



ALLIANZ COMMERCIAL

Business interruption claims

Trends and developments in corporate insurance losses

Global Risk Dialogue **Commercial Insights**

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Overview

- The business interruption and supply chain risk environment remains elevated and volatile, driven by factors such as supply chain constraints, inflation, and rising mitigation costs.
- Concentrated production and lean supply chains are amplifying losses while geopolitical developments are adding cost and complexity, all contributing to higher claim values than seen just a few years ago.
- The companies that are best positioned to withstand disruption are those that invest in resilience measures before a loss occurs.

Business interruption remains one of the most significant and complex areas of commercial insurance and a key challenge for businesses globally. This report, which includes analysis of almost 8,000 insurance industry claims over the past five years with a total value of almost €7bn, underscores the scale and complexity of the challenge for our customers. While the frequency of claims has remained relatively stable, severity is rising sharply, driven by factors such as geopolitical tensions, inflation, fragile supply chains and concentrated production in specialist sectors, as well as a growing reliance on digital infrastructure.

However, our analysis also shows that fire and explosion continues to be the most expensive driver of business interruption loss, accounting for over 40% of the total value of claims analyzed, even though it is generally regarded as a mature and well-controlled risk. At the same time, natural catastrophe activity remains a significant and increasingly long-tailed driver, while technology has emerged as a potent source of disruption – with ransomware attacks, cloud outages and outages rippling through interconnected supply chains.

At **Allianz Commercial**, we see clearly that the companies best positioned to withstand disruption are those that invest in resilience before a loss occurs. Robust loss prevention measures, effective business continuity planning and proactive engagement with insurers on claims management are not optional extras – they are essential. Even modest investments in fire protection, natural catastrophe prevention and supply chain management can materially reduce business interruption exposure and accelerate recovery.

We hope this report provides some valuable insights for risk managers, brokers and businesses as, collectively, we navigate today's increasingly volatile operating environment.



Thomas Lillelund
CEO
Allianz Commercial

Executive summary

Business interruption (BI) – the financial loss a company suffers when its operations are disrupted – remains one of the most pressing risks facing businesses worldwide.

This report from **Allianz Commercial** includes analysis of **7,888 business interruption insurance industry claims valued at approximately €6.74bn (US\$7.82bn)** over the five-year period from January 2021 to December 2025. It reveals that while the frequency of business interruption claims has remained relatively stable, their severity is rising sharply, with the average claim value increasing by over **30% annually** over the past two years alone.

The scale of the challenge

Business interruption and supply chain disruption ranks as the **third most concerning risk in the Allianz Risk Barometer 2026**, having featured in the top two in the annual survey for the past 15 years. It sits just below the closely related threats of artificial intelligence (AI) and cyber risk, underscoring how deeply interconnected today's risk landscape has become.

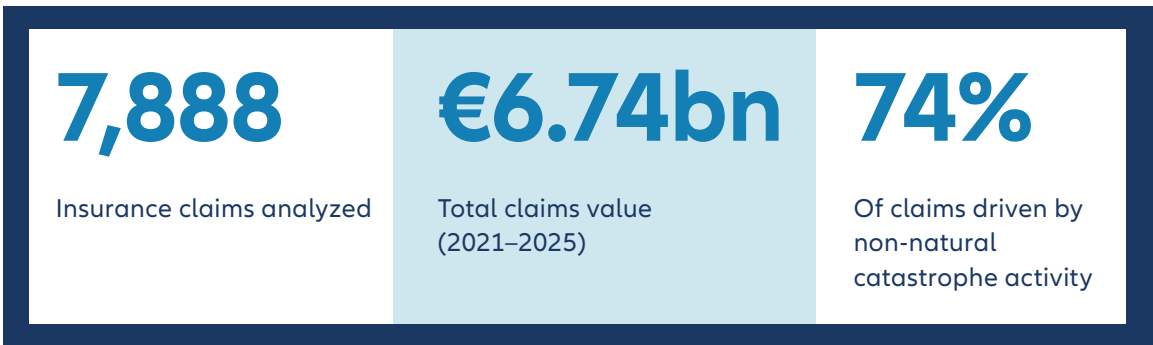
The business interruption environment is challenging with geopolitical tensions, trade fragmentation, cyber-related incidents and growing dependency on technology such as AI. At the same time, many supply chains remain fragile with many organizations still focused on efficiency – holding less stock, streamlining operations and concentrating supply – which has effectively reduced the margin of safety and ability to mitigate disruptive events. Recovery is often taking longer and becoming more expensive, with supply chain constraints, inflation, and rising mitigation costs all contributing to higher claim values than those seen just a few years ago.

The average 100% value of a business interruption insurance claim, including the share of other insurers on the same risk, now exceeds **€850,000** – around **70% higher** than the corresponding average property damage claim of close to €500,000. This gap highlights a critical insight: the financial impact of being unable to operate frequently dwarfs the cost of repairing the physical damage that caused the disruption in the first place.

Fire is the costliest cause

Fire and explosion is the single most expensive cause of business interruption claims globally, accounting for **over 40% of the total value of all claims analyzed** – equivalent to approximately €2.9bn (US\$3.3bn). While it is generally regarded as a mature and well-controlled risk, it continues to generate some of the most significant losses, with electrical faults featuring prominently among the causes of major events. Fire is responsible for nine of the 10 costliest man-made business interruption events analyzed over the five-year period and is the most expensive cause of business interruption loss in countries including Germany, Singapore, UK and US. Industries particularly impacted by events include semiconductors, energy, metal processing, chemicals and defense.

One example illustrates the disproportionate impact that even a minor incident can have: a fire in a small-scale manufacturing unit caused relatively limited physical damage yet ultimately disrupted downstream operations so severely that it resulted in a nine-figure group-wide business interruption loss.



The claims analysis

All claims figures quoted in this report are 100% of the total loss – the dataset does not just include the **Allianz Commercial** share but also includes the share of other insurance companies involved on the particular risk (i.e. they represent the full payment made). While the losses analyzed are not representative of the industry as a whole, and also reflect risk appetite, they provide a strong indication of some of the major business interruption risks which dominate corporate insurance.

Natural catastrophes: frequent and increasingly long-tailed

Natural catastrophes are the second **most expensive cause of business interruption insurance claims by value (34%)**, as well as being the most frequent cause (26% of all claims analyzed). Together, with fire and explosion, they account for over 75% of the value of all such claims analyzed.

Climate-related business interruption exposures are no longer confined to headline events such as major hurricanes. Wildfires, severe convective storms, localized floods and hailstorms are also now contributing materially to loss activity. Five of the 10 costliest natural catastrophe events for business interruption losses analyzed by **Allianz Commercial** are in the US. Hurricanes, winter storms and hailstorms account for five of the events while flooding accounts for four.

A notable trend is the “long tail” nature of some catastrophe claims. For example, many business interruption claims from **Hurricane Helene** (September 2024) remain unresolved almost two years later – not because of coverage disputes, but because some businesses have simply taken that long to recover. Supply chain delays, labor shortages and volatile material costs can mean longer settlement times and increasing costs.

Other major drivers of business interruption insurance claims

Machinery breakdown ranks as the third major cause according to the value of all claims analyzed (6%) with water damage ranking fourth (3%). After natural catastrophe activity, water

damage also ranks as the second most frequent cause of claims (25% of all claims analyzed), followed by fire and explosion (21%) and machinery breakdown (6%). Natural catastrophe activity, water damage and fire and explosion account for over 70% of the number of such claims analyzed.

