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Cyber Insurance Premiums Surge by 50% Amid Ransomware Attacks

By Marnie Muñoz

Bloomberg Law News 2023-06-15T09:07:20557406769-04:00**Cyber Insurance Premiums Surge by 50% Amid Ransomware Attacks**

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US cyber insurance premiums surged 50% in 2022 as increased ransomware attacks and online commerce drove demand for coverage.

Premiums collected from policies written by insurers reached \$7.2 billion in 2022 and tripled in the past three years, ratings firm AM Best said in a study released this week.

“Systematic risk is an ongoing concern,” Fred Eslami, an AM Best associate director, said in a statement.

“Ultimately, the coverage provided to insureds may be decided by the risk appetite of the insurer, and to a certain extent, the coverage that reinsurers are willing to provide.”

Ransomware attacks soared last year, pushing demand for coverage after the pandemic-induced work-from-home era also made remote workers more vulnerable to digital attacks. Those attacks also spurred companies and individuals to adopt more robust cybersecurity measures.

Loss ratios for standalone and packaged policies settled down to 43% and 48%, AM Best said, in signs of life for the industry after incurred losses had increased in 2020 and 2021. Surplus lines insurers, which patch unique risks uncovered by conventional policies, are also gaining popularity.

“Surplus lines writers grabbed the bulk of the new business and now account for a majority of cyber insurance premium,” AM Best wrote.

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AI tech and a resurgence of ransomware attacks in 2023 will ensure a steady stream of rising demand for cyber security insurance, Christopher Graham, an AM Best senior industry analyst, said in the statement.

“With the cyber universe expanding and becoming more complex with artificial intelligence creating new exposures and ransomware attacks returning to prominence in 2023, the demand for cyber coverage will only increase” Graham said.

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