

Cyber risks insurance

This guide is for intermediary reference only:

It doesn't contain the full terms and conditions of the contract of insurance.

Full terms and conditions are within the policy documents; you can request to have a copy of these.

Background

For organisations that rely on technology, data security and the internet, cyber threats can emerge in many ways; a cyber-attack, theft or loss of data, unauthorised system access, or the adverse consequences that arise from email, website and social media misuse. Markel's cyber risks cover is specifically designed coverage to protect against both the liability which may arise, and the policyholder's own losses including legal, IT security and regulatory costs.

Product design

Cyber risks insurance is designed for businesses that want insurance protection from loss of revenue, crisis management and third-party liability costs as a result of a cyber-attack or data security incident. The product also helps them comply with certain contractual requirements, for example obligations arising out of supplier relationships.

Cyber threats are fast moving, so the immediate actions taken to contain, recover and assess are often the most important protection to stop a cyber-event causing wider financial and reputational damage. Markel policyholders also have access to specialist public relations advice to manage adverse press coverage should certain claims situations arise.

Target market

Cover is available as part of the following Markel policies:

- ☑ Professional risks (including miscellaneous, professions, media and technology companies)
- ☑ Social welfare, charity and community groups

The target market for our Cyber Risk Insurance are customers who meet the following criteria:

- ☑ Businesses domiciled with in the United Kingdom
- ☑ Businesses who are proactively managing their Cyber and Data risks

We are always willing to consider new and emerging professions, however this product is not suitable for:

- non-UK businesses
- businesses requiring a primary cover exceeding £2 million limit of indemnity
- businesses with connections or links to sanctioned individuals or countries risks based outside of the United Kingdom and which require a global insurance solution
- a person acting for purposes outside their trade, business or profession

We will not look to write risks for:

- Businesses who are not proactively managing their cyber and data risks
- Non-UK Businesses
- which have been previously declined or insurer cancelled or have a history of non-disclosure / misrepresentation

Scope of cover

Cover is provided under one insuring clause, with both cyber liability and 'first party' covers under three headings:

- 📦 Cyber Third-Party Liability, Cyber risks Cyber and Data Risks first party
- 📦 Network interruption

Additional addenda are included for court attendance, PR crisis management, ICO and PCI investigations including fines and penalties where legally permissible

Policyholder services

Markel offer a range of exclusive benefits and services for policyholders, providing practical advice and professional help from industry experts:

PR crisis management

Policyholders have access to specialist public relations advice to manage adverse press coverage should certain claims situations arise. Please refer to the Markel website for further information on policyholder services.

This product isn't suitable for:

- a person acting for purposes outside of their trade, business or profession
- risks based outside of the UK

Product value assessment

Our product value assessment includes the cost to Market of providing the product, the distribution channel by which the product is sold, and a review of the product performance and the type and quality of services provided to the end customer.

We will take into account the nature of the product and its cover, benefits and any limitations, the price paid by the end customer together with the services we provide. A wide range of factors are considered, not exhaustive but such as, historical and expected claims frequencies, declinatures, incurred and projected claims costs, plus scenario analysis including likely economic and climatic trends, along with customer feedback and complaints.

We also consider how the premium is affected by the commission we pay the placing intermediary for the activities they conduct on our behalf together with any fees that we may pay for additional services received.

This also applies where an add-on-product (including premium finance) not manufactured by us is sold alongside, or forms a package with our products. These may affect the value to the end customer and will need to be taken into your consideration of value and must be proportionate to the benefits, cost and service provided.

We wouldn't expect this product to provide fair value to:

- non-renewable covers for less than twelve months
- businesses with very low-level exposures where we need to apply minimum premiums
- This product would not be expected to provide fair value to policyholders/risks that fall outside the target market

Where appropriate, we will group products together for the assessment where they are intended to deliver a similar outcome and the target markets are consistent. If any of our fair value assessments result in an outcome where we believe fair value is not being provided, we will engage with the relevant distribution channels to agree appropriate actions.

Partner remuneration and costs

- Commission levels agreed prior to placement
- Fee for service arrangements are considered should they be entered into between both parties
- No additional costs or fees applied by ourselves, except for Insurance Premium Tax at the applicable rate
- Any additional charges within the distribution chain may potentially erode the intended value of our product

Distribution strategy

Our Cyber and Data Risks Insurance product has been designed for distribution by insurance Intermediaries that hold commercial agency facilities with us. They must have the appropriate level of understanding about the risks and exposures faced by their customers in the operation of their business.

The distribution strategy is considered appropriate for the target market with customers having the option to purchase these products through a distributor of their choice. These products are considered suitable for advised sales, by suitably skilled persons via telephone or face to face.

Conflict of interest

On the basis that we have not:

- delegated any claims handling duties to you
- delegated any underwriting authority to you
- remunerating you beyond the flat rate commission or fee for services provided agreed between parties

We confirm that the product is free from any innate conflict of interest that would compromise you from putting customers interests first.

Distributor's responsibilities

You are reminded to assess fair value to your customers where you charge additional fees or where commission rebating takes place. Distributors should consider whether their customers who are purchasing a Markel product are being charged any additional fees that are not funded by the premium paid. If customers are being charged additional fees by anyone in the distribution chain, this could impact the outcome of the fair value assessment.

If a distributor identifies that a product is not providing fair value and this has been caused by the distributor's distribution arrangements, including its remuneration arrangements, the distributor must immediately inform the Markel for appropriate action to be taken.

Markel are satisfied that the product offers fair value to its intended Target Market subject to distributors

- Not charging customers additional amounts over and above the gross premium quoted by us without first determining that they do not have a detrimental effect on the value of the product.
- Ensuring that no duplicate cover exists or is caused by an add-on where that cover is already provided by the policy

Providing feedback

We welcome any feedback from our distributors on the performance of our products. All feedback will be considered in our next product review. Also, if you believe that your staff would benefit from additional training on this product, please let us know.

Please contact your Markel Relationship Manager.

Version control

Version	Updated By	Revision Description	Version Date
1.1	Rishi Bhandari	Minor typo corrections.	09/08/23
1.2	Sonja Wigglesworth	Minor typo corrections.	05/08/24