

**Insurance
Times**

Cyber Product Report

2018

October

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Foreword

MATT SCOTT, INSIGHT EDITOR



This edition of the Insurance Times Cyber Product Report is bigger and better than ever, reviewing products from a total of 13 insurers, including Aviva, RSA, CFC Underwriting, and many more.

This latest report includes a review of cyber cover from Optimum SR for the first time, as well as updated wordings from the likes of Hiscox, whose new policy has leapt up the rankings to receive a 100% score – the first time any insurance provider has received full marks under our rating criteria.

This time round, we have updated those criteria to include cover for the replication of data in the event that it cannot be restored following a cyber event. We have also revamped our scoring of other rating criteria to create a new grading system.

Two insurance companies received the highest grading out of five in this round of reviews, with CFC Underwriting joining Hiscox in pole position, having topped the charts in each of our previous rounds of product reviews. A total of eight policy wordings received a grade 4 rating, followed by two grade 3-rated policies and one grade 2-rated policy. None of the products tested in this report failed to achieve a grade of more than one.

This rating system is not intended to assess the quality of cover provided, or the claims service provided by the insurers analysed. What it does do is rate the breadth of coverage on offer, with the various independent rating criteria created in partnership with leading brokers and cyber experts to provide the clearest overview of what is and, just as importantly, what isn't covered under these wordings.

With the world of cyber insurance constantly changing, whether it be evolving threats from hackers and cyber criminals, or a changing regulatory landscape as a result of the introduction of GDPR, we hope this report will give you the tools to better sell cyber insurance to your customers, with the knowledge that you are up-to-date with information on all the latest developments.



Methodology

Cyber insurance is a growing market, but it is still maturing and, with changes such as GDPR shaking up the landscape, policy wordings continue to evolve. That can be seen in the changes to policies that have taken place since our last review earlier this year, and in how the cover available to UK SMEs continues to grow.

This updated product review includes policies from two additional insurers, Pen Underwriting and Optimum SR, as well as updates from a number of other providers, to present a comprehensive review of the cyber cover that is available for UK SMEs.

In addition to the changing nature of the policies available in the market, the cyber threats facing UK SMEs are also constantly changing.

Hackers continue to update their arsenals to maximise the damage they are able to inflict on businesses and individuals, meaning that it is



more important than ever for brokers to stay up-to-date with the latest developments and advances.

In response to this changing threat, *Insurance Times* has updated its methodology to incorporate a new grading system, as well as additional coverage features regarding data restoration and recreation, and a revamped scoring system.

Each product has been rated on a total of 15 cover areas (detailed below), derived after consulting a range of industry experts. It is important to note that this review is not intended to assess the overall quality of the policy, nor the levels of service provided.

Instead, this report assesses the level of coverage available and each provider is given a score out of 100 for the breadth and depth of its coverage, based on the different rating criteria it has achieved.



Minimum requirements for grade 2 cover	Minimum requirements for grade 3 cover	Minimum requirements for grade 4 cover	Minimum requirements for grade 5 cover	Other rating criteria
First-party liability cover	Cover for cyber crime, such as extortion	Cover for accidental transmission of a virus to a third party	Cover for reputational damage following a cyber event	Business interruption cover
Third-party liability cover	Cover for non-specific viruses/viruses in the wild	No cyber terrorism or ethical hacking exclusions	Cover to provide for the re-creation of lost or corrupted data if it cannot be restored to its original state	Cover for a breach of employee data
Cover for increased operational costs following a cyber event				Cover for additional call centre costs after a cyber event
Cover for breach by a supplier				Cover for destruction of tangible property
		Minimum score of 70 out of 100 to get grade 4	Minimum score of 90 out of 100 to get grade 5	No aggregate/global policy limits

Insurance Times cyber insurance jargon buster

Cyber extortion – This type of attack will threaten to delete, destroy or deny access to data stored on a targeted system or network unless a fee is paid, usually in the form of Bitcoins.



Non-specific viruses/viruses in the wild – Computer viruses that are not targeted at a specific company or organisation, but instead are distributed en masse to infect as many networks and devices as possible.

Destruction of tangible property – Damage caused to property as a result of a cyber attack. Examples could include a hack that turns off refrigeration units at a pharmacy, spoiling the drugs and medication stored at the facility.

