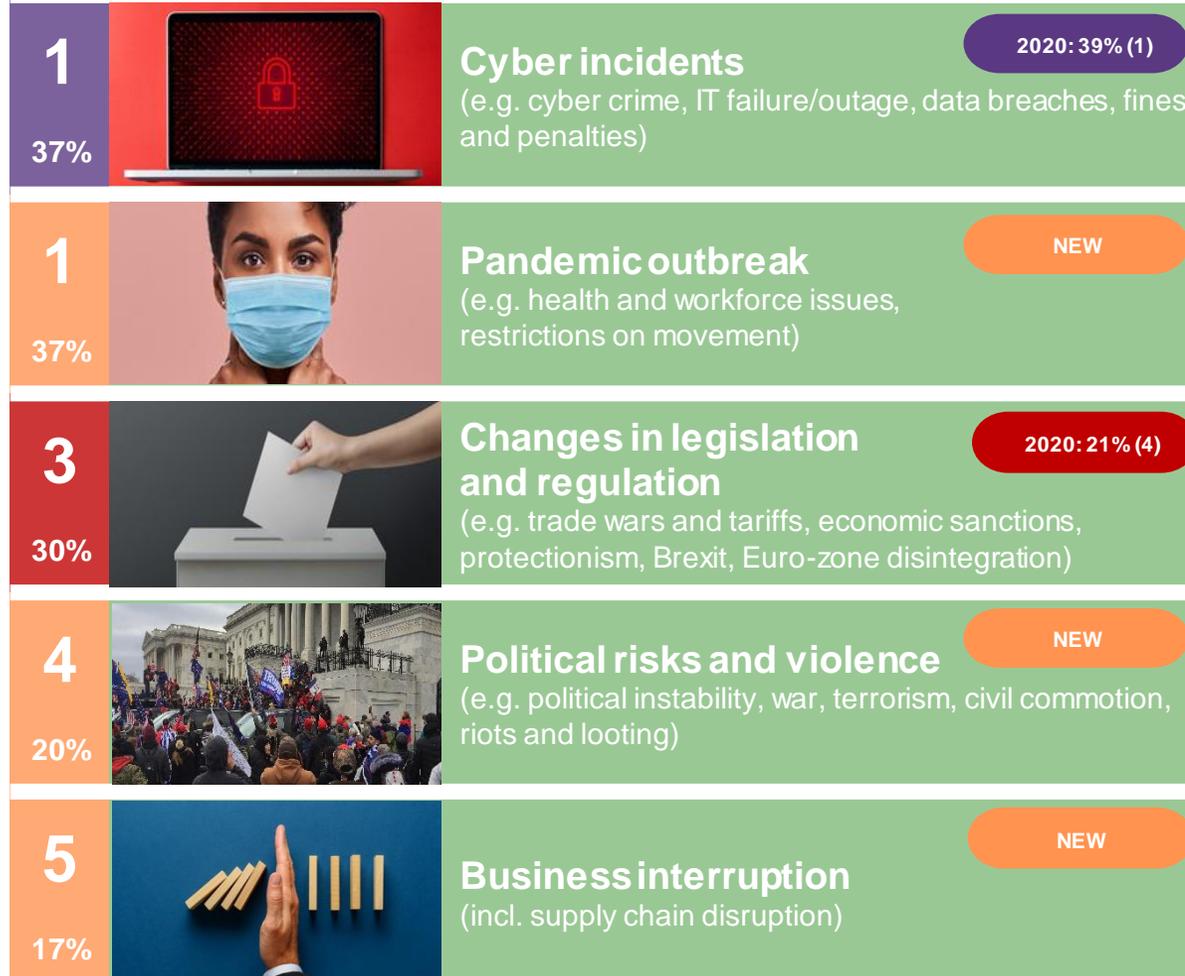
Source: Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 43. Figures don't add up to 100% as up to three risks could be selected. Photos: Adobe, iStock, Shutterstock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020



# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN GOVERNMENT, PUBLIC SERVICES (INCL. HEALTHCARE)



## TOP 5 RISKS IN HOSPITALITY, LEISURE, TOURISM



Source: Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 30. Figures don't add up to 100% as up to three risks could be selected.