Although natural catastrophe events such as hurricanes, storms, and floods often dominate the news headlines, it is non-natural catastrophe activity such as fires, water damage, and machinery breakdown that is the leading driver of business interruption claims by both frequency and severity. Non-natural catastrophe activity accounts for 66% of the value of business interruption insurance claims analyzed over the past five years and 74% of the number of claims.

Concentrated production and fragile supply chains

Concentrated production is amplifying business interruption vulnerabilities. Many industries still rely on a small number of specialist sites, suppliers or geographies for critical materials and components. When disruption strikes one of these nodes – whether through fire, cyber-attack or extreme weather – the impact can cascade globally.

The AI boom provides a compelling illustration. In the semiconductor sector, for example, strong demand and rising prices, together with the fact that alternative capacity is difficult to secure means that even a relatively short disruption can translate into an outsized business interruption loss. The two costliest non-natural catastrophe events for business interruption insurance losses analyzed over the past five years involved fires at semiconductor factories.

Geopolitics, tariffs and inflation influence the landscape

Geopolitical tensions – such as the war in Ukraine and conflict in the Middle East – continue to impact the economic environment in which losses develop. Through their impact on energy prices, logistics costs, supply chains and inflationary pressures, they can increase both the cost and complexity of recovery following a loss. Post Covid-19 pandemic inflation has already driven up business interruption costs in recent

years, while tariffs are adding a further layer of complexity, particularly in sectors such as metals, manufacturing and technology, which depend on imported raw materials, components or equipment.

Tariffs can significantly increase the cost of recovery following a loss. When businesses are forced to secure materials, equipment or production capacity from overseas sources, higher import costs can materially increase mitigation expenses, highlighting how external economic factors can magnify business interruption exposures, even where the underlying loss event itself remains unchanged.

Cyber: a growing driver of business interruption

Although it currently doesn't appear as one of the top causes of business interruption insurance losses by either severity or frequency of claims, cyber risk has emerged as a significant loss driver as ransomware attacks, cloud outages and software glitches disrupt businesses and ripple through supply chains.

Cyber incidents has been voted as the **number one global risk in the Allianz Risk Barometer for the past five years in a row**. Ransomware remains the top cause of cyber-related business interruption, but the report also highlights a significant shift in recent years. So-called non-attack disruptions, such as IT outages, flawed software updates and cloud service failures, driven by third party digital dependencies, can now represent a meaningful share of large cyber losses, challenging traditional assumptions that business interruption is almost always ransom-driven. Over **48,000 outages** were tracked across hundreds of cloud and software services in 2025 alone. A ransomware attack on a logistics provider in November 2024 disrupted multiple UK retailers, while an attack on a US automotive software provider, caused a weeks-long outage for around 15,000 car dealerships at an estimated cost of US\$1bn.

AI is a double-edged sword in the context of cyber risk. It is increasing the speed, scale and sophistication of cyber-attacks, pushing incidents more quickly into business interruption territory. At the same time, AI can also help to reduce business interruption losses with faster detection and response and business continuity insights, resulting

in materially shorter interruption periods and lower business interruption losses.

Loss prevention and preparedness: the way forward

In today's interconnected environment, the severity of a business interruption loss is not always determined by the extent of physical damage. It also underlines the need for robust business continuity planning, including the identification of critical production units, key dependencies and contingency arrangements to limit the impact of a localized disruption. More companies are now requesting risk surveys of key third-party suppliers – a practice well established in the automotive sector but increasingly adopted elsewhere.

For cyber-related business interruption, early detection and rapid response are the most effective loss reduction levers. Companies that detected and isolated cyber incidents early, prioritized revenue-critical systems and accepted temporary operating modes were able to shorten their effective business interruption period by days or even weeks. Tabletop exercises – essentially "fire drills" for cyber incidents – have also proven highly effective.

However, the report cautions that while many companies have invested in supply chain transparency and dual sourcing since the Covid-19 pandemic, tangible risk improvements – such as enhanced fire protection or increased inventory buffers – have been limited and not consistently applied across companies, sectors and countries.

The report emphasizes that even modest investments in fire protection and natural catastrophe prevention for critical assets can significantly reduce business interruption exposure.



Fire and explosion is the dominant peril

Accounting for over 40% of all business interruption claim values analyzed over the past five years and nine of the 10 costliest man-made events.

What is driving larger business interruption losses?

The cost to companies continues to increase, driven by concentrated production in specialist sectors, a growing reliance on digital supply chains, geopolitical tensions, inflation and elevated mitigation costs.

The average value of business interruption claims has risen by over 30% annually over the past two years, **Allianz Commercial** claims analysis shows.

“While the frequency of business interruption claims has remained relatively stable over the past couple of years, the severity of losses remains a concern. Recovery is often taking longer and becoming more expensive, with supply chain constraints, inflation, geopolitical developments and rising mitigation costs all contributing to higher claim values than we saw just a few years ago,” explains **Sarah Versavaud, Chief Claims Office, Business Interruption Global Practice Group Leader at Allianz Commercial.**

Business interruption and supply chain disruption ranks as the third most concerning risk for business leaders and risk professionals in the [Allianz Risk Barometer 2026](#), having ranked either first or second in every survey for the past 15 years. This year it ranks just below the related threats of artificial intelligence (AI) and cyber risk and alongside other significant drivers of disruption in the top 10, including climate-related perils, political risks, and fire and explosion.

Consistently high concern about business interruption reflects heightened global competition and today’s volatile operating environment, says **Alberto Barani, Business Interruption Group Leader, Risk Consulting at Allianz Commercial:** *“Companies are fearful of disruption that could see them unable to operate or fulfil customer orders, which could see them wiped out of their markets. At the same time, supply chains are fragile as organizations remain focused on efficiency – holding less stock,*



The severity of a loss is not always determined by the extent of physical damage

streamlining operations and concentrating supply – which has effectively reduced the margin of safety and ability to mitigate disruptive events.”

In some cases, relatively minor property damage incidents have resulted in long shutdowns and sizable business interruption losses, according to **Versavaud:**

“In one recent case, a fire in a small-scale manufacturing unit resulted in relatively limited physical damage, yet ultimately disrupted downstream operations and led to a nine-figure group-wide business interruption loss. It is a reminder that, in today’s interconnected manufacturing environment, the severity of a business interruption loss is not always determined by the extent of physical damage. It also underlines the need for robust business continuity planning, including the identification of critical production units, key dependencies and contingency arrangements to limit the impact of a localized disruption.”

1 Fire and natural catastrophes are the main drivers of business interruption losses

- Fire and explosion is the most expensive cause of business interruption claims over the last five years, followed by natural catastrophe activity.

Fire and explosion is the top cause of loss by severity, accounting for over 40% of the value of all business interruption claims analyzed by **Allianz Commercial** globally over the past five years, equivalent to around €2.9bn or US\$3.3bn.

It is also the cause of nine of the top 10 costliest man-made business interruption events analyzed during this period.

It remains a major cause of large loss across industries, including energy, metal processing, chemical, electronics (particularly, semiconductor) and the defense sector. Typically, fires start within an insured's premises, causing damage to critical production facilities or equipment. Recent years have also seen large fires losses caused by lithium-ion batteries. Although this was not a notable cause of business interruption loss in 2025, it is seen by many to be an emerging risk.

