



Cyber Market Update

AJA/VVJ

13/06/2024



Impact on Insurance

Cyber Insurance Market: Global Overview

Three Areas Shaping the Market Through the Balance of 2023

1

New Capacity has helped soften the market.

Recent events have led us to be more cautious on capacity increases we expect in the second half of the year.

2


The underwriting process is rigorous, but it's also more comfortable for businesses, if they are well-positioned to share their security narrative.

3

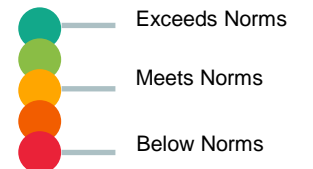
Infrastructure exclusions, war exclusions and “widespread events” remain in the terms and conditions spotlight.

Cyber / Technology Professional Liability

Q3 2023 Market Dynamics (general market conditions, not client-specific)

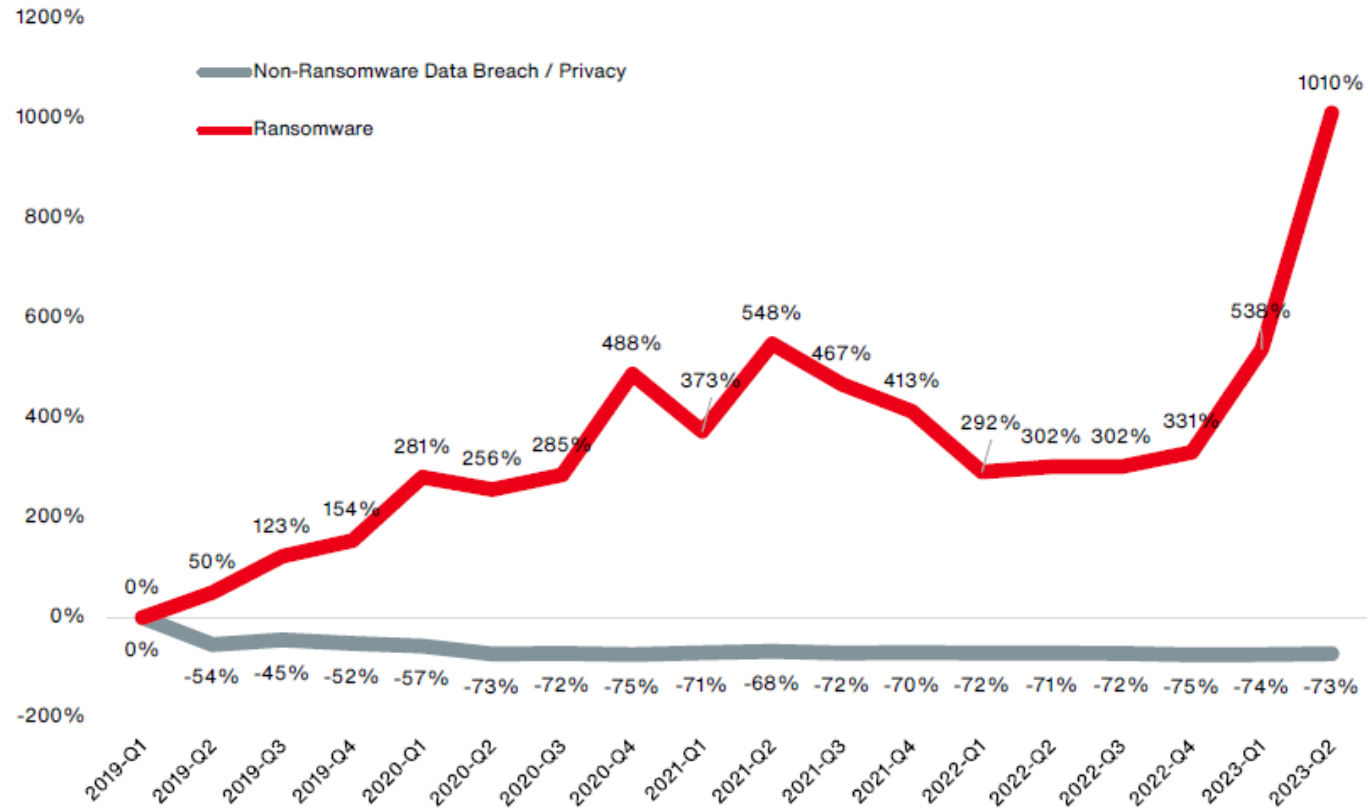
Pricing Primary: (Consistent) Excess: (Consistent to Decreasing)	
Capacity/Limit (Improving)	
Underwriting / Process (Rigorous)	
Retentions (Consistent)	
Coverages (Consistent to Restricting)	
Claims & Loss (Increasing)	

Overall	<ul style="list-style-type: none"> Market conditions have been buyer friendly throughout 2023. More capacity is available in comparison to 2022. While risk differentiation remains important to insurers, many insureds have improved their security controls to a level that aligns with underwriting expectations.
A Look Ahead	<ul style="list-style-type: none"> Identifying the right long-term insurer, who understands your risk and is willing to customize policy wording to address your risk concerns, and response strategies, is critical as we look forward to what may be a turbulent market over the next 3-5 years. Pricing for large market cap companies should continue to improve throughout 2H of 2023. Competition and new capacity in the primary middle market segment and national account excess layers segment continue drive pricing down compared to Q2 of 2022. Systemic risk is a top concern for insurers. They continue to evaluate, scrutinize, and in some instances restrict coverage offered for critical infrastructure, systemic and/or correlated events, and war with certain insurers restricting coverage on either a generalized or event specific basis. Privacy related losses are mounting, and they are severe. Insurers are increasing underwriting scrutiny related to privacy exposures and data collection including biometric information, pixel tracking and new privacy/consumer protection regulations.



