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Cyber Insurance Survey 2023:

Crucial Insights on the Future of Cyber Insurance

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Intelligent Insurer surveyed nearly 200 insurers and brokers to get their take on the future of cyber insurance. 30% of the respondents are underwriters, 35% brokers and 8% are MGAs. The remainder were from claims, consulting or the vendor community.

Here are the results.

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Insights to action: how risk intelligence and technology can fuel the growth of cyber insurance

Survey results provide valuable understandings that can help shape a sustainable future for the rapidly growing cyber insurance market, writes Melanie Hayes, Chief Operating Officer and Co-founder of KYND.

Earlier this year, Intelligent Insurer and KYND sat down virtually with insurers and brokers to explore their perspectives on the future of the cyber insurance market. Although a resounding 89% of all survey respondents concurred that cyber is experiencing the most rapid transformation among all lines of business, more than half (54%) of respondents found the current state of the cyber insurance market to be unsustainable.

This revelation is more than just a number: it represents a significant trend we've observed throughout the year while helping insurers and brokers not only navigate but keep ahead of these challenges posed by dynamic cyber risk. Now, more than ever, taking the lead against cyber threats is crucial, and these survey results offer valuable insights that can help shape the sustainable future of the rapidly growing cyber insurance market.

Cyber insurance and cyber risk: a constant challenge

Despite burgeoning demand for cyber insurance and the steadfast growth of the cyber insurance market as a result, the cyber risk landscape continually unfolds as an ever-evolving challenge for the sector, affecting insurers and insureds alike.

The journey for those seeking coverage over the past couple of years appears to have been nothing short of a rollercoaster ride. While the shifting market has presented challenges for insurance applicants with lower levels of cyber maturity, it has also been a catalyst for businesses to improve their

cyber risk profiles, due to stricter underwriting criteria being imposed by some insurers.

Nevertheless, 81% of respondents assert that the state of insureds' cyber defence tools remains unsatisfactory. The sectors most vulnerable to cyber attacks are financial services, healthcare and pharma, and local government—all of which are vital components of societal infrastructure.

For insurers, one of the key growing concerns is systemic cyber risk. Unlike risks that impact policyholders independently, systemic threats simultaneously affect many organisations using similar software, systems, or services vulnerable to the same attack method.

With cyber interconnectedness increasing rapidly, insurers are now focusing on shoring up capital, optimising reinsurance, and carefully underwriting policies to ensure they remain solvent in the face of potential systemic catastrophe. This threat of systemic risk and how well insurers understand the level of systemic risk in their book are central to the issue.

Insurers face challenges other than systemic risk to keep at bay. Among the most prominent issues facing the market today, the survey respondents highlighted:

- **Market education:** Despite the rising frequency and cost of cyber attacks, many customers still lack understanding of their exposure and awareness of the need for cyber insurance and exactly how it can help them

- **Lack of capacity:** The industry grapples with a lack of capacity, as the accumulation of cyber exposures across many policies can strain insurers' balance sheets. Hard-to-place risks, such as the rising cost of ransomware, also run rampant
- **Monitoring ongoing risk:** Insurers are struggling to keep pace with the rapidly evolving cyber threat landscape, which requires constant vigilance and updating of risk models

As cyber attack losses continue to surge, digital threats evolve, and communication between all constituents of the cyber insurance value chain becomes increasingly intricate, the cyber insurance industry is actively seeking new ways to manage systemic risk, increase insureds' cyber resilience and preparedness, and drive sustainable and profitable growth of the market.

Complex risks call for smarter solutions

With all this in mind, the most urgent question is: how can insurers assert control over, and keep ahead of, cyber risk? To stay ahead, it has become essential to shift from traditional underwriting done in hindsight to up-to-date risk intelligence, proactive risk monitoring and management, alongside regular re-evaluation.

In today's market conditions, underwriters play a role that goes beyond risk assessment and risk transfer—they also help clients adapt to the ever-evolving digital landscape. While implementing and maintaining basic cybersecurity hygiene remains absolutely essential for sustained cyber resilience, this measure alone is no longer sufficient.

Leveraging real-time, actionable risk data, combined with effective risk mitigation can serve the dual purpose of supporting and optimising underwriters' interests while enabling them to support their customers in strengthening their cyber defences throughout the entire policy lifecycle.

Access to that intelligence and expertise will empower underwriters to make quicker, more effective decisions on cyber risk as well as drive better risk-based pricing approaches in the market that account for individual insureds' cyber exposure as well as changes in general cyber threat activity.

It will also allow enhanced underwriter-broker-client collaboration in their efforts to improve clients' insurability through a strengthened risk posture and report better loss ratios, all while providing a more positive overall customer experience.

The survey results are a clarion call underscoring this necessity. The majority of cyber insurance specialists are likely to use external risk mitigation and engineering services, validating the growing consensus that these capabilities provide indispensable support. Harnessing the power of such technology and services is one of the greatest opportunities in the insurance field to further support market growth.