"Fire remains the leading driver of large business interruption losses we see. While it is generally regarded as a mature and well-controlled risk, it continues to generate some of the most significant losses, with electrical faults featuring prominently among the causes of major events. The challenge is often not the fire itself, but the interruption of a critical activity on which the wider business depends," says **Sarah Versavaud, Chief Claims**



The challenge is often the interruption of a critical activity on which the business depends

Office, Business Interruption Global Practice Group Leader at Allianz Commercial.

While fire and explosion is the largest cause of business interruption claims in recent years, natural catastrophe activity continues to be a significant source of loss. Overall insured losses again exceeded US\$100bn in 2025 – the sixth year in succession – despite the absence of US landfalling hurricanes, Winter storms and hurricanes in the US and floods in Europe and Asia resulted in some of the largest business interruption losses in the last five years.

Climate-related business interruption exposures are no longer limited to peak catastrophe events such as major hurricanes or earthquakes. Wildfires, severe convective storms, localized floods and hail events are now contributing materially to loss activity.



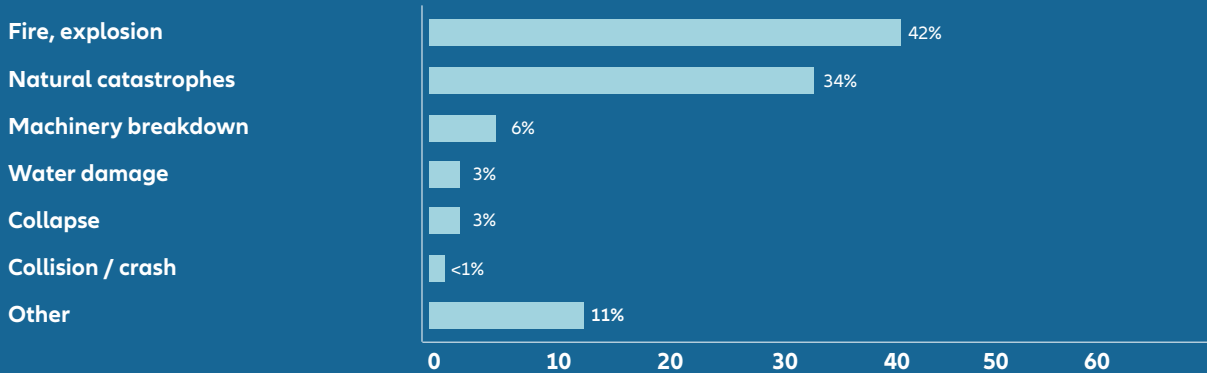
Photo: Wikimedia Commons

Fire and explosion is the largest cause of business interruption claims in recent years

Business interruption insurance claims analysis

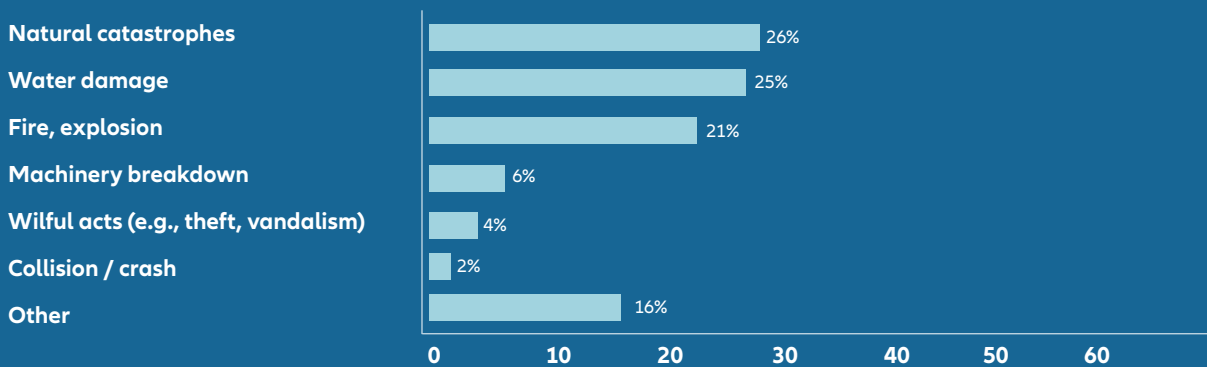
What are the top causes of business interruption losses, globally?

By value of claims (% share of all claims)



Based on analysis of 7,888 insurance industry claims with a total value of approximately €6.74bn (including the share of other insurers in addition to Allianz Commercial) between January 1, 2021 and December 31, 2025.

By number of claims (% share of all claims)



Based on analysis of 7,888 insurance industry claims with a total value of approximately €6.74bn (including the share of other insurers in addition to Allianz Commercial) between January 1, 2021 and December 31, 2025.

Source: Allianz Commercial

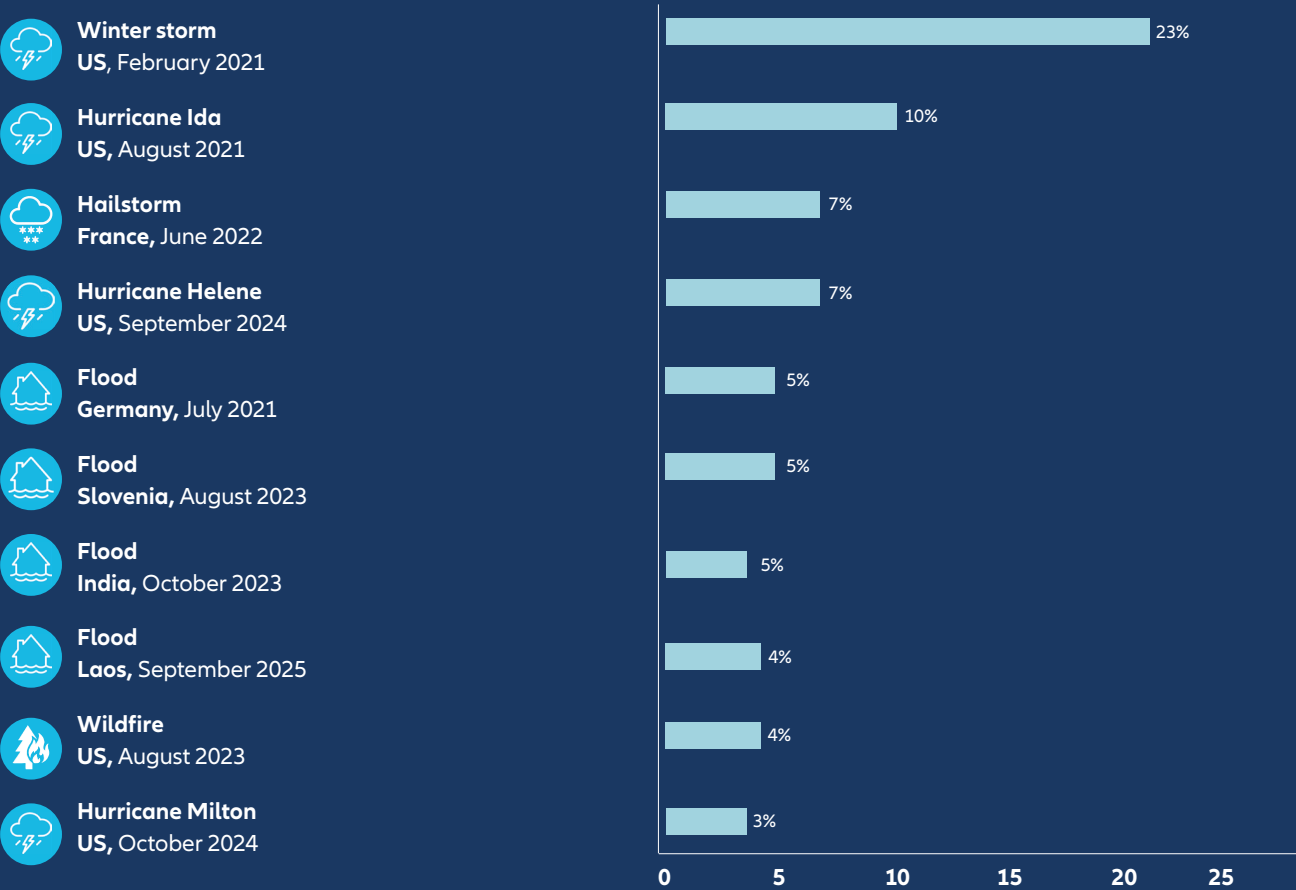
Fire and explosion is the most expensive cause of business interruption claims globally analyzed by **Allianz Commercial** over the last five years, followed by natural catastrophe activity. Together, they account for over 75% of the value of all such claims analyzed in the portfolio between January 1, 2021, and December 31, 2025. Machinery breakdown ranks third.