Ransomware – A virus that requires the target to pay a ransom, often in the form of Bitcoins, to regain access to the data stored on the system. These attacks often come with a time period at the end of which all data is irrecoverably destroyed or deleted.



Aggregate policy limit – A limit on the amount paid out for any given policy period, meaning that a claim may not be paid in full if multiple breaches or attacks happen in a single policy period.

Global policy limit – A limit on the amount paid out for a claim if a globally significant cyber event affects multiple companies across the globe. This reduces the exposure the insurer faces, but also reduces the payout for policyholders if a global cyber attack hits.

Bitcoin – A digital currency that is hard to trace as it is distributed around the internet, making it a favourite of cyber criminals.



CHECKLIST

	AIG	Ascent Underwriting	Aviva	CFC Underwriting	Chubb	Hiscox	Manchester Underwriting Management	NIG	Pen Underwriting	QBE	RSA	Optimum SR	Travelers
First-party cover	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Third-party cover	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Business interruption	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cyber terrorism covered	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
Increased costs covered	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Crime covered eg extortion	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Non-specific viruses/ viruses in the wild covered	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Breach by supplier covered	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Employee data covered	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Transmission of virus covered	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Call centre costs covered	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Destruction of tangible property covered	✓	✗	✓	✗	✗	✓	✗	✓	✗	✗	✗	✗	✓
Reputational harm covered	✗	✓	✓	✓	✓	✓	✓	✗	✓	✓	✗	✗	✓
No aggregate/global limits	✗	✗	✗	✓	✗	✓	✗	✗	✗	✗	✗	✗	✗
Recreation of data if can't be restored?	✓	✓	✗	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
SCORE	85	80	85	90	85	100	75	85	85	85	75	75	90



AIG

Cyber Edge from AIG is a grade 4 policy that scored 85 out of 100 under our rating criteria, with new policy wording providing broader levels of coverage.

AIG's cyber insurance policy covers a range of risks, insuring against everything from business interruption as the result of a cyber event to cyber crime events such as extortion and, crucially, does not have exclusions for non-specific viruses/viruses in the wild, nor for cyber terrorism events.

Destruction of tangible property cover is provided via a policy extension through Cyber Edge Plus.

The policy does not provide full reputational damage cover, although most reputational harm claims could be covered under the policy's business interruption wording, which provides financial redress for lost customers and revenue as a result of a network outage. The policy also has an aggregate policy limit that restricts cover in the event of multiple claims in a single policy period.

Quotes are achieved from an in-depth, yet easy to read, 14 page proposal form, and brokers selling the policy also benefit from the provision of a "Playbook" sales guide that includes industry stats and facts to help sell the policy, as well as updates on incoming regulation such as the GDPR.

AIG's new Smart Application proposal form also provides potential policyholders with information relating to the threats they face, the impact these may have and the risk management tools they have in place, and provides a comparison benchmark to other businesses in the same sector, helping them to better manage their cyber risk exposures.

The policy includes services outside of traditional insurance cover, including a crisis response service that responds within an hour of a claim being reported. Policyholders can also benefit from forensic investigation specialists and expert legal and PR advice to help mitigate costs following a cyber event.

Policyholders with premiums above £5,000 get free access to a risk consulting service, which provides additional risk prevention measures, as well as cybersecurity e-learning training and network vulnerability assessments.

Companies by rating

Company	Rating out of 100
Hiscox	100
CFC Underwriting	90
AIG	85
Ascent Underwriting	85
Aviva	80
Chubb	85
NIG	85
Pen Underwriting	85
QBE	85
Travelers	85
Manchester Underwriting	75
Optimum SR	75
RSA	75

Our rating:

85/100





Ascent Underwriting

CyberPro from Ascent Underwriting is one of eight policies in this report to offer grade 4 cover, with a score under our rating criteria of 85 out of 100.

Ascent Underwriting's cyber insurance policy provides cover against a wide range of risks, insuring against everything from reputational damage following a breach to business interruption as the result of a cyber event, and does not include exclusions for cyber events arising from terrorism or socially motivated hacking.

Brokers selling an Ascent Underwriting policy will benefit from a sales sheet that details all the cyber risks covered by the policy, as well as additional services provided. These include helping to reduce the risk of a cyber breach or attack damaging the company and to help mitigate that damage should a cyber event occur.

