

# Baden-Baden 2018

## Excel. Grow. Invent.

Baden-Baden | 22 October 2018  
**Doris Höpke**

Cyber  
insurance  
market

Munich Re's  
cyber strategy

# Digital transformation demands new solutions from (Re)insurance industry

## Traditional Reinsurance

Effectively serving our clients and strengthening the business model

## Risk Solutions

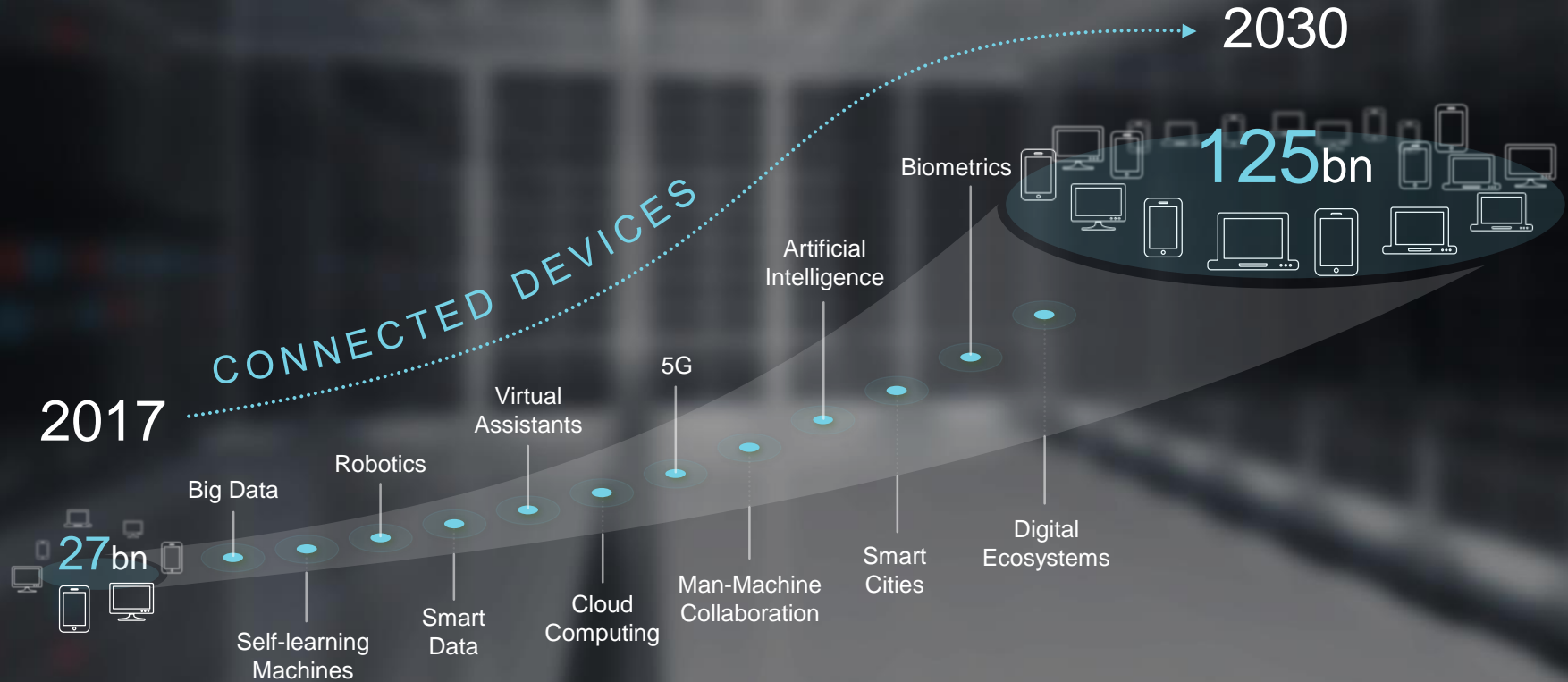
Reinforcing underlying profitability and growth

## New strategic options

Building a diversified profit base



# Digital revolution bears a hyper-connected world



# Cyber risks constitute one of the greatest threats we face...

Economic losses are increasing without limits

## The costs of cyber crime



Our biggest risk is the “strategic risk not to find any insurance solution for cyber”

## ... and a big challenge for the insurance industry



- Due to increased interconnectivity, digitalisation, and development towards IoT, Cyber is becoming a major concern for businesses
- Cyber attacks like *NotPetya* have shown that cyber risks have the potential to cause significant costs affecting different policies in various lines of businesses
- For the insurance industry cyber constitutes a significant risk of change and a big challenge, especially due to its inherent accumulation potential
- Supervisory bodies are sensitised to this topic and request (re)insurers to assess and manage their (silent) cyber exposure appropriately