Natural catastrophe activity is the most frequent cause of business interruption claims globally analyzed by **Allianz Commercial** over the last five years, followed by water damage, with fire and explosion ranking third. Together, they account for over 70% of the number of all such claims analyzed in the portfolio between January 1, 2021, and December 31, 2025.

Costliest natural catastrophe events for business interruption insurance losses

(2021 to 2025, analyzed portfolio only)

By value of claims (% share of all natural catastrophe claims)



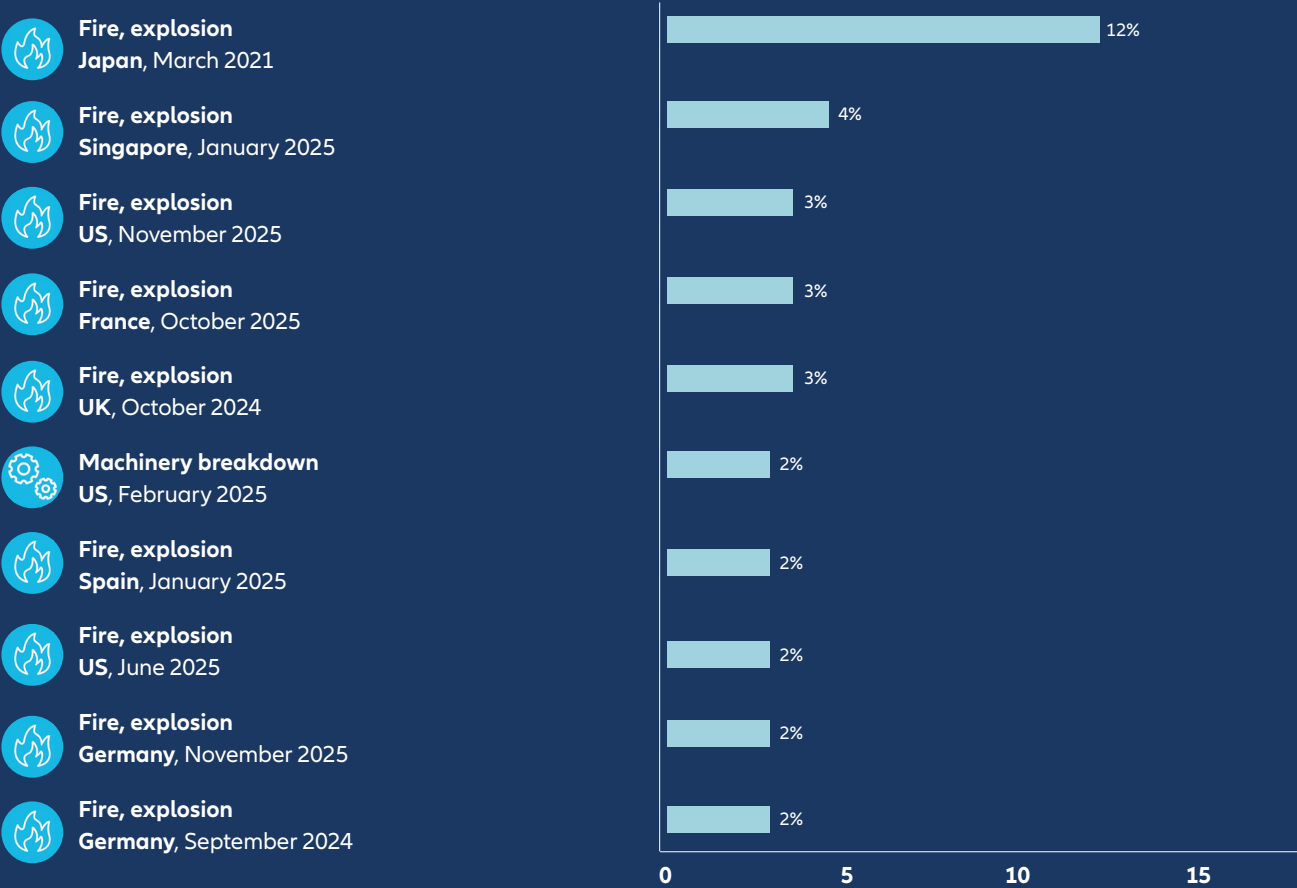
Based on analysis of 2,084 natural catastrophe-related insurance claims with an approximate value of €2.29bn (including the share of other insurers in addition to Allianz Commercial) between January 1, 2021, and December 31, 2025.

Five of the 10 costliest natural catastrophe events for business interruption losses analyzed by **Allianz Commercial** are in the US. Hurricanes, winter storms and hailstorms account for five of the events.

Costliest non-natural catastrophe events for business interruption insurance losses

(2021 to 2025, analyzed portfolio only)

By value of claims (% share of non-natural catastrophe claims)