Ascent Underwriting has partnered with Kroll to provide a free consultation service for new policyholders, as well as data management and cyber security training, including access to best practice guidelines.

Kroll will also be on hand to provide mitigative services through its Kroll Breach response team, should a cyber breach occur. These include handling calls from affected customers and performing immediate triage to determine what follow-up action is necessary after a breach.

Ascent Underwriting has partnered with law firm DWF to provide legal advice on technology and cyber issues, including threat monitoring, IT forensics and crisis communication. They are also able to offer advice on the changing regulatory landscape.

Our rating:

85/100



Aviva

Aviva relaunched its cyber insurance offering for SMEs earlier this year. The new policy receives a grade 3 rating under our criteria, and will cover a range of new risks that the previous offering from Aviva did not. The policy scores 80 out of 100, and only just misses out on receiving a higher rating due to its exclusion for cyber terrorism and the fact it includes an aggregate policy limit.

Aviva's offering is, however, one of just three to offer cover for destruction of tangible property, but as it is a blended product the property coverage does come with caveats, with insurers required to also have property cover as part of their commercial combined product.

The policy also contains cover for business interruption and inadvertent transmission of viruses, making it the highest scoring grade 3 policy in this review.

Additional services include a free health check from cyber risk experts CYENCE to spot any major IT weaknesses and a rapid breach response service from Crawford & Company, which includes a 24/7 helpline, PR, and crisis management and legal advice to prepare for any regulatory investigations that may arise following a breach.

Brokers selling Aviva's cyber insurance policies will also benefit from additional resources to aid the sales process, including key facts documents, sales sheets and industry statistics that explain in detail why SMEs should consider taking out cyber insurance.

Our rating:

80/100





CFC Underwriting

CFC Underwriting's cyber policy achieved the second highest score in our product review test, scoring an impressive 90 out of 100 – making it one of just two insurers to receive a grade 5 rating.

CFC Underwriting's policy provides an excellent range of covered risks, insuring against everything from business interruption to reputational damage following a breach and, crucially, does not include exclusions for cyber events arising from terrorism or socially motivated hacking, nor an aggregate limit that would otherwise restrict cover in the event of multiple cyber breaches within a single policy period.

The policy also provides access to additional incident response services such as forensic IT investigations, legal services, breach notification and crisis communications. It offers a dedicated app that provides 24/7 access to CFC's global cyber incident response centre.

The policy wording document is clear and concise, with a well laid-out design, making it easy to interpret without the need for an in-depth understanding of industry jargon.

Brokers will also benefit from supplementary documents that explain the main benefits and services that come with the policy, including a document dedicated to the incident response services available alongside the traditional insurance cover.

The application form is a simple four-page document and clearly lays out the options available, including the various elements available to purchase as part of the tailored approach to buying (cyber incident response, cyber and privacy liability, system damage and business interruption, and cyber crime), as well as the different policy limits that are available, ranging from £100,000 to £10m.

The insurer says it is updating its policy wording in the near future and that it is aiming to introduce cover for destruction of tangible property, which would take it to the top of the rankings alongside Hiscox on 100 out of 100.

Our rating:

90/100



CHUBB®

Chubb

Chubb's cyber insurance policy is one of the highest rated mid-level policies in this report, scoring 85 out of 100 for its breadth of cover. The policy provides a wide range of cover and only just fell short of the 90-point barrier required for a grade 5 rating under our methodology.

Chubb's offering provides cover against a number of risks, including cyber crime, breach by suppliers and the inadvertent transmission of viruses to third parties. Reputational damage is covered under the business interruption section of the policy. Crucially, all of this cover comes without an exclusion for cyber terrorism in its wording.

Like most of the policies in this report, however, it does not provide cover for destruction of tangible property.

Brokers selling the Chubb policy can benefit from an array of different tools, including key facts documents, detailed examples of claims scenarios and brochures detailing the risk management services that come as part of the policy.

These additional risk management services include an evaluation of the network's strengths and weaknesses and access to a team of risk engineers in the UK and continental Europe that provide loss mitigation services in the event of a breach or other cyber event.

Chubb's cyber incident response line is available 24/7 and is provided by Crawford & Company.

Our rating:

85/100





Hiscox

Hiscox is in the process of relaunching its cyber policy for SMEs and, while the new cover will not be available until next year, it is already talking to brokers about the product ahead of a full launch in 2019.

