

IMC CYBER CONFERENCE

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Agenda



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- What do underwriters think about when reviewing technology and data protection exposures?
 - Underwriting varied industry groups.
 - Cyber and existing policies.
 - The spectre of aggregation.

What is cyber?



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- Cyber means different things to different people.
 - There is no agreed definition of what cyber is (which is part of the problem).
 - Cyber is not a very accurate definition of many of the exposures – more accurate is probably data and network protection.

In reality

- Privacy, computer and network security are not just Internet issues.
- Any entity that transacts business using the following is impacted:
 - a computer network; or
 - confidential information is at risk.

Do clients understand the risks that they face (or do we)?



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- Many clients (regardless of how big or small they are do not understand the risks that they are facing) from network or data.
 - More often than not – the risk manager (or one of his superiors) has read some sort of article on cyber risks and decides that he needs to purchase some sort of cover.
 - It is impossible to try to provide any type of solution when the client themselves do not understand what they are looking for.
 - This is especially the case for any large conglomerate/large corporate.
 - The client must not only have an understanding of their exposures but also their current coverage.

How the exposures are categorized



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- First vs. third party exposures
 - A single trigger can cause both
 - Different from PI – cyber tends to have a high level of first party exposures which need to be handled differently from a claims perspective.
 - Third Party
 - Privacy and security liability
 - Internet Media Liability
 - First Party
 - Privacy notification costs
 - Crisis Management
 - Regulatory costs
 - Extortion
 - Business interruption

The Starting point!!



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- Where do you start when considering a cyber or technology risk?
 - Industry Group?
 - Line of Coverage?
 - Risk Management?
 - Coverage already in place?

 - All of these items are important when considering a cyber risk!!

Underwriting the different industry groups



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- Hotels, FI, Retailers, Manufacturers, Healthcare etc. etc. etc.
 - Each industry has very specific exposures that need to be understood in order to build an underwriting picture.
 - Depending upon whether the focus of the insurance is liability or first party coverage – the hazard rating of each of these classes can be very different (i.e. may be low liability hazard but high first party hazard)
 - For example:
 - Hotels tend to have franchise arrangements, external management, various staffing arrangements and carry large amounts of PII related data.
 - Manufacturers have high levels of business interruption dependency but in many cases tend to have less PII related information (unless they have an on-line presence).
 - Retailers also tend to have large amounts of PII related data

Methodologies to review the exposures facing an insured



Data/cyber/network security can be broken down into several main categories such as follows – each of these can be further broken down in to sub-sectors and then applied to the exposures of the insured.