Silent Cyber exposure even aggravates the situation



# State of the art risk management as true business enabler

## Accumulation



Virus &  
Malware



Data  
breach



IT Service  
provider outage



Outage of  
external networks

## Transparency – Do we write cyber?

- **Almost every** conventional non-life policy can be exposed to cyber risk
- Silent Cyber exposure is potentially significant, but it presents also a nearly untapped area of business opportunities

## Action required

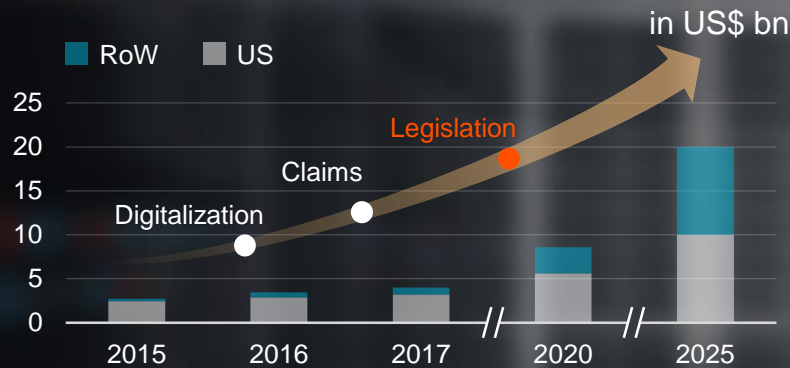
- Achieve transparency of the inherent exposure
- Turn the silent coverage into at least non-silent or even better affirmative coverage
- Risk assessment and pricing
- Accumulation control

Transparency is required to eliminate uncertainty regarding coverage

# Cyber insurance market with strong expected growth

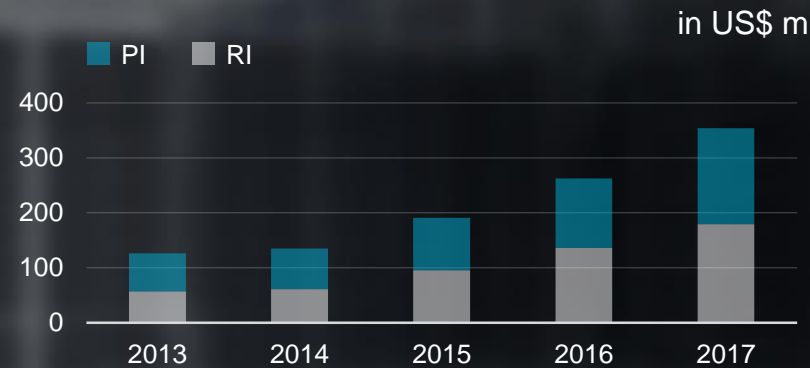
Munich Re – Cyber reinsurer of the year 2017 and 2018

## GWP global cyber insurance market<sup>1</sup>



- Strong correlation with cyber security market
- Higher awareness of cyber risks/claims reporting will drive demand for insurance solutions
- GDPR implementation in Europe

## GWP Munich Re cyber portfolio



- Munich Re serves all client segments via Reinsurance and Primary Insurance carriers
- Well established player in US and RoW
- Munich Re aims to keep 10% market share in the growing cyber market

Cyber is one of Munich Re's main strategic growth areas, therefore we further invest in leading-edge expertise and strong global market presence

<sup>1</sup> Estimates based on different external sources (Marsh & McLennan, Barbican Insurance, Allianz).



