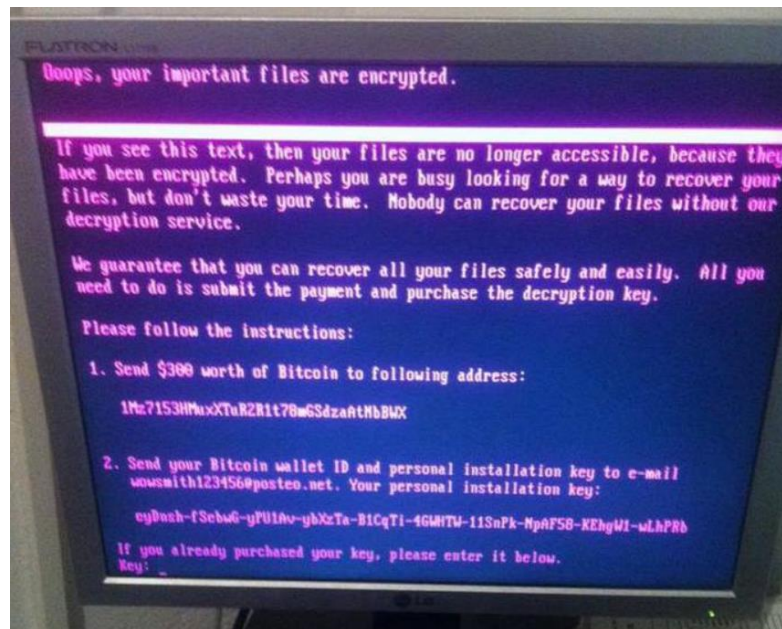


Cyber Reinsurance

Peter Wedge, *Global Contracts Knowledge Manager*

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- Cyber coverage landscape
- Is accumulation an issue?
- Contractual issues
- Increasing use of NMA 2014 / 2015 & CL380



Cyber coverage landscape

Affirmative

Silent

circa 2017 unknown silent cyber cover developed



"Silent" cyber risk is referred to in the PRA's consultation paper (*CP39/16-Nov 2016*) as risks that arise from cyber exposure within "all risks" and other liability insurance policies that do not explicitly exclude cyber risk-> **should set aside capital for unintended exposure?**

1980's, then circa 2000. 33% only this

since circa 2003

Standalone
1) First party
2) Third Party
3) Both.....

Extension to another policy
e.g. E&O/D&O

Excluded, but not totally

No exclusion

'physical damage' required

Adsenza : 40% no cyber exclusion

Is accumulation an issue?



YES

- understood?
- cannot cap?
- not static
- PML ?
- probability?
- systemic?
- mostly in silent



Denial of Service /
Interruption of Operations

- A: Malware epidemic
- B: Cloud service provider attack
- C: Internet Service Provider outage



Mass Data Breach

Personal data and/or credit card information stolen due to a vulnerability in a widely used database system -or a major cloud service provider.



Critical Infrastructure

- Virus blocks cooling system of power plants → fire/explosion
- Hacker causes outage of power grid, w/o property damage