Privacy

Technology
Services

Business
Interruption

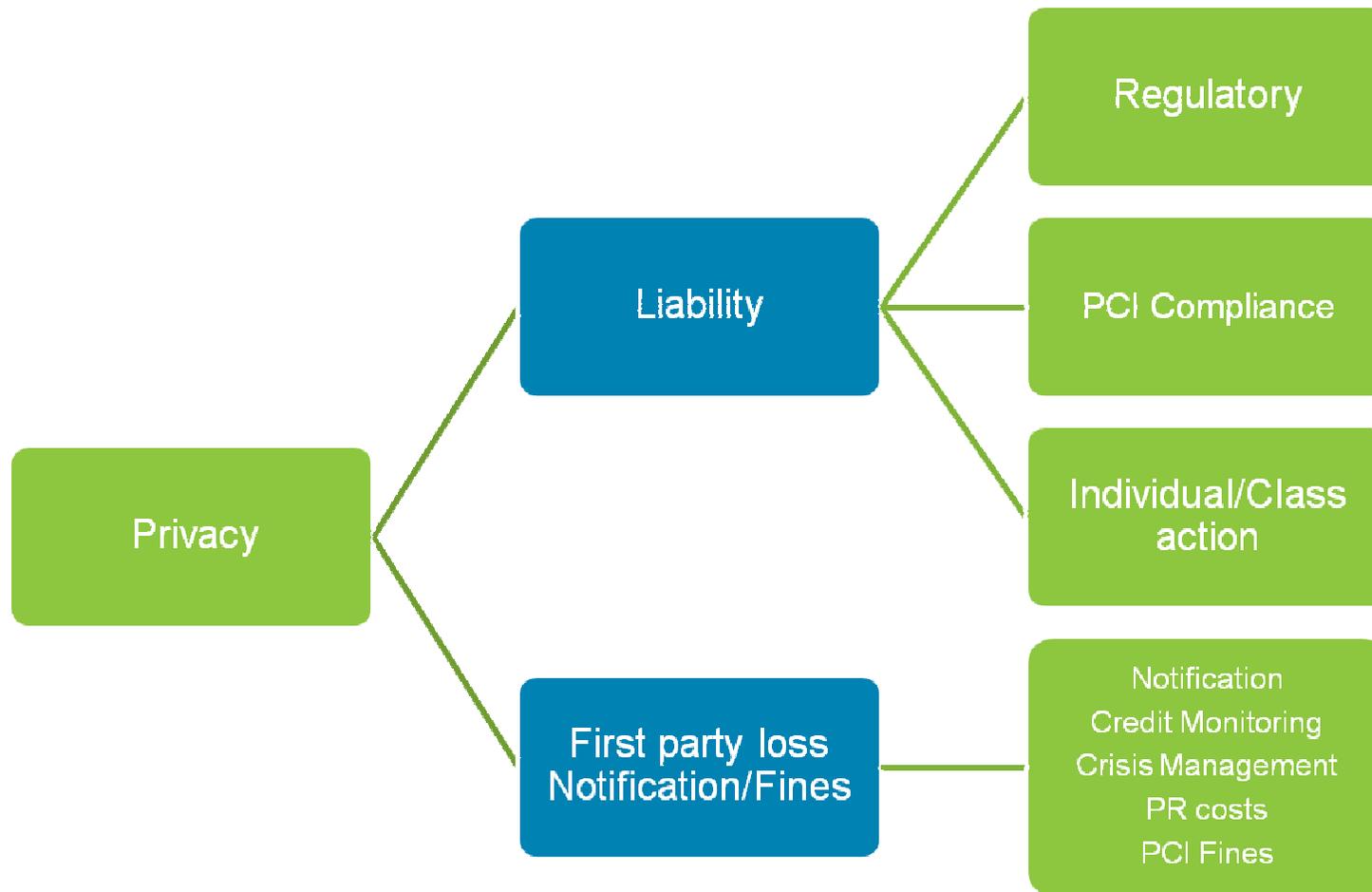
Intellectual
Property

