

**FOR IMMEDIATE RELEASE****Statement of Ranking Member Bennie G. Thompson*****The Role of Cyber Insurance in Risk Management***

February 25, 2016 (Washington) – Today, Committee on Homeland Security Ranking Member Bennie G. Thompson (D-MS) delivered the following prepared remarks for the Cybersecurity, Infrastructure Protection, and Security Technologies subcommittee hearing entitled “The Role of Cyber Insurance in Risk Management”:

“Cyber insurance is a way to share risks so when a cyber data breach event occurs, the insured company receives a payment to compensate for the losses.

The analysis of data breach claims helps cyber insurance companies estimate the probability of a breach and the likely losses that can be covered.

A cyber insurance company might use this experience to recommend cybersecurity improvements to companies it insures.

Some suggest that cyber insurance companies can gather detailed, technical information on breaches and use this knowledge to prevent future breaches at other clients.

Others have had the idea to create insurance “pools” for use by smaller and mid-sized businesses, in certain sectors, which could then collectively purchase a cyber insurance policy. There are lots of innovative ideas on the table.

Over the past seven years, President Obama has been very involved on the issue of protecting critical infrastructure. In 2013, the President issued Executive Order 13636, “Improving Critical Infrastructure Cybersecurity”.

The Executive Order called for, what we now know as, the NIST Cybersecurity Framework, developed by the Department of Commerce’s National Institute of Standards and Technology.

It is a set of voluntary industry standards and best practices to help companies and entities manage cybersecurity risks, and it has become a central tenant of the idea that cybersecurity insurance might be possible in the real world.

We have been told the cybersecurity insurance market is growing at 30% a year by some estimates, and brokers and underwriters alike agree that mid-size and small businesses are the next sector of business to see a widespread adoption of cyber insurance.

I know I hear from many of the main-street businesses in my District when I hold meetings on cyber—that many are struggling with their cybersecurity efforts. They lack the resources, the time, and the expertise to address this issue.

And I imagine they will have a more difficult time qualifying for cyber insurance. I look forward to the testimony today on this complex and necessary component of cyber and information security.”

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