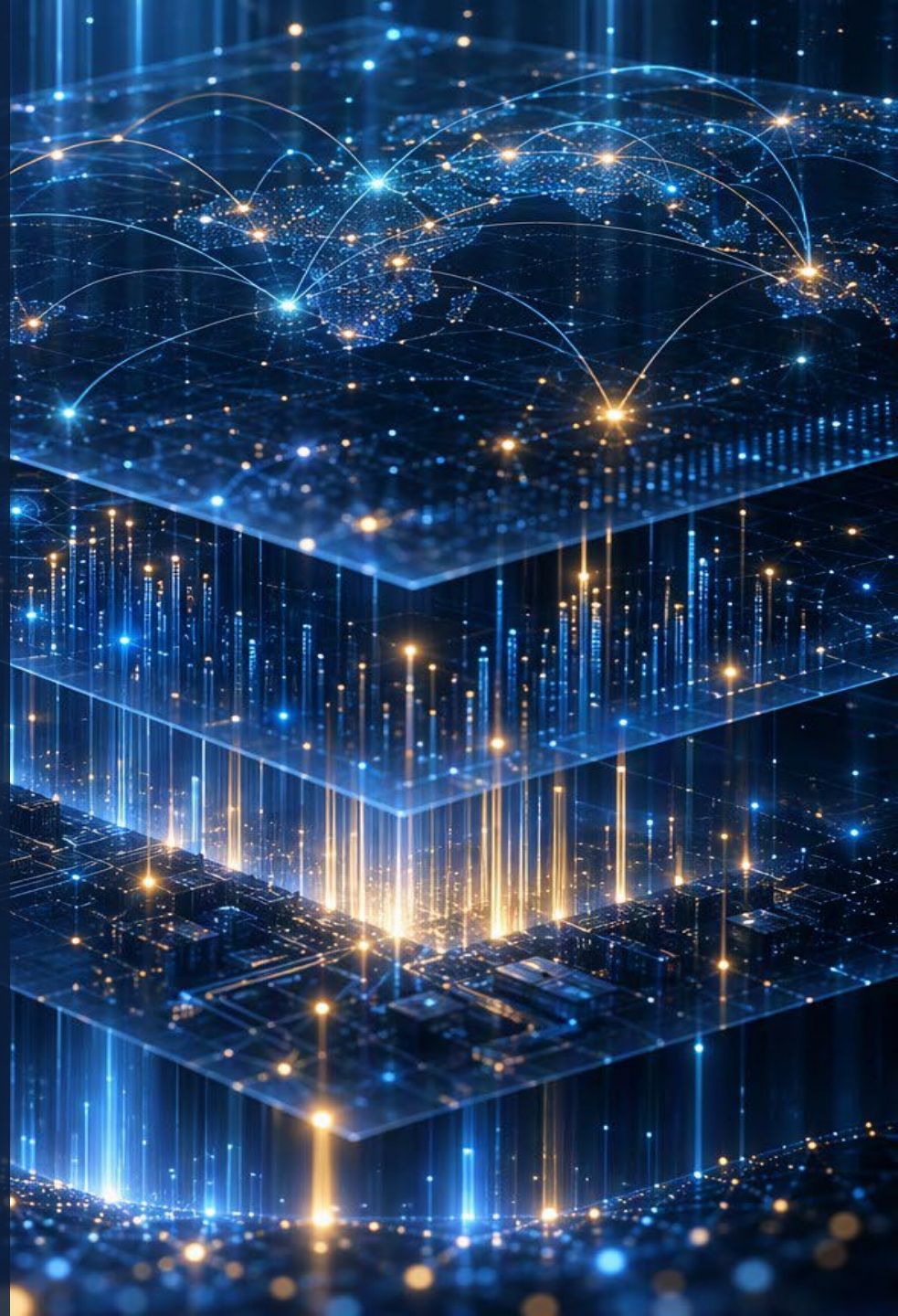
NAIC | CYBERSECURITY (H) WORKING GROUP

2026 Report on the Cybersecurity Insurance Market

Findings, Interpretation, and Data Considerations

Koty Henry
Cybersecurity Policy Advisor, NAIC
November 5, 2026



INTRODUCTION

Purpose and roadmap

Purpose

- Review the 2025 Cyber Supplement data and key report findings
- Place the data within the broader cyber risk landscape
- Discuss how the findings are being interpreted and communicated
- Begin evaluating whether current reporting meets regulators' data needs

