

# Cyber Market Update Q3 2022

## FOCUS ON LARGE ACCOUNTS

### Stability Achieved / Higher Bar for Insured Cybersecurity / Market Corrections Continue

The end of Q2 2022 marks over one year of a turbulent Cyber market. Controls continue to be the driver for positive results and maintenance of coverage for more competitive pricing for entities with particularly strong controls going into Q3 2022. For those insureds that have adapted to and grown with the market corrections of the past year, Q3 2022 shows potential for lower increases of **30%-50%**, with some potential for higher increases on historically competitive programs. However, insureds that do not have fully mature cybersecurity controls can expect the trend of **75%+** increases to continue.



**\$5M**

#### Capacity

- Most carriers continue to offer maximum \$5M layers for new business and renewals.
- Capacity is slowly returning in the U.S., fostering competition on programs with quality controls implemented.
- London market capacity remains constricted for the foreseeable future.



**85%**

#### Premium

- Insurers are opening the door toward lower Increased Limit Factors (ILF), down from the 90%-100%+ rates that were common over the past year.
- Insureds with historically competitive programs can still expect significant increases driven by residual market corrections.
- Expect further increases for accounts with recent losses or less than fully mature IT security controls.



**18-24**

#### Retentions & Coverage Restrictions

- For larger entities and those in high-risk industries, markets are seeking higher waiting periods of 18-24 hours.
- Retentions are increasingly being set by revenue and industry.
- Many markets require co-insurance/sublimit(s) for ransomware and contingent business interruption.
- Coverage for Media, wrongful collection of information, biometrics and cyber crime coverages remain limited.

### Mitigating Market Changes

The Brown & Brown Cyber team recommends the following to best position your company against a challenging cyber market:



1. Work closely with your broker to pre-underwrite your risk and explore the most suitable options.
2. Start the renewal process early, allowing time to identify underwriter concerns and proactively address them.
3. Provide thorough responses on applications and supplements.
4. Consider creative risk financing approaches such as captives and alternate or integrated risk vehicles.
5. Review risk appetite and compare with appropriate limits and retentions.



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