

## Can You Prevent Cyber Crime? Insurance Price Hikes Indicate Otherwise.



[Cyber insurance premiums](#) are going way up, and [Evan Greenberg](#), Chubb CEO, warns that those increases do not capture the actual risk of a catastrophic cyber event. Prior to the prevalence of ransomware attacks, insurance companies focused on privacy, such as keeping and storing records, versus business interruption costs. Ransomware has radically altered the landscape of cyber insurance and now accounts for [75% of cyber insurance claims](#). The increase in claims far exceeds the bump in insurance costs. And, there is not a clear path to reducing the risks and capturing the true costs of a breach.

Is [paying ransom](#) to criminals driving up insurance costs as the insurance companies themselves feed the cybercriminal enterprise? Companies may focus less on cybercrime prevention knowing that demands will be met; hackers see companies with solid insurance coverage as highly desirable targets for easy payouts.

Deterrence may mean taking a strong stand and not caving to ransomware demands. [Anja Shortland](#), Professor of Political Economy, King's College in London, has extensively studied kidnapping for ransom insurance and says "disruptive bargaining" drove down kidnapper payout demands. In her book, [Kidnap: Inside the Ransom Business](#), Shortland explores the questions of "What exactly is the role of insurers in this system? Would people be safer if insurance did not exist? I see a system that puts the welfare of the hostage center stage – but also prevents ransom payments from escalating, so as not to put others at risk. Kidnap insurance and the services associated with it thereby facilitate international trade and investment, resource extraction, aid, development initiatives, research and reporting from some of the most complex and hostile security environments in the world. Is this not in the public interest?"

*"They've got very clear control of the ransom negotiations, and they tell their customers, 'This is how you're going to run this. And, you're not going to panic, Yes, you will get some really horrible threats, and they may say they will take an ear off and they always get that on the fifth phone call. We've yet to receive an ear, so don't cave in.'" Anja Shortland, discussing how the insurance industry effectively handles [kidnap for ransom cases](#).*



[Julian Radcliffe](#), Founding Director of Control Risks, recognizes the application of [Shortland's analysis](#) of kidnap ransom insurance claims to ransomware cyber insurance claims, finding her "rigorous analysis is needed not just in this field but also in cyber, art crime and all those areas where the lack of international policing leaves the private sector to find its own solutions..."