Source: Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 35. Figures don't add up to 100% as up to three risks could be selected. Photos: Adobe, iStock, Shutterstock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020



# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN MANUFACTURING (INCL. AUTOMOTIVE)

1 63%		<b>Business interruption</b> (incl. supply chain disruption)	2020: 60% (1)
2 41%		<b>Cyber incidents</b> (e.g. cyber crime, IT failure/outage, data breaches, fines and penalties)	2020: 34% (2)
3 32%		<b>Pandemic outbreak</b> (e.g. health and workforce issues, restrictions on movement)	NEW
4 26%		<b>Fire, explosion</b>	2020: 29% (3)
5 19%		<b>Market developments</b> (e.g. volatility, intensified competition / new entrants, M&A, market stagnation, market fluctuation)	NEW

## TOP 5 RISKS IN MARINE & SHIPPING

1 51%		<b>Pandemic outbreak</b> (e.g. health and workforce issues, restrictions on movement)	NEW
2 36%		<b>Business interruption</b> (incl. supply chain disruption)	2020: 29% (4)
3 27%		<b>Natural catastrophes</b> (e.g. storm, flood, earthquake, wildfire)	2020: 34% (2)
4 26%		<b>Cyber incidents</b> (e.g. cyber crime, IT failure/outage, data breaches, fines and penalties)	2020: 31% (3)
5 24%		<b>Market developments</b> (e.g. volatility, intensified competition / new entrants, M&A, market stagnation, market fluctuation)	NEW

**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 136. Figures don't add up to 100% as up to three risks could be selected.

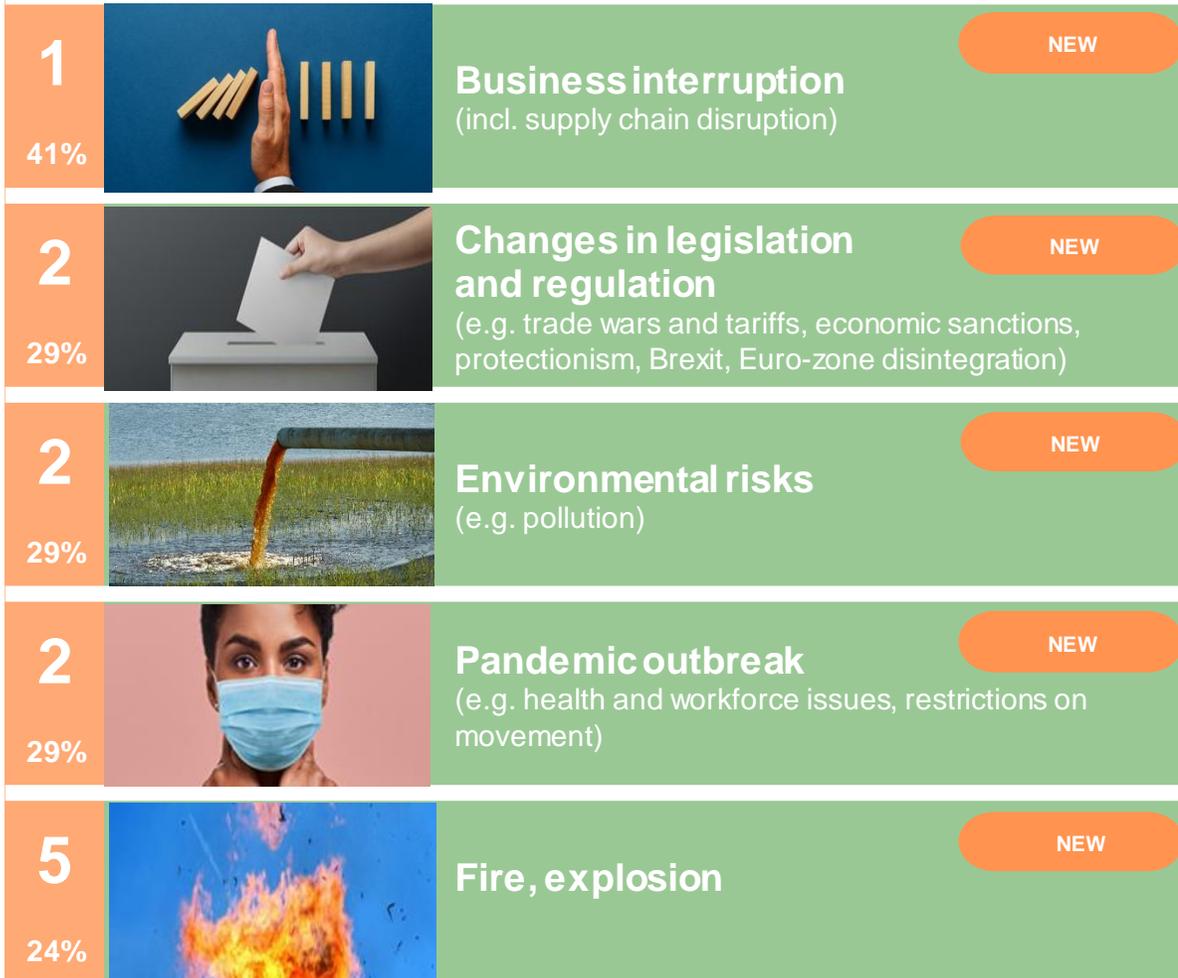
**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 70. Figures don't add up to 100% as up to three risks could be selected. **Photos:** Adobe, iStock, Shutterstock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020