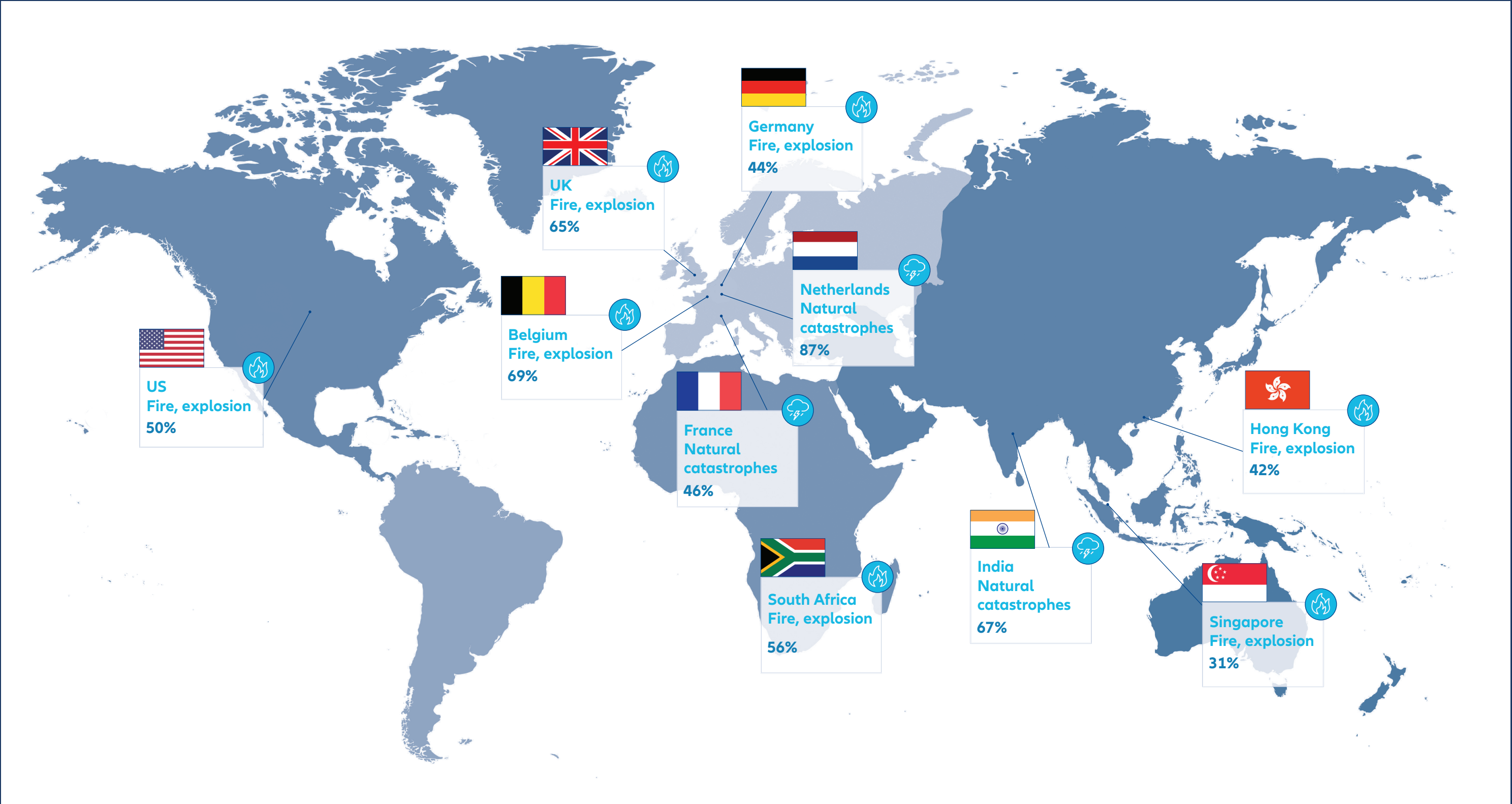


Based on analysis of 5,804 non-natural catastrophe-related insurance claims with an approximate value of €4.45bn (including the share of other insurers in addition to Allianz Commercial) between January 1, 2021, and December 31, 2025.

Fire or explosion is the cause of nine of the 10 costliest non-natural catastrophe business interruption loss events analyzed by Allianz Commercial over the past five years.

Top causes of business interruption insurance losses by selected country

By value of claims (% share of all claims)



Based on analysis of 7,888 insurance industry claims with a total value of approximately €6.74bn (including the share of other insurers in addition to Allianz Commercial) between January 1, 2021 and December 31, 2025.

Source: Allianz Commercial

2 Concentrated production and capacity constraints amplify business interruption losses

- Specialist sectors facing high demand for their products are particularly vulnerable to large business interruption events.

Large business interruption losses continue to be driven by a reliance on a small number of specialist production sites, suppliers or geographies for raw or processed materials, rare earths, components, products or services. Examples include semiconductors, pharmaceuticals, defense manufacturers, aerospace and automotive parts.

A fire, cyber-attack or extreme weather event impacting one critical producer can cause business interruption at a global scale and across multiple companies and sectors.



The AI boom illustrates how market conditions can amplify business interruption losses

The artificial intelligence (AI) boom illustrates how market conditions can amplify business interruption losses. In sectors such as semiconductors, strong demand, constrained capacity and rising prices can significantly amplify the financial impact of losses.

“Some of the largest business interruption losses arise in industries where production processes are highly specialized and alternative capacity is difficult to secure. Where order books are full and mitigation options limited, even relatively short disruptions can quickly translate into significant business interruption losses,” says **Sarah Versavaud, Chief Claims Office, Business Interruption Global Practice Group Leader at Allianz Commercial.**

Business interruption losses frequently exceed the associated property damage loss by a significant margin. According to **Allianz Commercial** claims analysis, the average 100% value of a business interruption insurance claim, including the share of other insurers on the same risk, is now over

€850,000, around 70% higher than the corresponding average property damage claim of close to €500,000.

In many industries, recovery is driven less by the repair itself than by the time required to replace specialist equipment, restore production capacity, meet regulatory requirements and requalify products and processes. These factors can materially prolong recovery and amplify the ultimate financial impact of a loss.

Since the Covid-19 pandemic and other events such as the blocking of the Suez Canal in 2021 by the large container ship **Ever Given**, which caused significant disruption, most large companies have taken steps to build resilience, explains **Alberto Barani, Business Interruption Group Leader, Risk Consulting at Allianz Commercial.** However, efforts to increase supply chain and business resilience have not always kept pace with the changing risk landscape.

“External factors have exacerbated what was already happening. The trend was to minimize stock, streamline production and reduce the number of suppliers to maximize return on capital. On top of this we now have tariffs, regional conflicts, cyber-attacks and heightened inflation,” says **Barani.**

Geopolitics, digitalization and automation mean many supply chains remain vulnerable to disruption.

“The focus on just-in-time and lean supply chains has reduced buffers and resilience, so when you have a disruption, it’s immediate and it’s expensive. High efficiency through automation can also lead to concentration of risk. When we carry out risk surveys we always look carefully at automated warehouses because when you lose the system that controls the automation, you are unable to move your stock,” says **Barani.**

3 Geopolitics are influencing the business interruption landscape

- > Geopolitical tensions continue to impact the economic environment in which losses develop. Through their impact on energy prices, logistics costs, supply chains and inflationary pressures, they can increase both the cost and complexity of recovery following a loss.

The implications of recent geopolitical conflicts, including the war in Ukraine and the conflict in the Middle East, vary across industries and geographies. They can influence energy markets, supply chains and wider economic conditions, affecting recovery costs and business interruption exposures.

The spike in inflation following the Covid-19 pandemic, combined with shortages and supply chain delays, has already helped drive up business interruption costs in recent years.

"Inflation affects business interruption losses on several levels. Beyond increasing repair, recovery and mitigation costs, it is also reflected in higher insured values, increasing overall business interruption exposures. Conversely, where values are not reviewed regularly, inflation may contribute to underinsurance," says **Sarah Versavaud, Chief Claims Office, Business Interruption Global Practice Group Leader at Allianz Commercial.**



Tariffs are increasing the cost of some business interruption losses in sectors that depend on imported raw materials

Mitigation measures can significantly reduce the impact of a business interruption loss. However, solutions such as alternative sourcing, expedited logistics and temporary production arrangements have become considerably more expensive in recent years, increasing the overall cost of recovery.

Tariffs are also increasing the cost of some business interruption losses, particularly in sectors such as metals, manufacturing, machinery and technology that depend on imported raw materials, components or equipment.



