

SYNOPSIS

Insuring Cyber Risk – A Collaborative Approach

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Key words: Cyber, Insurance, Data, Product, Underwriting, Pricing, Exposure, Market, Australia

Purpose of your paper: To provide a comprehensive introduction of the risks and opportunities of insuring cyber risk in Australia. It attempts to demystify how cyber insurance fits into the business and insurance market, and highlights how a collaborative approach across different disciplines is required to thrive in the digital world. The paper focuses on the perspective of the General Insurer offering cyber insurance. It is relevant for actuaries, underwriters, product and claims managers, as well as anyone interested in understanding cyber insurance in Australia.

Synopsis:

Cyber risk is now seen at the top of the list of concerns facing businesses and governments around the world. Given the evolving nature of technologies, varied cyber-related risks are emerging and insurers are well placed to provide protection to businesses against these risks. In Australia, the cyber insurance market is in its infancy and there is little data or consistency to shed light on the way that businesses and insurers are managing cyber risk. There are many questions and concerns for those insuring cyber: Are cyber risks insurable, and what is the exposure potential? What is the best way to provide cover? How do we price and underwrite, and what data is available? The Actuaries Institute Cyber Working Group provides an introduction to insuring cyber risk in Australia and explores the risks and difficulties this creates for General Insurers. The paper touches on the current state of the market, available data, product design, underwriting and pricing, aggregation, claims and reserving. Australia is at the start of the journey towards understanding and insuring cyber risks. Insurers will need to work through the concerns and difficulties of insuring cyber risks to remain relevant in the digital world. Collaboration with other experts is required to best tackle these difficulties and concerns.