

Cyber Liability

MARKET UPDATE Q4 2023



WHAT TO EXPECT

- Steady rates due to ample capacity in the market, following tough market conditions and unprecedented price adjustments in 2021 and 2022.
- Loss Frequency has stabilized since a peak in criminal activity in 2021 while severity of claims remains high. Ransomware claims still appear to be on the rise in 2023 driven by state-actor activity that is sharply influenced by geopolitical events.
- Continued underwriting focus on cybersecurity training for personnel, with human error the weakest link, especially as it pertains to email security.

Underwriters are seeing topline growth in Canada, with cyber general liability showing significant profitability in the first six months of 2023. Lloyd's continues to command a sizeable chunk of the Canadian market and captured the bulk of underwriting profit in the first half of the year.

Cyber is the fastest growing market globally, anticipated to triple to more than \$36 billion by 2028, from \$12 billion in 2022. Cyber coverage is becoming more standardized with similar agreements, endorsements, and exclusions, regardless of the underwriter. A new era of war and widespread event exclusions remain an area of concern to both clients and brokers but are largely untested in the legal systems Worldwide.

Even clients with past claims can be attractive to insurers, providing they can demonstrate they've mitigated losses and become more vigilant about cybersecurity awareness across the organization. Human error remains the weakest link, especially when it comes to email security. Clients that can demonstrate they have regular cybersecurity training and testing in place will appeal to insurers.

It's not always reflected in the news headlines, but small and medium-sized Canadian companies are being hit more frequently and with heightened severity. Unlike larger organizations, smaller firms may not have in-house expertise to assess the exposure, mitigate risk, and manage claims.

Brokers have a role to play as risk management partners for organizations of all sizes, but especially with smaller firms who may not have that expertise on their payroll.

**If you have questions specific to your business, or would like additional information,
please reach out to your Iridium Risk Services Advisor**

LET US HELP YOU MANAGE YOUR RISK

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