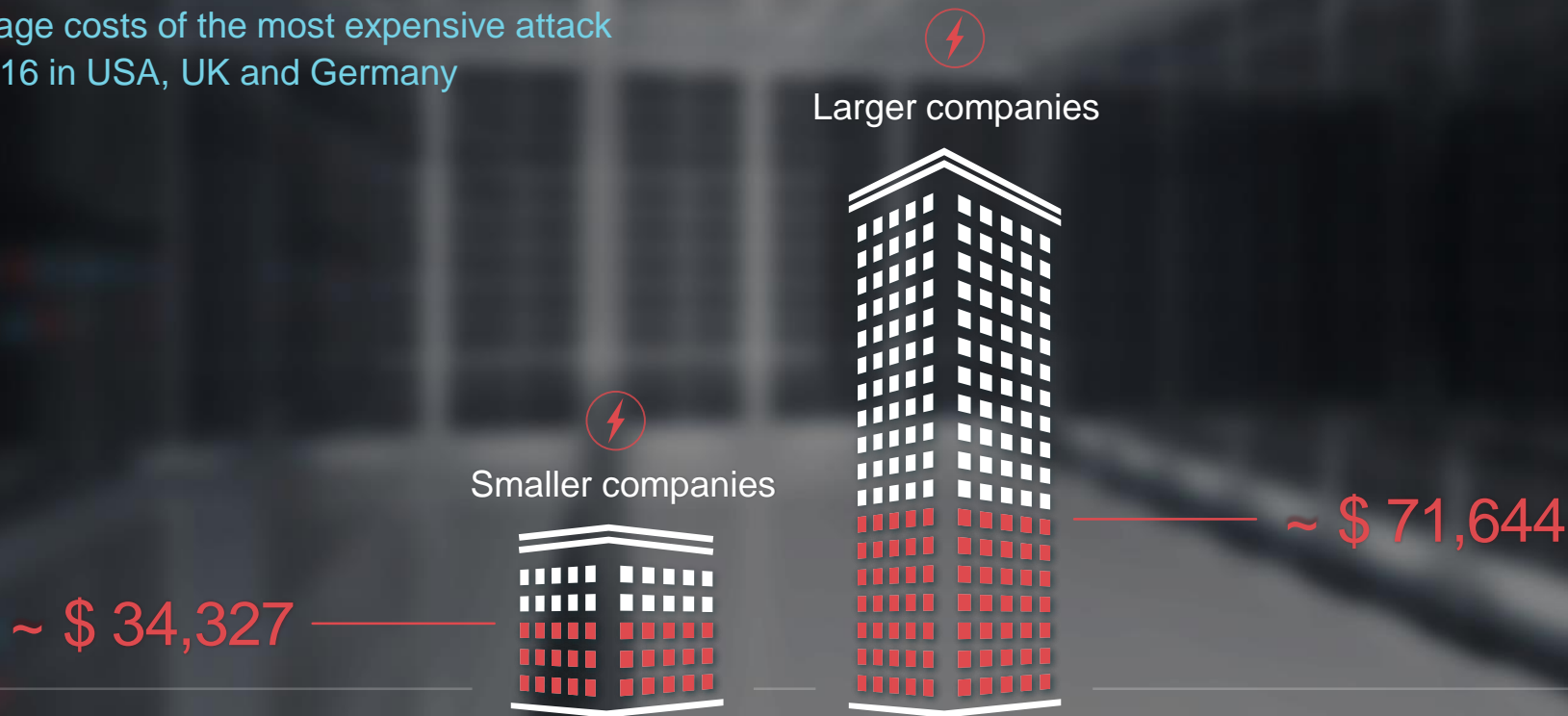
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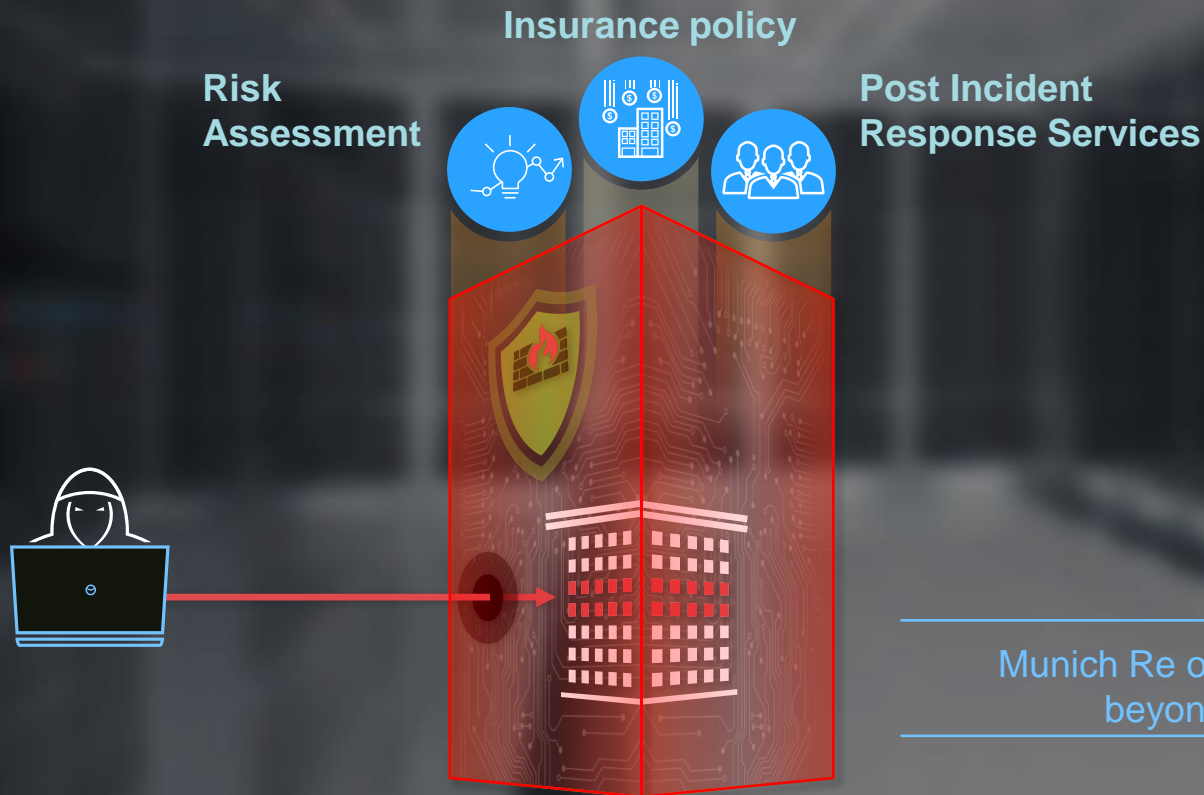
# Smaller companies

