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Guidewire Contributes to Report That Finds Top Cyber Insurance Providers Could Lose up to 119% of Policyholder Surplus in 2022 Cyber Catastrophe Event

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Report by A.M. Best with software modeling from Guidewire Cyence™ Risk Analytics highlights opportunity for insurance providers to leverage cyber risk management tools to counter potential financial impact

FOSTER CITY, Calif.--(BUSINESS WIRE)--Aug. 20, 2018-- Guidewire Software, Inc. (NYSE: GWRE), provider of the industry platform Property and Casualty (P&C) insurers rely upon, helped develop data analysis included in a report published by A.M. Best, "Cyber Insurance Market: Stress Testing the Future." The report extrapolates market trends to test and estimate the impact of future cyberattacks on the industry's capitalization and ratings. Cyber insurance market premiums globally are on pace to grow to $14 billion by 2022, and the report's goal was to provide clarity on the potential impacts of this growth on insurers, and to provide risk management guidance to support the market.

In the test, five typical policy profiles were created, each with specific attributes such as policy limits and line of business minimums. Guidewire Cyence™ Risk Analytics, which uses data listening to collect real exposure and accumulation data at scale, was applied to the modeled cyber portfolios of the top 20 insurance carriers to model their gross loss potential in two scenarios – cloud service provider interruption and mass vulnerability as described in a [Lloyd's 2017 emerging risk report.](#)

In the first scenario, numerous cloud-based customer servers fail, leading to widespread service and business interruptions. In the second, a common software application is compromised and exploited on a global scale. To capture the totality of potential losses, Guidewire also modeled the portfolio's total annual losses from all event types.

According to the A.M. Best special report, most carriers' gross losses were manageable, however severity loss potential was identified. Three of the carriers' modeled gross losses range from 15 percent to 119 percent of their estimated 2022 policyholder surplus in a single-event scenario. In addition to the two event scenarios, annual gross losses that could occur over a 12-month period as a result of all events, were assessed. At the 1-in-200 event level, five companies incurred gross losses ranging from 11 percent to 233 percent of their 2022 policyholder surplus. The report notes that loss projections under the 1-in-50 and 1-in-200 scenarios do not consider ceded reinsurance arrangements the companies may have.

"It's clear cyber is a major growth opportunity for the P&C insurance industry, but it's also challenging," said George Ng, Chief Data Officer, Guidewire. "Advanced analytics and risk modeling are imperative for effective underwriting, pricing, and accumulation to ultimately drive a sustainable cyber insurance marketplace."

To access the full copy of this special report, please visit.

http://www3.ambest.com/bestweek/purchase.asp?record_code=277047

About Guidewire Software

Guidewire delivers the industry platform that Property and Casualty (P&C) insurers rely upon to adapt and succeed in a time of accelerating change. We provide the software, services, and partner ecosystem to enable our customers to run, differentiate, and grow their business. We are privileged to serve more than 350 companies in 32 countries. For more information, please visit www.guidewire.com and follow us on twitter: [@Guidewire_PandC](#).

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