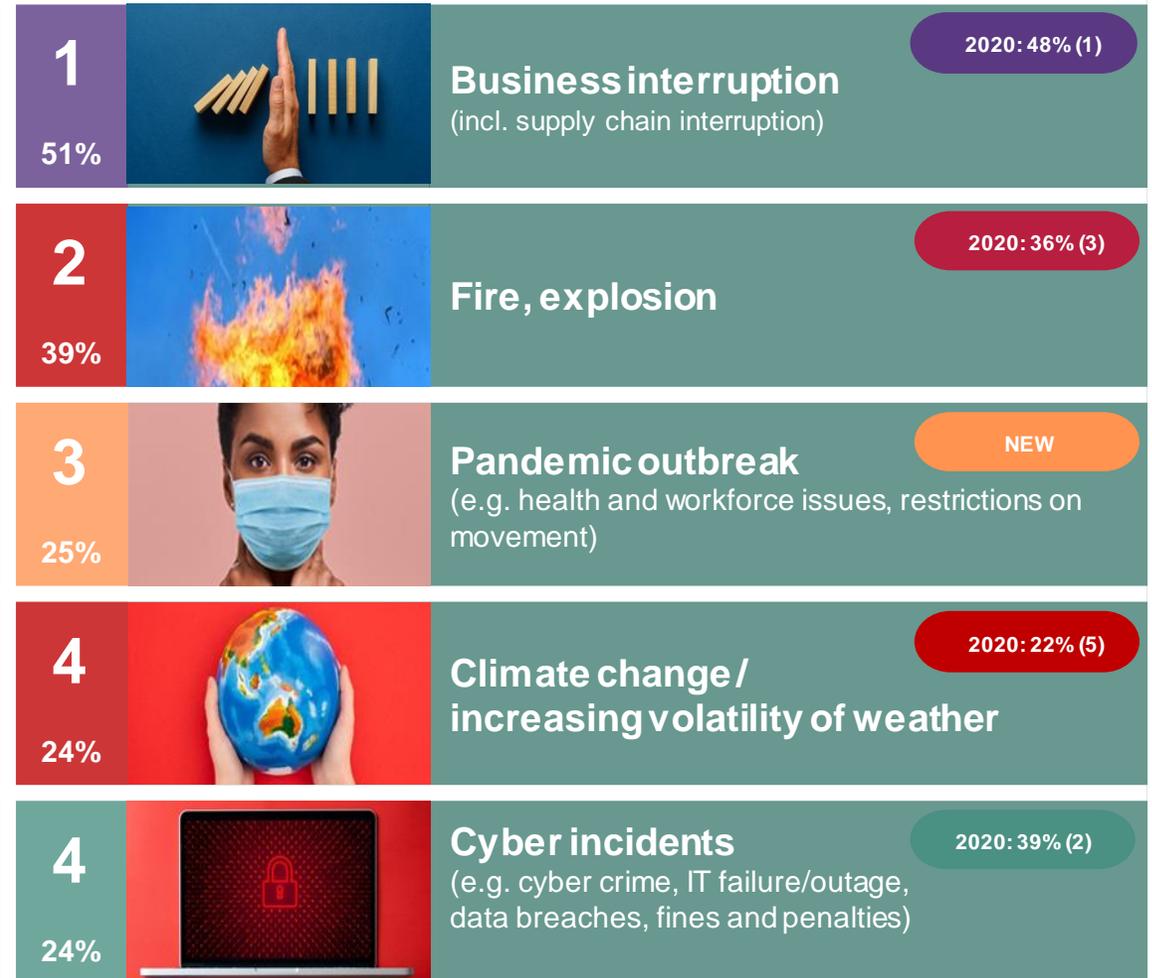


# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN MINING NEW



## TOP 5 RISKS IN OIL AND GAS



**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 17. Figures don't add up to 100% as up to three risks could be selected.

