

SCOR Annual Conference

3 & 4 October 2019

The acceleration of Hubs, Networks & Connectivity

How to ensure sustainability of insurability and its development?

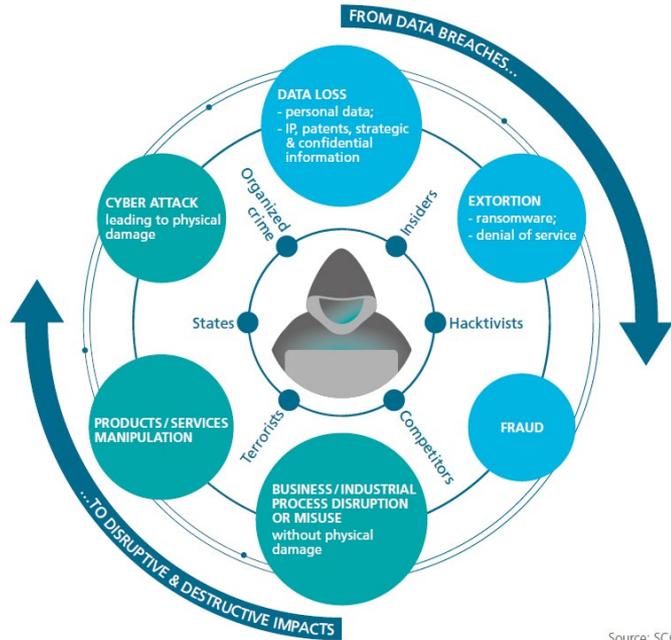
Sustainability of Cyber Insurance in a Hyper-connected World

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As the use of Digital technologies expands, Cyber risk becomes more and more pervasive

Cyber peril is arising from loss, failure or misuse of information technology systems



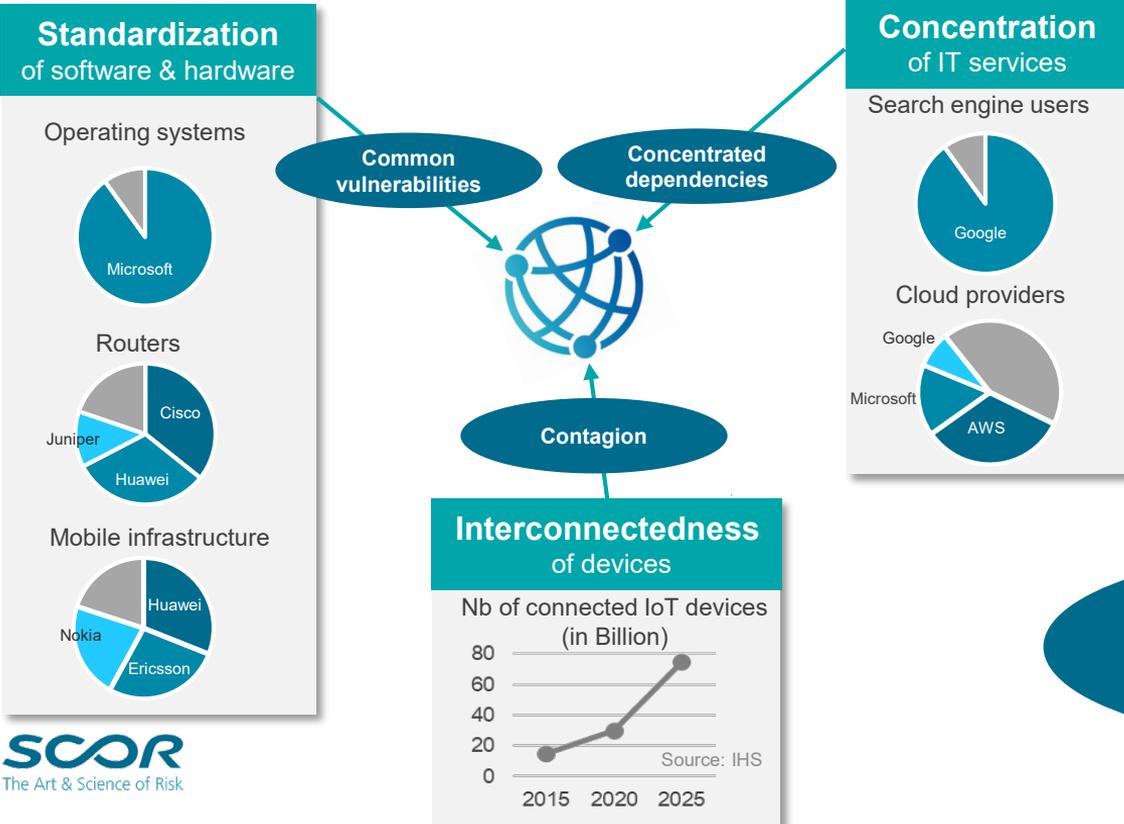
Cyber incidents may:

