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**Cyber's 'Annus Horribilis' and the Role of
Actuaries
in a Changing Cyber Landscape**

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3 May 2024

The Actuaries Institute acknowledges the traditional custodians of the lands and waters where we live and work, travel, and trade. We pay our respect to the members of those communities, Elders past and present, and recognise and celebrate their continuing custodianship and culture.



Cyber Green Paper



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01

Key points

- Good cyber hygiene and security – not insurance – are the first line of defence.
- A vibrant cyber insurance market will do more than provide financial recompense for risks that break through the first line of defence. It can also strengthen that first line, by offering clear signals and incentives to business – in the form of eligibility, pricing and sharing of insights on best-practice standards.

Gaps in achieving this best-practice ideal

- A severe shortage of qualified cyber security personnel
- Limited understanding of role of cyber insurance among Boards
- Limited education on cyber risks among SMEs
- Achieving sufficient capacity and profitability in the market
- The challenges for insurers in managing accumulation risks
- Cyber hesitancy in seeking the right insurance



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Cyber Risk and the Role of Insurance

GREEN PAPER
SEPTEMBER 2022



Cyber's 'Annus Horribilis'



medibank

HWLEBSWORTH
LAWYERS

Sep 22 | Oct 22 | Nov 22 | Dec 22 | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23

OPTUSyes

LATITUDE

Overview of Government response

- Action by regulators – fines, capital requirements
- Expenditure in Budget 2023
- Tightening of legislative settings
- New cyber security strategy



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How has corporate Australia responded to the cyber wake up call?

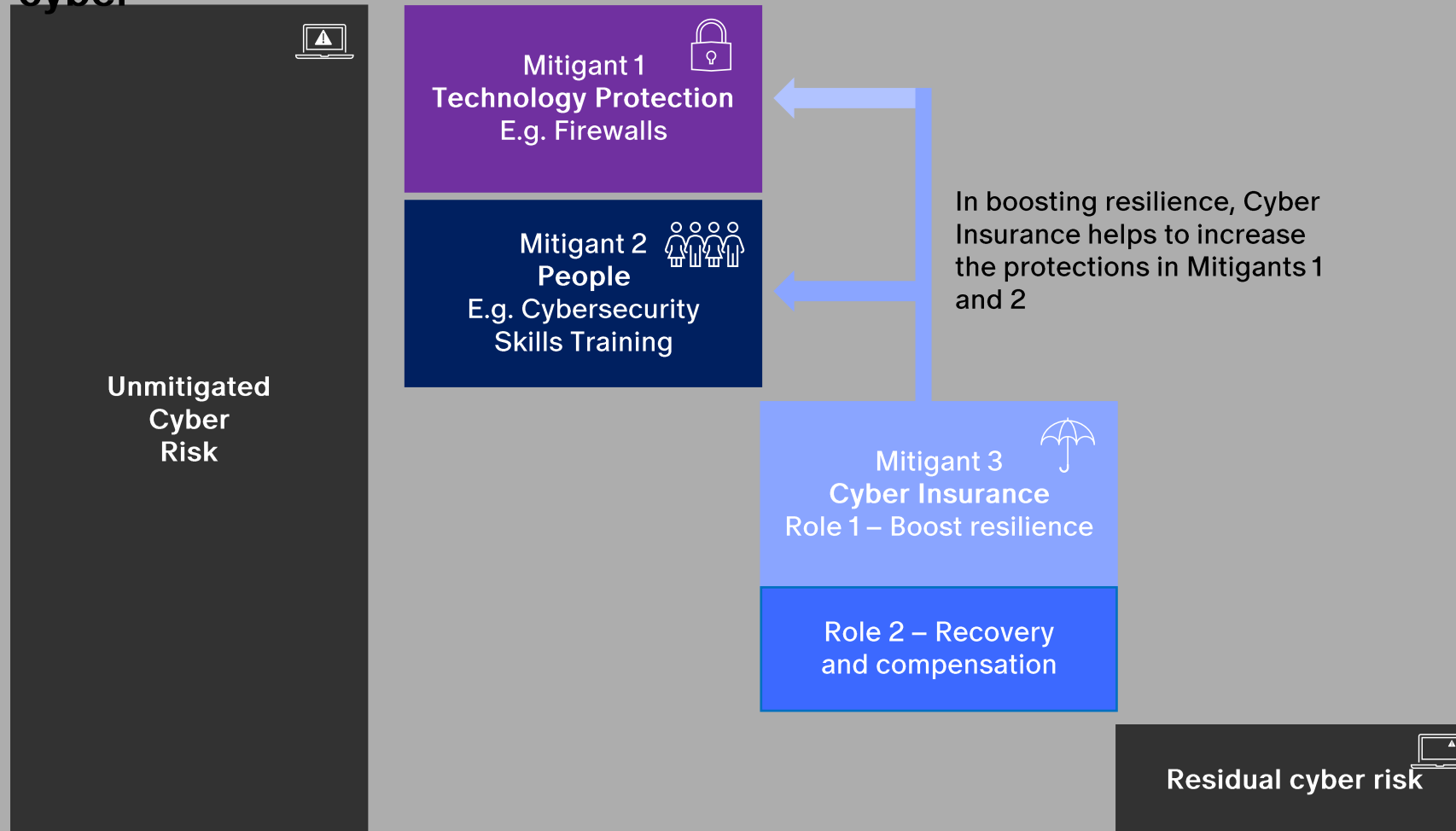
02



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Conceptual risk management approach to cyber



We talked to...