Innovation through collaboration

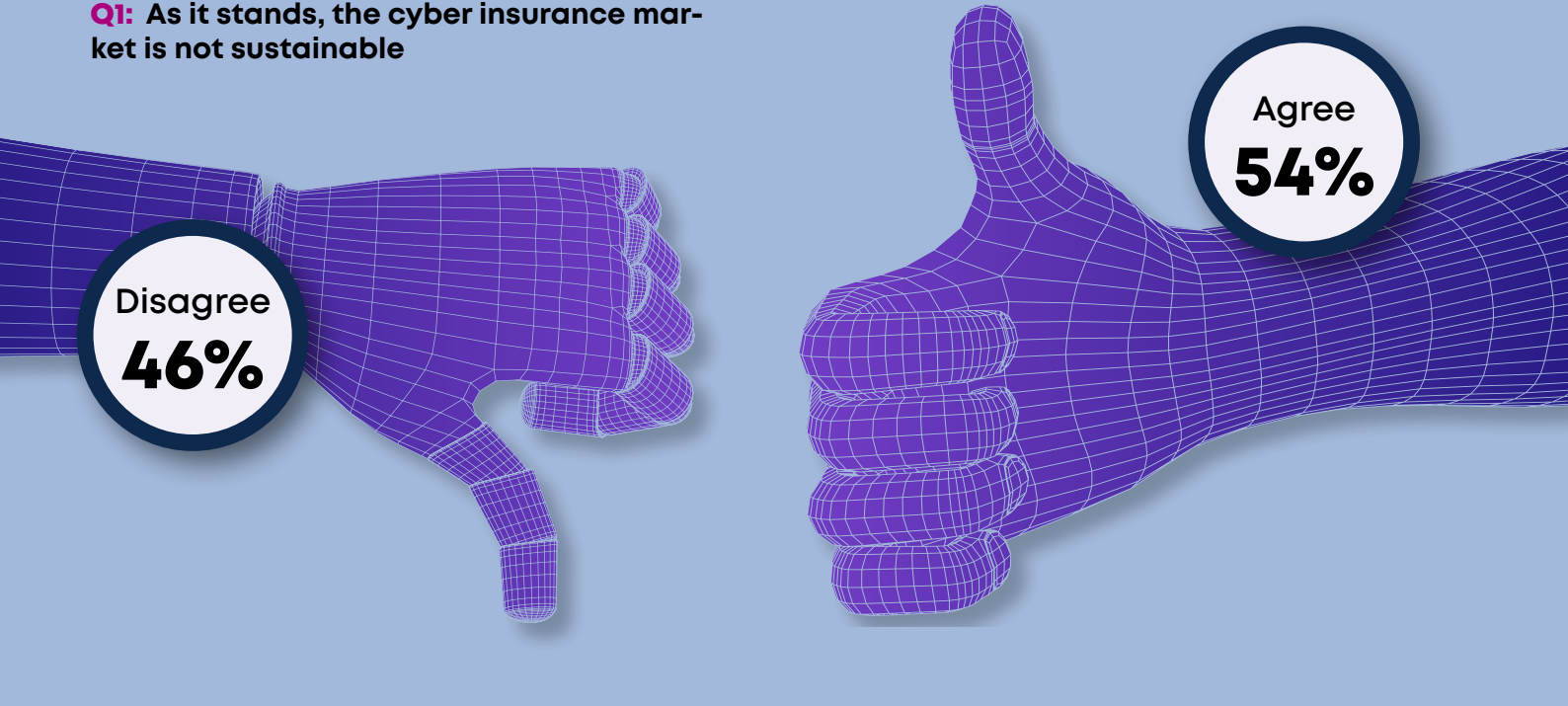
As threats continue to evolve, an integrated and intelligence-led approach to risk management will only become more crucial. The insurance industry must remain at the forefront of technological advancements leveraging accurate data-driven insights, expert mitigation advice and advanced cyber risk modelling, facilitated by progressive insurtechs.

Implementing this approach will help streamline underwriting processes, meet increasing demand, satisfy clients' needs and manage cyber risk exposure. In essence, this will not only ensure robust risk management but will also foster a culture of innovation, enabling insurers to stay ahead of emerging cyber threats and confidently pave the way for a more secure and resilient future, ultimately facilitating a more stable cyber insurance market and supporting its robust, profitable growth.

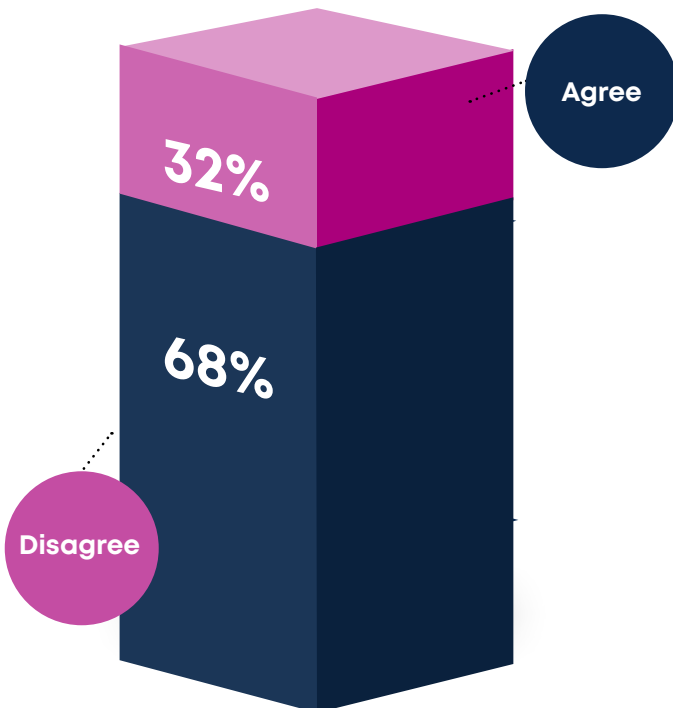
If you would like to discover how to enable greater risk visibility, enhanced risk mitigation, and improved profitability with the help of cutting-edge risk technology and intelligence, let's talk! chat@kynd.io or visit www.kynd.io

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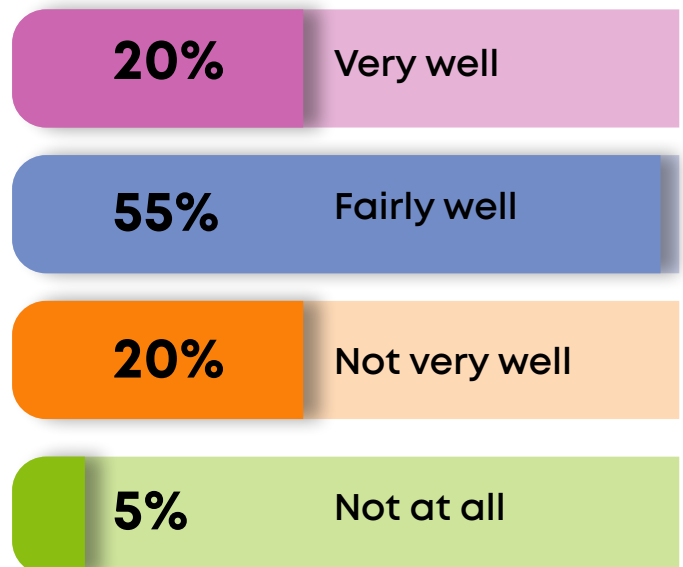
Q1: As it stands, the cyber insurance market is not sustainable



