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TransRe Co-Sponsors Cyber Research Project

Global Ransomware Attack Could Cause Up To \$193 billion economic loss, \$27 billion insured loss.

NEW YORK, N.Y., January 29, 2019 – TransRe has announced the publication of “Bashe Attack: Global Infection by Contagious Malware”. The Singapore-based, public private Cyber Risk Management (CyRiM) project set out to quantify the potential economic and insured losses from a global ransomware attack. The team has developed a set of cyber event scenarios to study accumulation risk in systemic events, and to provide benchmark cyber loss models and dependencies to support insurance pricing.

The modeled economic loss scenarios for a concerted global cyber-attack range from \$86 billion to \$193 billion, driven by the retail (especially e-commerce websites), healthcare (legacy systems on old equipment) and manufacturing (including international trade).

Insured losses (Business Interruption, Contingent Business Interruption, Technology Errors & Omissions, Directors & Officers, Cyber Extortion, Incident Response Costs and Personal Cyber) range from \$10 billion to \$27 billion.

These quantified scenarios have consequences for both insureds and insurers. Each scenario shows current insurance coverage for 9-14% of economic loss, or an insurance gap of 86-91%, which suggests most enterprises remain underinsured. For insurers (and their reinsurers) the report estimates 2019 global affirmative cyber premium at \$6.4 billion, and therefore the scenarios imply insured losses of 160%-430% of current annual premiums.

The Bashe report represents a stress test of current thinking, and it aims to raise awareness of a systemic threat to any organization that relies on connected devices for production, distribution, management and revenue. Connectivity quickly spreads the damage significantly beyond the initial disruption, with supply chains particularly affected by contingent business interruption. It highlights the need to pay close attention to systemic risk across all lines of business, not just within the cyber tower, and represents an important step forward in our understanding of how much economic impact is at risk and provides a benchmark for business interruption and its associated costs.

A full copy of the report is available in the research section of TransRe’s website

About CyRiM

The Cyber Risk Management (CyRiM) project is led by Nanyang Technological University’s Insurance Risk and Finance Research Centre, in collaboration with academic and industry partners: Cambridge Centre For Risk Studies, Aon Centre for Innovation and Analytics, Lloyd’s of London, Mitsui Sumitomo Insurance Group, SCOR and TransRe. CyRiM is a pre-competitive research project that aims to foster an efficient cyber risk insurance marketplace through. To learn more, please visit: <http://irfrc.ntu.edu.sg/Research/cyrim/Pages/Home.aspx>

About TransRe

Established in 1977, TransRe is the brand name for Transatlantic Holdings, Inc. and its subsidiaries (including Transatlantic Reinsurance Company). TransRe, wholly owned by Alleghany Corporation is a reinsurance organization headquartered in New York with operations worldwide. TransRe offer the capacity, expertise and creativity necessary to structure programs across the full spectrum of property and casualty risks. Please visit www.transre.com for more information.