Cyber
Terrorism

Social
Media/Web
Publishing

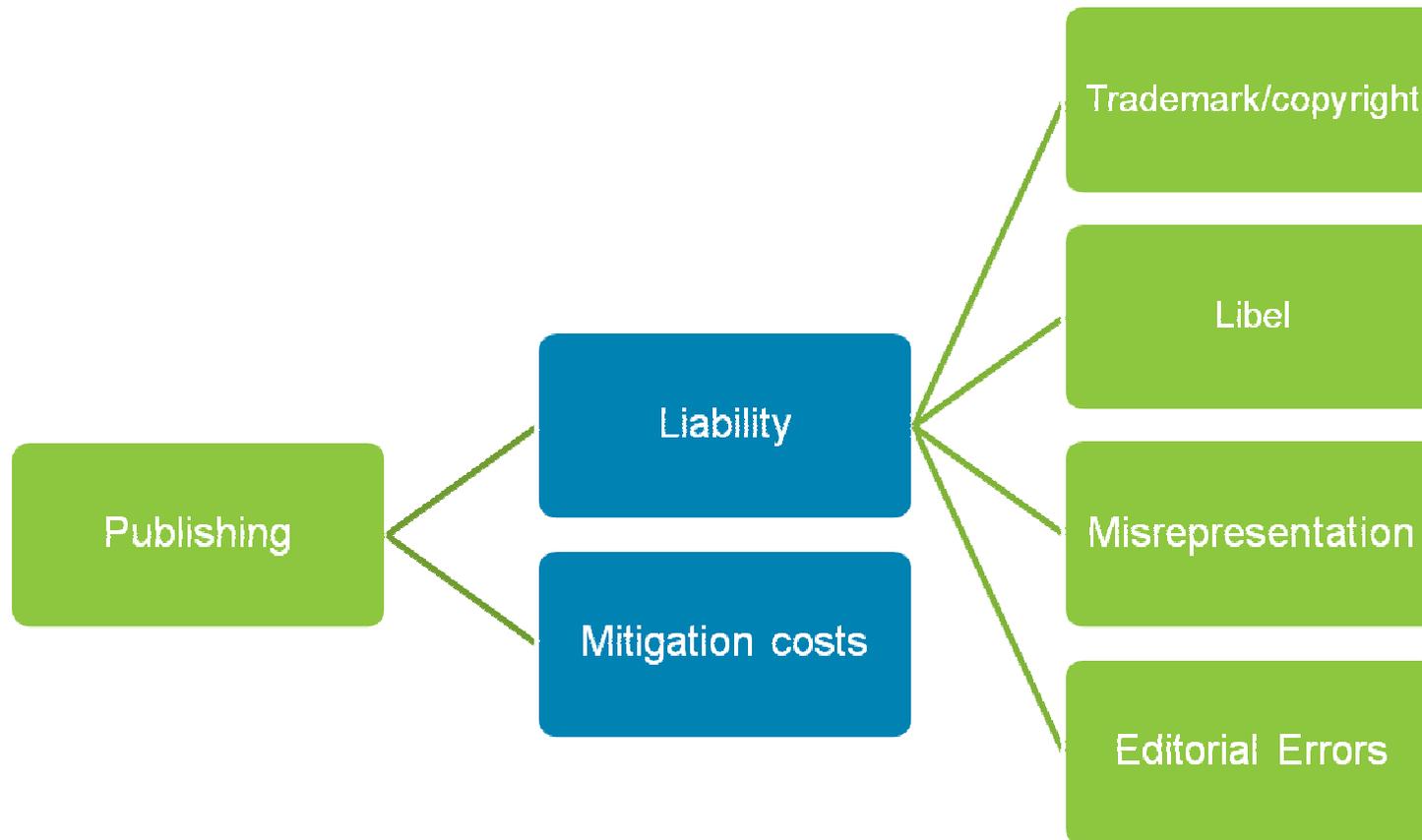
Cyber
Crime/Fraud

