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Bridging the cyber insurance protection gap

Dani Katz - Optalitix
Ryan Rubin - Cyberian Defence
CIGI
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17 June 2019

Agenda

- Cyber events are growing in frequency and cost
- Buying cyber insurance cover is hard
- Where are the gaps?
- Some suggestions...

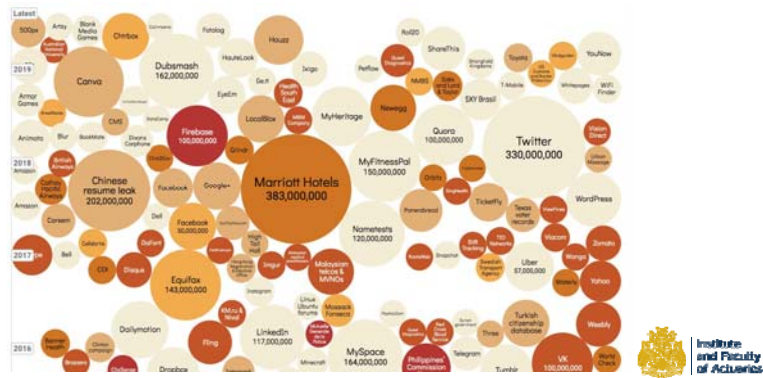


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Cyber events continue to grow

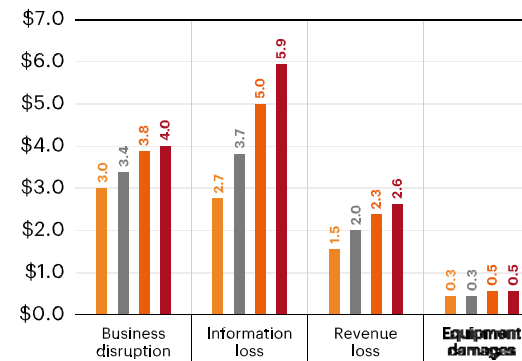


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<https://www.informationisbeautiful.net/visualizations/worlds-biggest-data-breaches-hacks/>

Average Impact of Cyber attacks increasing YoY

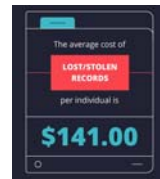
Per event per company impact



US\$ millions

Legend

- 2015
- 2016
- 2017
- 2018



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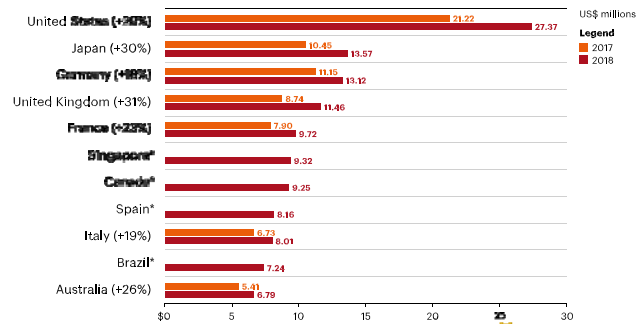
Source: Accenture Ponemon 9th Annual Cost of Cybercrime Study 2019

12% increase in average annual cost of cyber crime

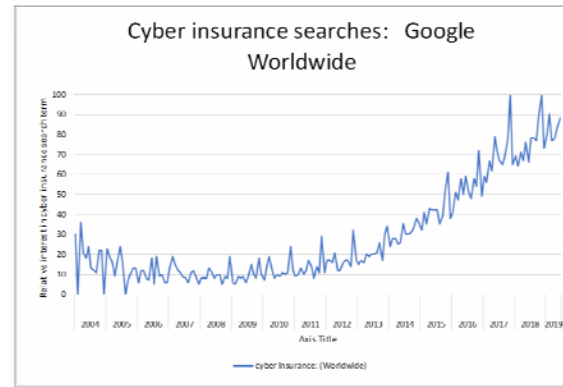
\$11.7m
Average cost of cybercrime in 2017



\$13.0m
Average cost of cybercrime in 2018



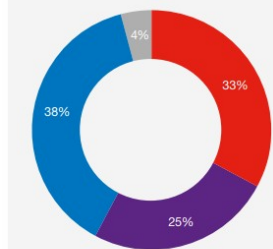
Demand for cyber cover is growing



Where are the gaps?

Do you currently have cyber insurance?

- Yes
- Plan to take it out in next 12 months
- No plans
- Not sure what cyber insurance is

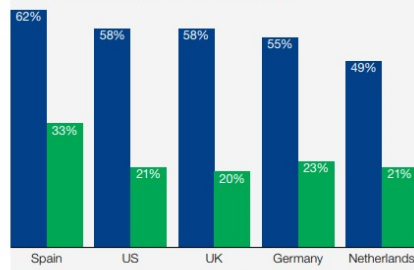


Survey conducted by Forrester Consulting on behalf of Hiscox.

Cyber insurance by organisation size

Percentage covered

- 250 or more employees
- 249 or fewer employees



Survey conducted by Forrester Consulting on behalf of Hiscox.

Source: Hiscox cyber readiness report 2018, Forrester research survey

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Cyber insurance market expectation gaps

INSURER

- 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 ?

INSURED

- What cyber risks should I cover ?
- Will my claim be paid ?
- Do my current insurance policy(s) cover Cyber ?



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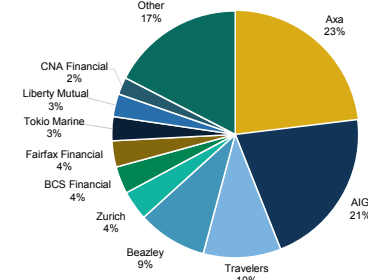
Buying cyber insurance cover is not easy

- 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



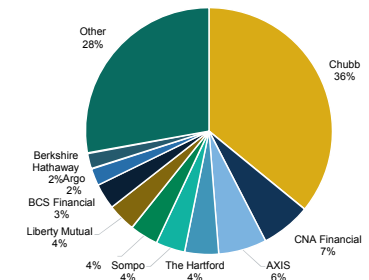
Main market is dominated by a small number of insurers

US Cyber insurance premiums 2018,
Standalone cover
\$bn



Source: S&P Global

US Cyber insurance premiums 2018,
Package cover
\$bn



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

Comments

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