Photo: Mizar Mozaic / Shutterstock

The implications of recent geopolitical conflicts, such as in the Middle East, can influence energy markets, supply chains and wider economic conditions, affecting recovery costs and business interruption exposures



Higher import costs can materially increase mitigation expenses

Tariffs can increase the cost of imported materials and lengthen lead times for spare parts and equipment, particularly in the US, explains **Kiera Cottam, Global Head of Property Claims at Allianz Commercial**.

*"We would also expect possible delays from the additional time needed for administration and extra red tape that companies will have to go through if they have to source materials or plant and machinery from outside the country. So, tariffs could also impact the reinstatement period too," says **Cottam**.*

*"Tariffs can significantly increase the cost of recovery following a loss. When businesses are forced to secure materials, equipment or production capacity from overseas sources, higher import costs can materially increase mitigation expenses," adds **Versavaud**.*

A recent example involved a fire at a US aluminum manufacturer that disrupted supply chains serving the automotive industry. Some affected customers had little choice but to procure alternative supplies from outside the US, often at significantly higher cost as a result of tariffs and market conditions.

The example highlights how external economic factors can magnify business interruption exposures, even where the underlying loss event itself remains unchanged.

*"An indirect impact of tariffs and the challenging economic and trade environment is that it changes the nature of how our insureds work with us when settling business interruption claims," adds **Cottam**. "Insureds are under more stress, so when they do have a claim, tariffs can affect the overall trading conditions they operate in and the health of their business."*



Flooding from Hurricane Helene in Western North Carolina, US

Business interruption claims with a sting in the tail

Another factor driving higher business interruption losses is the long-tail nature of some natural catastrophe events. Supply chain delays, labor shortages and volatile material costs mean longer settlement times and increasing costs.

Business interruption claims from Hurricane Helene, a Category 4 hurricane that caused widespread flooding and damage in southeastern US states in September 2024, have taken longer than expected to resolve.

*"Claims from Hurricane Helene have had a relatively long tail," explains **Kiera Cottam, Global Head of Property Claims at Allianz Commercial**. "While the storm was almost two years ago, we still see claims not yet resolved. Not due to coverage issues, but because it has just taken so long for some insureds to recover and get back to business."*

Resources, such as building materials and construction workers required to carry out repairs, are often constrained following a major natural catastrophe, while costs can spike as demand outstrips supply, says **Cottam**:

"Hurricane Helene was a significant and wide-reaching event that was not anticipated, and some clients faced delays in obtaining materials and machinery. This has resulted in a longer settlement time for some, and uncertainties around the ultimate loss. Even to this day, we are still seeing some increases in the business interruption values from Hurricane Helene."

4 Loss prevention is key to mitigating business interruption

> Loss prevention targeting critical assets and processes – including those at key suppliers – can significantly reduce business interruption exposures.

In many cases, even modest improvements in fire protection or natural catastrophe loss prevention for critical assets and equipment can significantly reduce business interruption exposure.

In addition, more companies are requesting risk surveys of important third party suppliers, according to **Alberto Barani, Business Interruption Group Leader, Risk Consulting at Allianz Commercial**:

“We see more large companies taking actions to minimize business interruption and supply chain risks by analyzing supplier fire protection. We have been asked by some businesses to survey third party suppliers to assess whether they are well protected or not. This is well established practice in sectors like automotive, but we are seeing it in other sectors more and more.”

While there has been a lot of discussion around the need for resilience since the Covid-19 pandemic, investment has focused more on supply chain transparency and diversification, rather than on tangible risk improvements, says **Barani**:

“There have been investments in analysis and dual sourcing since the pandemic. Having a better idea of your exposures is a good start, but companies need to act on this information.”

A small or modest investment to mitigate the impact of fires and natural catastrophes can help significantly reduce supply chain disruption, says **Barani**:

“Streamlining supply chains and production reduces resilience, so you need to compensate by increasing protection. But while we have seen progress on resilience, we have not seen strong actions in terms of fire protection improvements or increased inventory buffers etc. Actions to mitigate risks have been limited and not consistently applied across companies, sectors and countries.”

Some large companies are looking to mitigate business interruption risks though increased inventory, although this is not always possible, such as with perishable goods, like food, or products that are time sensitive, such as certain consumer goods.

“In the pharmaceutical industry, it is common practice to hold inventory so that if anything causes a disruption to production, companies can continue to sell stock. It also requires suppliers to hold safety stock. But generally, we do not see a significant increase in stockpiling or buffers due to resilience. In some sectors it is inherently difficult, and it comes at a cost,” **Barani** explains.



Photo: Shutterstock / Dmitry Serebryakov

More large companies are taking actions to minimize business interruption and supply chain risks by analyzing supplier fire protection

5 Back-to-basics are key for managing complex business interruption claims

- The core strengths of business interruption claims management remain as relevant as ever: understanding how the business operates, its critical dependencies, its market environment and the practical challenges it faces following a loss.

Every business interruption claim presents its own challenges and requires a tailored approach.

"We try to make sure we understand each and every claim, client and industry. We cannot make general assumptions in any claim. If a company or client faces a different challenge, whether that is mitigating the loss, retaining customers or getting back up and running, there is no one-size-fits-all solution in these claims," says **Kiera Cottam, Global Head of Property Claims at Allianz Commercial**.

"Successful business interruption claims management starts with a deep understanding of the insured's business and operating model. We combine specialist industry expertise and work closely with clients from the earliest stages, to help them navigate complex recovery challenges and support the actions needed to restore operations," adds **Sarah Versavaud, Chief Claims**

74%

of business interruption claims by number result from non-natural catastrophe activity

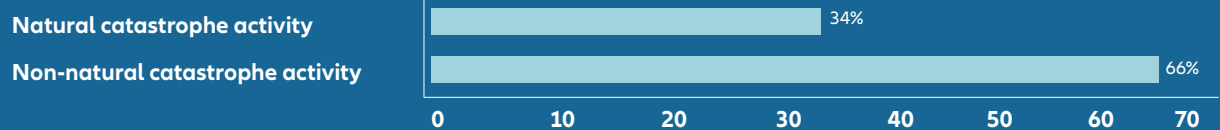
Office, Business Interruption Global Practice Group Leader at Allianz Commercial.

"While technical analysis remains fundamental, effective claims resolution increasingly requires pragmatism, collaboration and a solution-oriented mindset. In an increasingly complex and volatile environment, establishing a credible view of how the business would have performed without the loss has become as important as the financial analysis itself. This is where expertise, collaboration and industry insight make the difference," concludes **Versavaud**.

Business interruption insurance claims analysis

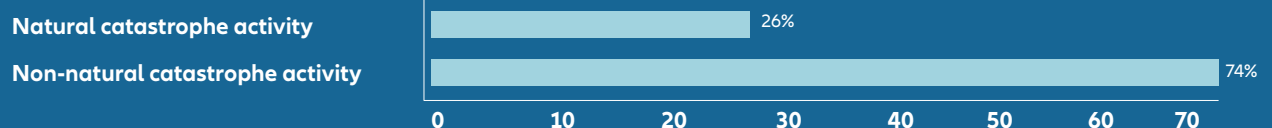
Natural catastrophe versus non-natural catastrophe activity (global)

By value of claims (% share)



Based on analysis of 7,888 insurance industry claims with a total value of approximately €6.74bn (including the share of other insurers in addition to Allianz Commercial) between January 1, 2021, and December 31, 2025.

By number of claims (% share)



Based on analysis of 7,888 insurance industry claims with a total value of approximately €6.74bn (including the share of other insurers in addition to Allianz Commercial) between January 1, 2021 and December 31, 2025.

