

## REPORT: CYBER PREMIUMS INCREASED BY 34.3% IN Q4 2021

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The cyber insurance market is seeing a massive shift as premiums have increased for the 17th consecutive quarter in a row, according to results from The Council of Insurance Agents & Brokers' Commercial Property/Casualty Market Index.

Respondents reported an average premium increase of 34.3% for cyber, the first time the line has seen an increase of this magnitude since the post-9/11 hard market, where a line of business had an increase of over 30%. However, cyber isn't the only line of business that saw an increase. Prices increased for other commercial lines, including workers' compensation umbrella and commercial property.

### Why are premiums increasing so significantly?

Respondents pointed to an increased frequency and severity of cyber claims, as well as the difficulty of quantifying cyber risk. While costly risks from floods or other natural catastrophes can be roughly predicted for each year, cyberattacks can happen anytime, anywhere to anyone. "Increased reliance on technology in all industries has made it impossible to predict attacks," said one respondent from a midsize Midwestern firm. "Sophisticated bad actors targeted smaller firms with limited defenses and resources."

Across the board, respondents highlighted underwriters were requiring stricter risk management protocols for cyber insurance. "Requirements of the insured are at an all-time high," said one respondent from a large Northwestern firm, explaining that insureds were often expected to have things like "MFA, EDR, PAM [privileged access management], email and web filtering, cyber incident response planning and testing, patch management, cybersecurity awareness training and phishing testing." Other respondents said similar things, emphasizing repeatedly that insureds needed to implement those risk management plans before carriers would even provide a quote and terms.

Beyond that, to further incentivize insureds to adopt stronger risk management practices, carriers would, according to one respondent from a large Midwestern firm, "offer self-service risk mitigation programs like best practices, sample procedures, training and videos. Many carriers also offered consultations with cyber vendors or cyber experts. Many offered discounted software solutions, and some offered reimbursement for certain pre-approved vendor payments."

Other lines that saw notable increases in premiums in Q4 2021—employment practices, umbrella and commercial property—also saw similar changes in underwriting to cyber.

Relatedly, client education and risk management were two areas many brokers believed firms could find opportunities to grow and expand. "We need to become trusted advisors rather than insurance salespeople," said one respondent from a large Southeastern firm. "So much of what we are doing now requires true risk management in addition to providing quality insurance programs." Said another respondent from a large Northwestern firm, "Employers need guidance in every facet of the business. Brokers can be a great business partner that provides that guidance and direction."

We are here to help you navigate this rapidly changing landscape, and we can help you find the right solution for your insured. Give one of our cyber brokers a call and let us be a resource to you.

[Read the full report here.](#)