

# Beyond Cyber Insurance

PREPARING FOR BLACK  
& GRAY SWAN EVENTS

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# With You Today



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# Topic 1

The importance of moving  
beyond IT resilience to expand  
into operational resilience

# The Cyber Risk Landscape

- ▶ In 2022, 493.33 million ransomware attacks were detected by organizations worldwide.
- ▶ Phishing remains the most common cyber attack, with approximately 3.4 billion daily spam emails.
- ▶ The global average data breach cost was \$4.35 million in 2022.
- ▶ In 2022, the average cost of breaches resulting from stolen or compromised credentials amounted to \$4.50 million.
- ▶ The healthcare industry has been the costliest for breaches for 12 consecutive years, with an average data breach cost reaching \$10.10 million in 2022.

# Topic of the Day: Ransomware

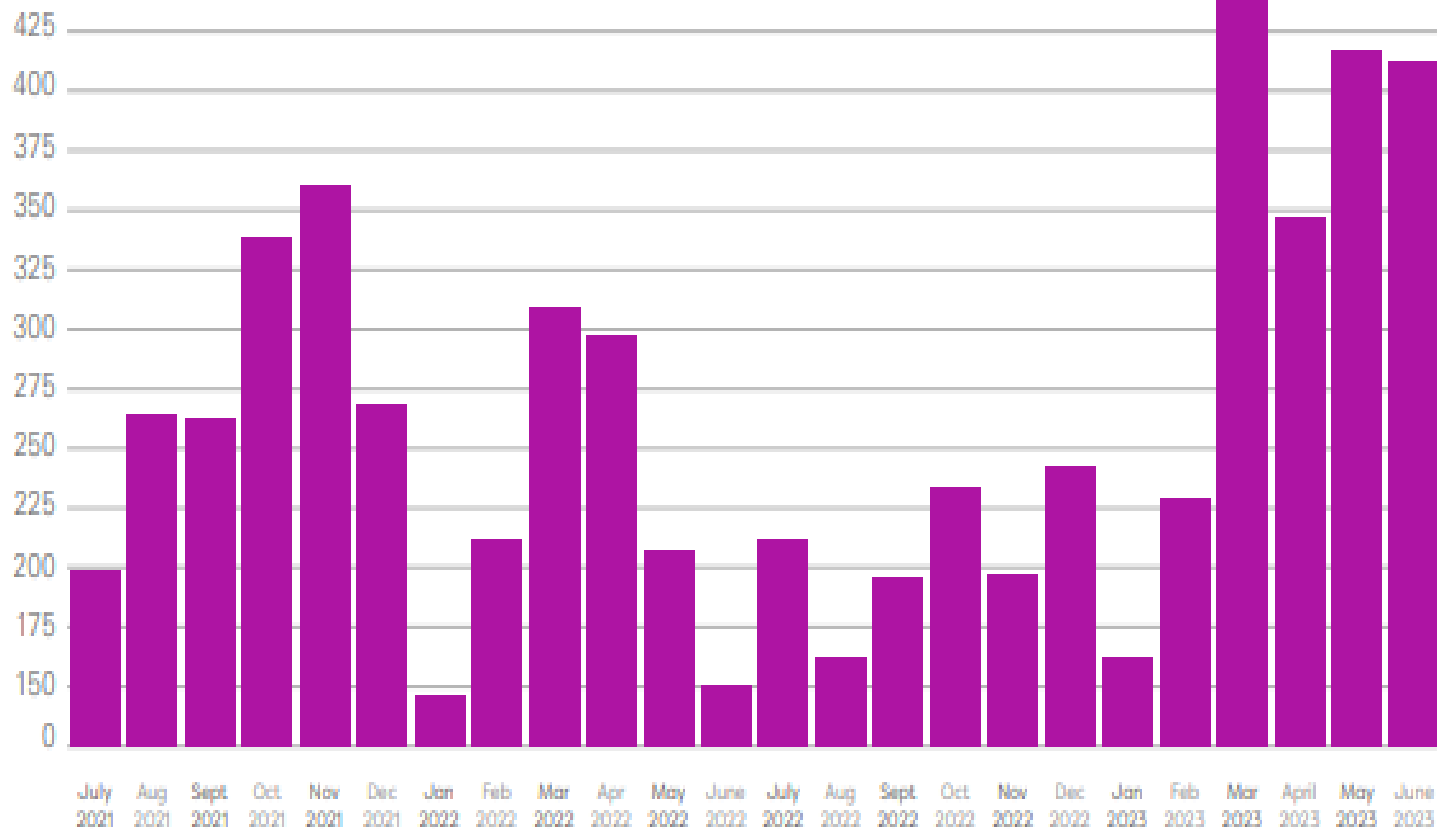


Figure 6 Source: The Record, Recorded Future News

Source: 2023 Cyber Report - Tokio Marine HCC

## RANSOMWARE BY THE NUMBERS

**22**

Average downtime due to Ransomware

**287**

Average days to fully recover from a ransomware attack

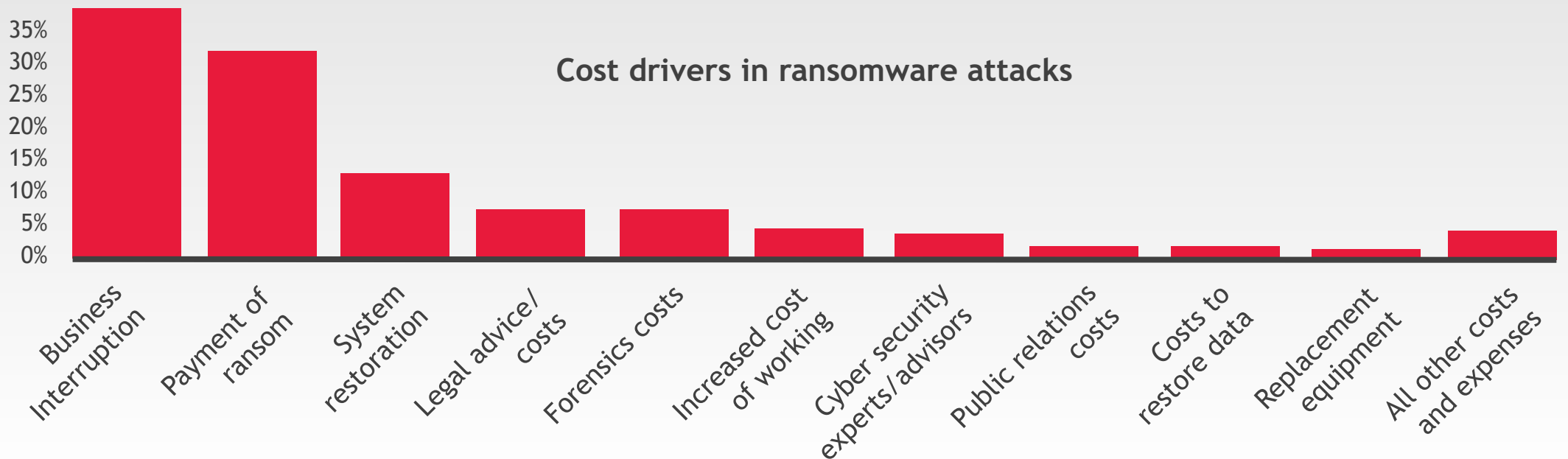
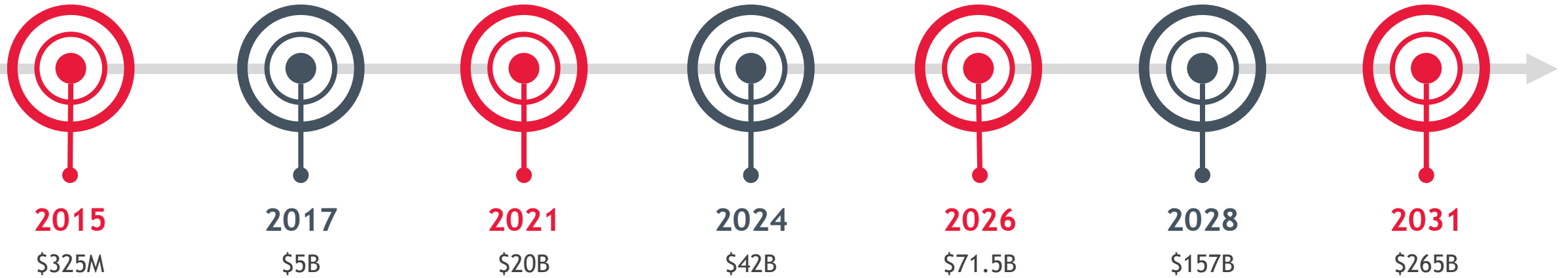
**\$812K**

Average ransom payment in 2021

**\$159B**

In losses due to downtime within the U.S.

