



Managing General Agents | Wholesale Insurance Brokers

Urgent Warning: Artificial Intelligence Cyber Attacks Could be Uncovered!

Due to the restrictive property sector and the efforts to remarket accounts to keep them on the books, it is crucial to communicate the changes occurring within the Professional Liability sector. These changes could be very costly for insureds if not addressed now.

The topic of Artificial Intelligence (AI) is increasingly becoming a daily discussion on how businesses can use it to their advantage. However, there is also a significant rise in the use of AI by cyber criminals to enhance their attacks. Specifically, there has been a notable increase in the implementation of generative AI in phishing and vishing schemes.

In 2024, a multinational firm fell victim to a fraud scheme involving deepfake AI technology, resulting in a \$25 million loss. Fraudsters created a highly realistic video deepfake of the company's London-based CFO. During a video conference call, the fake CFO urgently instructed a finance worker to make multiple financial transfers, leading to a substantial loss.

The use of this technology has prompted cyber insurers to reevaluate their coverage of AI technology. Historically, the wording of Fraudulent Inducement has been intended to cover instructions from a "Third Party," which is often undefined. Usually, a third party is defined as a person who is not a party to a contract or transaction. Since AI is not generally seen as a natural person, cyber insurers are starting to incorporate endorsements to address this gap. It is essential to review current accounts to ensure proper coverage for insureds.

For further discussion or to explore available marketplaces that affirmatively cover these new and emerging risks in the Professional Liability sector, reach out to one of our Professional Liability Brokers, and they will help you find the right solution.

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