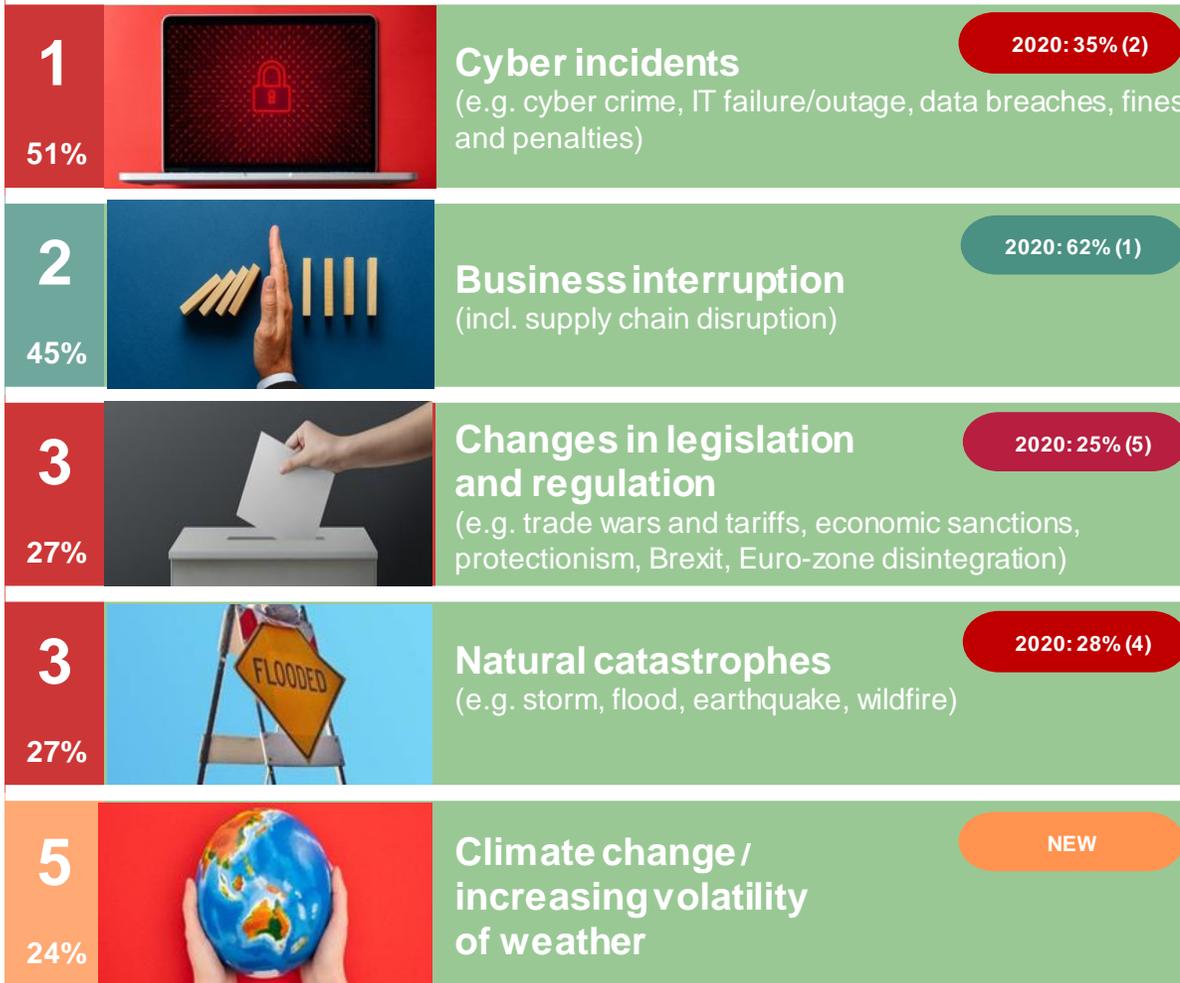
**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 51. Figures don't add up to 100% as up to three risks could be selected. **Photos:** Adobe, Shutterstock, iStock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020



# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN POWER AND UTILITIES



## TOP 5 RISKS IN PROFESSIONAL SERVICES (E.G. LEGAL)



**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 49. Figures don't add up to 100% as up to three risks could be selected.

