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The Cyber Insurance Frontier: Leveraging Tech to Transform Digital Protection

By: Brendan Mulcahy

The insurance industry is no stranger to evolution. As society shifts, insurance professionals adapt to meet the needs of the industries and people they serve, and cyber is a perfect modern-day example of this phenomenon.

The original iteration of cyber insurance that hit the market in the late 1990s is vastly different from the policies and coverage insureds need to safeguard their businesses and personal information today. From increasingly sophisticated cyber crimes to more sensitive information being stored online and inconsistent regulatory developments across jurisdictions, insureds require an insurance agent who can address the entirety of their cyber risks.

2025 Trends in Cyber

While insurance is a business of prediction and prevention, the cyber market is a particularly difficult beast. The increased frequency of cyber crime and emerging criminal strategies creates new challenges for the cyber market daily.

In 2024, the FBI released their Annual

Internet Crime Report, revealing nearly 860,000 complaints and over \$16 billion reported losses, an increase of 33% over 2023.

It's clear that cyber crime shows no sign of slowing and insureds need comprehensive coverage that not only addresses direct losses from a breach, but the potential of third-party lawsuits and business interruption costs due to a cyber event.

A few recent challenges to be aware of in the cyber insurance sector include:

Strict Underwriting Requirements:

Cyber insurance premiums have fallen in 2025, partially due to stricter underwriting requirements throughout the industry. For example, companies have recognized the benefit of effective prevention strategies in limiting cyber related losses. Such requirements will include employee training programs, multi-factor authentication, encryption protocols, cyber incident response plans, regular risk assessments and more. While some of these protocols may be time consuming for insureds to

implement, it will save time and money in the long run should they fall victim to cybercrime.

Exclusions Will Apply: Due to the complex risks and long-term liabilities involved, insurance companies have tightened the language included in cyber insurance policies.

Insureds and agents alike should ensure they understand the full scope of a policy and what it does and does not cover to avoid any unwelcome surprises when filing a claim. Agents can help insureds by providing clear explanations and definitions of terms when reviewing a policy.

Complex Claims: As the cyber insurance sector has evolved, the industry has become more aware of the extensive impact a cyber breach can have. Business interruption costs, third-party litigation expenses and reputational damage are now all feasible factors in cyber related claims. Additionally, some claims may not come to light until years after an initial incident takes place, further complicating the process.

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Insurance agents will continue to be an essential and valuable resource as insureds navigate the cyber landscape and their evolving risk profiles. The question becomes: how can agents stay apprised of the shifting cyber market and serve as the best resource possible to their insureds?

Bridging the Cyber Coverage Gap

Traditional human touch will always serve as the foundation for independent insurance agencies. But in today's market with the cyber security market driving changes in cyber policies and other coverages, independent agents must leverage artificial intelligence (AI) and business intelligence (BI) technologies to best understand their clients' risk profiles and match coverages appropriately.

AI and BI tools can help agencies identify coverage gaps across customers' different exposures, compare policies for changes and new exclusions, identifying changing coverage needs. AI and BI enable agents to catch issues they might otherwise miss.

When renewal discussions begin, AI and BI can help agents package and communicate recommendations to policyholders that address changing coverage needs.

Using the appropriate technologies might also reveal areas for insureds to improve risk management practices, or show how cyber breaches are impacting their insured's specific industry, potentially driving lower risk and lower premiums for the insured.

With these insights and various other data points and analysis, agents can shift the cyber insurance conversation from centering around price, to proactive risk management that can protect an insured's assets and operations.

Agents who have informed conversations with insureds about cyber insurance will reinforce their value as trusted advisors. In demonstrating an ability to anticipate risk, clarify gaps and exclusions and provide feasible solutions, agents not only keep insureds protected, but benefit from strengthened client retention, differentiation in the market and strong partnerships with carriers.

Members of SIAA are already leveraging AI and BI with SIAA's Intelligent Distribution Platform SIAA NXT. Through the platform, members have access to AgencyIQ, a zero data entry tool that integrates with an organization's agency management system to develop actionable insights for agents to deploy. With tools like AgencyIQ, agents can improve their ability to flag cov-

erage gaps, identify tailored insurance options and better navigate a complex market such as cyber.

While cyber insurance premiums began stabilizing this year, insureds and independent agents can expect stricter underwriting, frequent exclusions and regulatory pressures to continue. Agents should see this market as an opportunity to embrace AI and BI to proactively talk to their insureds and prospects about the comprehensive cyber protection they need to operate and safeguard their businesses. ■



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with the organization's strategic partner companies, master agencies and technology companies to identify and understand technology solutions and innovation partnerships that impact SIAA and benefit its national independent agency distribution system. SIAA is the nation's leading network for starting, growing and evolving independent insurance agencies with over 5,200 member agencies writing more than \$17 billion in total written premium. Learn more at siaa.com.

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