

Over 60% of insurance experts expect higher cyber-related losses over next 12 months

September 17, 2018

LONDON, Sept. 17, 2018 (GLOBE NEWSWIRE) -- Insurance companies are expecting increased cyber-related losses across all business lines over the next 12-months, driven by increasing reliance on technology and high-profile cyber-attacks, according to Willis Re's annual [Silent Cyber Risk Outlook global survey](#).

The survey reveals that over 60% of respondents estimate it is likely to incur more than one cyber related loss for every hundred non-cyber covered losses over the next 12 months in *all* lines of business apart from workers compensation compared to less than 50% in *any* line of business in 2017.

Large cyber-attacks, like WannaCry or NotPetya, are also expected to be more frequent, with over 60% of respondents stating they anticipate these occurring at least once every five years.

The increasing frequency of cyber-attacks and resulting threat to utility infrastructure led to the IT/Utilities/Telecom industry group reporting the highest perceived property silent cyber risk factor, with 42% of respondents reporting they are likely to incur ten or more cyber related loss for every hundred non-cyber covered losses.

Anthony Dagostino, Global Head of Cyber Risk Solutions, Willis Towers Watson, said: "The insurance market considers 'silent cyber' or cyber-related losses under policies where cyber risk isn't specifically included, to be a far greater risk than ever before.

"The 2017 WannaCry and NotPetya attacks highlighted this risk and potential damage across all business areas – causing significant concern around silent cyber. This increased risk perception has highlighted the need for specific cyber coverage, but competitive market conditions are limiting the scope for coverage or pricing adjustments to be made in other lines of business."

Mark Synnott, Global Cyber Leader, Willis Re, said: "Willis Re is at the forefront of helping clients assess aggregation risk to silent cyber exposure through our annual silent cyber survey, which we have built into our portfolio analytics. We also have a market-tested reinsurance solution to mitigate this risk – CASTL, a cyber aggregate stop loss that covers all forms of affirmative and silent cyber exposure."

The survey ranks respondents' silent cyber risk factor from <1.01, indicating less than one anticipated cyber related loss per hundred non-cyber covered losses, to 2.0, representing as many cyber losses as non-cyber losses over the next 12 months.

Close to 700 participants from over 100 insurance and reinsurance companies were surveyed globally across five business lines, including: first party property, other liability (including auto), workers compensation, errors and omissions (E&O) and directors and officers (D&O)*.

Other findings include:

- **Significant increase in 'other liability' silent cyber exposure:** 62% believed the silent cyber risk factor is above 1.01 for 'other liability', compared to just 35% in 2017.
- **Perceived cyber risk gap closing between property and 'other liability':** The gap between perceived silent cyber risk between property and 'other liability' has been eliminated since 2017. In 2017, 47% of respondents believed the silent cyber risk factor was above 1.01 for property (vs 35% for 'other liability'). In 2018 the comparable percentage for both lines of business is 62%.
- **D&O and E&O lines face significant silent cyber risk:** Over 30% of respondents estimate their silent cyber factor is 1.10 or higher.
- **Silent cyber risk grows across all industry groups:** In 2018, majority of the respondents believe all industry groups** in both property and other liability had a silent cyber risk factor of greater than 1.01 This contrasts with 2017 when only two of the nine industry groups in property and none of the nine industry groups in other liability met this threshold.
- **Hospitals/Medical Facilities/Life Sciences top 'other liability' silent cyber risk:** The industry group with the highest silent cyber for 'other liability' with 34% of respondents view risk to be 1.10 or greater – an increase of 15% on 2017.

Established in 2017, Willis Re's [Silent Cyber Risk Outlook survey](#) runs annually to monitor the insurance industry's perception of silent cyber risk.

**E&O and D&O are new business lines for the 2018 survey.*

***Industry groups surveyed include construction/engineering/real estate, transportation/shipping, hospitals/medical facilities/life sciences, public sector/universities/educational institutions, IT/Utilities/telecom, industrial/manufacturing/natural resources/energy, financial services, retail/hospitality, commercial and professional services.*

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About Willis Towers Watson

Willis Towers Watson (NASDAQ:WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has over 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.

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Source: Willis Towers Watson Public Limited Company