Q2: Due to the threat of systemic risk, cyber risk is becoming uninsurable

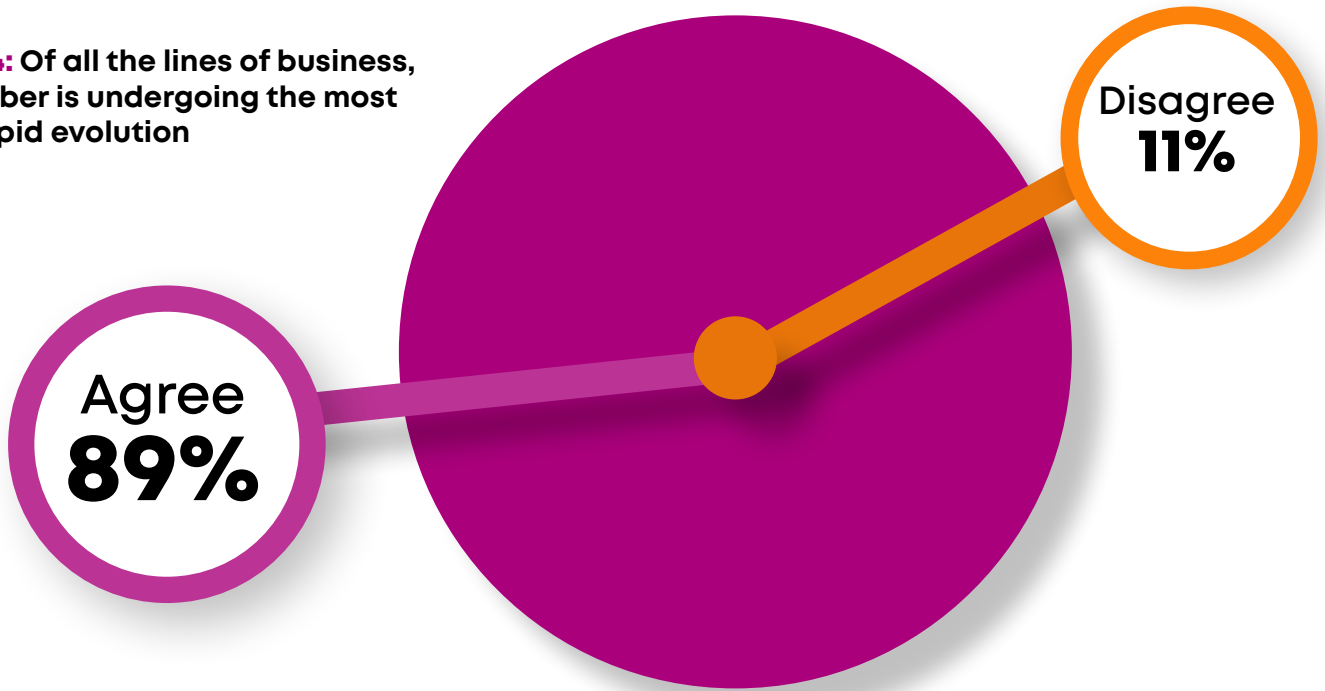


Q3: How well do you understand the level of systemic risk in your book?

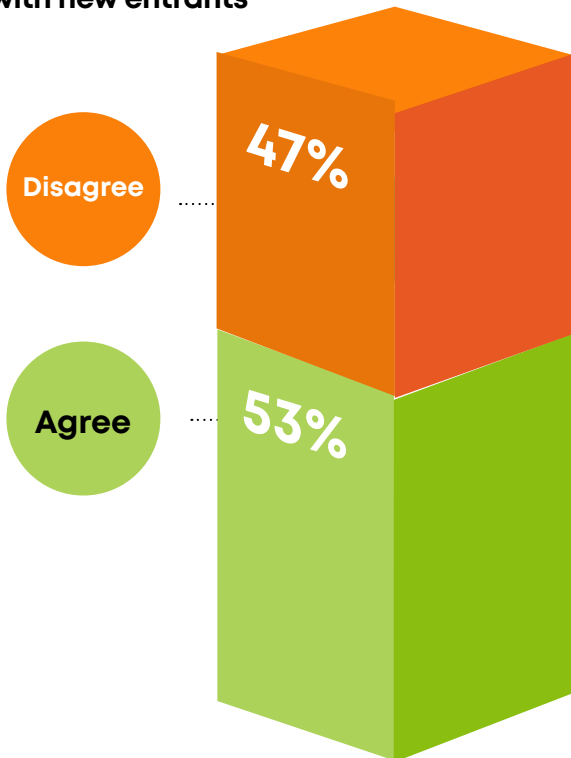


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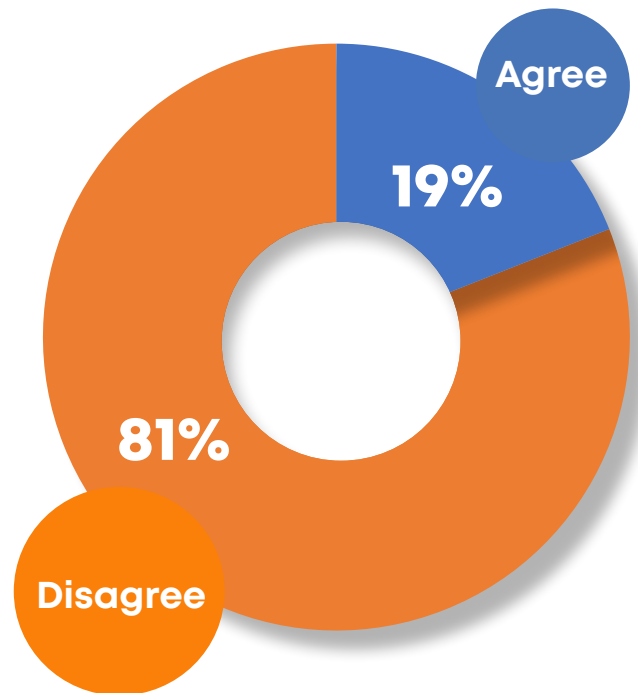
Q4: Of all the lines of business, cyber is undergoing the most rapid evolution



