

Overview

Cybersecurity protection continues to be crucial to the effective and efficient operation of U.S. businesses. Insurers face cybersecurity risks in their daily operations, as do all firms in the financial sector. The reasons the financial services sector is susceptible to cyberthreats are multifaceted. Financial firms receive, maintain, and store substantial amounts of personally identifiable information (PII); however, insurers, in many cases, receive personal health information in addition to personal financial information from both policyholders and claimants. In both

Total Market – U.S. Domiciled Insurers



Loss Ratios

The top 20 groups in the cyber insurance market reported direct loss ratios in the range of 24.6% to 114.1%. The figure below depicts the average loss ratios over the past four years. The loss ratio for 2020 for the top 20 groups averaged 66.9%, up from 44.6% in 2019.

Exhibit 1 presents the loss ratios for these insurer groups. It is important to note that the cybersecurity insurance market is still developing. Therefore, an element of catastrophe exposure continues to exist. The cyber market continues to be a developing market; as a result, the wide range of loss ratios is not unanticipated.

The top 20 U.S. groups writing standay99483 0 0 53.9999954 0 0.0000046 -7.6 (wn4.2 (p)-6.1 (2a1 (a99483 0 0 53.5a994 p4.2 (p)a1 (

Standalone identity theft policies represented a little over \$7 million in direct written premium, and the number of

Data Table

The chart below depicts the information collected from all years of data collection.

	Direct Written	Direct Written	Direct Written	Direct Written	Direct Written	Direct Written	Direct Written	Direct Written	Direct Written
Perennialia	Perennialia	Perennialia	Perennialia	Perennialia	Perennialia	Perennialia	Perennialia	Perennialia	Perennialia
Standard Alliance	Standard Alliance	Standard Alliance	Standard Alliance	Standard Alliance	Standard Alliance	Standard Alliance	Standard Alliance	Standard Alliance	Standard Alliance
Policy Levels	Policy Levels	Policy Levels	Policy Levels	Policy Levels	Policy Levels	Policy Levels	Policy Levels	Policy Levels	Policy Levels
Alien	Alien	Alien	Alien	Alien	Alien	Alien	Alien	Alien	Alien
Year	(1)	(2)	(3)	(4)	(1+3)	(2+4)	(1+2+3+4)	Year	
2015	\$ 932,645,734	\$ 1,415,843,707	2015	\$ 483,197,973	\$ 932,645,734	*Not Reported	*Not Reported	\$ 483,197,973	
2016	\$ 862,399,169	\$ 1,552,226,099	2016	\$ 1,263,293,496	\$ 1,263,293,496	\$ 3,222,227,536	2016	\$ 811,957,406	
2017	\$ 831,423,000	\$ 1,477,984,999	2017	\$ 1,224,842,000	\$ 1,224,842,000	2017	\$ 994,229,159		
2018	\$ 834,238,000	\$ 1,477,984,999	2018	\$ 1,224,842,000	\$ 1,224,842,000	2018	\$ 994,229,159		
2019	\$ 834,238,000	\$ 1,477,984,999	2019	\$ 1,224,842,000	\$ 1,224,842,000	2019	\$ 994,229,159		
2020	\$ 932,645,734	\$ 1,415,843,707	2020	\$ 483,197,973	\$ 932,645,734	*Not Reported	*Not Reported	\$ 483,197,973	

* Alien surplus lines data was not reported for the 2015 data year.

** As a result of further analysis, the data for the 2019 data year has been amended.

Marsh and McClennan indicated that the cyber insurance take-up rates for their clients in 2020 was 47%, indicating a 5% increase from 2019 take-up rates.¹⁹ While businesses are aware that cyber risk is a looming issue, it is not uncommon for policyholders to believe their current business insurance policy cover a cyber loss.²⁰

This report shows premiums grew substantially in 2020 as cyberthreats, particularly those having to do with ransomware, continue to rise. As state insurance regulators monitor this evolving market they may wish to consider whether any enhancements are needed to the Cyber Supplement to better understand the market.

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¹⁹ Cyber Insurance: Insurers and Policyholders Face Challenges in an Evolving Market, GAO, May 2021.

²⁰ [Riskandinsurance-digital.com/riskandinsurance/august_2021](https://riskandinsurance-digital.com/riskandinsurance/august_2021).