



SKRIMS Cyber Presentation

October 21, 2021
Hilary Palmer, Senior Vice President, Cyber Practice

A business of Marsh McLennan

1. Cyber Insurance Coverage Overview
2. Market Update

Agenda

Cyber Coverage Parts

First Party Coverages

		DESCRIPTION	COVERED COSTS
First Party Cover 1 st Party Insurance coverage: direct loss and out of pocket expense incurred by insured			
 Business Income/Extra Expense	Interruption or suspension of computer systems due to a network security breach. Coverage may be added to include system failure and can extend to contingent businesses.	<ul style="list-style-type: none"> • Loss of Income • Costs in excess of normal operating expenses required to restore systems • Dependent business interruption • Forensic expenses 	
 Data Asset Protection	Costs to restore, recreate, or recollect your data and other intangible assets that are corrupted or destroyed.	<ul style="list-style-type: none"> • Restoration of corrupted data • Vendor costs to recreate lost data 	
 Event Management / Breach Response	Costs resulting from a network security or privacy breach.	<ul style="list-style-type: none"> • Forensics • Notification • Credit Monitoring • Call Center • Public Relations 	
 Cyber Extortion	Network or data compromised if ransom not paid.	<ul style="list-style-type: none"> • Forensics • Investigation • Negotiations and payments of ransoms demanded 	

Cyber Coverage Parts

Third Party Coverages

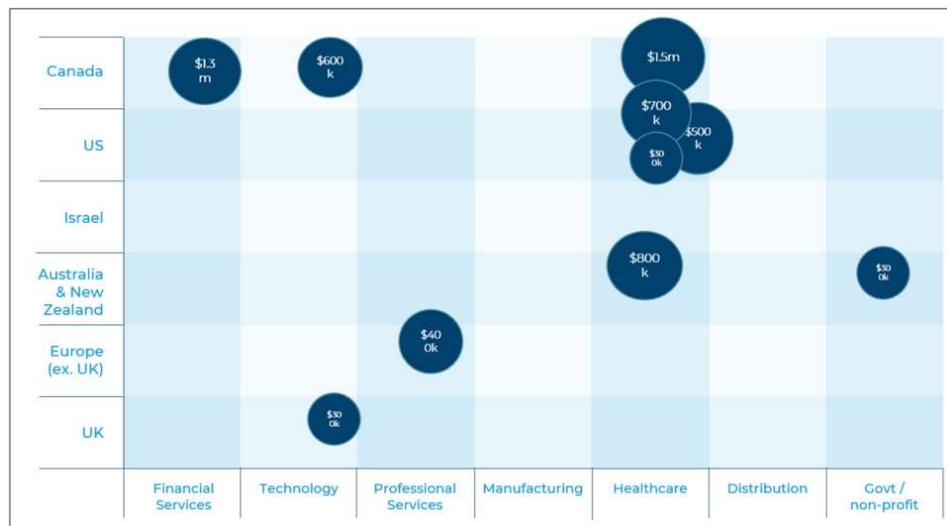
		DESCRIPTION	COVERED COSTS
Third Party Cover 3rd Party insurance coverage: defense and liability incurred due to alleged harm caused to others by the insured.			
	Privacy Liability	Failure to prevent unauthorized access, disclosure or collection, or failure of others to whom you have entrusted such information, for not properly notifying of a privacy breach.	<ul style="list-style-type: none"> • Liability and defense • Bank lawsuits • Consumer lawsuits
	Network Security Liability	Failure of system security to prevent or mitigate a computer attack. Failure of system security includes failure of written policies and procedures addressing technology use.	<ul style="list-style-type: none"> • Liability and defense
	Privacy Regulatory Defense Costs & PCI Fines & Penalties	Privacy breach and related fines or penalties assessed by Regulators.	<ul style="list-style-type: none"> • Liability and defense • Investigation by a regulator • Prep costs to testify before regulators • PCI / PHI fines and penalties
	Media Liability	Defense and liability for, including but not limited to, libel, slander, product disparagement, misappropriation of name or likeness, plagiarism, copyright infringement, etc.	<ul style="list-style-type: none"> • Liability and defense

