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Cyber risk may eventually surpass insurance industry's capacity – experts

by [Ryan Smith \(/us/authors/ryan-smith-25924/\)](#) 02 Oct 2020

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Senior insurance professionals worry that the world's dependence on online technology has grown so great that it may surpass the industry's capacity to fully protect it, according to CyberCube.

That was the topic of a series of interviews conducted by CyberCube CEO Pascal Millaire for the company's NetDiligence webinar series.

"My personal view is that ultimately, for the largest aggregation events, we're probably going to need some sort of public-private partnership, whether it's a Pool Re or a Pandemic Re of some sort, of a Cyber Pandemic Re," AXIS Capital (/us/companies/axis-capital/175097/) president and CEO Albert Benchimol told Millaire. "I don't know that there is enough capital in the industry to be able to fully support the amount of economic damage. COVID-19 was a really good glimpse into how much exposure you have. Imagine if we shut down all our IT systems for a month. How much economic value would we as a society have lost?"

Benchimol told Millaire that the industry should think of cyber accumulation as "COVID on steroids."

"Because COVID is a natural occurrence," he said. "A virus doesn't aim for one country or another."

Munich Re (/us/companies/munich-re/215451/) has an estimated 10% share of an approximately \$7 billion cyber insurance market. The company's chief underwriter, Stefan Golling, told Millaire that there was a role for alternative capital to support the market.

"There are risks involved in cyber that are maybe so systemic that the capacity of the market could come to its limits," Golling said. "Maybe we see the first signals that the alternative capital is showing some interest in cyber products, and I'm sure in a couple of years there will be more. We certainly also have to talk about public-private partnerships to simply overall increase the capital base provided to the cyber product."

Sean Ringsted, chief risk officer and chief digital officer for Chubb (/us/companies/chubb/67002/), agreed that public-private partnerships would be necessary eventually.

"The insurance industry can and will do more because our clients demand that," Ringsted told Millaire. "But at some point, I think you are entering a time and space where there needs to be discussions around public-private partnerships to be able to address some of the really, really significant tail risk that could potentially arise in some of the scenarios."

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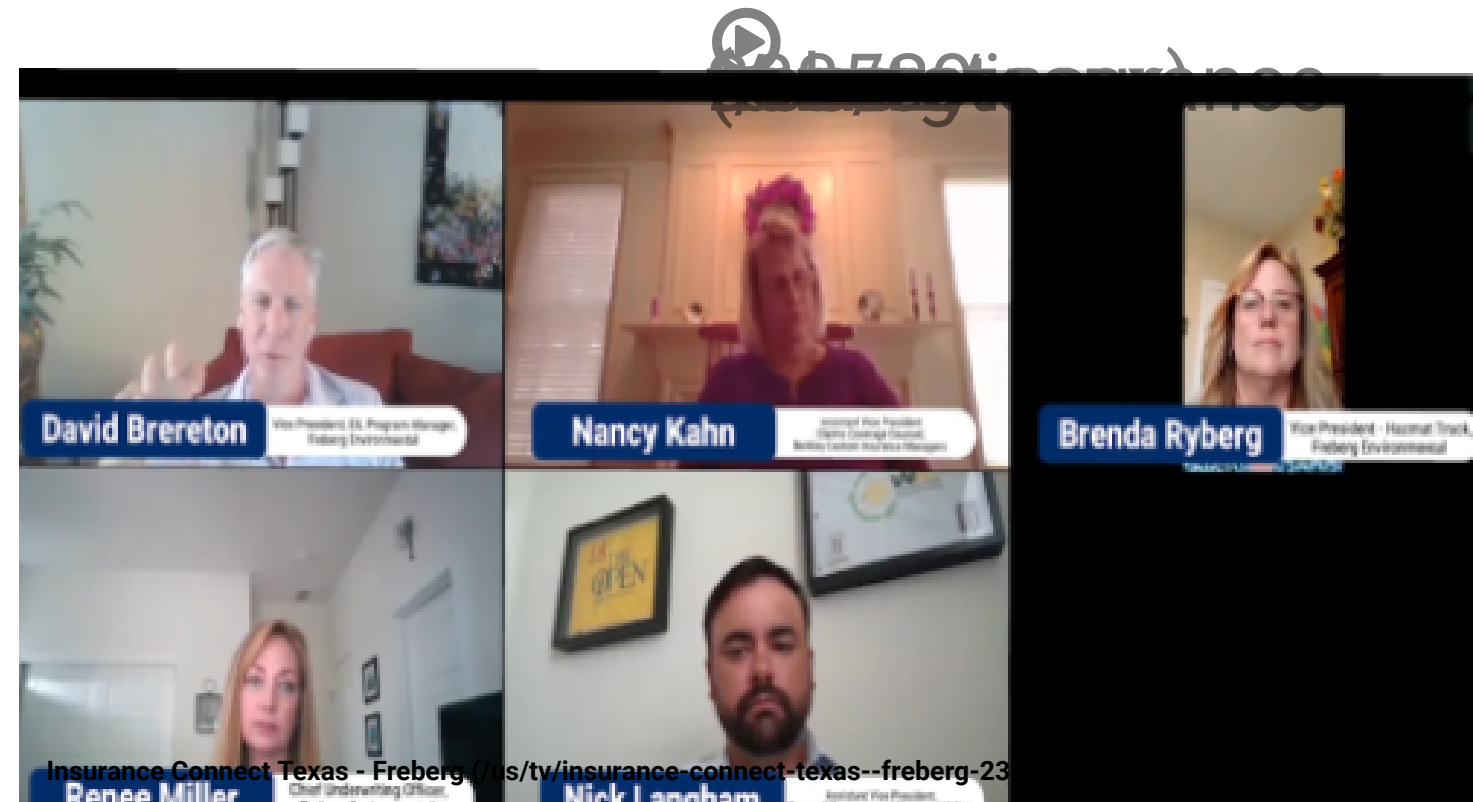
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