



# ProWriters

Professional & Management Liability Insurance

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## The History of Cyber Insurance

The Evolution of Cyber products

## The Late 90's

- The first cyber / internet policies start to appear in the market.
  - Many take credit for writing the first cyber policy.
- Some of the first stand alone products only covered liability from a Hack of a 3<sup>rd</sup> Party.

## Early 2000's

- Later versions covered breaches occurring at the insured.
  - They had many exclusions:
    - Rogue Employee
    - Regulatory
    - Fines & Penalties
  - No First Party Coverage

## Mid 2000's

- Added Coverage for 1<sup>st</sup> Party
  - Cyber Business Interruption
  - Cyber Extortion
  - Network Asset Damage
- Added sublimit for HIPAA Liability

## CA Security Breach Information Act

- Effective July 1, 2003
- Requires a business or agency that conducts business in CA to notify affected residents of CA of any breach if personal information was or is reasonably believed to have been accessed by an unauthorized person.

## CA Security Breach Information Act cont.

- Personal Information means an individuals first or last name in combination with a Social Security number, drivers license number; or account, credit or debit card number in connection with an access code or password.

## The results

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- Many states follow in adding similar laws.
- This resulted in new coverages being offered.
- New 1<sup>st</sup> Party Coverages:
  - IT Forensics, PR, Credit Monitoring / Repair, Customer Notification.
- New 3<sup>rd</sup> Party Coverages:
  - Regulatory Defense & Fines / Penalties

## Late 2000's

- Many of the new coverage's offered were only available with strict sub-limits.
- This made excess placements difficult.
- Each carrier had a very different appetite
- Each carrier had different hot button issues
- Each carrier had very different views on Cyber Risk.



## 2010's

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- The number of carriers with stand alone products has grow north of 50 into the 60's
- 2014 – Year of the retail Breach
- 2015 – Year of the Healthcare Breach
- Products continue to evolve
- Carriers have changing appetites in response to breaches

## State of the Market in 2016

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- Leading carriers in a better position than those with small market share.
- Pricing is still volatile.
- Coverage terms still differ greatly.
- Movement towards providing more Risk Management Services with the policy.

## State of the Market in 2016 cont.

- There are many differences between small business and large accounts.
  - As far as the right market
  - As far as the number of questions asked
  - Broad Coverage vs. Narrow / Skinny coverage
- Real expertise is hard to come by.

## State of the Market in 2017-2020

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- Significant market growth
  - Large risks expanding coverage and limits
  - Smaller risks starting to buy policies
  - More services available for SME business
- New Entrants – Insuretechs launch

## State of the Market in 2021 & 2022

- The market hardens
  - Reinsurance rates go up
  - Capacity shrinks and dries up for poor risks
  - Carriers focus on mandatory controls
  - New services, new automation, security scans are prevalent
- Comparative rating goes mainstream

## Closing Advice

- Find someone with real expertise and good relationships with a lot of cyber markets.
  - Use their expertise to explain the exposure
  - Get out early and get multiple quotes
- Talk to every client about this, as every business has this exposure.
- The devil is in the detail, know the forms, coverage, and exposures