

**6/10 businesses experienced at least one supply chain disruption  
in Asia Pacific during the last year**

**Singapore/Hong Kong, 9 January 2017** – Zurich Insurance today reveals the key Asia Pacific findings of the Business Continuity Institute (BCI) “Supply Chain Resilience Report 2016”. Despite six out of ten organisations experiencing at least one supply chain disruption during the past year, with one in four exceeding USD\$1 million in losses, the report found that almost half of survey respondents in Asia Pacific did not insure their losses.

Partnering with BCI for the eighth year, the annual report is regarded as one of the most authoritative benchmark reports in this business area. The key findings for Asia Pacific (APAC) this year are:

- IT/Telecom outages was named as the number one cause of supply chain disruption
- One in four organisations experienced cumulative losses of over USD\$1 million
- 46% of organisations do not insure their losses, meaning they bore the full brunt of the cost
- Only 30% of disruptions occur with an immediate supplier
- 48% responded that top management have made commitments to supply chain resilience

The results of this year’s report illustrate how companies which do not have the necessary business continuity arrangements in place put themselves at risk of suffering financial losses from supply chains disruption, which can have serious ramifications for a company’s balance sheet, share price and reputation. Among the consequences of supply chain disruption, organisations from across the globe cited loss of productivity (68%), increased cost of working (53%), customer complaints (40%), impaired service outcomes (40%), damage to brand reputation / image (38%) and loss of revenue (37%).

Increased globalisation, improved transport and logistics through to technological advancements, have enabled companies to source materials from virtually anywhere in the world. While this provides increased flexibility and cost savings, it can also result in complex supply chains that are highly interconnected, more exposed and difficult to manage. The top five causes of disruption in Asia Pacific were found to be IT/Telecom outages, adverse weather, transport network disruptions, cyber-attacks and data breaches, and outsourcer failures.

30% of disruptions occurred beyond the preliminary supplier of goods (the direct supplier) and almost 30% of disruptions occurred at tier 2 or lower in the supply chain, which makes it extremely difficult to establish exactly where an organisation lies within its suppliers’ priorities. Understanding these risks has become increasingly challenging, with some companies having thousands of suppliers.

**Hassan Karim, Technical Underwriting Manager, Zurich Asia Pacific**, commented, “Effective supply chain risk management and a comprehensive risk assessment can present significant benefits



## *News Release*

to businesses. As an increasingly important driver of profit, organisations which have been able to invest in the necessary resources to start to push the boundaries of risk management in the supply chain have found that the benefits have far exceeded the investments they have had to make. Without such investment, the cost of disruptions could be devastating.”

The report also highlights how top management commitment is required to drive supply chain resilience and performance. Although there is an observable trend that senior management in Asia Pacific are increasingly prioritising supply chain resilience in comparison to other regions in the world, more than half the respondents still reported a lack of top management commitment when it comes to supply chain resilience.

Supply chain risk often crosses many departments within an organisation due to the interconnected and far reaching scope of supply chain risk, therefore Executive support is critical to not only secure the necessary resources required to focus on supply chain risk management but also to break down organisational ‘silos’ in order to optimise performance,” Mr. Karim added.

The 2016 Business Continuity Institute (BCI) Supply Chain Resilience Report, produced in association with Zurich, is one of the most comprehensive industry studies focusing on the origins, causes and consequences of supply chain disruption worldwide. The full report gathered responses from 64 countries, of which 13 are in the Asia Pacific region. Respondents were from a wide array of industries, such as financial and Insurance services, professional services, IT & Communications, Public Administration & Defences, Manufacturing, Retail & Wholesale, Transport & Storage, Energy & Utility Services. The study highlights the importance of the uptake of insurance, which helps build supply chain resilience. For the full global ‘Supply Chain Resilience Report 2016’ please visit <https://www.zurich.com.sg/en/corporate-solutions/our-products/supply-chain>

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**About Zurich Insurance**

**Zurich Insurance Group (Zurich)** is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of general insurance and life insurance products and services. Zurich's customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information about Zurich is available at [www.zurich.com](http://www.zurich.com)

**About the BCI**

Founded in 1994 with the aim of promoting a more resilient world, the Business Continuity Institute (BCI) has established itself as the world's leading Institute for business continuity and resilience. The BCI has become the membership and certifying organization of choice for business continuity and resilience professionals globally with over 8,000 members in more than 100 countries, working in an estimated 3,000 organizations in the private, public and third sectors.

The vast experience of the Institute's broad membership and partner network is built into its world class education, continuing professional development and networking activities. Every year, more than 1,500 people choose BCI training, with options ranging from short awareness raising tools to a full academic qualification, available online and in a classroom. The Institute stands for excellence in the resilience profession and its globally recognised Certified grades provide assurance of technical and professional competency. The BCI offers a wide range of resources for professionals seeking to raise their organization's level of resilience and its extensive thought leadership and research programme helps drive the industry forward. With approximately 120 Partners worldwide, the BCI Partnership offers organizations the opportunity to work with the BCI in promoting best practice in business continuity and resilience.

The BCI welcomes everyone with an interest in building resilient organizations from newcomers, experienced professionals and organizations. Further information about the BCI is available at [www.thebci.org](http://www.thebci.org). To enquire about membership, certification and partnership please email [bci@thebci.org](mailto:bci@thebci.org).

**For media enquiries, please contact:**

**Singapore**

Natalie Carter / Celene Tan @ FTI Consulting Singapore:

- +65 6381 7825 / [Natalie.carter@fticonsulting.com](mailto:Natalie.carter@fticonsulting.com)
- +65 6506 9881 / [Celene.Tan@fticonsulting.com](mailto:Celene.Tan@fticonsulting.com)

Erica Ng @ Zurich Insurance Company Ltd (Singapore Branch)

- +65 6236 2469 / [Erica.Ng@zurich.com](mailto:Erica.Ng@zurich.com)

**Hong Kong**

James Jarman / Emily Siu @ FTI Consulting Hong Kong:

- +852 3768 4545 / [James.Jarman@fticonsulting.com](mailto:James.Jarman@fticonsulting.com)
- +852 3768 4541 / [Emily.Siu@fticonsulting.com](mailto:Emily.Siu@fticonsulting.com)

Trina Kellaway @ Zurich Insurance Company Ltd (Hong Kong Branch)

- +852 2977 0104 / [Trina.Kellaway@hk.zurich.com](mailto:Trina.Kellaway@hk.zurich.com)