Bridging the cyber insurance protection gap
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Agenda

• Cyber events are growing in frequency and cost
• Buying cyber insurance cover is hard
• Where are the gaps?
• Some suggestions…
Cyber events continue to grow

Average Impact of Cyber attacks increasing YoY

Source: Accenture Ponemon 9th Annual Cost of Cybercrime Study 2019
12% increase in average annual cost of cyber crime

$11.7m
Average cost of cybercrime in 2017

$13.0m
Average cost of cybercrime in 2018

Demand for cyber cover is growing
Where are the gaps?

Cyber insurance market expectation gaps

- How risky is it to provide cover for the insured?
- How do we deal with systemic risks?
- What data can I rely on for the underwriting decision?
- What cyber risks should I cover?
- Will my claim be paid?
- Do my current insurance policy(s) cover Cyber?
Buying cyber insurance cover is not easy

- Choosing cover is hard due to lack of standard terms
- Application forms require cyber and business expertise
- Insurers are cautious in underwriting cover despite low loss ratios
- Distribution of policies is limited to a small number of insurers
- Small businesses lack the expertise to complete the forms
- Large businesses have very complex systems
- General lack of understanding of cyber risks companies face

Main market is dominated by a small number of insurers

US Cyber insurance premiums 2018, Standalone cover
$bn

Chubb 23%
Axa 21%
Other 17%
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US Cyber insurance premiums 2018, Package cover
$bn

Chubb 36%
CNA Financial 7%
AXIS 4%
The Hartford 4%
Other 28%

Source: S&P Global
Some suggestions

**Growth**
- Distribution needs to be expanded
- Standardisation of cyber policy terms
- Regulatory pressure
- Ease of application

**Pricing**
- Recognition of profitability
- Discounts for better risk management
- Insurers should take on more risk
- Systemic risk needs to be removed from the system

**Trust**
- Transparency of claims
- Clarity on coverage boundaries
- Cyber risk awareness
- Data sharing between insurers and the market

**Questions**

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