



# THE GATHERING STORM

CHAOS POINT - CYBER VIOLENCE TO ASYMMETRIC WARFARE

*Opportunities for improving objective assessment in cyber underwriting*

# CYBER INSURANCE UNDERWRITING

## INSURING THE UNKNOWN – THE GATHERING STORM

### USD6.0 BILLION IN CYBER POLICIES AT RISK

In 2021 in the cyber insurance sector experienced;

- 82% increase in the average ransom payment,
- 150% increase in the Number of ransomware attacks and
- 20 point increase in the cyber insurance loss ratio increased to 80% from 2019's 60%.

In response the insurance industry has;

- Increased premiums by 25-75% to cover the same or even less protection.
- Tried to push the risk to the reinsurance sector which now covers 55% of total cyber risk up from 45% three years ago.
- Began to refuse to insure ransom payments.
- Increasing cyber security standards with policy holders.

### OVERWATCH

#### Underwriter Data Analysis

- Create cyber risk algorithms for actuarial modeling requirements.
- Create scoring system of cyber risk for each organization / sectors.

#### Pre Policy Signing

- Pre-check organization prior to cyber insurance policy signing.

#### Post Policy Signing

- 24/7 check on all cyber insurance policy holders.
- Insurance providers can inform policy holder of data leak and or pending cyber attack.
- Remove coverage if policy holder does not act warning.

#### Ransom

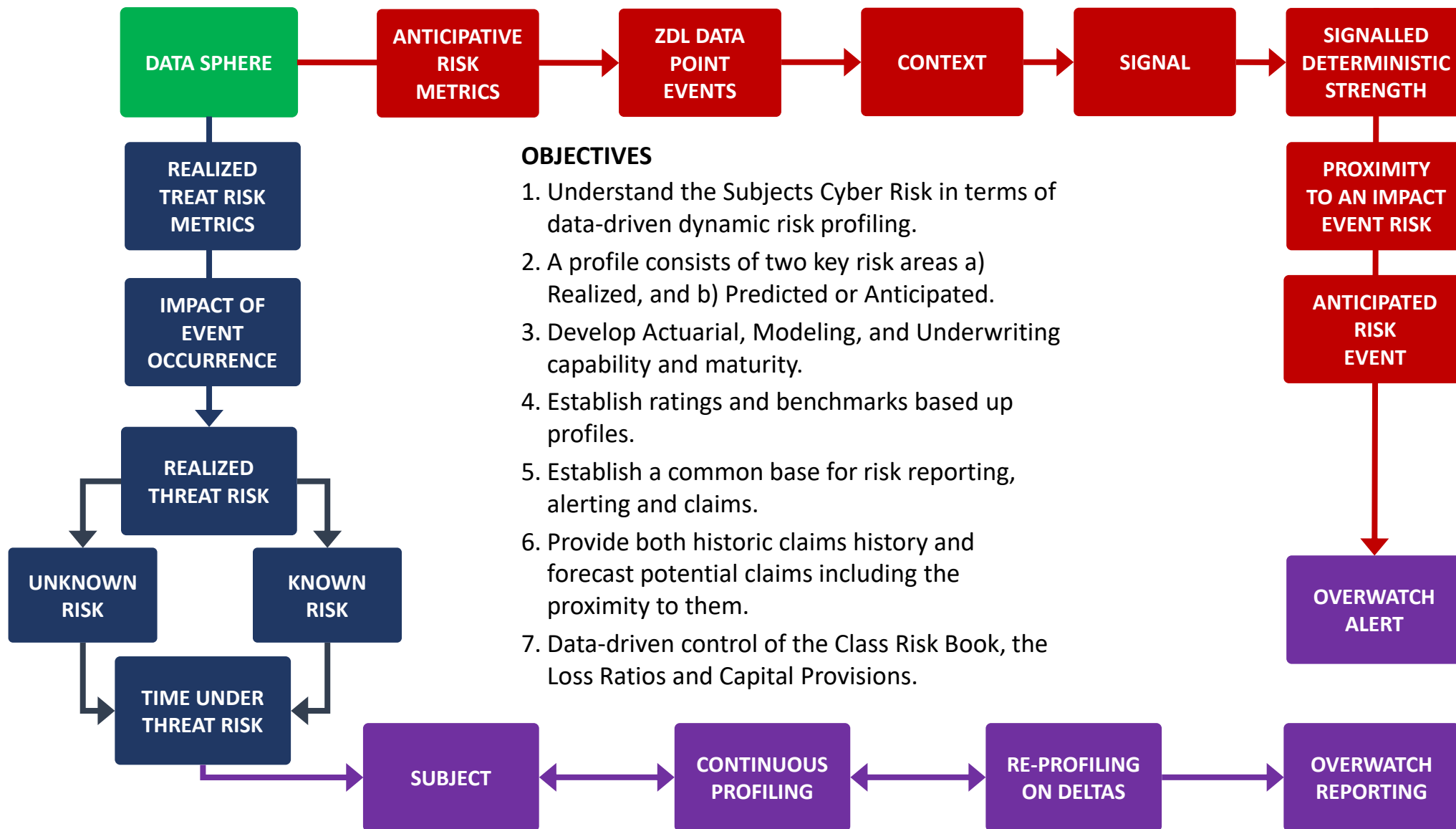
- Pay or don't pay cyber ransom or extortion.

#### Result

- Quantification the cyber risk
- Substantially lower loss ratio
- Significantly improve quality of cyber risk policy holders
- Reduce payouts

# OVERWATCH

## POSITIVELY MANAGING REAL-WORLD CYBER RISK WITH HARD DATA MEASURES



### OBJECTIVES

1. Understand the Subjects Cyber Risk in terms of data-driven dynamic risk profiling.
2. A profile consists of two key risk areas a) Realized, and b) Predicted or Anticipated.
3. Develop Actuarial, Modeling, and Underwriting capability and maturity.
4. Establish ratings and benchmarks based up profiles.
5. Establish a common base for risk reporting, alerting and claims.
6. Provide both historic claims history and forecast potential claims including the proximity to them.
7. Data-driven control of the Class Risk Book, the Loss Ratios and Capital Provisions.

# OVERWATCH

## BETTER INTELLIGENCE-LED CYBER INSURANCE UNDERWRITING CONVERSATIONS

- Blackwired identifies Equifax breaches over 1,000 days before Equifax discovers the breach.
- 19 breaches discovered over two years.
- 05-Sep-2017. Equifax announces breach.
- 15-Sep-2017. Share price stops falling after losing 34% in 8 trading days.
- 26-Sep-2017. CEO resigns.
- Private records of 163 million people in the United States, United Kingdom and Canada.
- Equifax settles with the Federal Trade Commission to set up victim fund of USD300 mn, USD175 mn to States and USD100 mn in CFPB fines.
- Total cost to Equifax USD1.7 bn - cyber security insurance coverage only USD125 mn.
- USD5.7 billion in shareholders value erased.