IMPACT	data	operations and production processes
BE CAUSED BY	3 rd party IT systems	own IT system
BE	accidental	malicious
RESULT IN	physical loss	non-physical loss

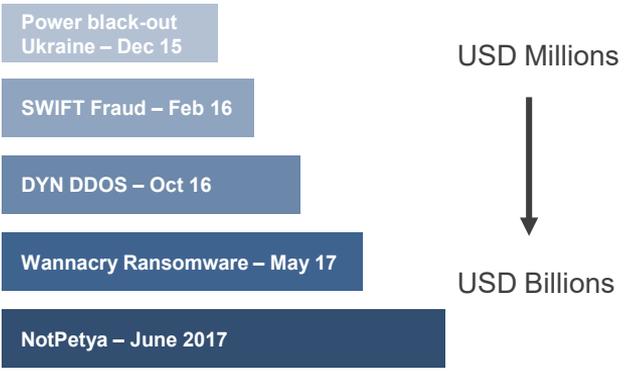
Source: SCOR

Cyber peril has systemic features making it prone to propagation and large risk aggregation

The Digital Economy produces all the ingredients for large-scale Risk accumulation



Some precursors

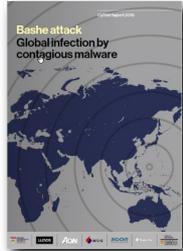


Global events with few limits in time and space

Management of Cyber Catastrophes by the (re)insurance market is still at an early stage

Catastrophe risk modelling still in its infancy

- Deterministic, scenario-based assessment remains the most common approach
- Stochastic models still to be refined
- Difficulty to acquire and structure required information - standards to be defined
- Non-affirmative cover not well assessed



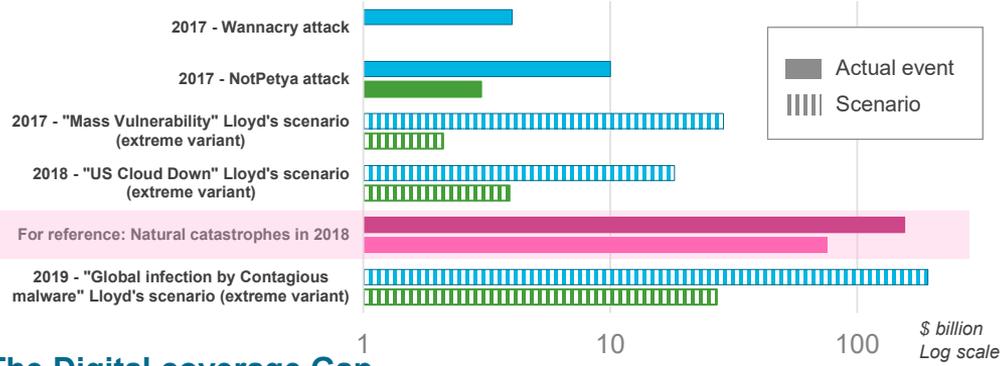
Defining a cyber event is a challenge

- Attribution (perpetrators) is extremely difficult
- Causality chain difficult to ascertain
- Timeline: events may develop over years
- Potentially global events with no geographical boundaries