Q5: Incumbents are struggling to compete with new entrants

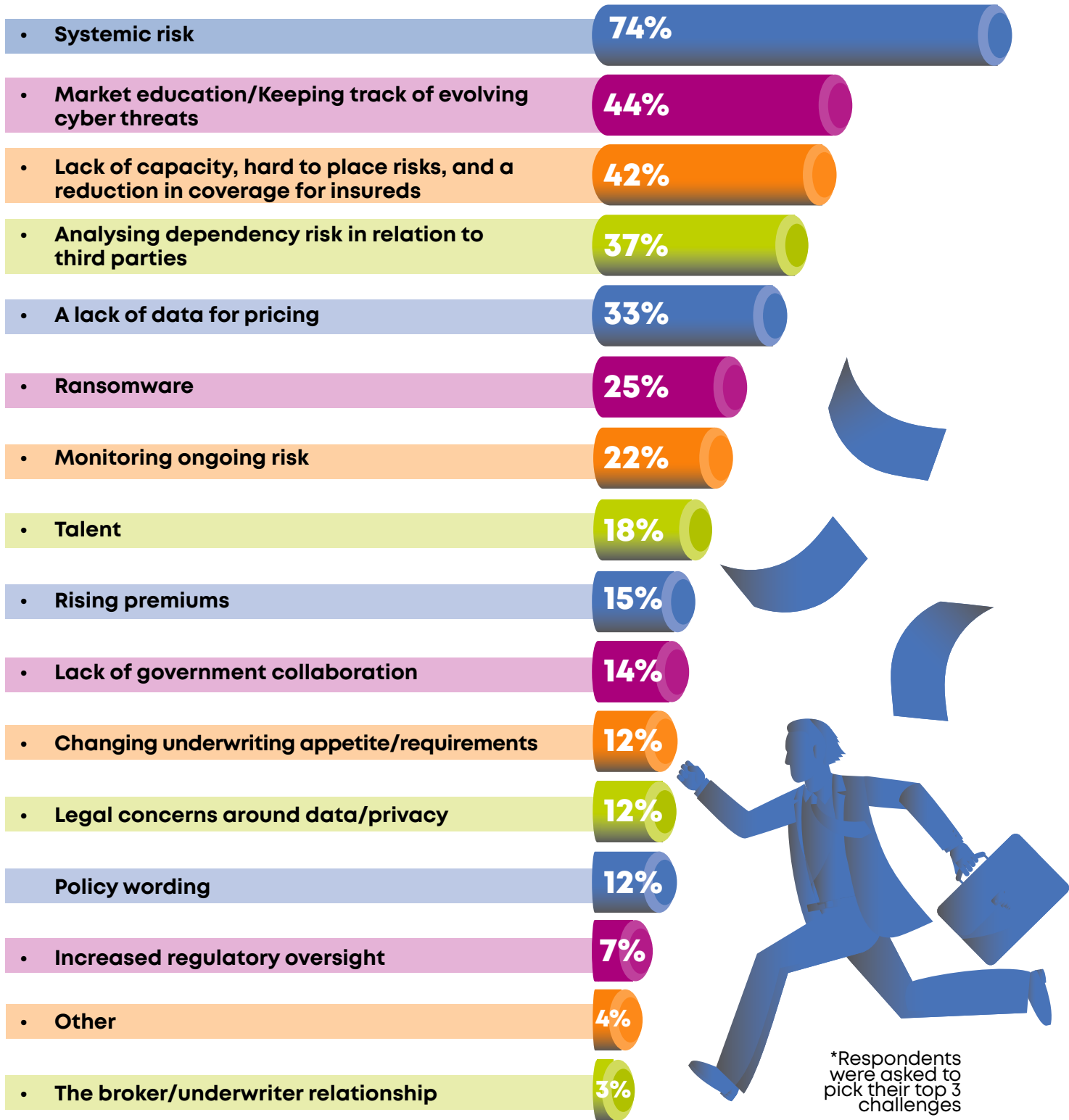


Q6: Insureds overall have satisfactory cyber defence tools already in place



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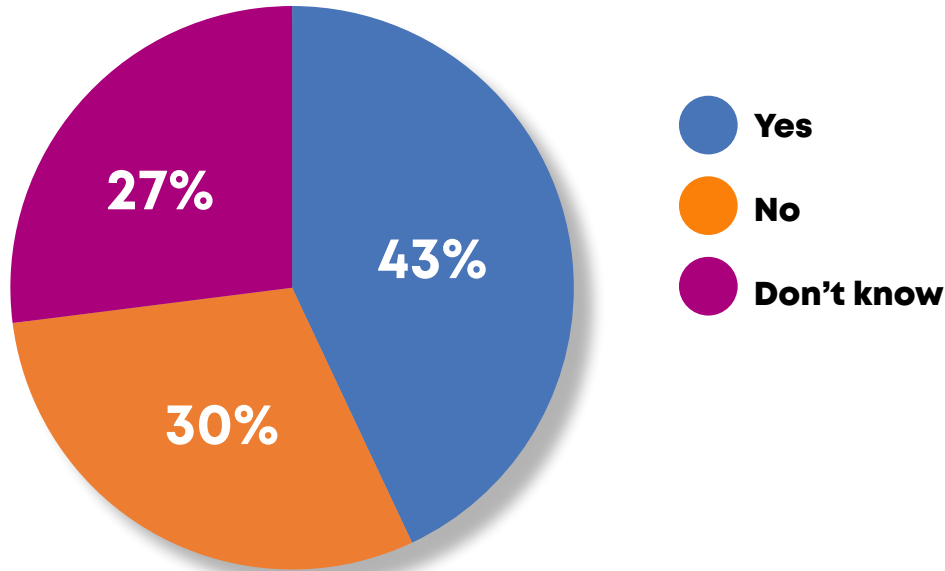
Q7: The biggest challenges facing the cyber insurance market are:



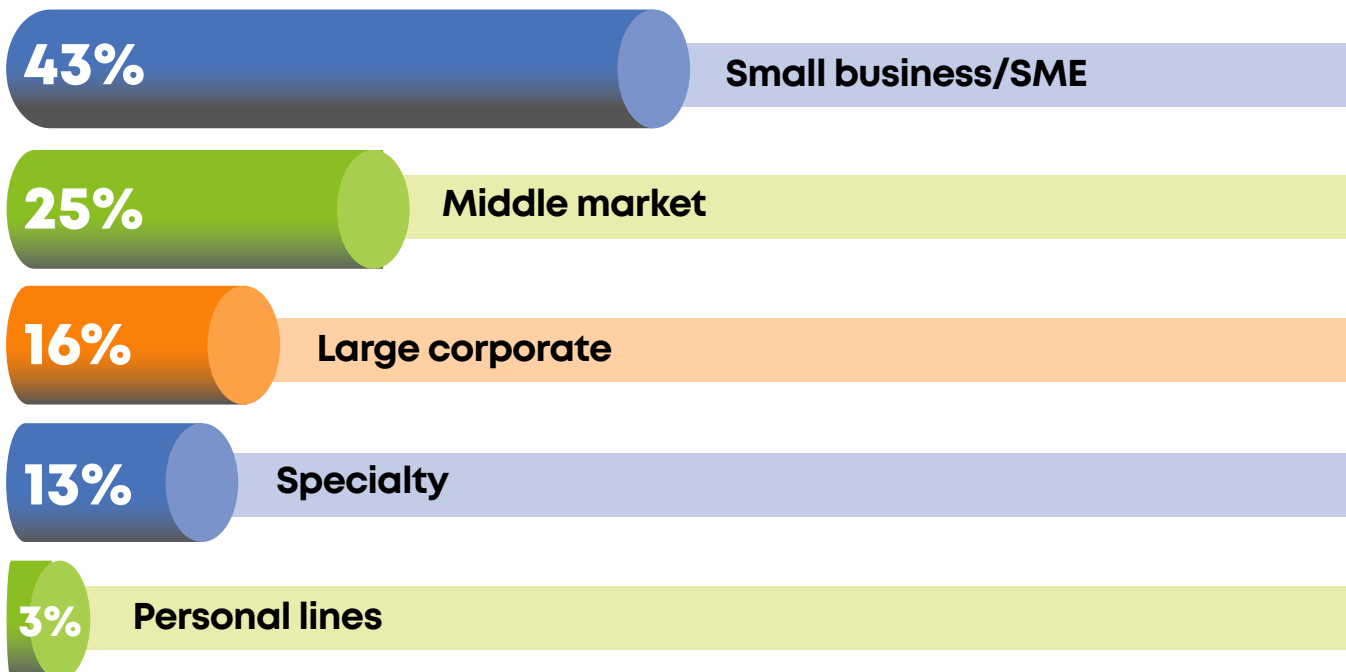
*Respondents were asked to pick their top 3 challenges

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Q8: In your organisation do you anticipate hiring more cyber professionals in 2024?

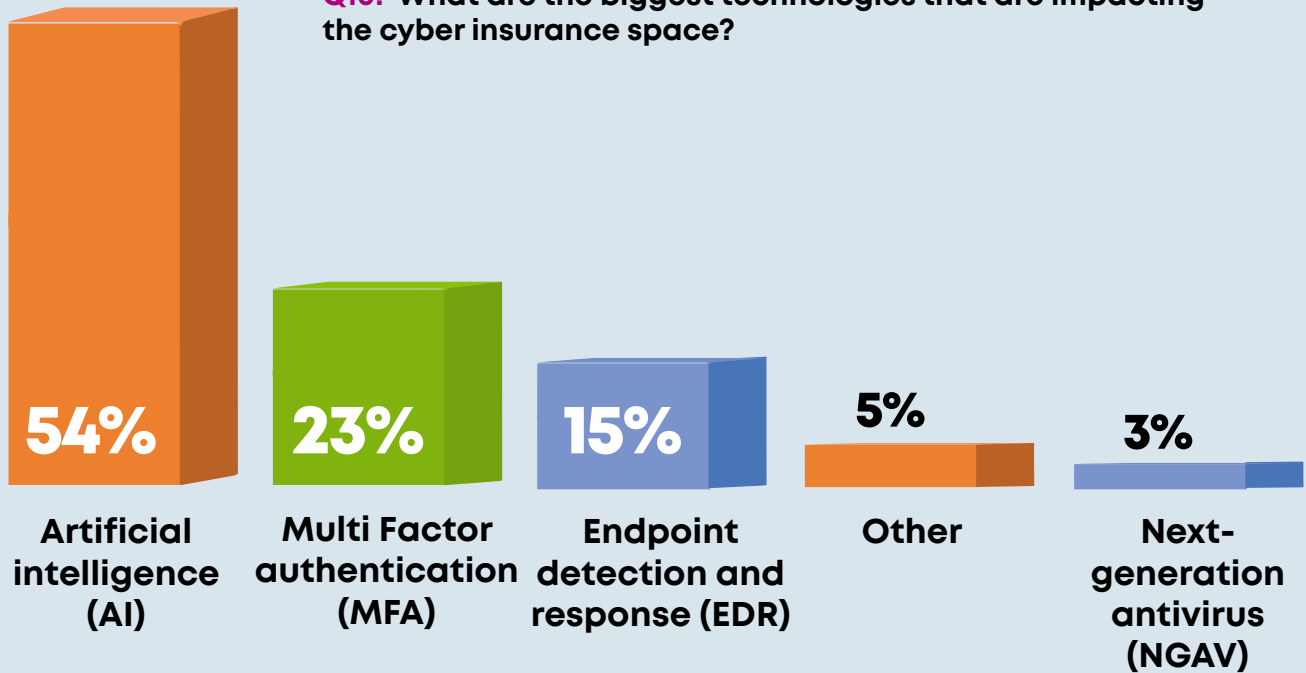


Q9: Where do you foresee the biggest growth in cyber insurance?