Cyber Market Update

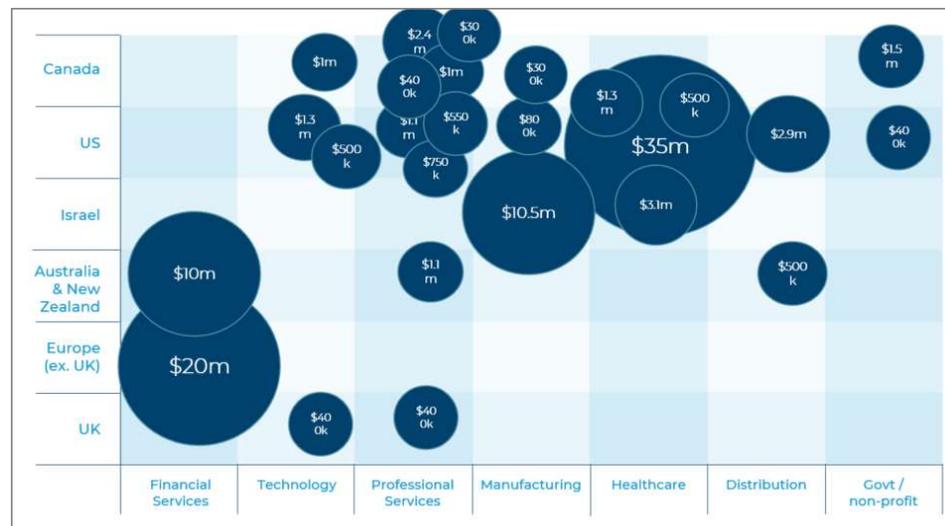
2020 Cyber Risk Review

Ransomware: Increase in frequency and severity of ransomware across multiple industry sectors

2019 Ransom demands over \$250K



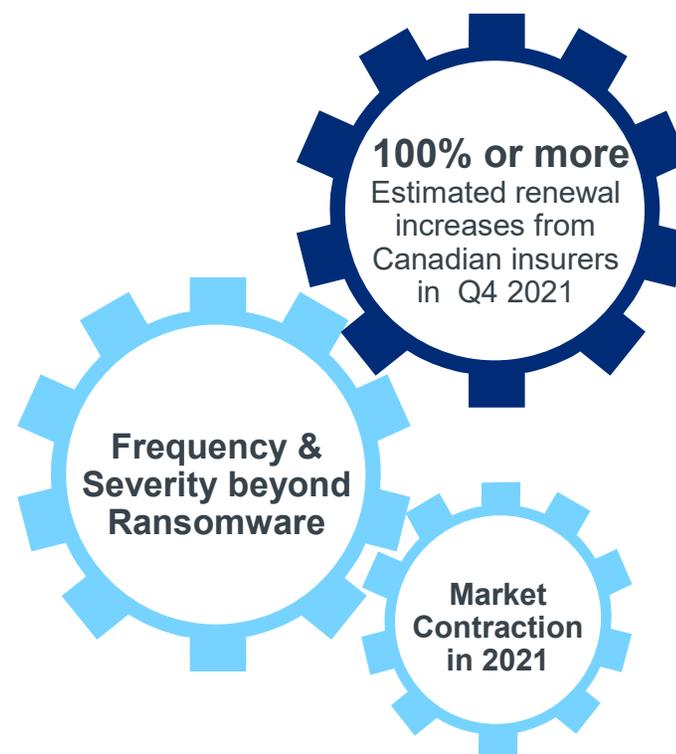
2020 Ransom demands over \$250K



Cyber Market Update

2021 Cyber Renewal Expectations

- The high frequency, severity and sophistication of ransomware claims continues to be the top trend affecting pricing.
- Industrywide concerns about aggregation and the potential for systemic losses is pronounced.
- Most carriers have revamped their underwriting guidelines to focus on better risk selection.
- Responses to ransomware underwriting questions will dictate renewal terms.
- Expect a longer underwriting process including non-invasive scans and supplemental insurer mandated question sets or supplemental applications.
- Underwriters now require certain minimum cyber controls to quote or renew policies.





This document and any recommendations, analysis, or advice provided by Marsh (collectively, the "Marsh Analysis") are intended solely for the entity identified as the recipient herein ("you"). This document contains proprietary, confidential information of Marsh and may not be shared with any third party, including other insurance producers, without Marsh's prior written consent. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, accounting, tax, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Except as may be set forth in an agreement between you and Marsh, Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party with regard to the Marsh Analysis or to any services provided by a third party to you or Marsh. Marsh makes no representation or warranty concerning the application of policy wordings or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage.

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

Copyright © 2021 Marsh Canada Limited and its licensors. All rights reserved. www.marsh.ca | www.marsh.com

A business of Marsh McLennan