**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 124. Figures don't add up to 100% as up to three risks could be selected. **Photos:** Adobe, iStock, Shutterstock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020

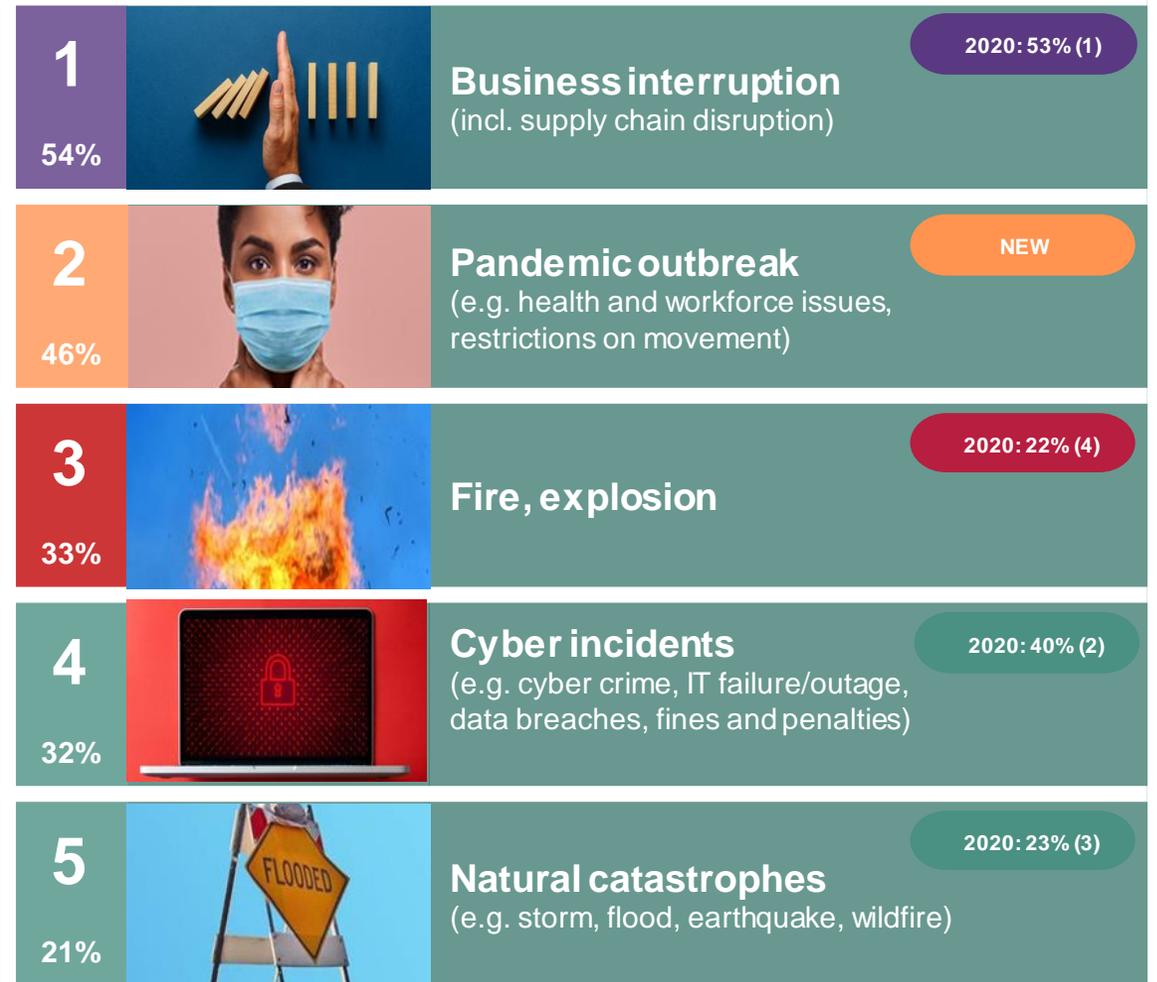


# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN RENEWABLE ENERGY



## TOP 5 RISKS IN RETAIL AND WHOLESALE



**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 21. Figures don't add up to 100% as up to three risks could be selected.

