2021 Cyber-liability Insurance

Market Outlook

Across industry lines, cyber-attacks have surged in frequency and sophistication, resulting in a rise in cyber-losses. In these market conditions, we predict that most policyholders will experience higher cyber-liability insurance rates this year. According to Finaria, the global cyber-insurance market is expected to grow to a value of £6.83 billion in 2021. This would represent a 21 per cent increase compared to 2020. Furthermore, the firm projected that the market could more than double from the aforementioned figure to a value of £14.66 billion by 2025. These projections can be largely attributed to greater awareness and understanding of potential cyber-threats. The rising frequency of remote work during the coronavirus pandemic has made such cover particularly important for both organisations and individuals .

Trends to Watch

- **Push for standalone policies–**Amidst growing cyber-risks, most standard property and liability policies have exclusions for cyber-exposures to avoid unexpected losses. As such, it's critical for organisations that don't already have a standalone cyber-liability policy to seriously consider securing one.

- **Remote work exposures–**The pandemic forced many organisations to have their staff work from home for the first time. Unfortunately, these telework arrangements led to a rise in cyber-attacks, as many cyber-criminals targeted remote employees in various phishing incidents. Additionally, many cyber-risks—such as issues related to business email compromise (BEC) incident—have emerged or become more prevalent due to remote work.

- **Ransomware concerns–**Ransomware is any type of malicious software that infects a computer and either prevents it from working as it should or prevents access to certain files until the user pays a ransom. The number of ransomware attacks has spiked in the past few years. Organisations should be particularly wary of double-extortion ransomware, which may result in cyber-criminals not only compromising systems, but also threatening to release sensitive information to the public. In response to this rising threat, some insurance carriers have revised cover related to ransomware incidents.

- **Regulatory ramifications–**A multitude of international and domestic jurisdictions have recently debuted new data protection laws aimed at increasing responsibilities and compliance considerations for organisations that handle sensitive data.

- **New technologies–**Many employers have had to rely more on technology during the pandemic. New technology can help make operations easier and more efficient, but they can also result in additional cyber-risks.

Tips for Insurance Buyers

- Work with your insurance professionals to understand the types of cyber-cover available and secure a policy that fits your needs.

- Utilise security services offered by insurance carriers and third-party vendors to strengthen your cyber-security measures.

- Focus on employee training to prevent cyber-crime from affecting your operations.

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