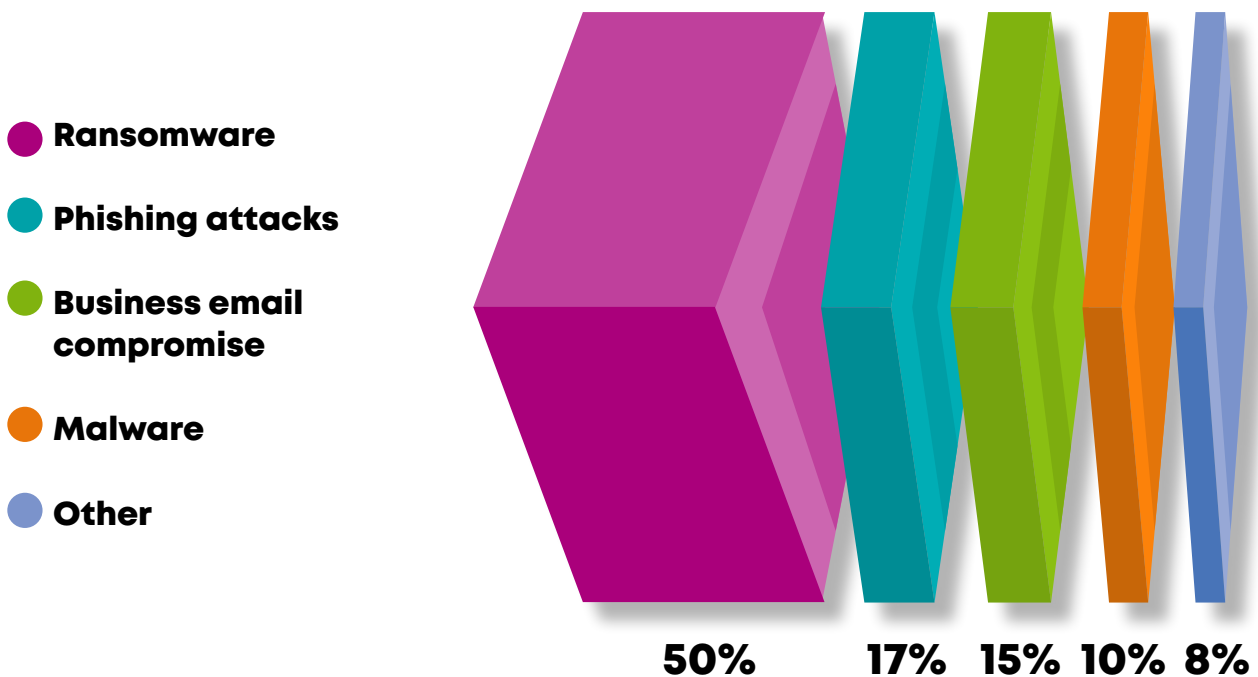


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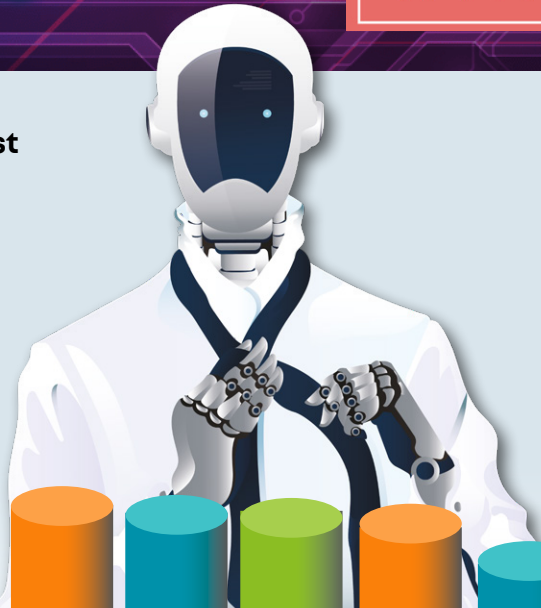
Q10: What are the biggest technologies that are impacting the cyber insurance space?



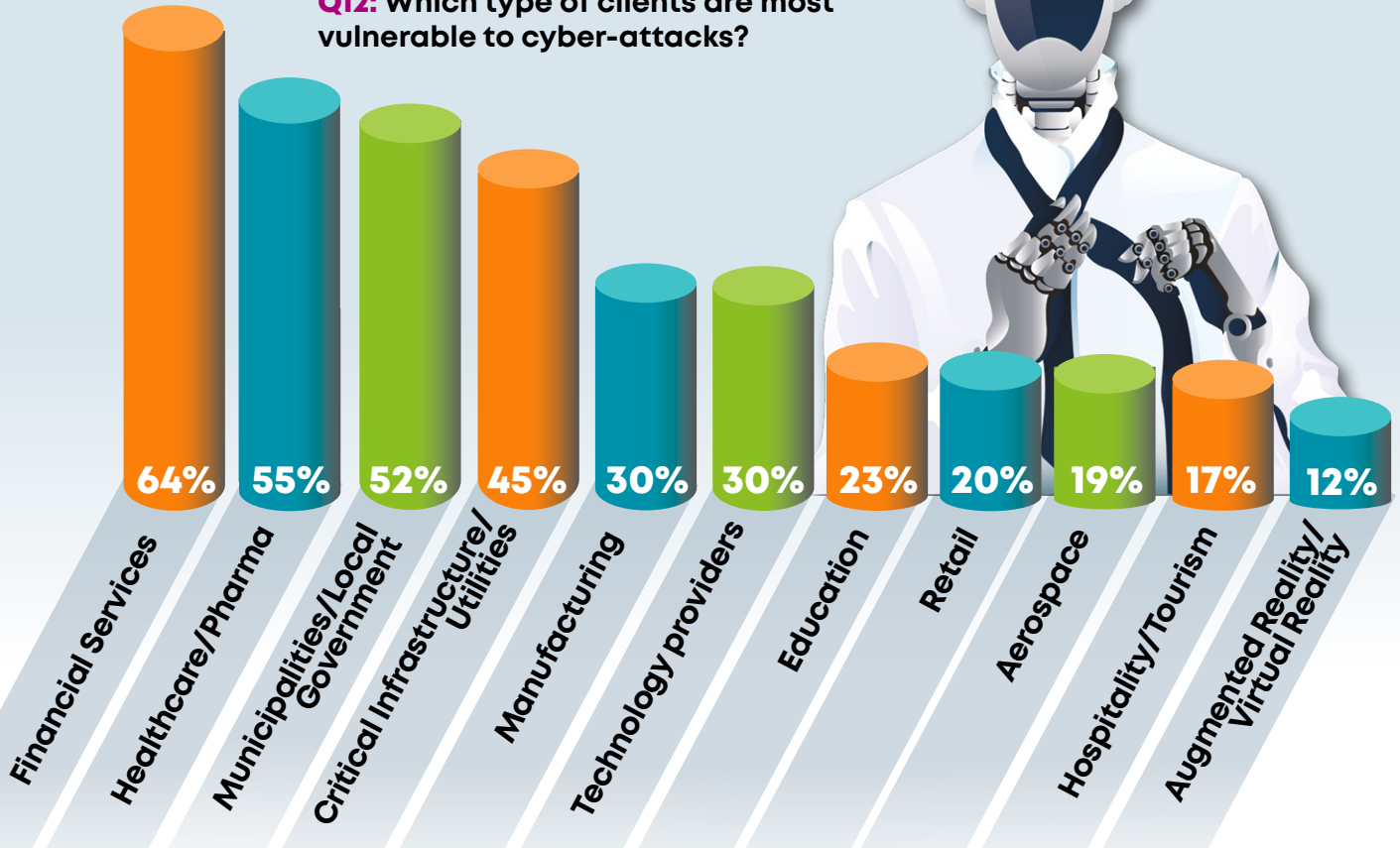
Q11: Which cyber threats are driving the biggest losses?