# Cost of Ransomware Crisis



# Topic 2

The evolution of risk exposure and quantification models

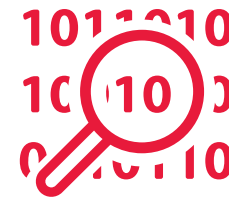
# Cyber Risk Quantification



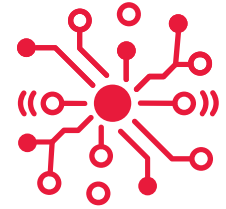
The 95% response to cyber risk quantification questions



The evolution of cyber quantification models



Using the right data in the best framework



The importance of questioning data inputs



# Topic 3

The new regulatory guidelines for  
cyber breaches



# New SEC Cyber Disclosure Rule at a Glance



## Incident Reporting

- ▶ Report “material” incidents on 8-K with 4 days
- ▶ Describe the nature, timing and impact
- ▶ Materiality determination based on federal law

## Risk Management and Strategy

- ▶ Describe process for material risks
- ▶ Is cyber part of risk management
- ▶ How risks from cybersecurity could materially impact business

## Governance

Describe company governance for risk:

- ▶ Board oversight: committee members and process
- ▶ Management’s role and experience

## Effective Dates

**December 15, 2023**  
Disclosures for risk management, strategy and governance effective date

**December 18, 2023**  
Material incident disclosure effective date

# Board Oversight and Key Considerations

### ▶ **Board Roles and Responsibilities:**

- Growing expectation that Board's can demonstrate clear oversight of cyber risk management strategy
- Engagement and Role in managing cyber incidents must be defined

### ▶ **Executive/Board Level Leadership: Core Focus Areas**

- Executive/Board level leadership and cyber risk strategy
  - Tabletop Exercises including C-Suite and Board members
  - Alignment of cyber risk management strategy across technical/financial/leadership
- Governance Improvement
  - Clarity of governance processes
  - Alignment of core governance documents (Business Continuity, Incident Response, Crisis Communication)
- Resource Allocation and Budgeting Oversight
  - Boards should enquire and satisfy themselves that resourcing for cyber risk management sufficiently manages organizational risks
  - Boards should ensure Committee or Board wide consideration of evolving cyber risks and organizational practices during Committee and/or Board meetings

# Topic 4

The current state of cyber insurance  
and how we see the market and product  
evolving in the coming 12-24 months

# Cyber Insurance Market Update - 2023

<b>Pricing Guidance</b>	<ul style="list-style-type: none"><li>▶ 2022 pricing trends improved in Q4, and increases have begun to stabilize in 2023.<ul style="list-style-type: none"><li>• Q1-Q2 2022: +50% to + 150%</li><li>• Q3 2022: +25% to +50%</li><li>• Q4 2022: +0% to +25%</li><li>• Q1 2023 +0% to +20%</li></ul></li></ul>	<ul style="list-style-type: none"><li>▶ Lacking security controls impact pricing</li><li>▶ Excess rates: 70%-90% of underlying</li></ul>
<b>Capacity and Coverage</b>	<ul style="list-style-type: none"><li>▶ Global insurers are increasing capacity if they are comfortable with the risk</li><li>▶ Facility capacity is re-emerging on large risks</li><li>▶ Carriers may add ransomware restrictions if controls are lacking</li><li>▶ Challenged industries: Higher education, public entities, managed service providers (MSPs), airlines, technology, and manufacturing</li></ul>	<ul style="list-style-type: none"><li>▶ New entrants to cyber - Trium, Vantage, Bowhead</li><li>▶ War exclusions are being amended</li><li>▶ Some carriers are adding systemic event exclusions</li></ul>
<b>Underwriting Process</b>	<ul style="list-style-type: none"><li>▶ Supplemental applications are often being required by carriers</li><li>▶ Third party security ratings are now commonly part of the underwriting process (BitSight, Security Scorecard, Cyence).</li></ul>	<ul style="list-style-type: none"><li>▶ Systemic cyber exposure is now a key underwriting focus</li></ul>
<b>Prognosis</b>	Market stabilization is continuing in 2023. This is largely due to fewer companies paying ransoms, a reduction in overall cyber claim activity, and improved controls by insureds. Competition from cyber underwriters is also driving pricing down as markets look to write new business and retain their renewals.	

**Thank You!**





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