The decision tree of exposures? Privacy

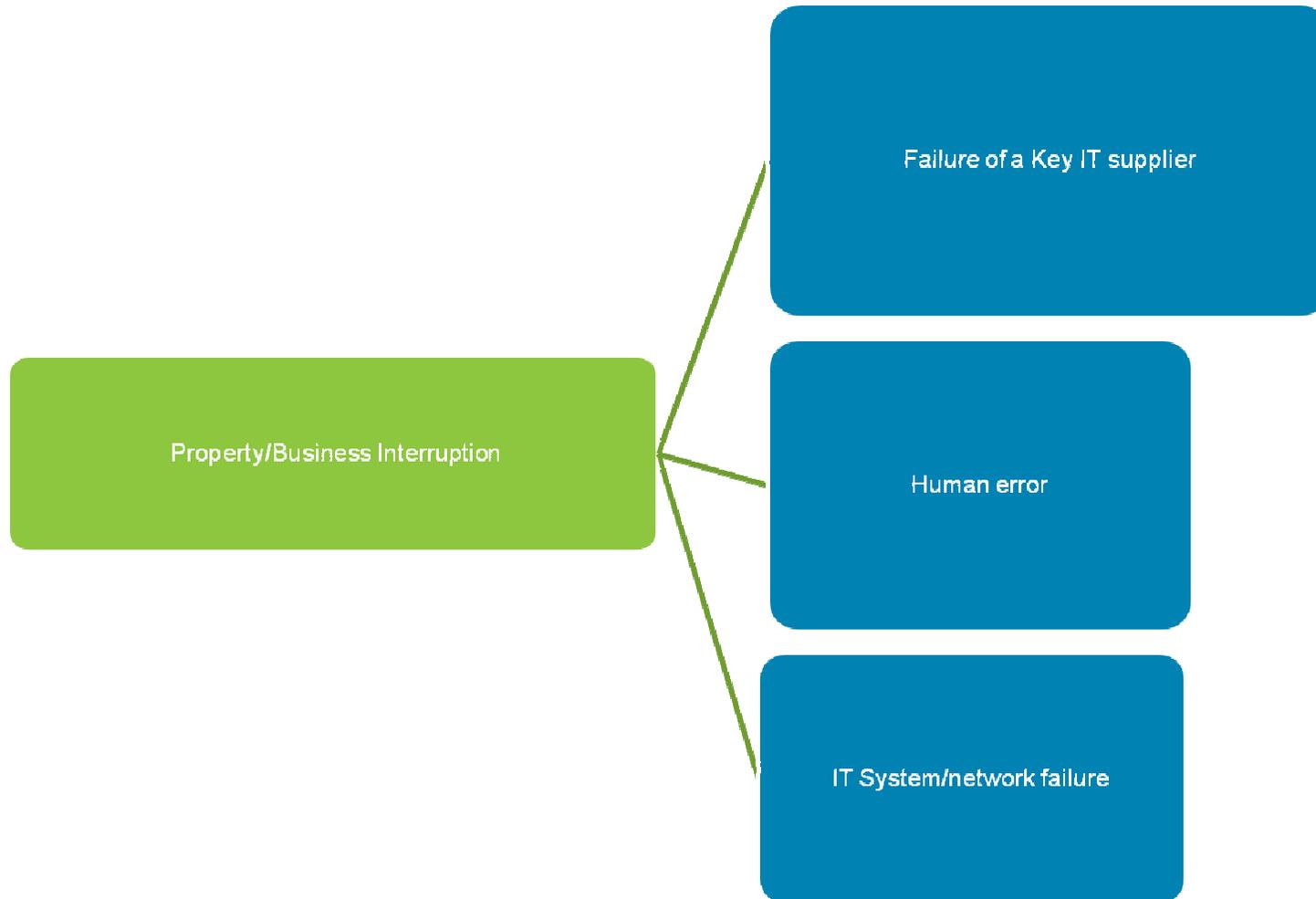


How do the exposures break into cause and effect ?

