



Talking Points Newsletter *Volume #38*

TSiB's Talking Points Newsletter covers recent top industry articles in the following categories:

- Insurance Market
- Construction Industry
- Claims
- Trends

This newsletter is a guide to assist you on the most important current events. We share insight on each topic and how it can affect you directly.

If you have any questions about any of these articles, other insurance and surety concerns, or have specific topics you would like to learn more about, please reach out to us directly at contact@tsibinc.com or visit [our website](#).



Global P&C Reinsurance Market Outlook Positive Despite Looming Headwinds

Credit ratings and research firm, Morningstar DBRS, recently published a report on global P&C reinsurance market which remains positive. As a direct result of more favorable pricing, higher interest rates, and lower than expected natural catastrophe losses, the P&C reinsurance companies have reported strong underwriting and investment results.

In addition to the weather impacts, analysts are looking at a volatile equity market, a weakening of interest rates, and an uncertain geopolitical outlook as factors that could impact underwriting profitability.

TSIB Talking Point: Reinsurers are reaping the benefits of the hard market and some good luck on the catastrophic claims front. This is a situation that does not bode well for insureds as the pricing remains high and given the fact that these financial results are on shaky ground, it does not seem like pricing will ease anytime soon.

[Click here](#) to read more.

Insurers Face Business Interruption Claims After Global Tech Outage

In mid-July, CrowdStrike, a global cybersecurity firm, performed a software update which appeared to trigger massive system problems across the world. This outage affected many industries, including the travel industry, grounding flights, the broadcasting industry, forcing shows off the air, and left many people without access to their banking and/or healthcare. The outage was triggered when an update, by CrowdStrike, that was designed to protect Microsoft Windows was found to be defective. As a result, insurance companies are bracing for a deluge of business interruption claims, what many people are calling an “Insurance Catastrophe.”

TSIB Talking Point: This is the type of thing that a Cyber Liability policy is intended to insure. With damages estimated to be in the tens of billions of dollars, insurers are anticipating an avalanche of claims. Insurance coverage for a similar event would be available as long as the insured has the correct coverage. Business interruption coverage could apply in this situation if the insured maintains a Cyber Liability policy. It will be interesting to follow this story to see how much the insurers pay.

[Click here](#) to read more.



How/Why To Add Cybersecurity Provision To Construction Contracts

It really was a matter of time before cybercriminals turned their attention to contractors. The financial and healthcare sectors have shored up their cybersecurity defenses, allowing cybercriminals to find an easier target in a less protected industry, construction.

Dodge Construction Network reported that 59% of the firms surveyed in 2023, experienced a cybersecurity threat within a two-year period, hitting General Contractors (GC) the hardest. If there is an attack that locks out a contractor, it is generally understood that the victimized contractor could work for roughly five days without access to their documents before there is a significant schedule impact. GC's must be aware that their subcontractors are exposed as well.

TSIB Talking Point: Cyber Insurance remains widely available, and contractors should examine their exposures. If the construction company does not have a robust cybersecurity program, they can work with their insurance broker to take advantage of the resources that insurance companies offer, as they look to underwrite the risks.

[Click here](#) to read more.

OSHA's Proposed Heat Rule: It's Time To Get HIIPP

There is a rising concern for the safety of the worker's exposed to this excessive heat. In response, OSHA [proposes a rule](#) that details these exposures.

The proposed rule specifies that the contractor must have a Heat Injury and Illness Prevention Plan (HIIPP) that provides access to water and shade, a designated heat safety coordinator, and a clear communication plan, in multiple languages. Included are training, acclimation time for new employees, and paid heat breaks.

There are some barriers to adopting/enforcing this rule, including the Supreme Court overturning the [Chevron Doctrine](#).

TSIB Talking Point: OSHA has an existing general duties clause that requires employers to provide a work environment free from hazards in which heat exposures would be contemplated. Even if the adoption of this rule is defeated politically, OSHA has made additional information available to help contractors address the rising temperatures.

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Cyber Market Sees CrowdStrike Claim Notifications

Many companies were impacted by the mass CrowdStrike outage that occurred in July 2024. This outage affected various industries, including airlines, government agencies, healthcare facilities, etc. Insurance coverage may be triggered for business interruption claims under cyber policies depending on the policy wording, deductibles/waiting periods, and evidence of loss.

Policies that include wording for system failures and accidental outage coverage will likely be triggered. If so, it would allow companies to seek coverage for business interruption, system failure losses and contingent system failure losses. As with any claim, losses will need to be proven, and deductibles/waiting periods exceeded.

The impact of the CrowdStrike outage on the cyber insurance market is extensive, however, it is believed that most claims will be resolved within the primary insurance limits. There is little expectation that claims will impact the reinsurance market. However, if this loss was caused by a cyber-attack, the losses would be much more extensive given the malicious nature of those claims.

TSIB Talking Point: Cyber products have been proven to be a necessary insurance tool in managing risk. Working with sophisticated brokers to procure the breadth of coverage to meet individualized risk is paramount.

It is important to seek a broker partner with strong claims advocacy. Claims advocates can help ensure the coverages are interpreted and applied properly to a variety of claim scenarios. They can also be instrumental in providing guidance on how to properly document your claim to maximize recovery.

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Additional Articles:

- [Billions in Damages From CrowdStrike Outage to Go Uninsured](#)
- [Moody's Eyes Downstream Impact of CrowdStrike Disruption on Cyber Insurance](#)



Poll Suggests AI Threats Will Drive The Biggest Cyber Losses For Reinsurers

A recent poll from Reinsurance News showed 45% of the insurers and reinsurers polled agree that AI-powered threats will be the largest driver of losses over the next couple of years.

Previously, Zurich and Swiss Re examined the Generative Artificial Intelligence risks (GenAI) that reinsurers face. GenAI can produce text, imagery, and audio which makes deep fakes, false positive, and false negatives a major exposure.

The second largest concern showed Ransomware received 30% of the votes. At-Bay, a cyber insurer, revealed that ransomware claims, between 2022 and 2023, increased by 64% and Corvus Insurance revealed that there were over 1,070 leak site ransomware victims in Q1 2024.

Another threat shows business email compromises, received 10% of the votes. Given the low technical lift and a potentially lucrative payoff, this is a risk that should be watched going forward.

TSIB Talking Point: The proliferation of ransomware claims does not seem to be letting up. In fact, as technology evolves such as Artificial Intelligence, so do criminals. It is important to understand that the cyber risks are very real and constantly evolving.

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Defense Institute Aims to Educate, End “Skyrocketing” Nuclear Verdicts

The Nuclear Verdict Defense Institute, an organization for defense attorneys to help combat nuclear verdicts, recently hosted a four-day program to teach defense attorneys and claims professionals how to end these skyrocketing jury verdicts.

The NVDI claims that their process has saved insurers and defendants over \$3 billion over the past four years. The focus of this process goes beyond reforming the rules such as tort reform, damage caps, or other legislative changes. There are patterns that can be broken during the trial that can be very effective in combating the plaintiff’s attorney’s trial methods.

TSIB Talking Point: The Plaintiff’s Bar is notorious for sharing information on how to manipulate a jury to benefit their clients while the defense attorneys have not had that same level of cooperation. This situation highlights the importance of the need for the defense industry to adapt and change the way they defend these lawsuits.

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