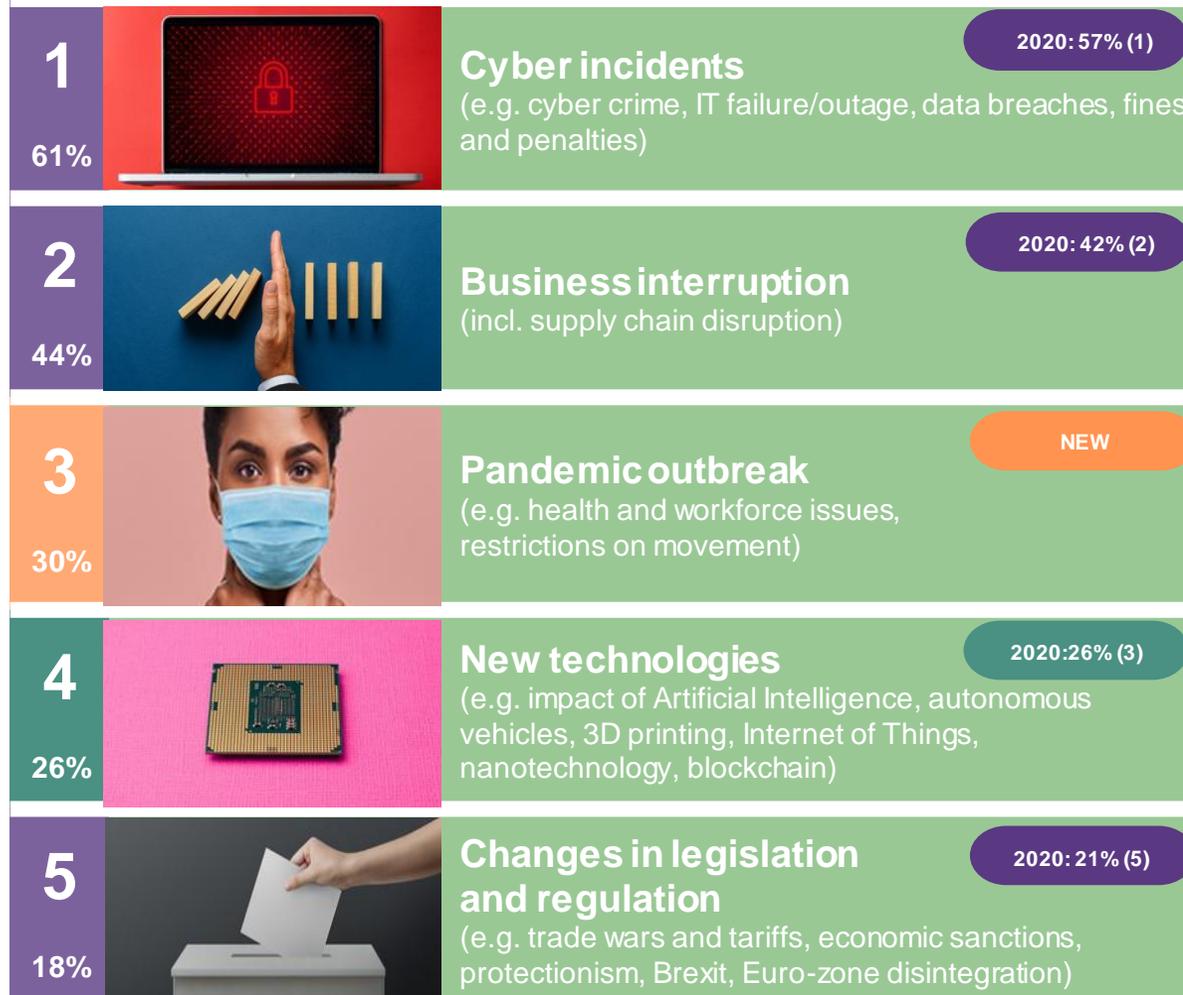
**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 57. Figures don't add up to 100% as up to three risks could be selected. **Photos:** Adobe, iStock, Shutterstock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020