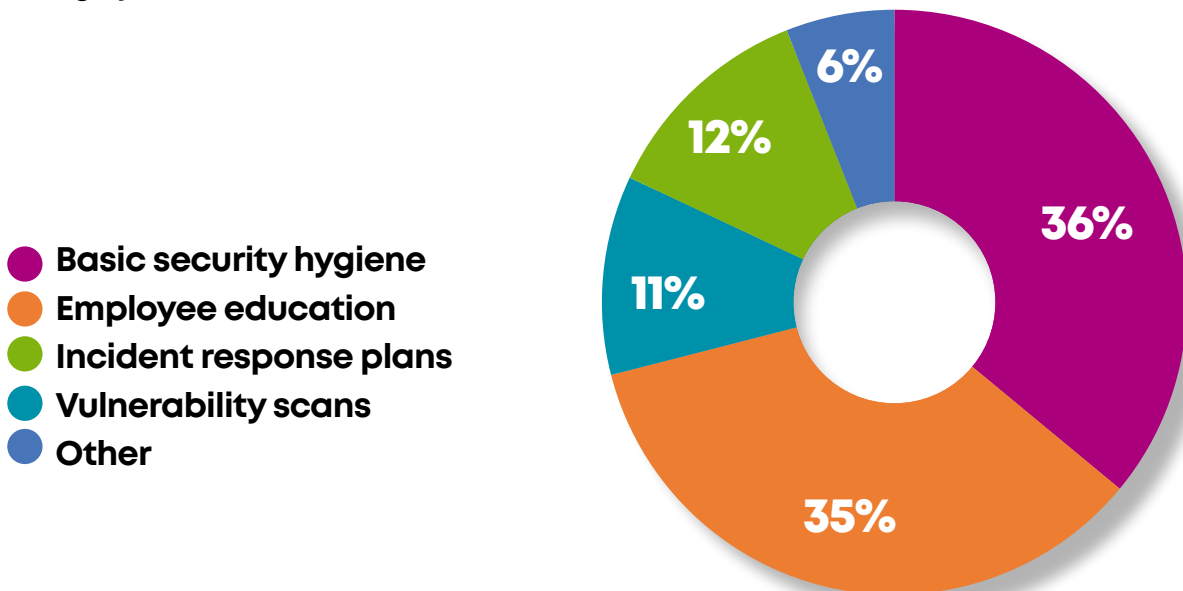
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Q12: Which type of clients are most vulnerable to cyber-attacks?