A word cloud of stakeholders in the insurance industry. The words are arranged in a circular pattern around the central text 'Insurers Responders'. The size of the text varies, with 'Insurers Responders' being the largest. Other prominent words include 'Reinsurers', 'Regulators', 'Brokers', 'Cyber Incident', 'ASX-listed companies', 'Non-Executive Directors', 'Underwriting agencies', 'Public insurers', and 'APRA-regulated entities'. Smaller words include 'General Counsels' and 'Insurance Council of Australia'.

Reinsurers

Public insurers

Regulators

General Counsels

Brokers

Cyber Incident

ASX-listed companies

Insurers Responders

Insurance Council of Australia

Non-Executive Directors

Underwriting agencies

APRA-regulated entities



Technology Protection



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People



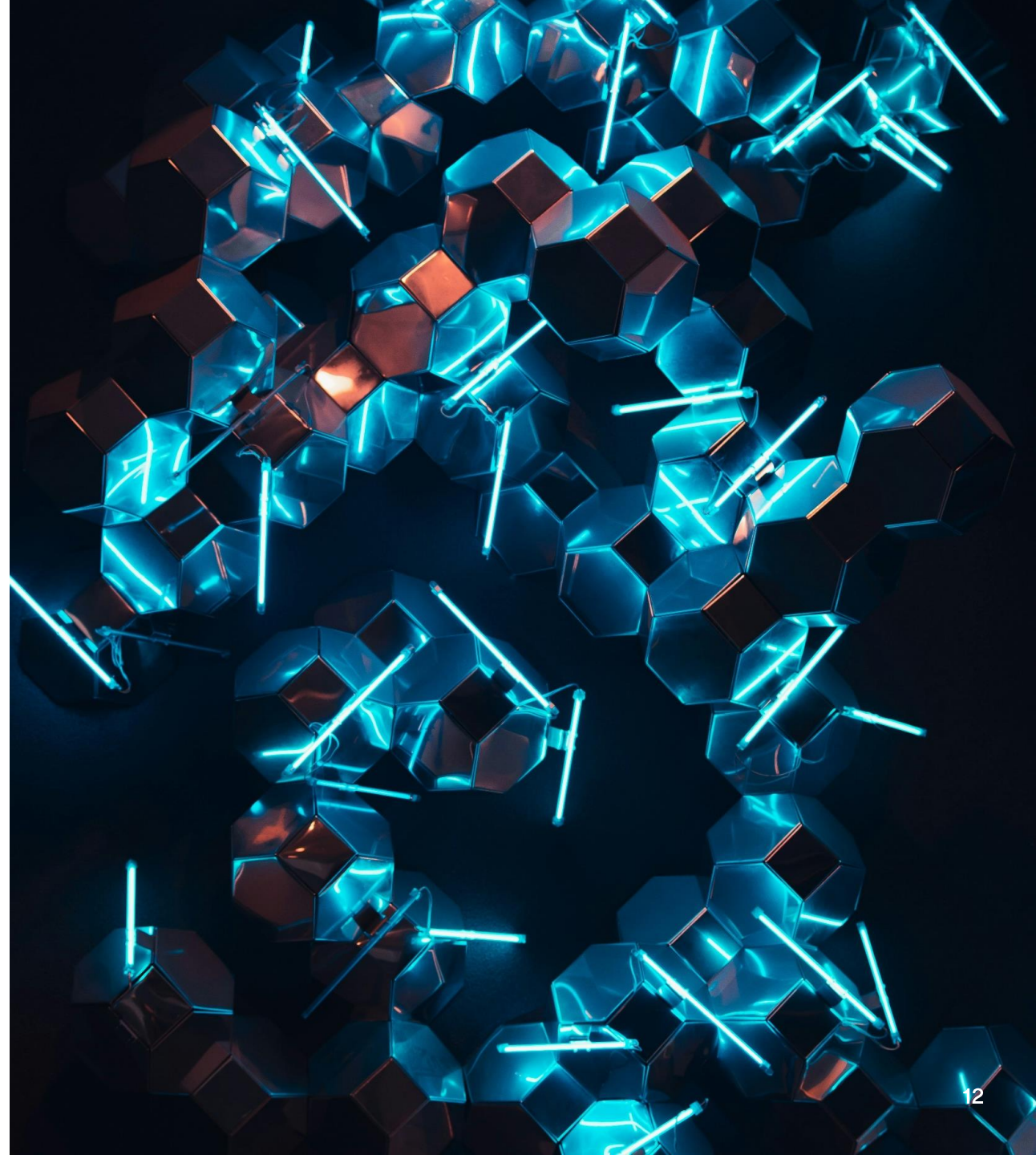
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Cyber Insurance



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The role for actuaries



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03

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The Actuaries Institute is the peak professional body for Actuaries in Australia. The Institute provides expert comment on public policy issues where there is uncertainty of future financial outcomes.

Actuaries have a reputation for a high level of technical financial expertise and integrity. They apply their analytical and risk management expertise to allocate resources efficiently, identify and mitigate emerging risks and to help maintain system integrity across multiple segments of the financial and other sectors. This unrivalled expertise enables the profession to comment on a wide range of issues including life, general and health insurance, climate change, superannuation and retirement income policy, enterprise risk management and prudential regulation, the digital economy, finance and investment and wider health issues.

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Thank you

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