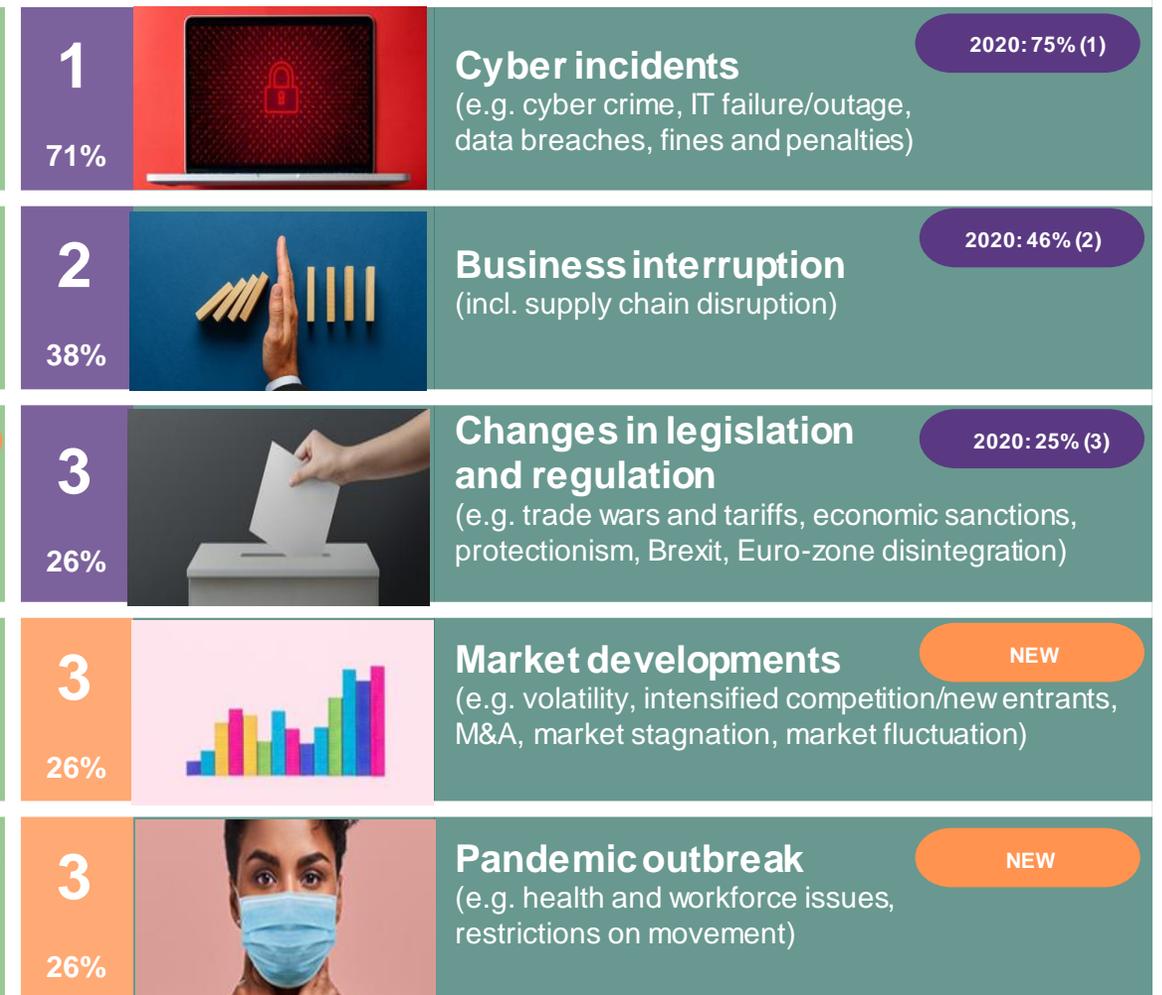


# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN TECHNOLOGY



## TOP 5 RISKS IN TELECOMMUNICATIONS



Source: Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 57. Figures don't add up to 100% as up to three risks could be selected.

