

Slide 1



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Slide 2

**Why traditional reserving techniques may not be applicable for cyber**

- Thin claims experience
- Unstable loss development pattern
- Cyber is more than casualty – it includes a systemic cat component that requires a different approach to projecting ultimate loss
- Rapidly changing cyber threat and insurance landscape is sometimes at odds with traditional actuarial reserving technique that relies on loss triangles

Use exposure-based, cyber accumulation risk models to come up with an alternate view of ultimate loss, in order to complement traditional reserving techniques

Willis Re | PwC

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Slide 3

**Cyber – rapidly evolving risk that makes reserving difficult**

**Fastest growing insurance market segment**

- However, little available claims data to help determine cyber pricing
- Despite some headline data breach losses in recent years, cyber appears to be a profitable line
- ULRs ratios in 40-60% range depending on composition of book
- This is based largely on data breach experience and exposures are changing rapidly
- Yesterday's claims may therefore be a poor guide for the claims of tomorrow

Year	Premium (2000)
2000	0
2005	0
2010	0
2015	2000
2020	7000
2025	20,000

Source: Various, Inc. Willis, Advisors, PwC, Allianz

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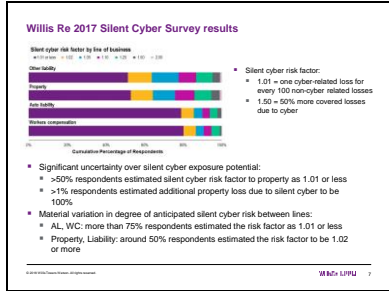
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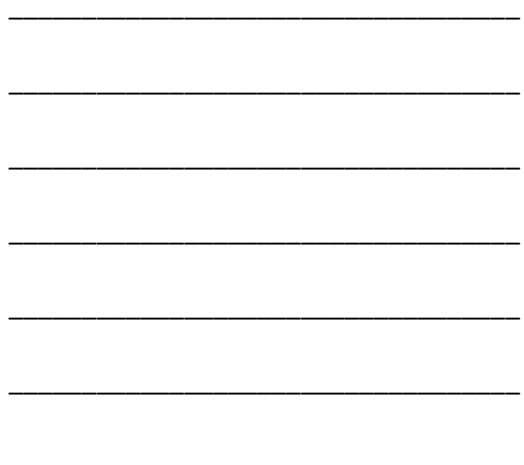
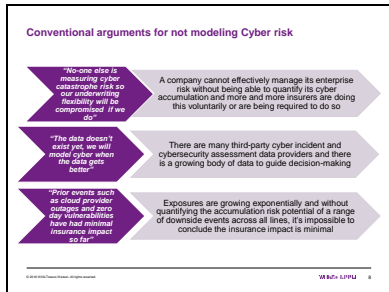
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Slide 7



Slide 8



Slide 9

