



ProWriters

Professional & Management Liability Insurance

Retail vs. Wholesale Brokerage: *Which is Better for Cyber Insurance?*



Retail vs. Wholesale Brokerage: Which is Better for Cyber Insurance?

Total net premiums in the U.S. insurance industry were \$1.2 trillion in 2017. Cyber insurance premiums are making up an increasing share of the total as people realize the importance of cyber coverage. Understanding the differences between retail and wholesale brokerages can help you decide the optimal route to getting the best cyber coverage for your clients.

Retail Brokerage: What do they do?

Retail insurance brokers interact directly with insurance buyers and work to find coverage on their behalf. Typically, a retail insurance brokerage will:

- Conduct research on insurance policies
- Negotiate with insurance providers to secure favorable terms
- Collect insurance premiums
- Compile data for insurance underwriters
- Renew or revising existing policies for clients
- Offer guidance on claims handling



Wholesale Brokerage: What do they do?

Wholesale insurance brokers do not directly interact with insureds and instead act as intermediaries between the insurer and the retail broker. They have specialized expertise in specific markets and insurance products. In general, wholesale brokers are able to:

- Search for best providers to place risks on behalf of retail brokers
- Build relationships with carriers and retail brokers
- Negotiate with underwriters and insurance producers
- Develop in-depth knowledge of trends and risk appetites for carrier markets
- Facilitate fast turnaround times with carrier partners to provide quotes for retail brokers

When retail brokers are unable to obtain insurance coverage on behalf of their client, a wholesale broker can provide them with the access and expertise they need to get the right policy.



Insurance Brokers and the State of Cyber Insurance

The U.S. cyber insurance market is rapidly expanding. Multiple indicators suggest exciting opportunities for brokers.

Profitability

Despite annual increases in the number of cyber attacks, cyber liability insurance remains profitable. Based on data published in the *Insurance Journal*:

AVERAGE LOSS RATIO
FOR STAND-ALONE
CYBER POLICIES WAS

35.4

AVERAGE LOSS RATIO
FOR PACKAGED
POLICIES WAS

28.8

AVERAGE CLAIM SIZE
FELL 37% TO \$56,688
IN 2017

↓37%

Low loss ratios and declining claim sizes indicate healthy profitability for the cyber market. Small businesses comprise an increased share of insureds and outperform the average market loss ratios overall.



Growth Prospects

Current trends suggest significant growth for the U.S. cyber insurance market. Increased concern in cyber exposure drives the expansion. From the latest market trends:

OVERALL CYBER PREMIUMS GREW 54% TO \$2 BILLION IN 2017

54%

NORTH AMERICA ACCOUNTS FOR 87% CYBER MARKET

87%

CYBER INSURANCE MARKET IS PROJECTED TO REACH \$17.55 BILLION IN 2023

\$17.55
BILLION

Cyber insurance growth trends present increased opportunities for brokers over the next several years.



For Cyber Insurance, get a Specialist

So when it comes to cyber coverage, what's the best insurance distribution channel? Because of the specialized nature of the coverage, **wholesale brokers are well-positioned to offer the best cyber policies.**

Why You Should Choose a Wholesale Broker

A wholesale broker with access to specialist cyber markets can utilize their unique experience to:

- Explain risks and coverages in detail
- Utilize expertise to secure better policy terms
- Identify top markets for specific risks
- Leverage vendor relationships for risk management services

Why You Should Avoid the Standard Market

Placing cyber coverage in the standard market puts agents, brokers, and their clients at a disadvantage because:

- Available cyber products are often obsolete
- Standard coverages lack new coverage's
- Specialized claims adjusters are typically not available
- Higher E&O risk to agents and brokers is present

The ProWriters Solution: Wholesale Built for Cyber

ProWriters Insurance is full-service wholesale brokerage built on the idea that agents and brokers should have multiple options as part of a streamlined process. We know how long it can take to fill out long applications and wait days or weeks, only to get a cyber policy that isn't the right fit.

We simplify the insurance process by cutting out the redundancies and leveraging our technology and expertise to find optimal cyber coverages as efficiently as possible. With ProWriters, you get:

CYBER EXPERTISE
BACKED BY **20 YEARS**
OF INSURANCE
EXPERIENCE

HIGHER
COMMISSIONS

SUPERIOR
BENCHMARKING
SERVICES

STREAMLINED
ACCESS TO **MULTIPLE**
TOP CARRIERS

To help brokers and agents, we created our Cyber IQ Comparative Rate Portal. This powerful online technology solution allows users to **get multiple quotes from multiple carriers in just minutes** along with a detailed coverage comparison.

Choosing a wholesale brokerage is the smart way to go for cyber insurance. More expertise, strong relationships, and better guidance all lead to the optimal cyber policy for your client.

**Don't waste another minute filling out long applications.
Give us a call at 484-321-2335 or email us at info@prowritersins.com
to speak with a cyber expert today!**

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