As cyber and data breach exposures grow, agents are coming under additional pressure to understand and address those exposures. Cyber liability represents quite a conundrum for agents, as a recent survey of our top commercial lines agents illustrated. On the one hand, agents believe that 80% of commercial lines customers have a cyber exposure. They also estimated that only about 10% to 20% have actually purchased any cyber coverage, and that most customers don’t understand their cyber exposures. Further complicating matters is cyber coverage forms vary from carrier to carrier. Agents see a large and growing market opportunity for cyber insurance, yet the market landscape is quite complex and is changing frequently.

Cyber and data breach exposures are multiplying with increasing frequency. This emerging trend is putting new pressure on agents to understand and address cyber exposures as carriers introduce evolving coverages while each customer brings a potential errors and omissions risk. In the face of these new market challenges, the best agents are reducing vulnerability for their customers by introducing them to entry-level package solutions and carefully selecting carrier partners that offer better, more effective stand-alone cyber solutions.

In the United States, 2014 was a record year for data breaches, with documented breaches exposing 85.6 million records, according to the Identity Theft Resource Center. While the Target and Anthem data breaches made the headlines, there are dozens of claims scenarios that could potentially affect business owners today. The reality is, small to midsize businesses are equally as likely to experience a cyberattack or breach as larger corporations, and these businesses may not be as well prepared to handle a cyberattack, both operationally and financially.

There are many ways agents can help protect their clients from this dynamic and complex risk, starting with incorporating cyber and data breach questions into the customer risk assessment process. The best independent agents look for ways to learn more about the risks and solutions for their customers’ businesses, like talking with experts in underwriting and loss control and understanding the possible claims scenarios. Knowing the various coverages and forms can help agents select the best carrier for the risk. Furthermore, carriers that specialize in this market will offer a breadth of services and information to help agents stay abreast of the risks that exist and the solutions that are available.

Marsh estimates the U.S. cyber insurance market has the potential to be $5 billion by 2018. As a result, there is a tremendous opportunity for agencies to provide expertise and guidance in this area, helping their customers and ultimately helping to grow their businesses.

Agents will be successful if they are able to navigate this complex cyber risk and provide appropriate solutions to their customers in a cost effective way. These agents continue working to understand the trends in the industry, and are partnering with carriers that offer effective solutions and proactively address the needs of their customers. They are positioning their agencies to capitalize on the great opportunity to demonstrate their value by helping customers understand, protect against, and be properly insured for cyber exposures and data breach risks.