Today's discussion

1. The market
2. The threat landscape
3. How the findings are being used
4. What the data can and can't tell us
5. Discussion and next steps

THE MARKET

The market at a glance

$9.46B

+3.5%

Total U.S. direct written premium, incl. alien surplus lines

$7.46B

+5.3%

Written by domestic insurers

5.84M

+33%

Policies in force

56,323

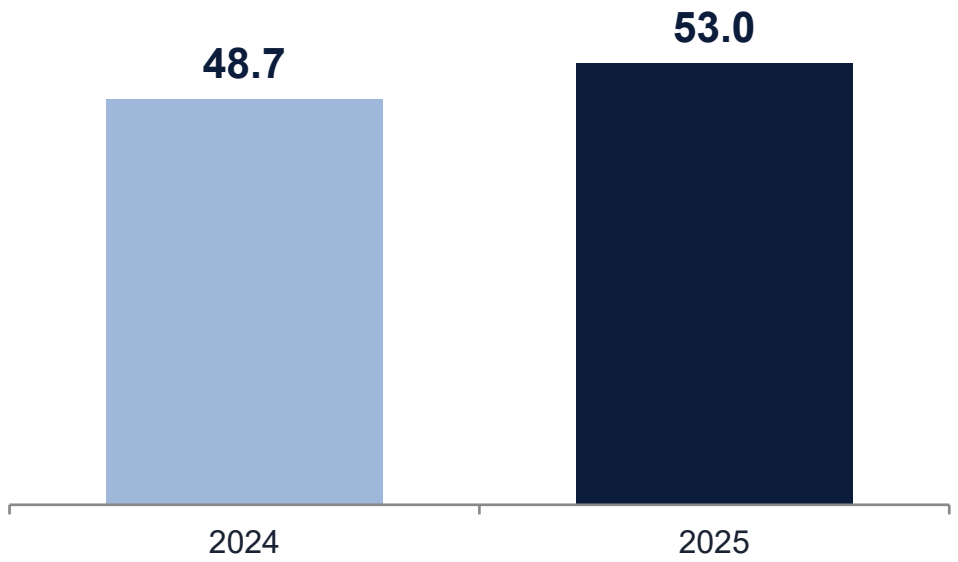
+20%

Reported claims — more than 6x the 2017 level

Source: NAIC Cyber Supplement and IID data; NAIC 2026 Report on the Cybersecurity Insurance Market

THE MARKET

Losses rising while prices fall



First time above 50 since the COVID-era ransomware surge

8 **straight quarters of U.S. cyber rate cuts through 1Q 2026**

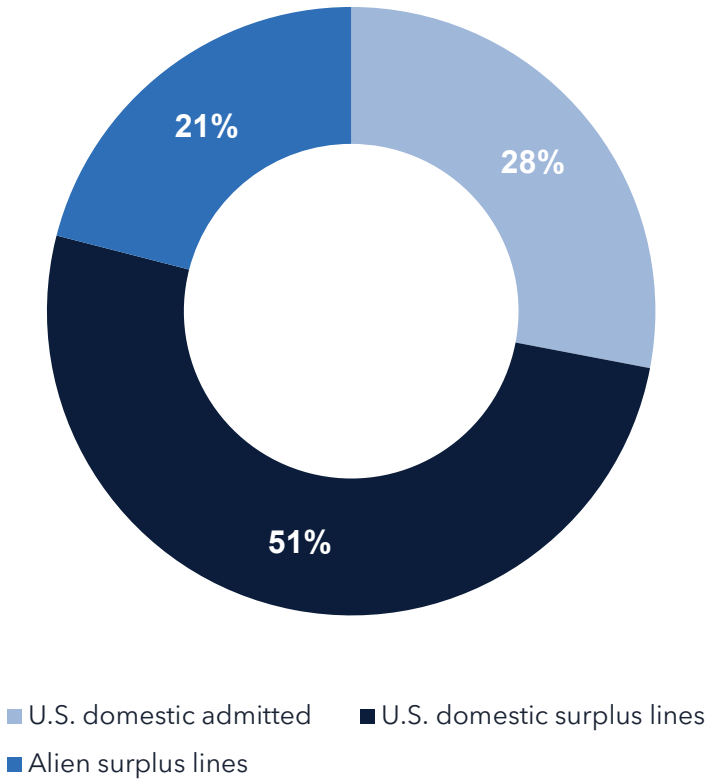
4Q 2025 and 1Q 2026 were the steepest cuts of the cycle

Unlike 2021, when ransomware losses pushed prices up right away, losses are now rising while prices keep falling.