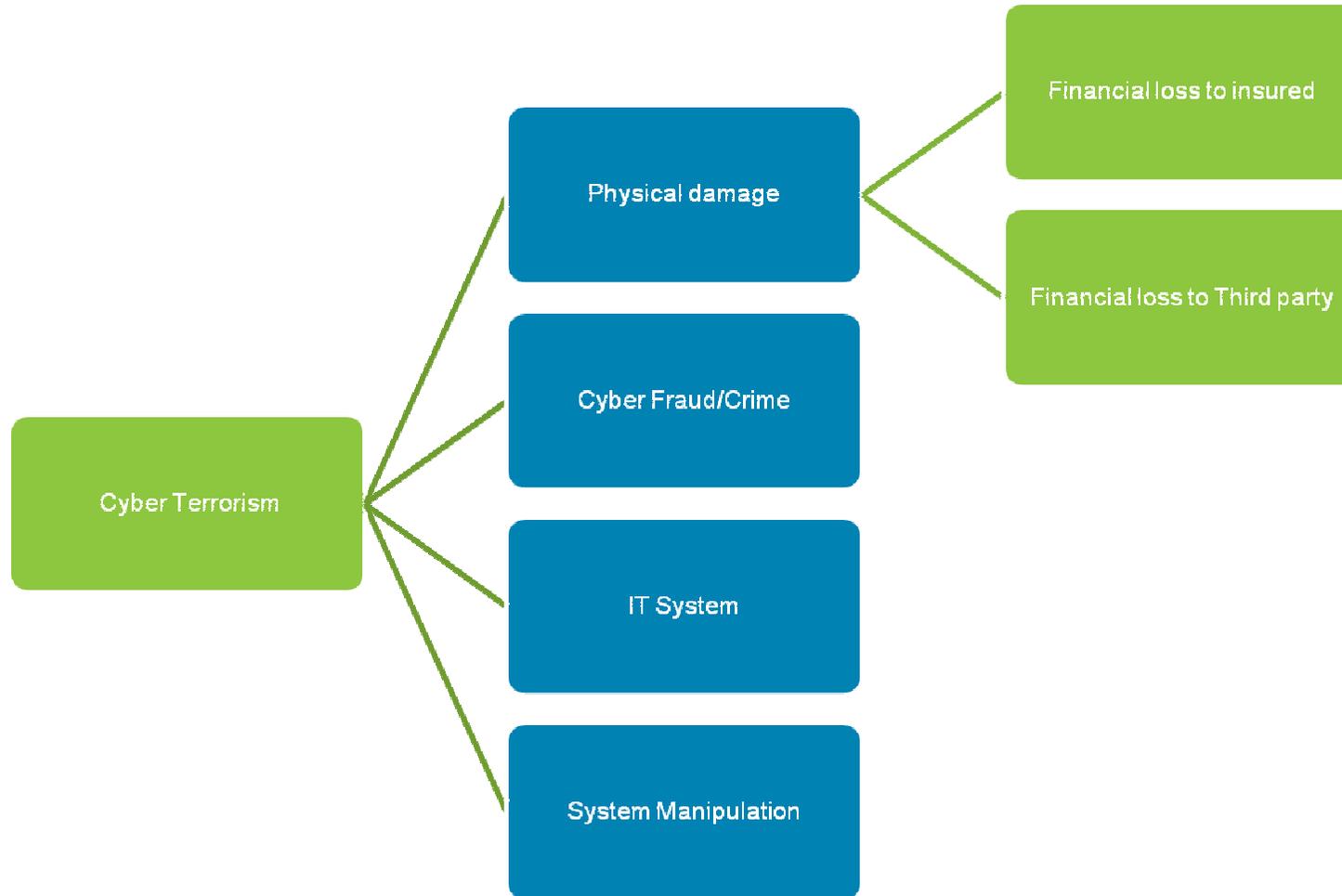
Media publishing



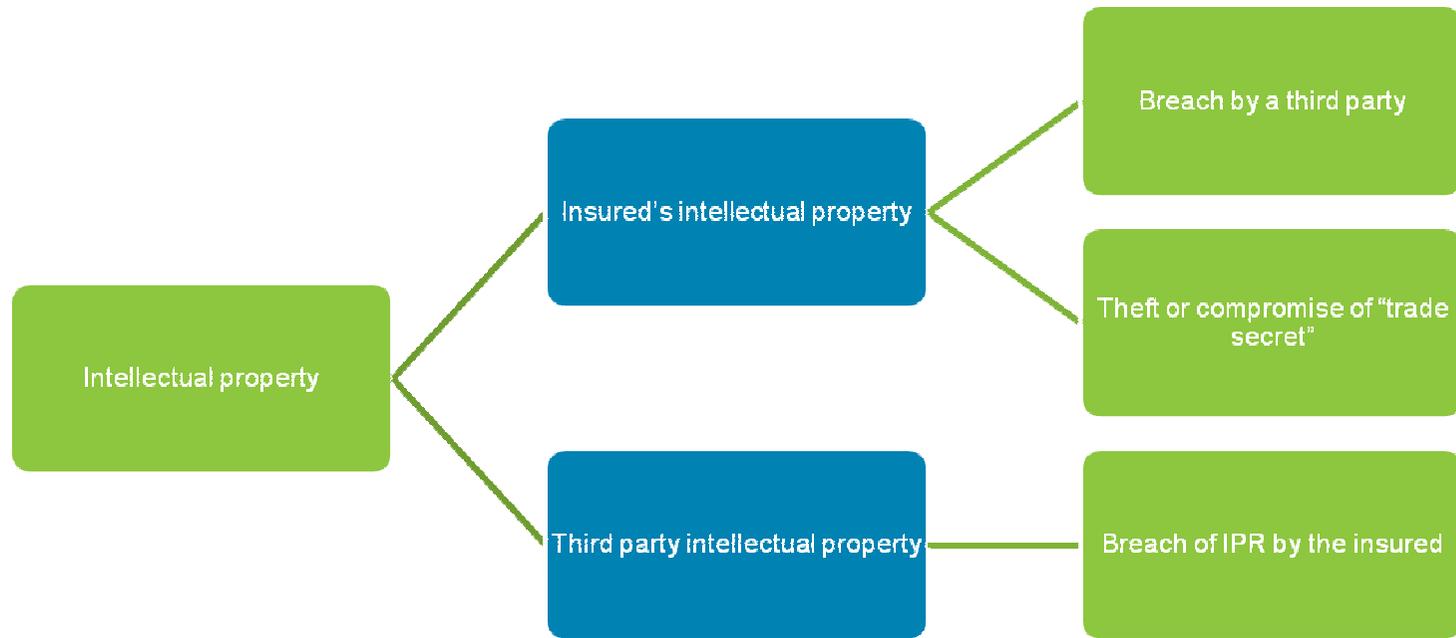
How do the exposures break into cause and effect ? Property/Business interruption



