



Kara Owens
Cyber Exposure & UW of Large Risks

Continued growth

Limits increasing across the board

Increase in new buyers

More industries purchasing

Sub-limits increasing / going away

Broadening coverage

Contingent business interruption

System failure

Social engineering

Physical damage, bodily injury

Topical accounts

Pricing challenges

Competition

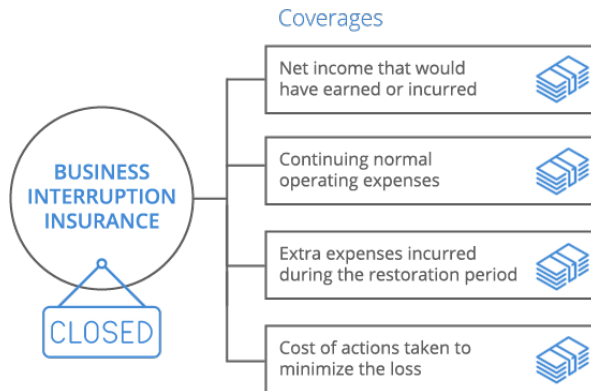
Limited data

Broadening coverages

Records? Revenues? Mind BLOWN! = Inverted pricing? Actuaries =
WHAT!?!??!



Industry differentiation:

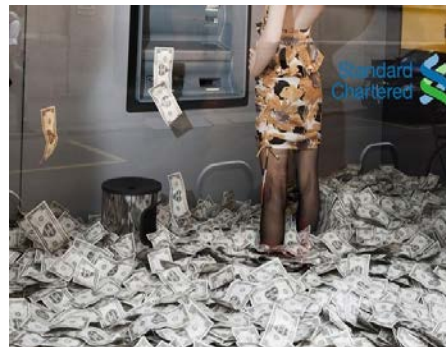


Manufacturing

The many ways hackers can use email addresses



Retail



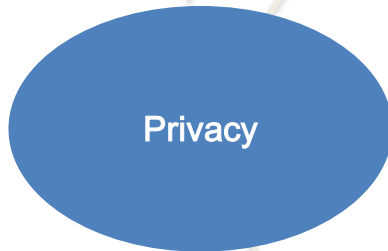
Financial Institutions

Loss activity

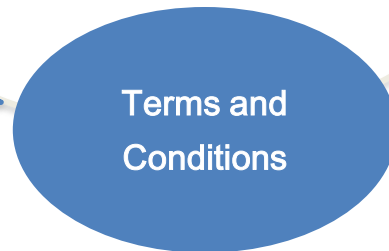
- Southwest (but system failure should be free?!)?
- Maersk (but, NotPetya didn't do anything?!?!?)
- Yahoo (why would we think about D&O clash)?
- Equifax (D&O and Cyber?)
- Uber (will it be cyber? D&O)?
- Merck (eek!)
- Intel (cyber, E&O, D&O)?

Large Risk Example

- ✓ Records: xM PII, xM PHI
- ✓ x employees
- ✓ Written Privacy policy
- ✓ Chief Privacy Officer in place
- ✓ PCI Compliant
- ✓ User access controls



- ✓ Written contracts with all vendors
- ✓ Business continuity plan in place and tested
- ✓ Employee training on privacy and network security
- ✓ Disaster recovery plan in place and tested



- ✓ Written network security policy
- ✓ Encryption in transit, mobile devices and at rest
- ✓ VPN / Multi-Factor authentication
- ✓ Firewalls, logging, malware protection, penetration testing
- ✓ Physical security controls
- ✓ Chief Information Security Officer in place

- ✓ Extortion, Fines / Penalties, Breach Notification, Network security and privacy liability requested
- ✓ No Business Interruption requested
- ✓ Industry: Retail
- ✓ \$xxM Retention
- ✓ No cyber claims in last 5 years
- ✓ Geography: Mostly U.S.

● \$200M limits requested

Aggregation

- Same entity, multiple cedants
- Same entity, numerous exposed product lines
 - D&O example
 - Recent bank example
- “Silent” cyber
 - Need for clarity – exclusions / affirmative coverage
- Scenario considerations
- Risk tolerance implementation



- **Dedicated Global Team**

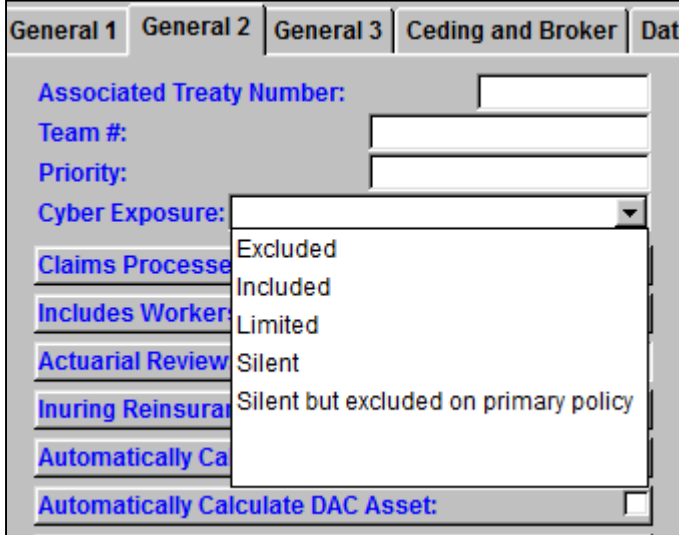
 - 5 full-time members

- **Oversight Committee**

 - 30 members from all regions & lines

Proactive Risk Management

- System coding
- Referral process
- Exposure tracking
- Risk tolerance framework
- Standalone portfolio management
 - Underwriting guidelines
 - Capital allocation
- Aggregation management
 - Per entity & horizontal – internal system
 - Scenarios



General 1 | General 2 | General 3 | Ceding and Broker | Data

Associated Treaty Number:

Team #:

Priority:

Cyber Exposure:

- Excluded
- Included
- Limited
- Silent
- Silent but excluded on primary policy

Claims Processed

Includes Workers

Actuarial Review

Inuring Reinsurance

Automatically Calculate

Automatically Calculate DAC Asset:



QUESTIONS?