Source: NAIC 2026 Report; AM Best, U.S. Cyber: Premium Growth Lags Behind Cyber Threats (June 2026); CIAB pricing data via AM Best

THE MARKET

Two different markets



Share of 2025 direct written premium

Surplus lines

Almost two-thirds of cyber premium, mostly primary and excess cyber policies

55.9
loss ratio

~40%
rise in third-party claims

Admitted

Mostly cyber endorsements to other commercial policies

50.2
loss ratio

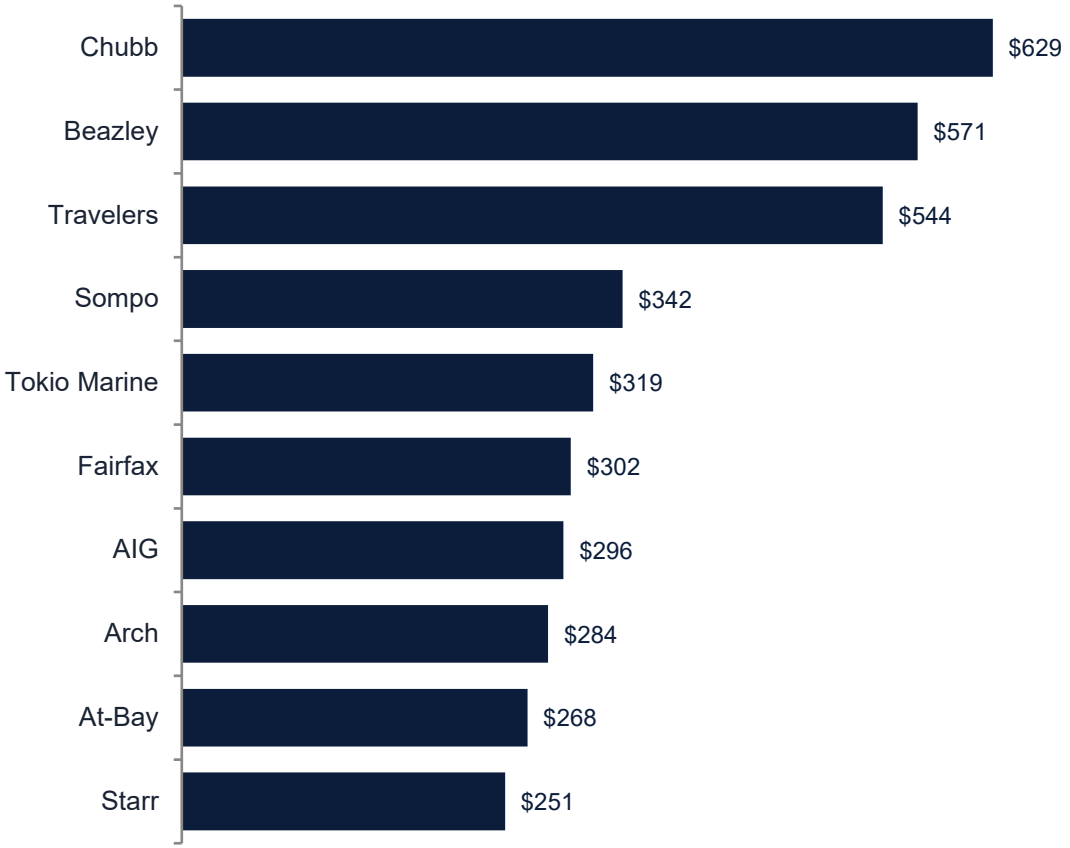
12%
rise in third-party claims

Source: AM Best, U.S. Cyber (June 2026); NAIC 2026 Report (Figure 7, market type percentages)

THE MARKET

Concentration and market shifts

Top 10 groups, 2025 DWP ($M)



