

Top 10 takeaways

What you should know from
Lloyd's thought leadership reports



Shifting powers: physical cyber risk in a changing geopolitical landscape. Cyber security is at the top of the agenda for businesses, boards, risk managers and consumers. With a growing threat from more sophisticated attacks that can cause physical harm, here are the takeaways from Lloyd's recent report on physical cyber risk.

1. Insurance penetration for cyber risk remains low even in industrialised countries, with the OECD estimating that the share of global cyber losses that are uninsured is likely above 70%.
2. There are around 20 different types of cover for cyber losses currently available in the global insurance market, amounting to around \$6 billion in total affirmative cover.
3. This is a growing threat, with attacks targeting critical infrastructure rising from less than 10 in 2013 to almost 400 in 2020.
4. The complexity of attacks is evolving, from simply targeting short-term disruption to compromising assets or processes with the intent to cause physical harm or loss of life.
5. Cyber physical represents an underutilised opportunity for insurers to extend the protection they offer businesses, and thus society, through the products and services they provide.
6. Those with effective cyber strategies and scenarios in place will be best equipped to face the unique challenges of this emerging and potentially debilitating risk.
7. Most cyber policies specifically exclude cover for physical damage and related business interruption (BI) stemming from digital interference.
8. There is therefore now an opportunity to develop bespoke insurance products for the industries and businesses most at risk from cyber physical disruption and destruction.
9. As the cyber class matures, it is likely that the coverage in place on insurance policies will be limited by increasingly sophisticated exclusions of acts of war and systemic risk, with cover bought back separately where there is appetite.
10. This approach is important to ensure that aggregate risks are properly understood, controlled, and priced for, and that customers are clear about what risk they will be protected for and what risk they will retain.

You can read the full detailed report on physical cyber risk, including an analysis of the insurance impacts, [here](#).