The new cyber insurance policy from Hiscox was the highest ranked policy in our product review test, scoring an impressive 100 out of 100, a marked improvement on the coverage available under the previous policy wording.

The policy provides cover for breaches by a supplier and business interruption, and no longer has a non-specific/viruses in the wild exclusion for business interruption claims. This means the business interruption element of a claim will still receive a pay-out even if the virus that caused the outage was the result of a more general attack not directed specifically at the policyholder.

Cyber crime is covered by the policy, and it also provides cover for reputational harm resulting from a cyber breach or attack, something that is not covered by several of the higher level policies in this review.

Cyber claims are managed via a 24/7 global incident response centre and includes access to IT forensics services, global privacy legal advisors and specialist crisis management.

In addition, Hiscox has added practical elements to its cover with the Hiscox CyberClear Academy, an online training platform available to its customers to help them mitigate and manage cyber risks.

Our rating:



Manchester Underwriting Management

Manchester Underwriting Management's cyber cover received a grade 4 rating in this review, scoring 75 out of 100 under our rating criteria.

The policy provides a wide range of cover under its wording, including business interruption, breaches by suppliers, cyber crime and inadvertent transmission of viruses to third parties. Crucially all of this cover is available without an exclusion for cyber terrorism-related claims.

The policy also protects against viruses in the wild/non-specific viruses, meaning policyholders will be covered by the policy even if an attack is not specifically targeted against that organisation.

The policy does, however, include an aggregate policy limit that could restrict the amount of cover provided in the event of multiple claims being made. And it fell short of a grade 5 rating due to it not offering cover to recreate data in the event of corrupted or lost data that cannot be restored.

In terms of additional services, the policy provides access to a 24/7 incident response team to help mitigate losses in the event of a claim being made, including reputational management to help reduce the long-term effects of a cyber incident.

Cover is available through either a seven page or four page application form that is easy to read.

Our rating:





NIG

NIG's cyber insurance policy achieved a score of 85 out of 100 under our scoring criteria, making it one of eight grade 4-rated policies in this report.

The policy covers a wide range of risks, including business interruption (optional extra) and breaches by suppliers and, crucially, all of this is without an exclusion for any claims arising from an act of cyber terrorism.

The policy missed out on a grade 5 rating because it does not cover loss of income due to reputational damage, although it does cover ransom payments for extortion events that would otherwise damage the reputation of a company.

Crucially, the policy does not include any exclusions for cyber terrorism-related events and also includes cover for claims relating to cyber crime.

The policy does, however, include a £250,000 aggregate policy limit that restricts cover in the event of a cyber attack, but it does cover damage to hardware if selected as an option when taking out the policy.

The policy provides access to a range of additional benefits, including forensic investigations, risk mitigation specialists and crisis management services.

Quotes are provided through an in-depth yet easy-to-read 13-page application form, and brokers are supplied with clear and concise policy wordings, key facts documents and sales sheets. NIG also provides brokers with a list of preferred and excluded risks, which will help them to place risks for clients in a particular sector.

The policy comes with a variety of available limits ranging from £25,000 to £1m, depending on the risk being covered, with premiums starting at £92 (excluding IPT).

Our rating:

85/100



Pen Underwriting

Pen Underwriting's cyber insurance policy achieved a score of 85 out of 100 under our scoring criteria, making it one of eight grade 4-rated policies in this report.

The policy covers a wide range of risks, including business interruption and breaches by suppliers and all of this is without an exclusion for any claims arising from an act of cyber terrorism. It missed out on a grade 5 rating, however, because it fell just five points short of the 90 points required under our rating criteria.

As well as not including exclusions for cyber terrorism-related events, the policy also includes cover for claims relating to cyber crime. It does, however, include an aggregate policy limit that restricts cover in the event of a cyber attack.

Policyholders also gain access to a breach support team in the event of a claim, contactable through a 24/7 incident response helpline. This feature provides a number of services including PR assistance, crisis management and evidential support.

Brokers selling a Pen Underwriting policy also benefit from a handy guide to cyber insurance, which outlines key policy benefits as well as providing industry statistics and a list of questions to ask clients before taking out a policy.

The guide also includes a risk health check that assesses four key areas of the business considering taking out a cyber policy.