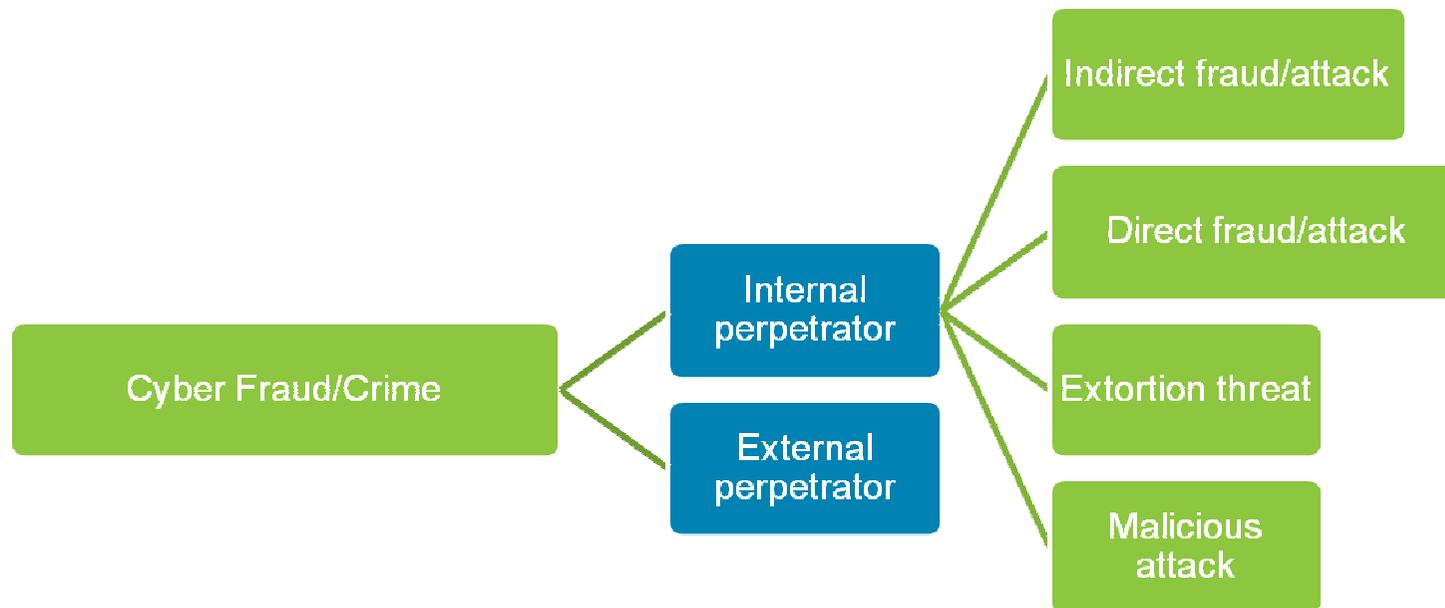
How do the exposures break into cause and effect ? Cyber Terrorism



