![GuyCarpenter]

EXECUTIVE SUMMARY—REFOCUSING THE LENS: AN UPDATED LOOK AT CYBER MODEL DIVERGENCE

Cyber catastrophe modeling is constantly in motion, due to ever-evolving threats and a continued drive to advance the precision and capability of the models.

This study revalidates the findings of Guy Carpenter's earlier report, *Under the Lens: Investigating Cyber Vendor Model Divergence*, but this updated study is based on the latest model versions while expanding the scope to include tail losses.

Analysis focused on 2 specific areas:

1. Given the updated vendors' models, which input parameters drive the greatest model expected loss divergence?

2. Does the same group of input parameters impact variability in the tail in a way similar to the mean?

Revenue continues to be the key driver of model divergence at the mean and was found to be an even more significant factor at the tail. Industry sector and country of domicile, on the other hand, were less important at the tail, where affected entities are highly correlated and individual characteristics are less distinct.

Impact of coverage on model divergence varies and is liable to fluctuate based on vendors' reaction to recent events and the current threat landscape. As perils evolve, so will their parameterizations. We need to understand the drivers of divergence in the new model versions, given the context of a greater focus on ransomware and cloud, along with a departure from data theft.

Cyber catastrophe modeling is intended to quantify unlikely and impactful events affecting the cyber industry. Emphasizing tail losses and ensuring future periodic review are essential to developing an understanding of the impacts on divergence of the vendor models' changing views.

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