

UK risk managers tell insurers to deliver better cyber risk protection

11 Jun 2018 **NEWS**



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Latest Airmic survey shows risk managers want the industry to develop more services to provide support in the aftermath of a data breach



ALMOST HALF THE RESPONDENTS TO AIRMIC'S SURVEY WANT INSURERS TO DO MORE TO SECURE DATA BREACHES IN CASES OF BUSINESS INTERRUPTION

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UK risk managers have called on insurers to develop more products and services to protect their organisations from cyber risk, with the latest Airmic survey showing high interest in insurers developing services in response to data breaches.

Asked where they would like to see insurers develop services, 58% said they would like insurers to provide support responding to the data loss, with 48% calling on insurers to do more on securing data breaches in cases of business interruption.

The survey showed most risk managers believe their ability to respond to cyber risks is insufficient.

Just 33% believed the most significant cyber risks have been identified and quantified, while only 22% said their board has sufficient knowledge and understanding of cyber risks. Only 15% strongly agreed third-party cyber risks are being adequately managed in their organisations.

Cyber was ranked among the top three concerns of 39% of respondents to the survey and 43% expect this to be their most significant concern in three years' time.

The most pressing concern at present – reputation risk – was ranked among the top three concerns by 41% of respondents, with loss or theft of personal data the third most pressing concern, chosen by 33% of respondents.

Airmic chief executive, John Ludlow, said the commercial insurance sector needed to do more to address the changing risk landscape.

“We’ve been talking for years about the need for insurance to cover risks to intangible assets yet, despite our best efforts, we’ve made very little progress. In

some areas, like business interruption, there's a perception things have actually gone backwards," he said.

"We know the commercial insurance market is very experienced at protecting physical things like property, but that is not where the future lies for most of its customers," he continued. "Threats to reputation, cyber, supply chains and other intangibles are what really worry them and insurance needs to be able to find solutions. Otherwise it will cease to be central to the risk management of most large companies."

Ludlow said this was also a challenge for buyers, especially in the way they use and gather data and understand the wider risk picture to use insurance strategically and maintain the interest of the C-suite.

"If insurers, brokers and buyers can work together to resolve these challenges – and I am sure we can – then the future will look bright," he told Airmic's annual conference in Liverpool.