

ALLIANZ RISK BAROMETER

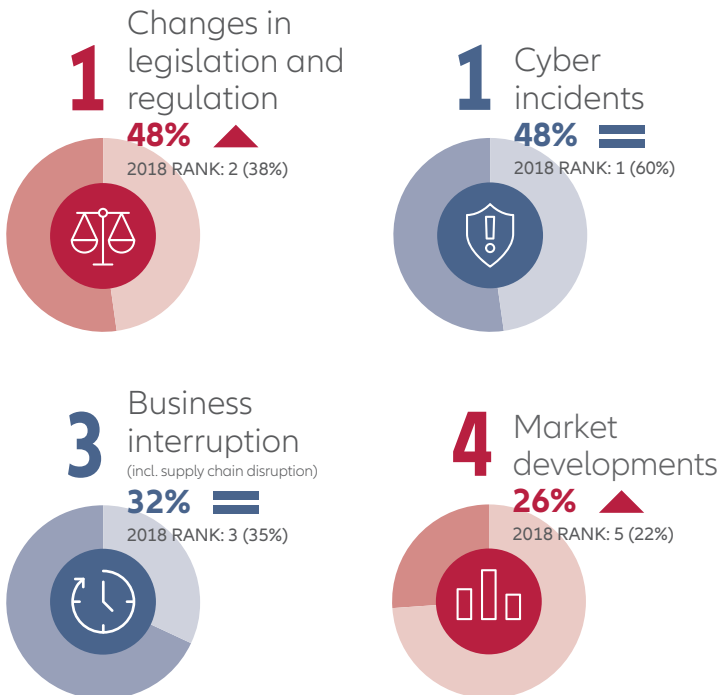
The most important risks for businesses in the United Kingdom

The annual Allianz Risk Barometer identifies top corporate perils based on the insight of risk management experts from around the world. Here we look at the risks ranked most important by respondents in the UK.

Concern about **cyber incidents** isn't going away any time soon. Each year we get more examples of virtual disasters that cost affected businesses thousands – if not millions – in recovery action, compensation payments and promotional activities designed to keep customers on-side in the aftermath. On the other hand, **loss of reputation or brand value** has moved down the list, possibly due to the resilience displayed by some of the big names that have faced highly publicised crises in recent years.

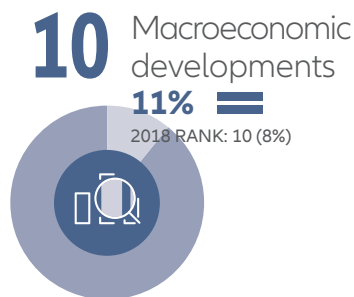
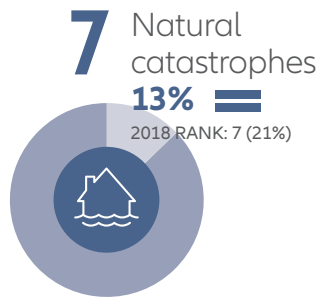
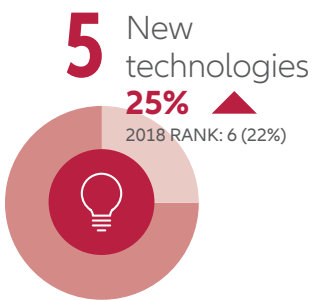
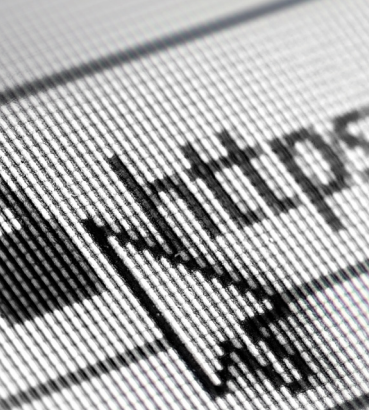
Brexit is likely to be a significant contributory factor in anxiety about **changes in legislation and regulation, market volatility** and **macroeconomic developments**. Since it's unclear (at the time of writing) what deal, if any, will be accomplished before the UK exits the EU (and whether it will be postponed or even cancelled), businesses and families alike are stockpiling as fears escalate about the consequences of 'crashing out'. For these same reasons, **business interruption** maintains its third place position, as concern about possible supply chain disruption won't ease while Brexit negotiations continue to be at an apparent deadlock.

The EU withdrawal process can't be given all the blame for any of these issues. The Salisbury novichok poisonings stirred up awareness of interruption when footfall around the city fell dramatically, and, alongside Brexit, markets are being disrupted by **new technologies** and the rapid growth of associated start-ups.



Source: Allianz Global Corporate & Specialty Risk Barometer 2019. Figures represent the number of risks selected as a percentage of all survey responses (216); respondents (187) were able to select up to three risks each.

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Technological developments, such as artificial intelligence, autonomous machinery and vehicles and 3D printing, are spurring concerns that workforces and business processes aren't keeping up. Due to this, business leaders are becoming increasingly fretful about a **shortage of skilled workforces**; hence, after a brief hiatus, it leaps back into the UK's top ten, landing a share of seventh position. Although, of course, Brexit may be proportioned just as much accountability since many employers worry that it's going to get more difficult to fill vacancies if the prospect of relocating to the UK becomes less attractive to international candidates.

Natural catastrophes, a newcomer to the UK's 2018 list following a two-year absence, have maintained seventh place, albeit with a fall in respondents flagging it as a hot topic. Meanwhile, **fire and explosion**, also reintroduced to the top ten last year (after three years of not featuring), has crept up from ninth to share seventh position. The Grenfell Tower inquiry has rather quietly been rumbling on, but to those who've been watching closely it's becoming clearer that action needs to be taken to address a wide range of problems relating to fire safety and, in the meantime, anxieties about a repeat incident grow.

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