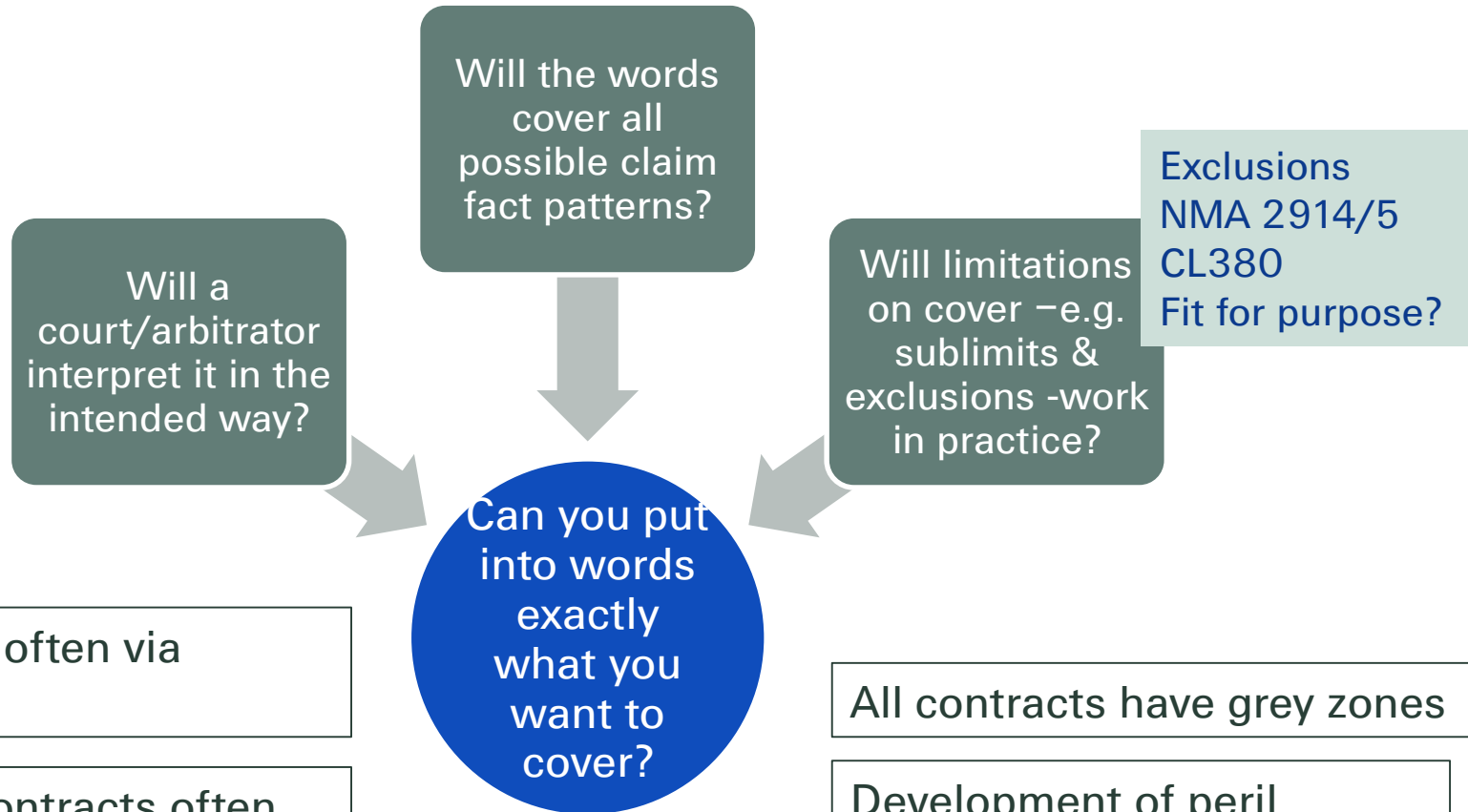


NO ?

- Never occurred
- few claims
- unrelated
- no motivation?
- can cap
- probability?
- systemic?
- silent ok
- modelling
- loss scenarios

Contractual issues

Virtually no case law on the interpretation of cyber (re)insurance contracts.



Silent cover often via writebacks.

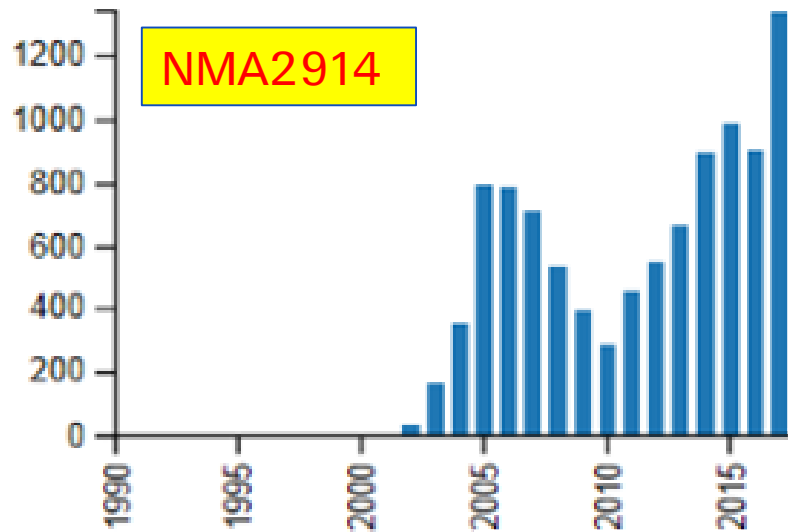
Insurance contracts often not standardized: vastly different triggers /scope.

All contracts have grey zones

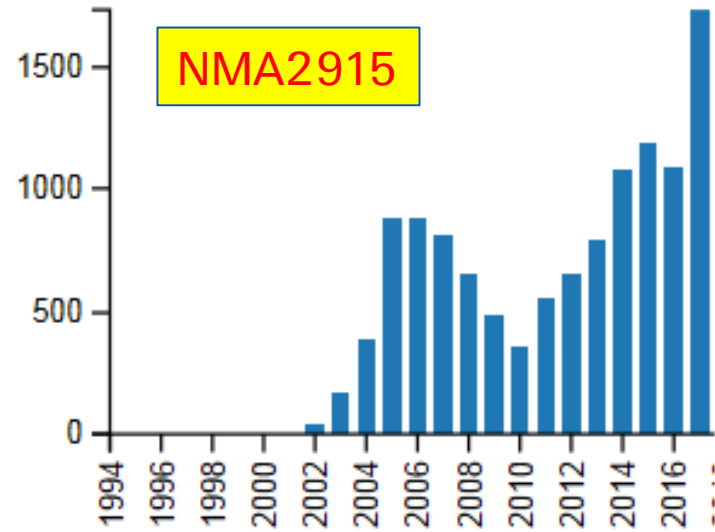
Development of peril exceeds language development

Increasing use of NMA2914; NMA2915; CL380

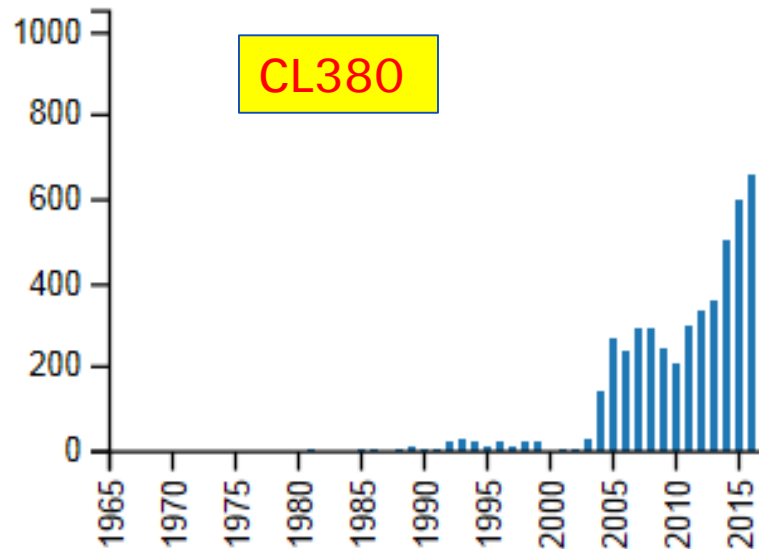
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