

Allianz Risk Barometer

The most important risks for businesses in the United Kingdom

The annual Allianz Risk Barometer identifies top corporate perils based on the insight of more than 1,900 risk experts from 80 countries. Here we look at the risks ranked most important by those surveyed in the UK.



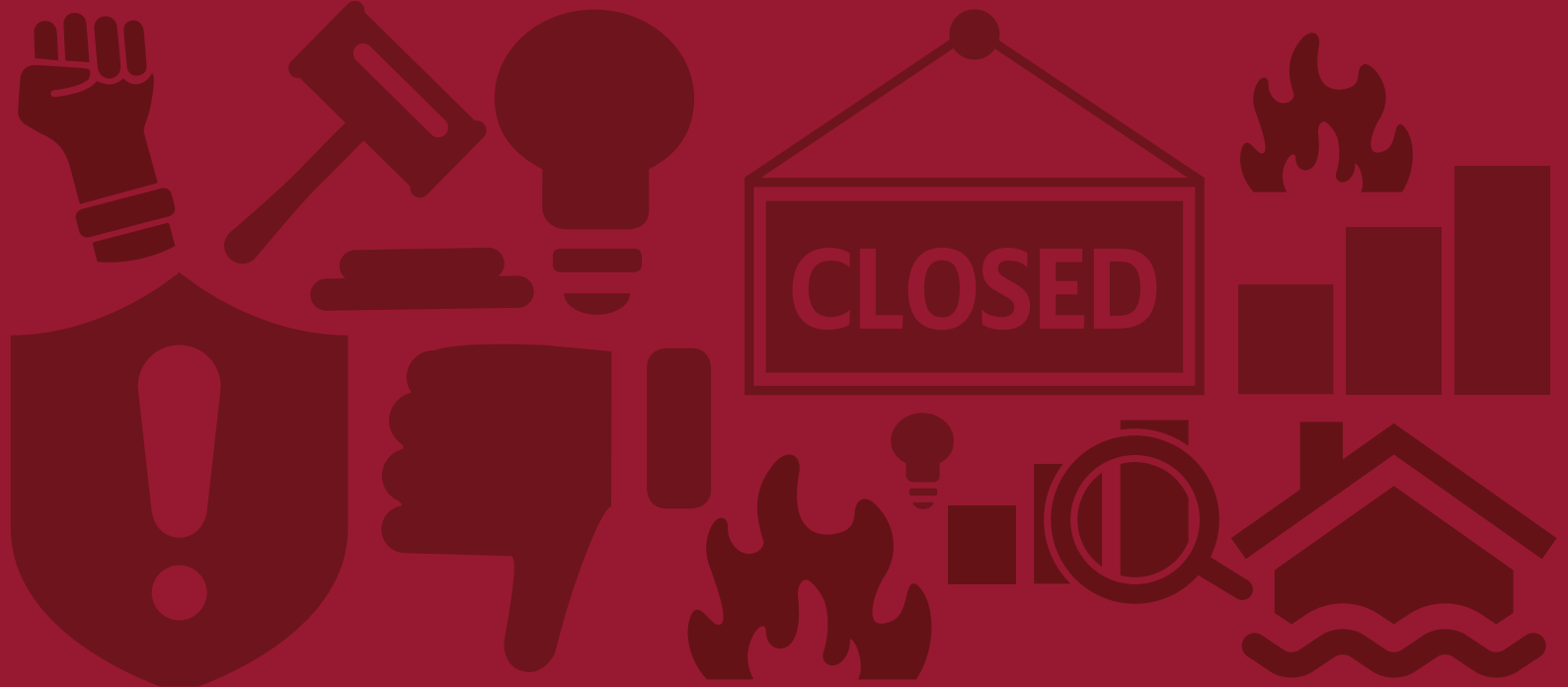
For the third consecutive year, **cyber incidents** got the top spot in the UK's 2018 Risk Barometer rankings. This isn't at all surprising considering events in 2017, like the WannaCry and Petya attacks, new vulnerabilities being identified, such as KRACK, and high-profile episodes of IT failures and data breaches.

Cyber threats are also a key component of anxiety about **business interruption and supply chain disruption** and **loss of reputation or brand value**. Social media and interconnected supply chains have created a situation where news of a crisis can get worldwide attention within minutes.

The apparent increase in concern about **changes in legislation and regulation** may be deceiving since the previous two Risk Barometers gave a separate option for Brexit and Eurozone disintegration, so selections were split. At the dawn of 2017, respondents were probably just as concerned about the issues relating to repeals of EU legislation and uncertainty in the UK's economic future.

In the business world, **market developments**, such as the emergence of digital disruptors, are keeping even the most established brands on their toes and, while many celebrate the opportunities presented by **new technologies**, there is growing appreciation that they come with concerns about safety, privacy and job security.

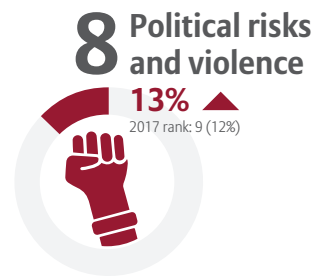
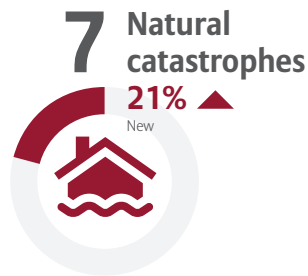
Source: Allianz Global Corporate & Specialty Risk Barometer 2018. Figures represent the number of risks selected as a percentage of all survey responses (116); Respondents (104) were able to select up to three risks each.



As a result of the evident anxiety about technological innovations, it is unsurprising that it was ranked as the number two risk for business's long-term future by respondents across the globe, with the closely connected issue of cyber incidents taking first place.

The frequency of storms and floods, combined with global concern about climate change, has caused **natural catastrophes** to make a reappearance in the UK's top ten, after being absent since 2015. **Political risks and violence**, on the other hand, is a persistent source of uneasiness for businesses. The effect that terrorist incidents, like the Manchester Arena bombing and Westminster vehicle-ramming attack, have on local businesses that are indirectly impacted (due to unexpected closure) is becoming increasingly apparent as they become more frequent.

Meanwhile, the Grenfell Tower fire has brought issues relating to **fire and explosion** risk controls under the spotlight. In particular, the UK's Building Regulations are to be scrutinised in an independent review led by Dame Judith Hackett. Meanwhile, local authorities, construction companies and property owners are feeling under pressure due to increased awareness on the related issues, like exterior cladding (which is thought to have been the cause of the Grenfell Tower fire's acceleration), escape routes and smoke containment and fire-stopping measures (ie door seals and sprinkler systems).



After the Brexit vote, many were nervous about the future for industry in the UK, but, as the negative impact hasn't quite matched up to predictions, it appears some are feeling less pessimistic about **macroeconomic developments**.

For the full Global Allianz Risk Barometer 2018, along with the Risk Barometer Methodology, please visit www.agcs.allianz.com