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Cyber risk enters top 10 global concerns for firms

Cyber risk has for the first time entered the top 10 risks identified by firms around the world, says Aon Risk Solutions.

28 APRIL 2015 | BY CINTIA CHEONG

In a report the company said damage to brand and reputation was the top overall concern for organisations, but cyber risk was an increasingly important factor in this regard.

The report *Global Risk Management Survey*, based on a survey of more than 1,400 representatives at public and private companies of all sizes, said there was a connection between the two risks.

The firm said this further underscored the “increasing importance of cyber risk as it has been regularly linked to brand and reputation issues in the wake of data breaches”.

Stephen Cross, chief innovation officer at Aon Risk Solutions, the global risk management business of Aon, said: “It’s little surprise to see cyber risk enter the top 10 at the same time we are seeing increasing concern about corporate reputation as the two issues are a great example of the interconnectivity of risk.”

The firm said respondents to the survey, including CEOs, CFOs and risk managers, provided different perceptions of risk. For those at C-suite level, financial and economic risks including commodity price risk, economic slowdown and technology failure were seen as damaging. However, risk managers focused on liability-related risks such as cyber, property damage and third-party liability.

Cross continued: “What is surprising was the lack of alignment between the board and the risk manager. Such diverse views illustrate how imperative it is that the board of directors have effective and regular communication with risk managers to effectively assess and mitigate the company’s risk exposure.”

Rory Moloney, CEO at Aon Global Risk Consulting, said: “While new risks such as cyber have moved to centre stage,

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established risks like damage to reputation or brand are taking on new dimensions and complexities. The interconnected nature of these risks reinforces the importance of strategic risk management in every organisation.”

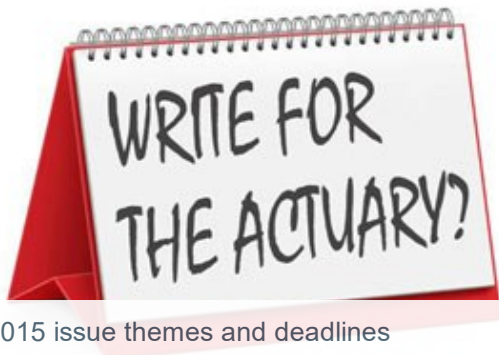
Top 10 risks identified:

1. Damage to reputation/brand
2. Economic slowdown/slow recovery
3. Regulatory/legislative changes
4. Increasing competition
5. Failure to attract or retain top talent
6. Failure to innovate/meet customer needs
7. Business interruption
8. Third-party liability
9. Cyber risk (computer crime/hacking/viruses/malicious codes)
10. Property damage

Aon believed cyber risk would move up to number seven in the next three years.

The report said: “Cyber risk is fast-moving, impossible to predict, and difficult to understand, but the damage can be immense. How is it possible to cover the exposure of every company in the world and how does one quantify such exposure? There is no simple solution. As cyber attacks are becoming more frequent, we expect this risk to remain a top concern in the near future.”

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