Business Interruption: Managing Risk in an Interconnected World

Business interruption is the second-highest global risk in 2025 – but is expected to fall to seventh place by 2028. As interconnected threats multiply, from cyber attacks to climate events, organisations must diversify supply chains, embed geopolitical insight and regularly update continuity plans.

Key Takeaways

01 Business interruption is a fundamental and evolving risk that affects millions of companies around the globe.

02 Organisations that continuously evaluate their continuity and security plans to address emerging risks will be better equipped to absorb shocks.

03 Advanced technologies such as generative AI have considerable value in risk management but must be deployed with robust governance, risk assessment and employee training.

Why Business Interruption is a Growing and Complex Threat

From cyber attacks and natural disasters to labour strikes and geopolitical conflicts, business interruption is a critical risk impacting businesses worldwide, with each of these threats capable of severely disrupting operations. Cyber risk, in particular, is becoming a more prominent contributor to overall business interruption. Meanwhile, inflation continues to reshape asset valuations and accelerate shifts in risk exposure, adding further complexity to the landscape.[1]

In 2024 alone, natural disasters resulted in $368 billion in economic damage – approximately 60 percent of which went uninsured.[2] The ripple effects of these disruptions extend far beyond individual companies to affect suppliers, customers and entire value chains. Smaller businesses, which are often less resilient, can suffer catastrophic losses, threatening cash flows and customer satisfaction across industries and economies.

> "In today's hyper-connected economy, a disruption anywhere can quickly become a crisis everywhere.
>
> **Rob Cusack**
> Global Claim Preparation, Advocacy and Valuation Leader

Business Continuity in a Rapidly Changing Landscape

Global interdependencies, the accelerating pace of regulatory and geopolitical change, and even talent shortages in areas such as artificial intelligence (AI) and analytics make business continuity planning more complex than ever. Organisations must anticipate a wider array of threats and be prepared to respond swiftly and effectively.

Losses and preparedness

Business interruption is a high-impact risk with broad ripple effects. While most organisations report preparedness, nearly a third still experienced losses – suggesting that continuity plans may not be keeping pace with evolving threats.

31%

of respondents suffered a loss from this risk in the 12 months prior to the survey.

77%

of respondents stated their organisations had set up a plan to respond to this risk.

Strengthening Resilience Against Business Interruptions

01. Ensure Your Insurance Coverage Reflects Evolving Risks and Asset Values

Businesses must avoid a "set and forget" approach. It is essential for companies to continuously evaluate their risk profiles and insurance policies in collaboration with their brokers to address emerging risks and coverage gaps.

Since not all business interruption risks are insurable, companies may need to enhance their insurance programs with alternative capital market solutions, such as parametric solutions, to better protect their balance sheets. Specialised products, such as contingent business interruption insurance and pre-loss valuation, can also facilitate more accurate risk transfer and improve claims management.

02. Embed Geopolitical Risk into Your Strategic Planning

Trade disputes and international tensions demand that companies integrate geopolitical analysis into their risk frameworks. Scenario planning, supply chain diversification, currency hedging and asset ring-fencing help stabilise operations and financial performance. Establishing rapid-response teams will help a business act decisively should disruptions occur.

03. Diversify and Strengthen Your Supplier Risk Management

Mitigating supply chain risk through diversification and supplier risk-proofing remains essential. Some organisations have opted to balance increased storage costs with improved resilience by increasing their inventory buffers to absorb short-term shocks. AI can help businesses enhance their supplier selection and inventory management, thereby improving their responsiveness.

04. Continuously Update Your Security and Continuity Plans

Regularly reviewing and refining business continuity and security plans ensures they remain effective against evolving threats. This measure includes disabling unnecessary services, enforcing multi-factor authentication, training employees and conducting incident simulations. AI-powered threat detection and zero-trust architectures further enhance preparedness.

05. Deploy Generative AI with Governance and Training

Generative AI offers powerful capabilities to predict, analyse and plan for potential interruptions. However, without robust governance, risk assessment and employee training, its misuse can introduce cyber-security and misinformation risks. Thoughtful, controlled deployment maximises AI's value as a risk management tool.

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Business Interruption remains the second biggest risk facing organisations today, the same rank it held in our previous survey.

Case Study

Optimising Business Interruption Coverage for a Power Generation Company

A listed power company faced issues with its business interruption coverage. Although it had multiple operations with distinct risk profiles, it was using a one-size-fits-all policy based on its largest operation's profile, raising concerns about over-insurance and uncertainty in quantifying the right amount and type of coverage needed.

Aon conducted a detailed review to assess the actual risk profiles of the company's operations. The review identified over-insurance in some areas and significant uninsured exposure due to reliance on a third-party gas supplier. Aon recommended policy changes to eliminate over-insurance and extend coverage to include the third-party supplier.

Upon renewal, the company achieved a premium reduction and increased risk transfer. Three months later, an explosion at the third-party supplier's premises caused a $14 million loss, which was fully recovered under the improved insurance program.

Why It Matters

Business interruption is a fundamental risk and a critical concern for organisations. The losses can be significant and, in many cases, materially compromise operations.

To mitigate this risk, organisations are increasingly integrating advanced technologies, diversifying supply chains, embedding geopolitical insight, and maintaining dynamic continuity plans aligned with regulatory requirements and ethical standards. Those that also optimise their insurance coverage are better positioned to absorb shocks, recover stronger, and build long-term resilience and trust. In a world of intensifying competition, the ability to respond effectively to disruptions and maintain continuity can be a true differentiator.

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[2] 2025 Climate and Catastrophe Insight, Aon, https://www.aon.com/en/insights/reports/climate-and-catastrophe-report.

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