~77%
written by top 20 groups

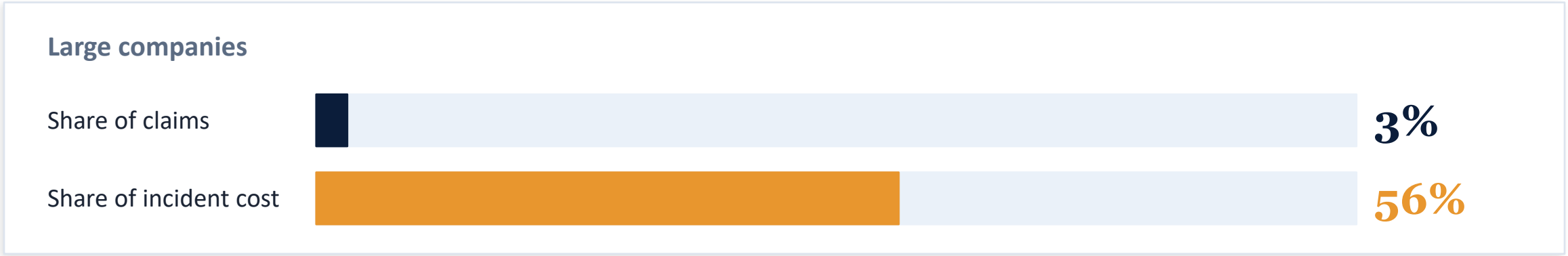
~51%
written by top 10 groups

- **Chubb, Beazley and Travelers** lead the primary segment
- **Restructuring contributed to 2025 growth,** including business moving from offshore to U.S. entities
- **Recent acquisitions will further concentrate the market** and change the rankings shown here for 2025
- **Largest writers by policy count** write mostly endorsements

Source: NAIC 2026 Report, Table 1; AM Best, U.S. Cyber (June 2026)

THE MARKET

Where the cost of claims lands



>500%

higher cost for small-business claims with business interruption than without it

~67% vs. ~20%

share of incident cost paid by insurance: small businesses vs. large companies

~64%

of small-business claims in 2025 were ransomware or BEC

Source: NetDiligence, Cyber Claims Study 2026 (10,309 claims, 2021–2025)

THE THREAT LANDSCAPE

Attacks are getting faster

88%

of observed exploitation came within 48 hours of public exploit code being released (Jan–Jun 2026)

+42%
Zero-day exploitation

+89%
AI-enabled adversary activity

Shrinking
Patch windows, as AI-assisted vulnerability discovery accelerates

Source: CrowdStrike, 2026 Threat Hunting Report (July 2025–June 2026)

