

# Q4 Cyber Market Update

2023



## Market Conditions:

Due to refreshed capacity and carrier growth strategies, competition has increased in 2023, primarily for risks exhibiting best-in-class controls. The impact of competition has lessened in the second half of the year, but the potential exists for 0-15% decreases compared to rates in 2022, specifically for companies with significantly improved controls. The possibility of increases continues for companies that have yet to demonstrate year-over-year improvements to IT security controls or those with recent incidents. Regarding coverage, carriers are willing to engage in discussions for enhancements, and there is flexibility in amending forms.

## Claims:

The level of cyberattacks is rising after declining throughout the second half of 2022 and early this year. Ransomware negotiator Coveware notes that the percentage of companies paying a ransom demand has decreased significantly over the past year. However, when ransoms are paid, the amount being paid has notably increased.

## Capacity

- Carriers are offering expanded capacity in the U.S. and London, fostering competition on programs with quality controls
- Some markets have increased their available lines, and there are new entrants to the Cyber market

## Premium

- Anticipate savings for entities maturing their IT security controls and possible increases for insureds with recent losses or less than fully mature IT security
- There is continued pressure on carriers to reduce Increased Limit Factors (ILFs), driving down overall prices for multi-layer programs
- Significant opportunity for competition on rate and considerable savings from 2022 for those with best-in-class controls

## Retentions & Coverage Restrictions

- Some markets are willing to reduce retentions and waiting periods from attachments that increased in past years
- Retentions are driven by revenue and industry
- Potential increase to sub-limited coverages and added enhancements
- Pixel tracking has the focus of underwriters. Coverage may be excluded if appropriate governance is not demonstrated by insureds
- War exclusions continue to be revised by carriers
- Wrongful collection of information, biometrics and cyber crime coverages remain limited



## How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving program.



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