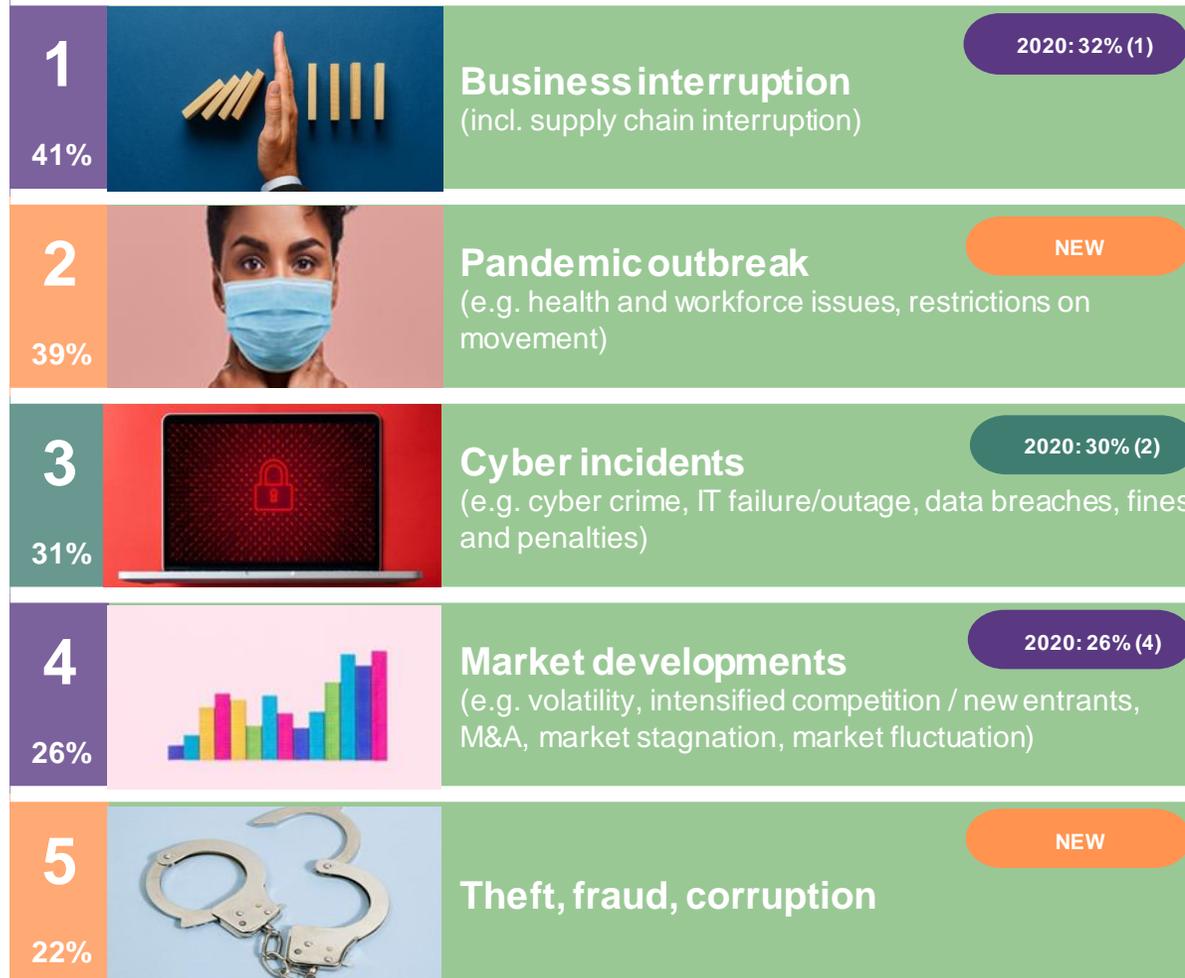
Source: Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 34. Figures don't add up to 100% as up to three risks could be selected. Photos: Adobe, iStock, Shutterstock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020



# THE MOST IMPORTANT BUSINESS RISKS BY INDUSTRY

## TOP 5 RISKS IN TRANSPORTATION



**Source:** Allianz Global Corporate & Specialty. Figures represent how often a risk was selected as a percentage of all responses for that industry sector. Respondents: 54. Figures don't add up to 100% as up to three risks could be selected. **Photos:** Adobe, iStock, Shutterstock.

KEY = PURPLE risks the same as 2020 RED risks higher than 2020 GREEN risks lower than 2020 ORANGE risks not ranked in 2020