



Cyber Insurance Survey: Companies Unprotected and Vulnerable Despite Global Increase in Breaches

International specialty insurance company Argo Group releases results of cyber insurance survey, and finds concerns going into holiday season

Topline results include:

- More than half (57 percent) of small and medium-sized enterprises (SMEs) surveyed lack any kind of cyber insurance, despite nearly two-thirds (63 percent) having experienced some form of cyber incident.
- Only 27 percent of SMEs report they are “likely” or “very likely” to purchase cyber insurance, but six in 10 SMEs do not believe their current cybersecurity is adequate.
- However, 89 percent of SMEs with cyber insurance report their policy is performing as expected.

HAMILTON – November 20, 2017 – [Argo Group International Holdings, Ltd.](#) (NASDAQ: [AGII](#)), an international underwriter of specialty insurance and reinsurance products, today released the findings of *Under Attack and Unprepared: Argo Group Cyber Insurance Survey 2017*. According to the survey, with the holiday season approaching, companies of all sizes remain largely unprepared to respond to a cyber incident. The survey revealed that a majority of respondents (57 percent) do not have any kind of cyber insurance, despite nearly two-thirds (63 percent) having experienced some form of cyber incident. More shockingly, less than half of the respondents were confident in their capacity to deal with cyber incidents.

“Every company is vulnerable to cyber incidents, but most lack cyber insurance,” says Simon White, senior vice president, group head of cyber. “This survey provides insights to improve awareness of cyber incidents and the risks associated with these incidents.”

Personal Data of Millions Compromised in 2017

This year, the United States experienced one of the biggest data breaches in its history. Hackers gained access to an estimated 143 million personal records via a major consumer credit reporting agency. This breach confirms that cyber criminals are becoming more sophisticated and targeting companies from all industries. As a result of the attack, the consumer credit reporting agency lost an estimated \$4 billion in stock value, and yet-to-be-determined losses caused by customer abandonment.

Last holiday season, Yahoo! confirmed that hackers gained access to more than one billion customer accounts. The significance of this hack ultimately reduced the company’s sale price by \$250 million.

With the personal data of hundreds of millions of Americans’ already compromised in 2017, companies can no longer afford to ignore the need to purchase satisfactory cyber security policies. The future of the nation’s security and economy depends on businesses’ ability to effectively manage and protect from cyber breaches.



“If we learned anything from last holiday season and throughout 2017, it’s that cyber vulnerabilities are a direct threat to American businesses of all sizes,” says White. “Business disruption is extremely costly, and cyber incidents have the potential to destroy an entire business in a single event. Cyber insurance is the best tool to prevent this kind of damage from happening.”

Why Companies Don’t Have Cyber Insurance

Although the Argo survey shows that only 27 percent of SMEs are “likely” or “very likely” to purchase cyber insurance, a majority of respondents (60 percent) don’t believe their current internal cybersecurity processes are adequate. SMEs indicated they did not purchase cyber insurance for a variety of reasons: they believe their in-house security is adequate (42 percent), they believe insurance is too expensive (35 percent), and/or there is a lack of interest in cyber insurance from their senior management or board of directors (32 percent).

“Companies continue to overestimate their ability to protect against potential attacks and underestimate the damage a cyber attack can cause,” says White. “It’s only a matter of time before the next major cyber attack, which is why it’s crucial for companies to take the time to reevaluate how they protect themselves.”

Companies with Cyber Insurance Use it and Find Value in it

Companies with cyber insurance appear to value the product – and they use it. Thirty-six percent of respondents with cyber insurance policies have filed claims with their providers in the past 12 months. More than one in five companies with cyber insurance policies are seeking to expand the coverage of their policy.

SMEs that have cyber insurance policies are highly satisfied with their products. Eighty-nine percent say their cyber insurance is performing as expected, 86 percent report that their cyber insurance covered the security breaches they suffered, and 68 percent say they are satisfied with their cyber insurance coverage.

“Argo’s purpose is to help businesses stay in business,” says White. “Cyber insurance, along with our other specialty products, is one of the many ways we can do that.”

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METHODOLOGY

For the purposes of this study, 150 brokers in both the U.K. and U.S. were surveyed to obtain a detailed understanding of the cyber insurance landscape and gain insight into their selling strategies. In addition, 200 SMEs were surveyed in these two countries to gain an understanding of what they desire from cyber insurance and how their current policies are performing. All interviews were conducted during the course of September 2017. The report, entitled “*Under Attack and Unprepared: Argo Group Cyber Insurance Survey 2017*,” is available at: https://d1hks021254gle.cloudfront.net/wp-content/uploads/2017/11/Argo_Group_Cyber_Insurance_Report_2017.pdf.



ABOUT ARGO GROUP INTERNATIONAL HOLDINGS, LTD.

Argo Group International Holdings, Ltd. (NASDAQ: AGII) is an international underwriter of specialty insurance and reinsurance products in the property and casualty market. Argo Group offers a full line of products and services designed to meet the unique coverage and claims handling needs of businesses in two primary segments: U.S. Operations and International Operations. Argo Group's insurance subsidiaries are A. M. Best-rated 'A' (Excellent) (third highest rating out of 16 rating classifications) with a stable outlook, and Argo Group's U.S. insurance subsidiaries are Standard and Poor's-rated 'A-' (Strong) with a stable outlook. More information on Argo Group and its subsidiaries is available at www.argolimited.com.

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