

Economic and societal risks top business worries in 2017

Businesses identify economic and societal risks as most pressing with cyber risk becoming more important, according to World Economic Forum survey data, which is published today by strategic partners of the Forum's Global Risks Report, Zurich Insurance Group and Marsh & McLennan Companies.

Zurich, September 20, 2017 – Unemployment, fiscal crises and the failure of a nation's government to provide stability are the top risks facing businesses globally while cyber risks are rising in importance, according to new data from a survey by the World Economic Forum (Forum).

The data are drawn from the Forum's proprietary Executive Opinion Survey, which provides a unique window into global business conditions, and which — among many other things — asks respondents to identify the five biggest risks to doing business in their respective countries. In 2017 the Survey was conducted between February and June and the question on risks to doing business was answered by 12,411 executives across 136 countries.

Global risks of highest concern

Executives' responses identified economic, geopolitical, social and technological risks as likely to carry the greatest dangers for their businesses over the next 10 years.

Rank	Top global risks of highest concern 2017
1	Unemployment or underemployment
2	Fiscal crises
3	Failure of national governance
4	Energy price shock
5	Profound social instability
6	Failure of financial mechanism or institution
7	Failure of critical infrastructure
8	Cyber attacks
9	Inter-state conflict
10	Terrorist attacks



John Scott, Chief Risk Officer, Commercial Insurance, Zurich, said of the findings: “Whilst economic growth and technological developments create new opportunities for business and countries, geopolitical risks and events have led to uncertainties which raise questions about how to manage resilience in uncertain times. It is essential for businesses to have clear risk management strategies in place, developing options for legal structures and operational choices which take account of uncertain policy outcomes. It’s frustrating and resource intensive, but that’s the kind of strategic thinking business needs, to deal with the uncertainty and to build resilience to the risks that might emerge in different scenarios. Looking at the survey results, it appears that in the medium-term, business leaders are focusing on social and economic risks, but shouldn’t underestimate the potential impact of environmental and technological risks as well.”

John Drzik, President of Global Risk & Digital, Marsh & McLennan Companies, said: “While the fragility of the global economic recovery remains the chief business concern, executives are increasingly worried about the potential for cyber and other technology-related risks to threaten their ability to operate. Business leaders in many of world’s largest economies now rank cyber as their top risk. Companies need to rigorously analyze how these threats could impact their operations and take appropriate risk mitigation and resiliency measures.”

Since 2006 the Forum has provided world-leading analysis of the evolving global risks landscape in its flagship Global Risks Report, which is produced each year in collaboration with strategic partners Marsh & McLennan Companies and Zurich Insurance Group. The next edition of the Global Risks Report will be released in January 2018.

Risk perception by regions

Executives in most regions highlighted unemployment or ‘underemployment’ and ‘fiscal crises’ as the two greatest risks, although those in North America and East Asia and Pacific regions were most concerned by cyber attacks and asset bubbles.

Following an increase in geopolitical risk, sometimes fueled by protectionist policies, business leaders in Europe, South Asia, Latin America and the Caribbean and Sub-Saharan Africa were worried about the potential failure of national governance.

In Europe, business leaders added ‘failure of financial mechanisms or institutions,’ to the list of pressing risks. In South Asia, rapid growth in urban centers led executives in that region to highlight ‘failure of urban planning’ and ‘failure of critical infrastructure’ as among the key potential threats to their businesses.

Risks associated with the ‘failure of climate change adaptation’ elicited very little concern among those deemed likely to pose the gravest threats over the next 10 years – out of the 20 economies we release today, only Canadian executives put climate change in their top risks list, albeit ranking it lower than some other risks.

The threat of potential terrorist attacks worried executives in North America and the Middle East and Northern Africa, but failed to make it to the top five risks ranking among businesses in the other regions.



Further information

To find out more about the survey results, please visit:

<https://www.zurich.com/en/knowledge/articles/2017/09/key-data-points-global-risks-of-highest-concern-for-doing-business-in-2017>

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