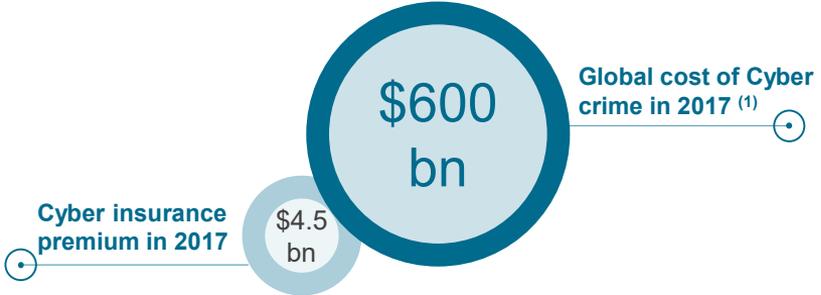


A few Benchmarks

Some events & scenarios



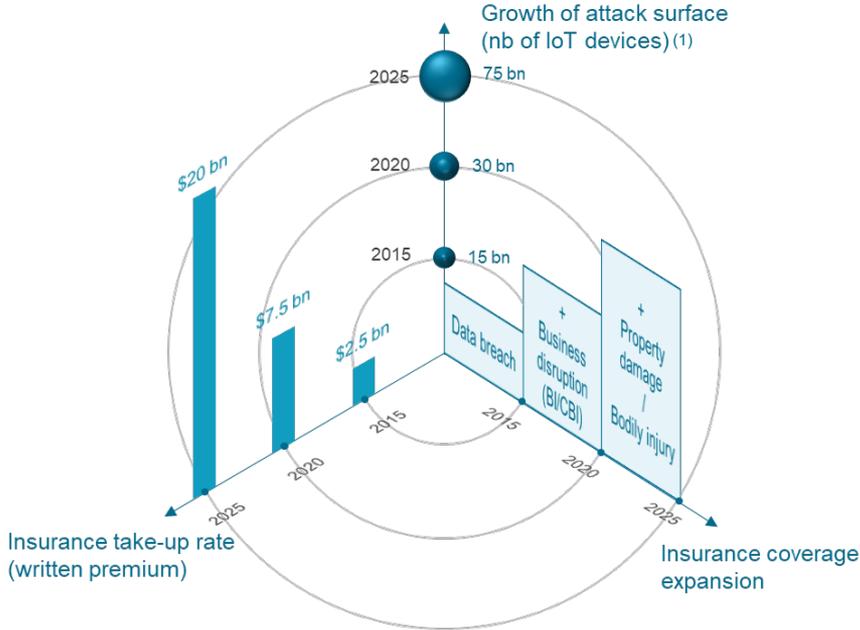
The Digital coverage Gap



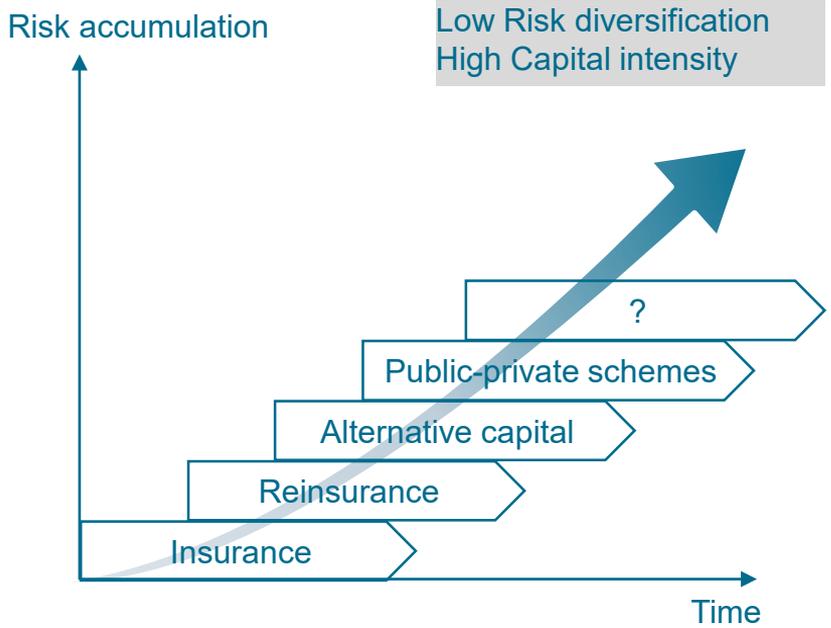
(1) McAfee - Economic Impact of Cybercrime— No Slowing Down

(Re)insurance exposure to Cyber risk is bound to increase

The cyber exposure expansion calls for different instruments to cope with risk aggregation, but lack of diversity makes ability to manage accumulation in the long run uncertain