Errors & Omissions and Cyber

Global Market Developments: Cyber Incident Rates Indexed to Q1 2019



Source: Risk Based Security, analysis by Aon. Data as of 7/2/2023

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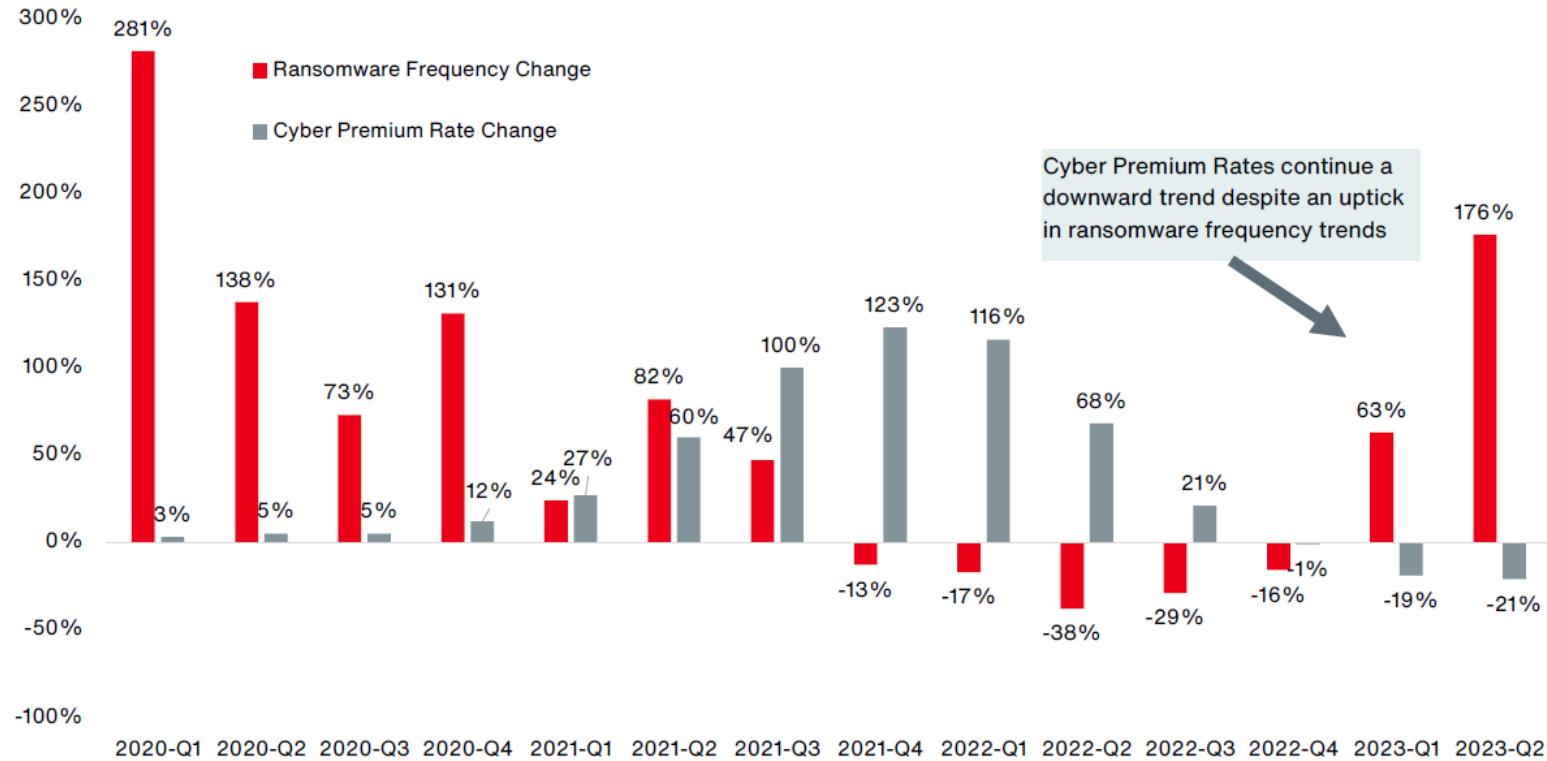
Key Observations

- Ransomware activity has continued to outpace Non-Ransomware Data Breach/Privacy Event activity.
- Ransomware up 1,010% from Q2 2019 to Q1 2023
- Compared to Q1 2023:
 - Ransomware up 88%
 - Non-Ransomware Data Breach/Privacy up 6.5%
- Claim count development may mitigate this decrease

Errors & Omissions and Cyber

Global Market Developments:

Year-over-Year Cyber Incident Frequency Change (by Quarter)



Source: Risk Based Security, analysis by Aon. Data as of 7/2/2023; Claim count development may cause these percentages to changeover time

Cyber Insurance Market: Impact

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Areas of developments

- Solarwinds, Horizon, SaaS
- UW information
- Prevention
- Extended proposal forms/questionnaires
- Selective UW
- Cyber exclusions (D&O, PI, GL, etc)
- Affirmative cyber coverage

Cyber: AI impact

Cyber: AI impact

- Hacking side
- Security/company side
- Widespread events

Cyber: Claims examples