THE THREAT LANDSCAPE

Identity, social engineering, and fraud



2x

Voice-phishing intrusions doubled in 1H 2026



20–50%

Forecast rise in funds transfer fraud



15x

Increase in device code phishing attempts in six months



$250K

Typical sublimits cap loss per claim — not how often claims happen

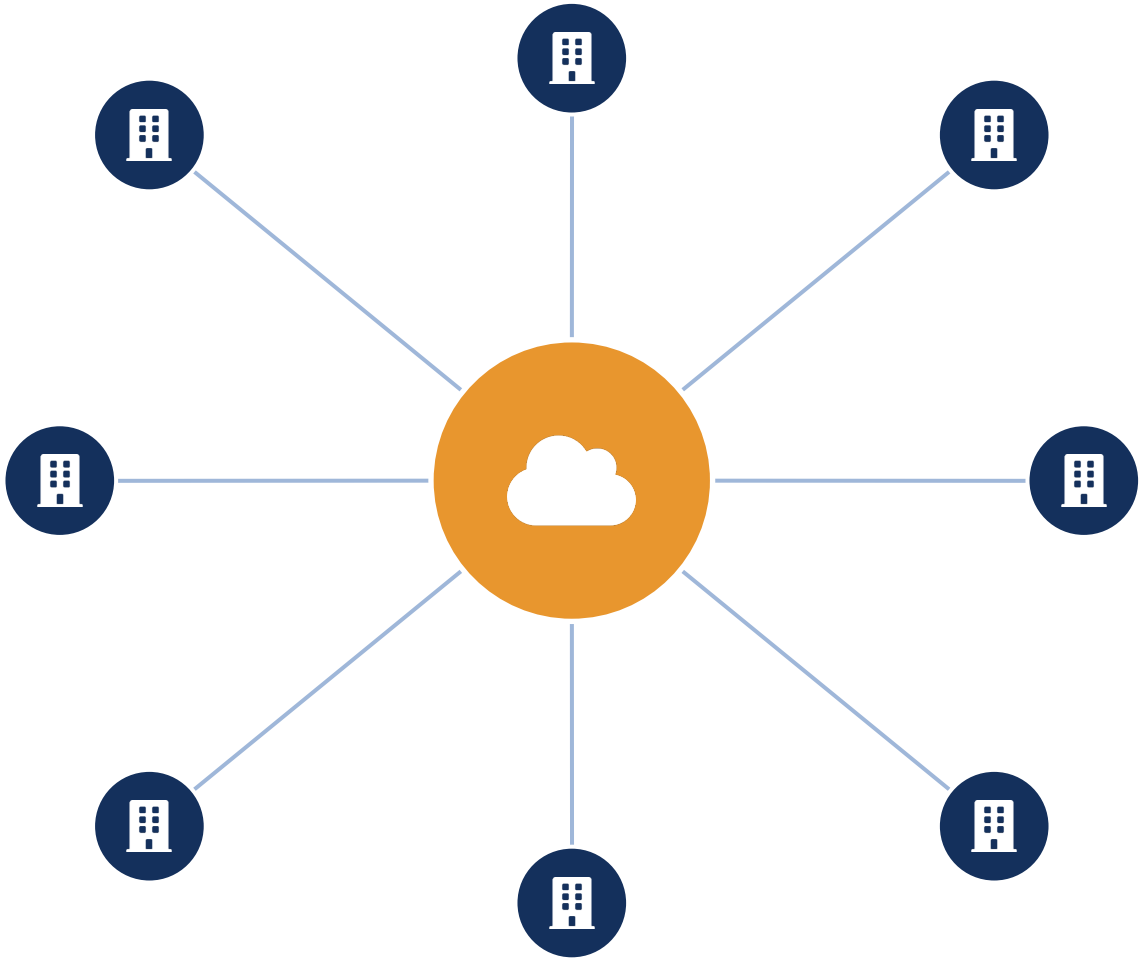


~30%

Rise in BEC claim frequency in late 2025, mostly at micro businesses

Source: CrowdStrike, 2026 Threat Hunting Report; Coalition, How AI Impacts Cyber Risk (2026)

Accumulation, supply chain, and cloud



300+

software dependencies compromised by one threat group in a single day

+171%

cloud-focused criminal activity

6% → 15%

supply-chain business interruption share of large claim value, in one year

Systemic events could overwhelm insurer capacity — and there is little historical data to model them.

Source: CrowdStrike, 2026 Threat Hunting Report; Allianz Commercial data via Fenix24, State of Recoverability 2026; AM Best, Global Cyber Outlook (July 2026)

New sources of liability

Serial litigation

One serial litigant doubled privacy claims among Coalition policyholders in 1H 2026

Non-breach privacy

Claims without a breach are growing: tracking pixels, biometrics, AI profiling

Policy overlap

These claims can overlap across cyber, D&O and EPL policies

Social inflation

More third-party claims and class actions may raise the risk of social inflation

Source: Coalition (2026); NetDiligence session, Non-Breach Privacy Claims; AM Best, U.S. Cyber (June 2026)

THE THREAT LANDSCAPE

The protection gap

26%

of executives worldwide didn't know cyber insurance existed

52%

of companies have ever been offered cyber coverage

74%

of small businesses don't realize cyber policies cover human-error incidents

<5%

of U.S. businesses buy cyber insurance (Coalition estimate)

10–20%

estimated small-business penetration

Source: Munich Re, Global Cyber Risk and Insurance Survey 2026; CFC, The Cyber Insurance Disconnect 2026–27; Coalition (2026); Swiss Re via AM Best

HOW THE FINDINGS ARE BEING USED

The NAIC report is shaping the industry story

NAIC data

Industry reports cite NAIC figures as the market-wide benchmark

Carrier data

Single-carrier claims data reflects that carrier's own portfolio and underwriting

Neutral view

The NAIC report is widely seen as the neutral, market-wide view

BUT **Several of our 2026 findings had to come from outside sources.**

Others rely on NAIC data — yet we relied on industry.

Source: Coalition (2026); Fenix24 (2026); NAIC 2026 Report

What the Supplement shows, and where we used other sources

Question	Cyber Supplement
Premium, policies and claims by policy type	Yes
Admitted vs. surplus lines results	Partial
Severity by insured size	No
Pricing trend	No
Reinsurance and net results	No

The Supplement does its core job well. The questions regulators increasingly ask now go beyond it.

Source: NAIC 2026 Report

WHAT THE DATA CAN AND CAN'T TELL US

Blind spots in the current data

Captives	Don't file with the NAIC; Bermuda reported $190M in captive cyber premium for 2024
Moving business	Shifts between offshore and U.S. entities can look like market growth
Expense ratios	Must be estimated from Other Liability – Claims Made data

Source: AM Best, U.S. Cyber (June 2026) and Global Cyber Outlook (July 2026); NAIC Blanks (E) WG, 2026-13BWG

Planned Data Changes

Approved data changes are already in progress

Part 5- Will add state-by-state insurer status while preserving the existing policy-type indicators

WHAT IS CHANGING

New Column 1: Active Status

Each state or territory row will identify the reporting entity's status at year-end.