Source: Allianz Commercial

Although natural catastrophe events such as hurricanes, storms, and floods often dominate the headlines, it is actually non-natural catastrophe activity such as fires, water damage, and machinery breakdown that is the leading driver of business interruption claims by both frequency and severity.

What is driving cyber business interruption losses?

Cyber risk has emerged as a significant driver for business interruption as ransomware attacks, cloud outages and software glitches disrupt businesses and ripple through supply chains.

For the fifth year in a row, cyber incidents ranks as the top global risk in the [Allianz Risk Barometer 2026](#), just ahead of the closely connected artificial intelligence (AI), a new entrant into the top 10 risks and the biggest mover in this year's survey of global businesses.

5 years

in a row cyber incidents has been voted the top risk in the [Allianz Risk Barometer](#)

This is no surprise. Cyber incidents can cripple a company's operations, suppliers and customers for days, weeks or months. At the same time, businesses are growing increasingly reliant on third parties for digital services, data storage and AI. Early detection and response are essential for reducing downtime and mitigating business disruption.

The single biggest loss driver and saver

Ransomware remains the top cause of cyber-related business interruption and is the most frequent driver for cyber claims overall. Even when backups exist or ransoms are paid, organizations are often forced to shut down critical networks as they respond to an attack and restore systems. For example, [according to news reports](#)¹, retailer M&S took more than three months to get some of its online services fully back up and running after a cyber-attack in 2025.

"Business interruption remains the single biggest financial loss driver for cyber. The initial cost of responding to a ransomware attack and extortion demand can be easily outweighed by the costs of disruption to operations," says **Caitlin Ewing, Complex Claims Analyst, Cyber, at Allianz Commercial.**

However, cyber-related business interruption can be significantly mitigated by early technical containment

and phased restoration, says **Michael Daum, Global Head of Cyber Claims at Allianz Commercial:**

"The biggest loss-saving levers we see are early detection and speed of response, combined with a phased restart of core systems rather than waiting for full IT restoration. In several large ransomware and supply chain incidents, those insureds who detected and isolated affected environments early, prioritized revenue-critical systems and accepted temporary operating modes were able to shorten the effective business interruption period by days, sometimes weeks."

Early deployment of forensic accountants and strong business continuity planning can also significantly reduce the impact of cyber-related business interruption.

In a recent large cyber event involving an outage at a critical IT service provider, multiple insured companies were affected simultaneously. However, one company limited its business interruption loss materially by quickly switching to a secondary cloud environment, manually processing high-value transactions and deferring non-essential operations rather than remaining fully offline, **Daum** explains:

"Claims outcomes are materially better where business continuity plans are realistic and tested."

6 Contingent business interruption exposures accelerate with digital supply chain dependency

➤ Cyber incidents or outages at companies' customers and suppliers have emerged as another important source of disruption.

Cyber-attacks and technical glitches at third party IT suppliers, cloud providers, managed service providers or outsourced helpdesks have cascaded through digital supply chains, causing disruption for customers.

Incidents have revealed that some businesses and sectors may be overreliant on a single source for critical software, technology platform or IT services. [A number of UK retailers²](#) suffered major supply chain disruption in November 2024 when their technology and logistics provider, Blue Yonder, was hit by a ransomware attack. Meanwhile, another incident targeting CDK, a provider of management software to the US automotive industry, caused a weeks-long

outage for around 15,000 US car dealerships at a total cost of [US\\$1bn³](#), according to an estimate from consultant Anderson Economic Group.

"Unwinding such reliance could take years to transition to alternative providers or be prohibitively expensive. However, cyber-attacks targeting IT and software supply chains can result in large business interruption and contingent business interruption claims affecting multiple companies. Such claims are compounded by complex litigation as customers sue providers to recover damages, including increased costs and business interruption," says Caitlin Ewing, Complex Claims Analyst, Cyber, Allianz Commercial.

Allianz Commercial cyber claims analysis has shown a marked increase in contingent business interruption caused by third-party dependencies in recent years. Supply chain driven contingent business interruption now represents a material share of large cyber claims by value.

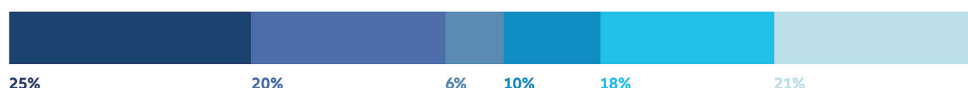
Cyber claims analysis: Expanding risk landscape visible – incidents by loss category

By % share of total claims value – large claims only (>€1mn)

2025 (6M)



2024



2023



2022



2021



KEY

- Attack-driven losses (with data exfiltration)
- Attack-driven losses (without data exfiltration)
- Contingent business interruption (CBI)/supply chain
- Business interruption due to technical failure
- Non-attack data breaches (e.g., wrongful collection and processing of data)
- Tech/media professional indemnity (e.g., legal actions related to service performance etc.)

Source: Allianz Commercial. Large claims analysis only (>€1mn) between 2021 and 2025 (6M) with a total value in the dataset in excess of €400mn

7 Outages and technical failures cause widespread disruption

➤ Another notable development is the increased relevance of business interruption caused by technical failure rather than a hostile cyber-attack.

Major incidents have included flawed software updates or configuration errors, system crashes linked to patches or IT changes and infrastructure failures. [IncidentHub](#)⁴ tracked more than 48,000 outages in 2025 across hundreds of software and cloud services.

48,000+

outages tracked in 2025 across hundreds of software and cloud services

A flawed cyber security update from CrowdStrike in 2024 caused one of the largest IT outages in history, affecting an [estimated eight million](#)⁵ computers. Meanwhile, a 15-hour outage at AWS cloud services in October 2025 affected [17 million users](#)⁶, impacting many commercial websites and platforms. A month later, a configuration error caused a major outage at web-infrastructure firm Cloudflare, which is said to be used by around [20%](#)⁷ of all websites worldwide.

“Allianz claims trends analysis confirms that what we call non-attack business interruption now represents a meaningful share of large cyber losses, challenging traditional assumptions that business interruption is almost always ransom-driven,” says Michael Daum, Global Head of Cyber Claims at Allianz Commercial. “And with increasing use of AI this trend is very likely to continue.”

Data center vulnerability

Data centers are an emerging area of supply chain vulnerability where some risks are not always well

understood, according to **Alberto Barani, Business Interruption Group Leader, Risk Consulting at Allianz Commercial.**

Various factors are concentrating data centers in a relatively small number of locations, including government incentives, power and resource availability.

“Data centers represent a large exposure and the extent of dependencies and the degree to which there is spare capacity, backups and contingency plans, should something go wrong, is not always fully understood. And while data centers are largely good at understanding cyber risk, they may not always be as focused on property loss prevention,” says Barani.

In June 2026, a fire at a data center caused disruption to [Google Cloud](#)⁸ customers in India, while in March 2021, a fire destroyed an [OVHcloud](#)⁹ data center in Strasbourg, France, disrupting millions of customers’ websites. An [investigation](#)¹⁰ found the fire had started in a room housing the batteries and the uninterruptible power supply for the servers, and that the room had no automatic extinguishing system. Many companies were unable to recover their data due to a lack of backups and inadequate disaster [recovery](#)¹¹.

“Companies increasingly face emerging business interruption exposures from their reliance on third parties for digital services that could be disrupted by physical perils. If something happens to a data center that is not under a company’s control, they risk losing their data and having their operations disrupted,” warns Barani.



