



Insurance Institute

NEWS RELEASE

For Immediate Release

Insurance Institute releases research report on cyber risks

(Toronto, ON – May 19, 2015) The Insurance Institute of Canada released a new research report today that establishes a solid framework to help Canadian property and casualty insurance organizations discuss their own and their clients' resilience against cyber risk.

Cyber Risks: Implications for the Insurance Industry in Canada uniquely assesses cyber risk from the perspective of Canada's p&c insurance industry. It is the first in a series of Emerging Issues Research Reports by the Institute that will examine other emerging risks facing the Canadian p&c insurance industry.

"Cyber incidents are constantly in news headlines and insurance organizations now rank cyber security among the Top 3 issues facing Canada's p&c insurance industry," said Peter Hohman, MBA, FCIP, ICD.D, president and CEO of The Insurance Institute of Canada. "The Institute has an important role to play in conducting research for the benefit of the industry, and this seminal research report on cyber risk will provide a valuable foundation for the industry's ongoing discussions about this critical issue."

Paul Kovacs prepared the report on behalf of the Institute. He is the founder and executive director of the Institute for Catastrophic Loss Reduction (ICLR) and president and CEO of the Property and Casualty Insurance Compensation Corporation (PACICC).

The Institute's report surveys the most common forms of cyber-attacks, who the criminals are and what they are after, the type and scope of cyber losses, and why the losses are expected to get worse – including catastrophic scenarios in which criminals knock out the power grid via cyberspace.

Cyber Risks makes recommendations for Canadian p&c organizations to better protect themselves against cyber-attacks. Specifically, insurance organizations are encouraged to build a corporate culture of cyber security that includes actions to address technological threats and security training for employees.

The report also identifies a business opportunity for the industry, noting that global cyber insurance premiums are currently less than one half of one percent of the estimated cost of cyber-crime. To help insurance organizations better protect Canadians against cyber risk, the p&c industry should work with governments and other stakeholders to expand cyber coverage beyond breach and identity theft, the report recommends.

The full report is available at www.insuranceinstitute.ca/research.

The findings of *Cyber Risks* will be the subject of discussion at the Insurance Institute's inaugural Emerging Issues Forum, which will be held from 8 am to 10 am EDT at The National Club in Toronto on May 28.

The forum will feature three panelists, each of whom will share a different perspective on the content of *Cyber Risks*:

- Paul Kovacs, who undertook the research on behalf of the Institute
- Serge Solski, VP, Business Development, Watsec Cyber Risk Management
- Jacqueline Detablan, VP Professional Liability, AIG Canada

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