How do the exposures break into cause and effect ? Intellectual Property



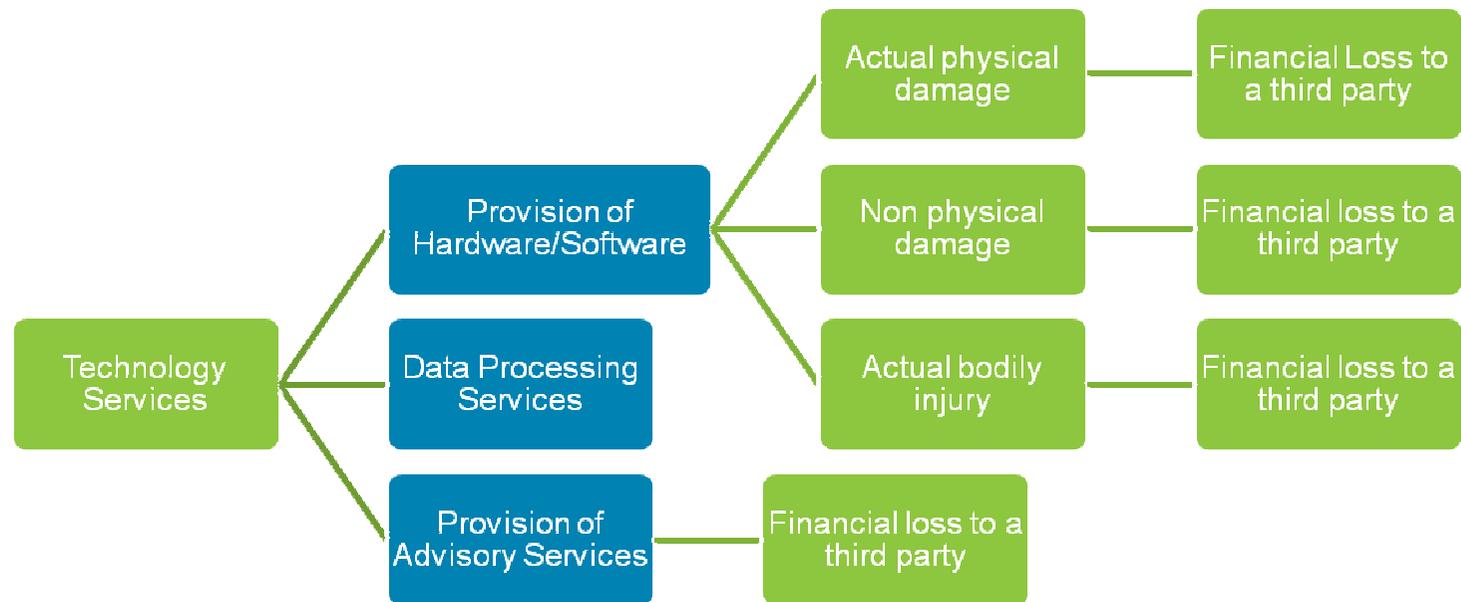
How do the exposures break into cause and effect ? Cyber fraud/crime



How do the exposures break into cause and effect ? Technology Services



Some companies may be providing technology related services to clients



Who will supply the information required?



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- Main point of contact will be the Risk Manager however.....
 - The information that is required to write this type of risk will come from a range of divisions:
 - IT
 - Legal
 - Risk Management
 - Privacy office
 - Marketing/PR
 - This can make it difficult for companies to supply the information required.

There is coverage already in place?



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- Is cyber coverage already present under a policy?
 - What insurance policies does the client purchase currently – this will depend upon the industry group that they are in:
 - E&O (not all clients have or require E&O/PI)
 - General liability
 - Property
 - Business interruption
 - Kidnap, Ransom and Extortion
 - Can have an aggregation impact on the book.

What does a cyber underwriter need to consider - the specter of aggregation



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- AGGREGATION on the book.
 - It may seem obvious but many cyber underwriters are also write Technology E&O coverage as well.
 - Coverage areas such as dependent BI are being pushed but how to handle the aggregation – many physical BI markets will not provide full dependent BI limits so why would the cyber market?
 - Depending on the geography - the focus on the cover is different and thus cyber underwriters need to be a hybrid. A knowledge of liability is important but also must have a good understanding of property insurance as well.



THANK YOU

Questions?

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