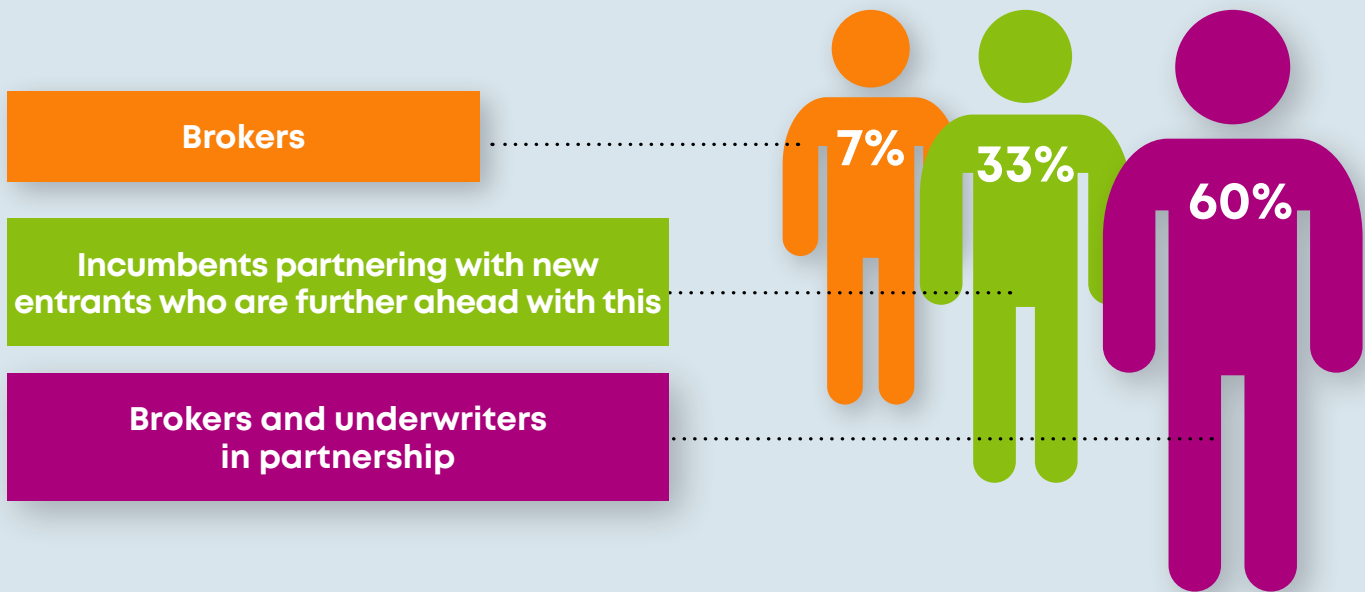


Q13: Which risk mitigation measures/risk engineering services are most important for increasing cyber resilience?

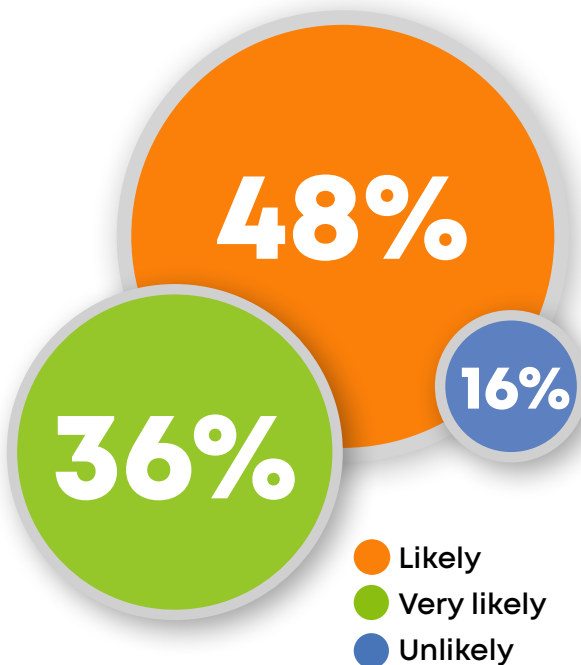


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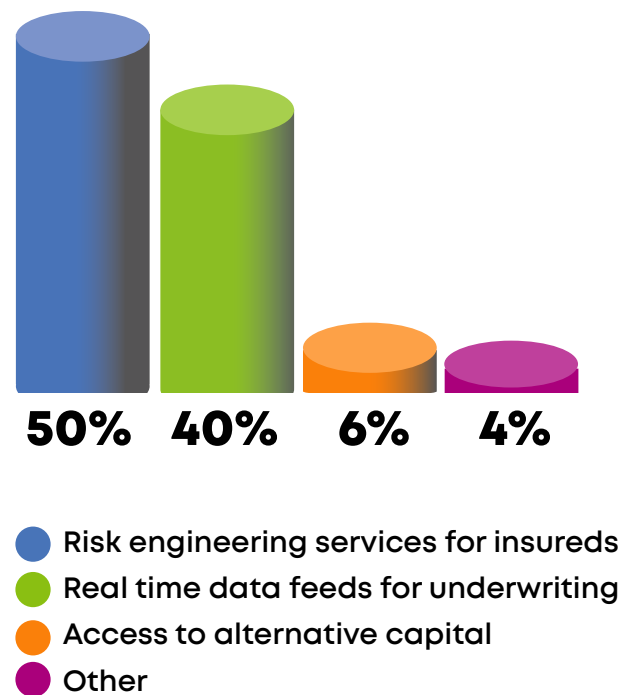
Q14: Who is best placed to deliver risk mitigation/risk engineering services to insureds?



Q15: How Likely are you to use an external risk mitigation/engineering service to support your services



Q16: What is most likely to improve the profitability of cyber insurance?



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This infographic was produced in conjunction with *Intelligent Insurer's* upcoming event, **Cyber Risk and Insurance Innovation Europe (February 8th, 2024, London)**.

For more information contact Debbie Atwell on datwell@newtonmedia.co.uk or [click here](#)



Cyber Risk & Insurance Innovation

February 8, 2024, London **EUROPE**

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Full Day of Content Tackling the Biggest Issues in the Cyber Risk and Insurance Markets

Our speakers, sponsors, and delegates will assemble to discuss the greatest opportunities and challenges in the sector.

Key themes include:

- **Navigate market cycles, volatility and ensure sustainability in the evolving cyber insurance landscape:** Get to grips with issues hindering growth such as pricing, coverage, the availability of capital, increased cyber threats, policy wording, lack of data and quantification of risk
- **Rethink cyber systemic risk and approaches to break down obstacles hindering growth:** Explore the depths of systemic cyber exposure and discuss how prepared the market is for a systemic event that impacts the entire market
- **Ensure clarity in the face of war exclusions:** Delve into the complexities of war exclusions for insurers, especially concerning state-sponsored cyber attacks. Explore challenges in attribution, aggregation, localisation, and potential litigation risks
- **Build a resilient front against ransomware attacks:** Explore collaborative strategies among regulators, government, insurance carriers, cyber specialists, and technology companies towards reducing and overcoming ransomware risk
- **Find a path to profitable cyber insurance growth and unlocking the full potential of the SME cyber market:** Assess the challenge of underwriting cyber and growing a portfolio in the ever-tighter market and establish what cyber insurance policies need to encompass or avoid to appeal more to SMEs
- **Quantify cyber risk:** Get up to speed with the latest developments in cyber risk assessment, and discover how enhanced monitoring and modelling techniques are helping insurers to anticipate, quantify and price cyber risk
- **The growing role of AI in cyber insurance:** possibilities and pitfalls: Navigate the game-changing potential of AI to reshape the insurance landscape but also address concerns about the emergence of a new wave of security threats that increase effectiveness and scale of cyber attacks

Some of the companies our speakers are from



Click the link below for more information

<https://www.cyber-insurance-innovation-eu.com>