L	**Licensed or Chartered**	Admitted
E	**Eligible**	Nonadmitted surplus lines
D	**DSLI**	Domestic surplus lines
R	**Registered**	Risk retention group
Q	**Qualified**	Accredited reinsurer
S / N	**Suspended / None**	Other status

APPROVED PART 5 BLANK

ANNUAL STATEMENT BLANK - PROPERTY

CYBERSECURITY INSURANCE COVERAGE SUPPLEMENT

PART 5 – CYBERSECURITY COVERAGE BY STATE

State	1 Active Status	~~12~~ Stand-Alone	~~23~~ Packaged	~~34~~ Excess	45 Endorsement
1. Alabama AL					
2. Alaska AK					
3. Arizona AZ					
4. Arkansas AR					
5. California CA					
6. Colorado CO					
7. Connecticut CT					
8. Delaware DE					
9. Dist. Columbia DC					
10. Florida FL					
11. Georgia GA					
12. Hawaii HI					
13. Idaho ID					
14. Illinois IL					
15. Indiana IN					
16. Iowa IA					
17. Kansas KS					
18. Kentucky KY					
19. Louisiana LA					
20. Maine ME					
21. Maryland MD					
22. Massachusetts MA					
23. Michigan MI					
24. Minnesota MN					

Existing policy-type columns shift to Columns 2-5: Stand-Alone, Packaged, Excess, and Endorsement.

What this improves **Clearer admitted / nonadmitted context by state**
This does not yet add state-level premium, loss, claim, or reinsurance amounts.

WHAT THE DATA CAN AND CAN'T TELL US

Five gaps raised by industry analysts

1

No state-level financial data

Part 5 only shows Yes/No for whether business is written in a state

2

No net or reinsurance data

For a line that depends heavily on reinsurance

3

Data arrives late

Supplement due April 1; companies often followed up after that

4

No quarterly data

Trends can't be seen as they happen

5

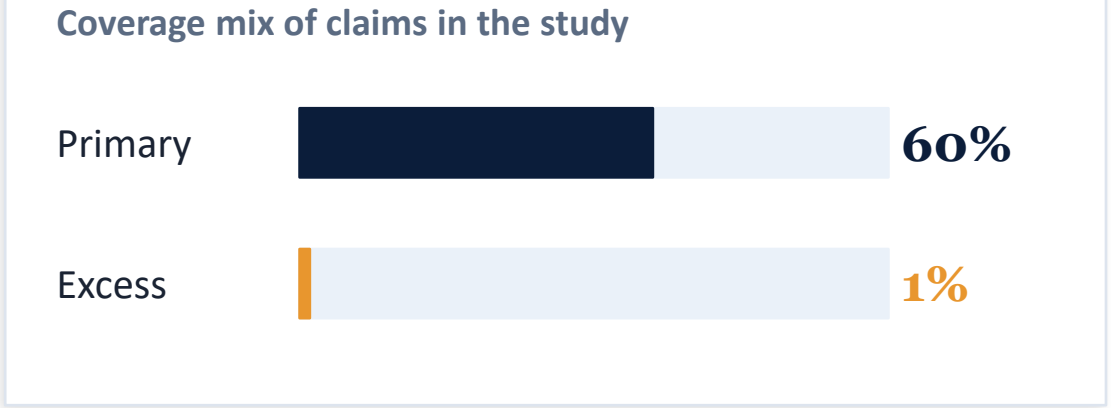
No claim development

Cyber sits inside Other Liability in Schedule P

Private data has limits too

- **Convenience samples,** not market-wide data
- **Can't see** policy limits, sublimits or exclusions
- **Valuable and used heavily** but no substitute for consistent, market-wide data that regulators control

14% of claims in one study are still open, so costs are understated



Source: NetDiligence, Cyber Claims Study 2026, Methodology

DISCUSSION AND NEXT STEPS



Which findings matter most for your own state's financial analysis or market conduct work?



Where have you had to rely on outside reports to understand your market?



Which gap matters most to you: state-level data, net/reinsurance data, or more timely data?



Should the Working Group look at Cyber Supplement reporting more formally?