

Q2 Cyber Market Update

Professional Liability

We are close to halfway through the year, and where has the time gone? As we march into Q3, this is a good time to reflect on the past six months and review the initial 2023 claims data now being published to identify exposures that need attention moving forward. In the cyber market, 2023 has seen a surprising upward trend in cyber claims, specifically ransomware attacks. This increase is interesting because the previous year (2022) saw a small dip in numbers, which allowed the market to soften a bit and enabled insureds to access robust coverages at favorable prices (similar to pre-pandemic rates).

While there has been a slight fluctuation in claim frequency, the severity of claims continues to grow at an average pace. The new average total ransomware claim is now over \$1.7M, with extortion payments alone creeping above \$400k. The most overlooked factor is the 80-90% increase in attacks against small to medium-sized businesses (SMBs). This tells us that the types of attacks are changing. SMBs heavily rely on data file-sharing software, which has become a prime target for threat actors. While SMBs may not have the financial resources to pay hefty demands, they do have a strong desire to access their files to continue generating revenue.

The awareness of SMBs being valued targets for ransom attacks and social engineering, serves as a reminder that the cyber market is now a proactive one. Insureds are required to have basic controls in place to obtain insurance, as well as additional measures to protect their business from potentially being shut down due to a cyber attack. Below is an article highlighting some of the best practices that businesses should consider in today's file-sharing world to protect themselves from the evolving threat environment:

File-Sharing Security: Emerging Risks and Ways to Help Mitigate Them

The best part of the market shifting from reactive to proactive is that our stand-alone markets offer risk management resources for SMBs who may not have access to them independently, especially financially. If you would like to discuss these risk management offerings or our stand-alone capabilities further, give us a call, and we can have that conversation. It would be valuable for both you and your insureds to have this information and these resources, as our brokers don't see the market changing anytime soon.

Alec Immordino

ext 8784 | aimmordino@arlingtonroe.com

Essie Bennett

ext 2260 | ebennett@arlingtonroe.com

John Immordino

ext 8732 | jimmordino@arlingtonroe.com

Kyle Moore

ext 8673 | kmoore@arlingtonroe.com

Mark Swayze

ext 8648 | mswayze@arlingtonroe.com

Melissa Hilgendorf

ext 8774 | mhilgendorf@arlingtonroe.com

Sarah Immordino

ext 8731 | simmordino@arlingtonroe.com

Sonya Townsend

ext 8668 | stownsend@arlingtonroe.com