Our rating:

85/100



QBE

QBE's Cyber Response policy is one of eight grade 4 policies in this report, receiving a score of 85 out of 100 under our rating criteria.

The policy provides a wide range of cover under its wording, including business interruption, breaches by suppliers, cyber crime and inadvertent transmission of viruses to third parties.

All of this cover is available without an exclusion for cyber terrorism-related claims. The policy also protects against viruses in the wild/non-specific viruses, so policyholders will be covered even if an attack is not specifically targeted against them.

The policy wording includes an aggregate policy limit that could restrict the amount of cover provided under the policy in the event of multiple claims being made.

QBE has teamed up with data breach specialist ReSecure to provide 24-hour access to support in the event of a cyber attack, including forensic investigation teams, network restoration teams and a PR response service to minimise reputational damage. Legal advice and ID monitoring after financial theft are additional services that are included as part of the policy benefits.

QBE offers policyholders free access to its online portal QBE eRiskHub, which offers information on cyber threats and how to prevent them.

Brokers can also benefit from several different resources to help sell a policy, including brochures on the policy benefits and additional services, industry statistics to reinforce a sales message and claims examples and testimonials.

Cover is available through concise and easy-to-read proposal forms.

Our rating:

85/100





RSA

RSA's cyber insurance policy is one of eight grade 4 policies in this review, scoring 75 out of 100 under our scoring criteria.

The policy covers a range of risks, including business interruption, breaches by suppliers and inadvertent transmission of viruses to third parties.

It also does not include any exclusions for cyber terrorism-related events and does include cover for claims relating to cyber crime. It is one of nine policies in this review to provide cover for recreating data if it is not recoverable following a cyber event.

RSA's policy was close to receiving a grade 5 rating as part of this review, but fell short of the 90 points required under our criteria, as well as not providing cover for financial losses as a result of reputational damage following a cyber event.

The policy also provides access to a 24-hour incident number, with IT forensic specialists on hand who will be in contact within an hour of an event being reported to help manage the situation, as well as legal and PR support in the event of a cyber breach.

Quotes are provided through an easy-to-read eight page policy document, and the insurer's website contains a handy overview of which areas the insurer currently has a high appetite for, as well as a list of risk factors that can positively or negatively affect a premium quote.

Brokers will benefit from a policy brochure that includes an overview of the policy as well as cyber-related stats and real-life cyber risk examples that can be used to aid the sales process.

Our rating:

75/100



Optimum SR

Optimum SR's policy wording receives a grade 4-rating under our criteria, with the policy scoring 75 out of 100.

The policy covers a range of cyber risks, including business interruption and inadvertent transmission of viruses to third parties and does not have an exclusion for non-specific viruses nor claims arising as a result of cyber terrorism or ethically motivated hacking.

The policy also provides cover for cyber crime, but does not include cover for financial losses resulting from reputational damage following a cyber event.

Optimum SR has partnered with AVG Avast to offer access to the AVG Avast Antivirus product for business and a data backup solution. Policyholders also get access to a 24/7 incident response hotline, providing services such as specialist IT forensics, legal advice, credit monitoring and PR advice, if required.

Brokers selling the policy can benefit from training on how best to sell a cyber insurance policy to IT professionals and C-suite-level staff. Quotes are obtained through Optimum SR's broker portal.

Our rating:

75/100



Travelers

Travelers' cyber coverage is provided as part of a property/casualty package and is currently only available to technology companies. The policy scored 90 out of 100 for its breadth of coverage under our rating criteria, but an exclusion for cyber terrorism means the policy achieved grade 4.

The policy wording provides a wide range of cover, including business interruption, reputational damage and breaches by suppliers. Travelers' policy is also one of just four policies to provide cover for destruction of tangible property.

In addition to the traditional insurance coverage, Travelers also offers a 24/7 data breach response service in partnership with law firm Pinsent Masons which provides experts in handling data breach events. Policyholders will also have access to a wide range of specialist partners in areas such as IT forensics, public relations and denial of service attack response in the event of a claim.

An initial complementary 30 minute consultation with a data breach coach is provided for each cyber event, giving access to the relevant expertise and knowledge to help mitigate against potential losses. Additional services can be purchased at a reduced rate through Travelers' partners, although most of these will already be covered under the terms of the policy.

Our rating:

90/100



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