

## Media Release: Allianz Risk Barometer: A cyber event is the top global business risk for 2024

- **Data breaches, attacks on critical infrastructure or physical assets and increased ransomware attacks drive cyber concerns (36% of responses)**
- **Business interruption remains #2 with 31% of responses. Natural catastrophes is the biggest riser compared to 2023 with 26% in #3**
- **Risk perception differs regionally for climate change, political risks and violence, and shortage of skilled workforce**

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**Munich, 16 January 2024 – Cyber incidents** such as ransomware attacks, data breaches, and IT disruptions are the biggest worry for companies globally in 2024, according to the [Allianz Risk Barometer](#). The closely interlinked peril of **Business interruption** ranks second. **Natural catastrophes** (up from #6 to #3 year-on-year), **Fire, explosion** (up from #9 to #6), and **Political risks and violence** (up from #10 to #8) are the biggest risers in the latest compilation of the top global business risks, based on the insights of more than 3,000 risk management professionals.

**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.

### Trends driving cyber activity in 2024

**Cyber incidents** (36% of overall responses) rank as the most important risk globally for the third year in a row – for the first time by a clear margin (5% points). It is the top peril in 17 countries, including Australia, France, Germany, India, Japan, the UK, and the USA. A data breach is seen as the most concerning cyber threat for **Allianz Risk Barometer** respondents (59%) followed by attacks on critical infrastructure and physical assets (53%). The recent increase in

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ransomware attacks – 2023 saw a worrying resurgence in activity, with insurance claims activity up by more than 50% compared with 2022 – ranks third (53%).

“Cyber criminals are exploring ways to use new technologies such as generative artificial intelligence (AI) to automate and accelerate attacks, creating more effective malware and phishing. The growing number of incidents caused by poor cyber security, in mobile devices in particular, a shortage of millions of cyber security professionals, and the threat facing smaller companies because of their reliance on IT outsourcing are also expected to drive cyber activity in 2024, “explains **Scott Sayce, Global Head of Cyber, Allianz Commercial**.

### **Business interruption and natural catastrophes**

Despite an easing of post-pandemic supply chain disruption in 2023, **Business interruption** (31%) retains its position as the second biggest threat in the 2024 survey. 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. Improving business continuity management, identifying supply chain bottlenecks, and developing alternative suppliers continue to be key risk management priorities for companies in 2024.

**Natural catastrophes** (26%) is one of the biggest movers at #3, up three positions. 2023 was a record-breaking year on several fronts. 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. Around the world, natural catastrophes is the #1 risk in Croatia, Greece, Hong Kong, Hungary, Malaysia, Mexico, Morocco, Slovenia, and Thailand, many of which sustained some of the most significant events of 2023. In Greece, a wildfire near the city of Alexandroupolis in August was the largest ever recorded in the EU. Meanwhile, severe flooding in Slovenia resulted in one of the biggest supply chain events, causing production delays and parts shortages for European car manufacturers.

### **Regional differences and risk risers and fallers**

**Climate change** (18%) may be a non-mover year-on-year at #7 but is among the top three business risks in countries such as Brazil, Greece, Italy, Turkey, and Mexico. Physical damage to corporate assets from more frequent and severe extreme weather events are a key threat. The utility, energy and industrial sectors are among the most exposed. In addition, net zero transition risks and liability risks are expected to increase in future as companies invest in new, largely untested low-carbon technologies to transform their business models.

Unsurprisingly, given ongoing conflicts in the Middle East and Ukraine, and tensions between China and the US, **Political risks and violence** (14%) is up to #8 from #10. 2024 is also a super-election year, where as much as 50% of the world’s population could go to the polls, including in India, Russia, the US, and UK. Dissatisfaction with the potential outcomes, coupled with general economic uncertainty, the high cost of living, and growing disinformation fueled by social media, means societal polarization is expected to increase, triggering more social unrest in many countries.

However, there is some hope among **Allianz Risk Barometer** respondents that 2024 could see the wild economic ups and down experienced since the Covid-19 shock settle down, resulting in **Macroeconomic developments** (19%), falling to #5 from #3. Yet economic growth outlooks remain subdued – just over 2% globally in 2024, according to **Allianz Research**.

“But this lackluster growth is a necessary evil: high inflation rates will finally be a thing of the past,” says **Ludovic Subran, Chief Economist at Allianz**. “This will give central banks some room to maneuver – lower interest rates are likely in the second half of the year. Not a second too late, as stimulus cannot be expected from fiscal policy. A caveat is the considerable number of elections in 2024 and the risk of further upheavals depending on certain outcomes.”

In a global context, the **shortage of skilled workforce** (12%) is seen as a lower risk than in 2023, dropping from #8 to #10. However, businesses in Central and Eastern Europe, the UK and Australia identify it as a top five business risk. Given there is still record low unemployment in many countries around the globe, companies are looking to fill more jobs than there are people available to fill them. IT or data experts are seen as the most challenging to find, making this issue a critical aspect in the fight against cyber-crime.

### The top 10 global business risks for 2024

Rank		Percent	2023 rank	Trend
1	Cyber incidents (e.g., cyber crime, IT network and service disruptions, malware / ransomware, data breaches, fines, and penalties)	36%	1 (34%)	→
2	Business interruption (incl. supply chain disruption)	31%	2 (34%)	→
3	Natural catastrophes (e.g., storm, flood, earthquake, wildfire, extreme weather events)	26%	6 (19%)	↑
4	Changes in legislation and regulation (e.g., tariffs, economic sanctions, protectionism, Euro-zone disintegration) <sup>1</sup>	19%	5 (19%)	↑
5	Macroeconomic developments (e.g., inflation, deflation, monetary policies, austerity programs) <sup>2</sup>	19%	3 (25%)	↓
6	Fire, explosion	19%	9 (14%)	↑
7	Climate change (e.g., physical, operational, and financial risks as a result of global warming)	18%	7 (17%)	→
8	Political risks and violence (e.g., political instability, war, terrorism, coup d'état, civil commotion, strikes, riots, looting)	14%	10 (13%)	↑
9	Market developments (e.g., intensified competition / new entrants, M&A, market stagnation, market fluctuation)	13%	11 (11%)	↑
10	Shortage of skilled workforce <sup>3</sup>	12%	8 (14%)	↓

### [View the Allianz Risk Barometer methodology and 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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