An easy prey

Average costs of the most expensive attack  
in 2016 in USA, UK and Germany

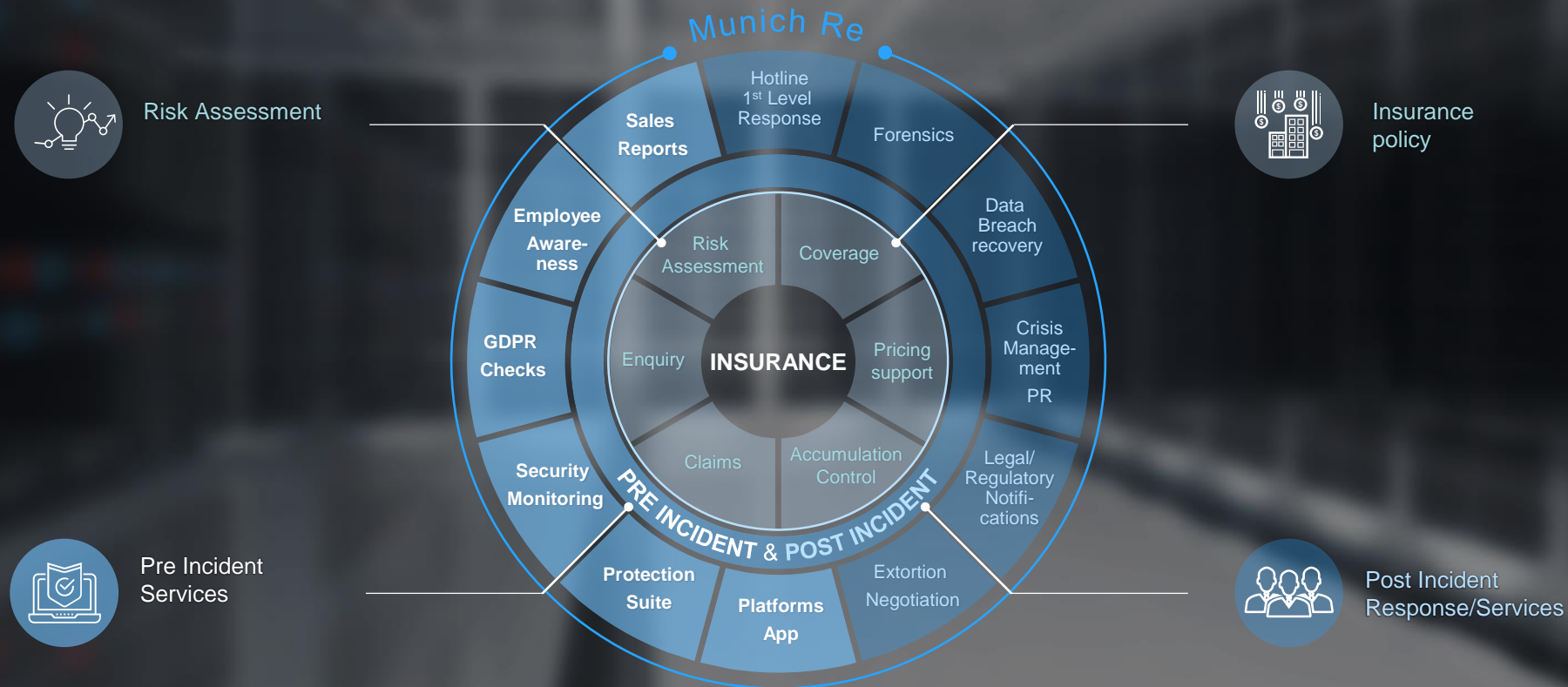


# Bundling of risk transfer and services



Munich Re offers cyber solutions  
beyond risk transfer

# Munich Re offers a fully fledged, market proven product with solutions for the whole value chain



# Munich Re's added value

Where can we support?



Speed-to-market at low  
product development cost



Long-lasting partnership,  
knowledge-sharing,  
progression



Risk sharing, accumulation  
management and capacity

Offering a fully-fledged and market proven product as well as  
solutions, services and experiences along the value chain



Image: from2015 / Getty Images / iStockphoto

Thank you for your attention!

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