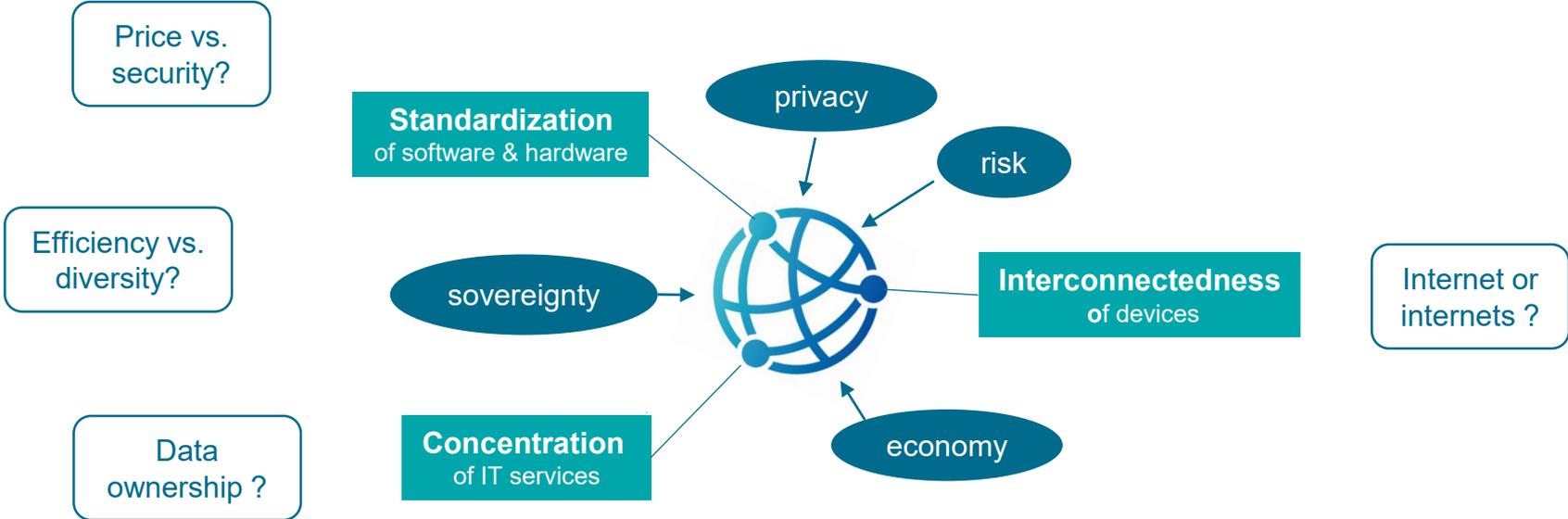
Exposure expansion cube

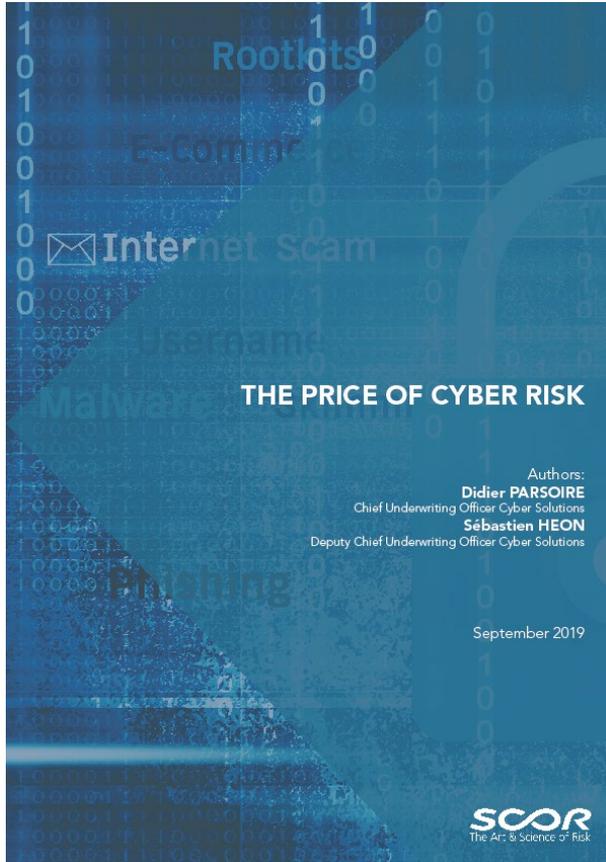


(1): Source: IHS

Cyber risk questions sustainability of current Digital Economy

By establishing a price signal for Cyber Risk, (Re)insurers have a key role to play in the transformation of the digital industry





Thank you