Photo: Make more Aerials / Shutterstock

Data centers represent a large exposure

8 Fire drills for cyber business interruption – preparation is key to cutting downtime

- A key learning from previous cyber insurance claims is the importance of considering business interruption losses in the early stages of a cyber incident.

Business interruption is a story to be told, but it is one that is best told sooner rather than later, according to **Marisa Anthony, Senior Complex Claims Analyst, Cyber, at Allianz Commercial.**

Due to the complexities involved, there can be a lapse of many months between the initial incident and the resolution of a business interruption claim.

“Right from the start, stakeholders need to think about tasking people to collect the information and documentation that will be needed to support the claim. While it is important to focus on responding to a cyber incident and regulatory requirements, it should not be to the exclusion of business interruption, which is often the largest part of the claim,” advises **Anthony**.

Tabletop exercises are also a good way to minimize business interruption, explains **Anthony**. **Allianz Commercial** works with businesses to prepare and test their response plans and



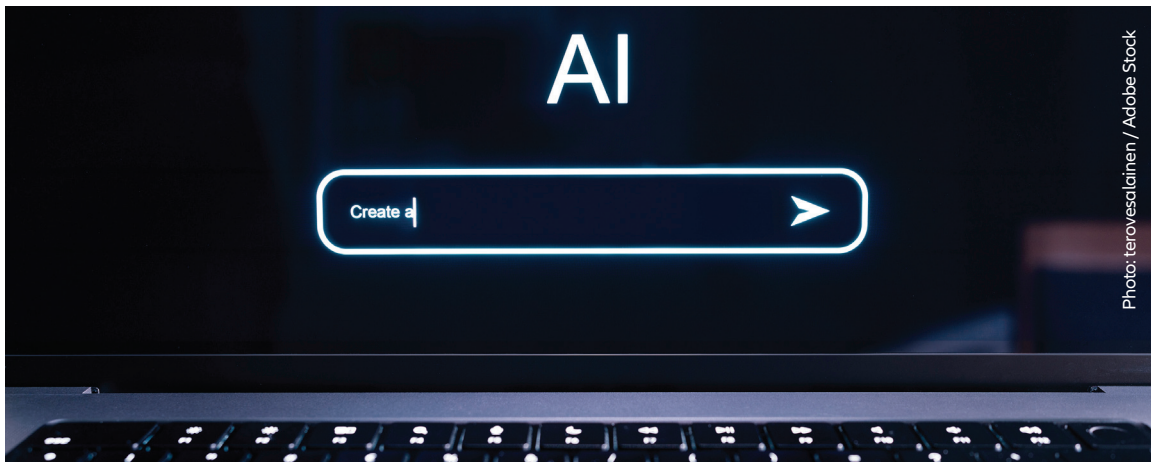
Tabletop exercises are also a good way to minimize business interruption

insurance coverage, a process that will prove valuable when faced with a cyber incident, **Anthony** adds.

“It is like a fire drill. By preparing and testing a response, people know their responsibilities and what they need to do. We had one customer that was hit by a ransomware attack just a month after taking part in a tabletop exercise. They knew exactly how to handle the event and minimize any business interruption impact,” says **Caitlin Ewing, Complex Claims Analyst, Cyber, at Allianz Commercial.**



Photo: kalie / Adobe Stock



9 AI-powered cyber – the pros and cons

- > Artificial intelligence (AI) is increasing the speed, scale and sophistication of cyber-attacks, pushing incidents more quickly into business interruption territory. At the same time, AI can also help to reduce business interruption losses with faster detection and response and business continuity insights.

Cyber criminals are already using AI to accelerate and scale-up ransomware and extortion attacks, through automated reconnaissance and target prioritization, more effective phishing and social engineering, and optimized extortion demands. It is also feared that advanced AI models could be used to reveal and exploit vulnerabilities and launch sophisticated cyber-attacks.

The increasing use of AI to facilitate cyber-attacks will fuel business interruption and lead to longer downtimes, particularly for those companies not investing in AI-powered defense, according to **Michael Daum, Global Head of Cyber Claims at Allianz Commercial**:

“Internal claims material confirms that once an attacker reaches the later stages of an attack, business interruption escalates exponentially. AI shortens the time between initial access and full operational disruption, leaving less room to intervene before business interruption crystallizes.”

Growing reliance on AI systems and agents could also pose a risk from faulty AI-driven updates, integrations or configuration changes. Last year an AI-coding tool caused two limited outages at an Amazon cloud service (AWS) unit, according to [media reports](#)¹².

“These events blur the line between cyber-attack and technical failure and can trigger business interruption even without a hostile actor,

particularly where AI tools operate at enterprise scale,” says Daum.

Conversely, AI can play a role in reducing cyber-related business interruption losses. AI-powered early detection, for example, can dramatically reduce downtime and business interruption severity. AI-based anomaly detection can identify unusual behavior in a network, while automated alerts enable faster isolation of affected systems.

Organizations using AI-driven prevention and detection tools have materially lower breach and business interruption costs. **Allianz Commercial** claims analysis has also shown that AI-enabled detection and Security Orchestration, Automation, and Response (SOAR) tools significantly reduce response time and business interruption when attacks are caught early.

AI can also improve business continuity decision-making, helping to identify critical revenue-generating systems, prioritize restoration efforts and simulate shutdown and restart scenarios.

“Where insureds used AI-supported detection and analytics during incidents, claims outcomes showed shorter effective interruption periods, even if full IT recovery continued for longer – materially reducing cyber business interruption loss values,” says Daum.



Photo: nuanjan / Adobe Stock

Key differences between property and cyber business interruption



Trigger and nature of loss

Property business interruption is anchored to physical damage (e.g., fire, flood, explosion). The damage is tangible, visible, and typically undisputed. Cyber business interruption, by contrast, arises from intangible causes such as cyber-attacks, system failures, or IT outages. There is often no physical damage at all, which makes both causation and scope of interruption harder to evidence and more debate prone.



Geographical footprint

Property business interruption losses are usually location specific, tied to the damaged insured premises. Cyber business interruption regularly affects multiple sites or even global operations simultaneously, because IT systems and networks are interconnected. A local cyber incident can escalate into a multinational business interruption claim within hours, which materially increases complexity in both handling and quantum assessment.



Length and structure of the interruption period

In property business interruption, interruption periods are often longer and more linear, lasting months or even years while physical assets are repaired or rebuilt. In cyber business interruption, interruption periods are typically shorter but more intense, often measured in days or weeks. As a result, timing effects become critical. Lost peak sales or delayed revenue during small windows can materially shift quantum. Short duration, high volatility interruption periods are a defining feature of cyber business interruption.



Indemnity period design

Property business interruption commonly provides long maximum indemnity periods (12, 18, or 24 months). Cyber business interruption indemnity periods are usually much shorter, often 90–180 days.



Loss measurement and quantum complexity

Property business interruption calculations benefit from mature, standardized methodologies that have been tested for decades. Cyber business interruption calculations are less standardized and more bespoke, with policies varying significantly.

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Allianz Commercial is the center of expertise and global line of Allianz Group for insuring mid-sized businesses, large enterprises and specialist risks. Among our customers are the world's largest consumer brands, financial institutions and industry players, the global aviation and shipping industry as well as family-owned and medium enterprises which are the backbone of the economy. We also cover unique risks such as offshore wind parks, infrastructure projects or film productions.

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