

Scott Seaman Discusses Social Inflation and Coverage Exclusions for State-Backed Cyberattacks in *Carrier Management* Article

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Scott Seaman—Chicago-based partner and co-chair of Hinshaw’s global Insurance Services Practice Group—discussed in *Carrier Management* challenges presented to insurers by cyberattack coverage and how social inflation has impacted policyholder reactions to war and cyber insurance exclusions.

Seaman stated that the climbing costs of losses are simply not sustainable for insurers to cover. “There are some [events]-such as terrorism and pandemics-that are capable of producing losses beyond which private insurers can adequately calculate, control or respond without threat to their solvency. Large cyber events, particularly government-sponsored events, may fall into that category,” he said.

He also addressed some of the additional challenges the industry is grappling with beyond systemic cyber risk, including “the dangerous double barrel of economic inflation and social inflation.” He stated that a federal backstop could be an effective alternative to insurer coverage of state-sponsored cyberattacks.

Seaman noted the insurance industry has an important role to play in strengthening cyber hygiene and building resiliency. “Through underwriting and pricing, insurers have been encouraging policyholders to implement stronger cybersecurity standards and controls.”

[Read the full article](#) (*subscription required*)

“Broken Promises? Policyholders React to Cyber Insurer Exclusions, Claim Denials” was published by *Carrier Management* on November 28, 2022.

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