#RiskConversations webinar

THE GENEVA ASSOCIATION

INSURANCE FOR A BETTER WORLD

Cyber Terror and Cyber War (CTCW): Strengthening insurability through clarity and partnerships

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Panel discussion



Jon Bateman
Fellow, Cyber Policy Initiative
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Rachel Anne Carter
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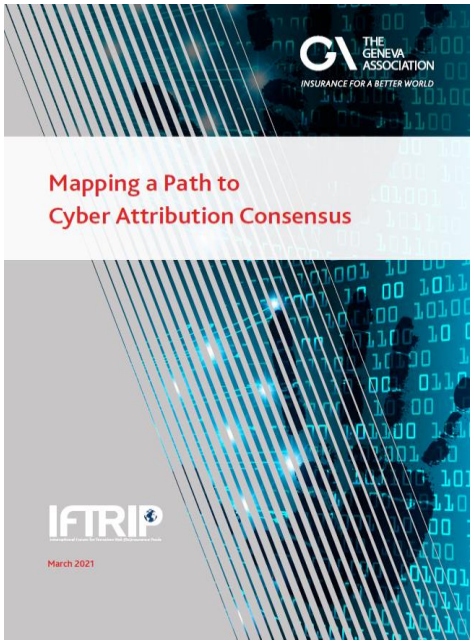
Christopher Wallace
President, IFTRIP,
and CEO, ARPC (Australia)



Matthew Webb
Cyber Line Underwriter
Hiscox

Hostile Cyber Activity: The trilogy of GA-IFTRIP reports

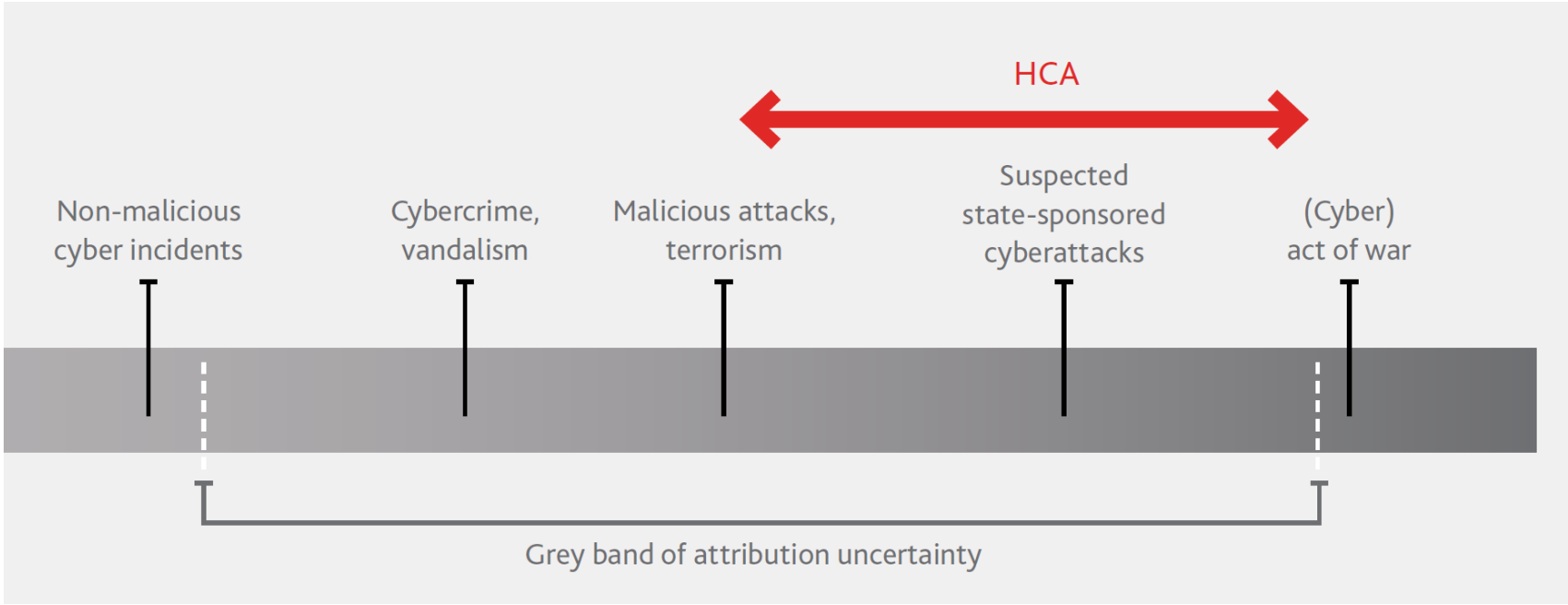






Reports and summaries can be downloaded at:
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Terminological ambiguity – A real challenge



Source: Adapted from Gallagher Re

Mind the gap! A lack of common definitions in policy language creates contractual uncertainty.

Accumulation risk – Mapping the boundaries of insurability

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Scenario	Broad impact	Insurability	Uncertainty of loss estimate	Economic loss estimate (USD billion)	Insured loss estimate (USD billion)
Widespread contagious malware spread[34]	Disruptive	Insured / insurable by the cyber market	High	193	27
Major cloud outage[(1)]	Disruptive	Insured / insurable by the cyber market	High	53	8
Infrastructure disruption or failure (e.g. power outage)[(2)]	Destructive / disruptive	Not insured /insurable for the cyber market, exposure	Very high	1,024	71 (driven by non-affirmative exposure mainly in property)

Source: The Geneva Association and Munich Re

Some losses are too big/uncertain for private re/insurers to absorb alone.

PPP – Towards an optimal risk-sharing scheme

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Scheme feature	Possible pros and cons
Multi-peril (versus single peril)	***Pro:*** Diversification opportunities ***Con:*** Higher administration costs
Mandatory (versus voluntary)	***Pro:*** Enlarges the premium pool and avoids adverse selection ***Con:*** Complex to monitor and enforce compliance
Pre-funded (versus post-funded)	***Pro:*** Incentivises risk prevention and mitigation and funds on-hand for disbursement ***Con:*** Political support to fund a contingency can often be challenging
Parametric (versus indemnity-based)	***Pro:*** Provides post-event liquidity faster and more efficiently ***Con:*** Payout may differ from the actual losses incurred
Solidarity (versus mutuality principles)	***Pro:*** Boosts cyber insurance to those who might otherwise be unable to afford it ***Con:*** Often requires comprehensiveness and compulsion
Permanent (versus temporary)	***Pro:*** Develops a long-term strategy for securing funding as well as accumulating capital ***Con:*** Potentially crowds out private market participants and stifles potential future innovation

Source: The Geneva Association

There will be trade-offs in adopting particular design features but the logic for a PPP is compelling.



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