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Q&A: TRACY RYAN

Liberty Mutual claims executive discusses goals for RIMS 2019, how technology is changing the insurance claims process and, as a long-time Boston resident, offers some tips for conference attendees looking to explore the city.

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Insurtech takes center stage as RIMS returns to Boston

BY LOUISE ESOLA

The Risk & Insurance Management Society Inc.'s annual conference in Boston will cover a broad range of key topics, including cyber risk and diversity and inclusion in the insurance and risk management sector, but the industry's insurtech wave will receive megabytes of attention.

That's according to RIMS President Gloria Brosius, who called the latest wave of technology in insurance one of the biggest things to hit the industry in her 30-year career.

"Technology is changing our profession," said Ms. Brosius, who works out of Loveland, Colorado, as the director of risk management and insurance for Pinnacle Agriculture Distribution Inc. "Every year there is something new in the risk profession. There's always something new in insurance. (Insurtech) is really taking the industry by storm, and in recent history this is the biggest thing out there."

RIMS, which is holding its annual conference in Boston for the third time following previous conferences in the city in 1990 and 2010, will feature its first-ever Insurtech Competition, described by organizers as a "Shark Tank"-style showdown in which startups will demonstrate their risk-focused technology solutions before a panel of risk professionals, on Wednesday. The competition will highlight technological advancements in artificial intelligence, the "internet of things," mobile applications and other insurtech solutions that allow organizations to gather and analyze better data, search for trends and root causes of risks, and improve functions, according to organizers.

> RIMS President Gloria Brosius said insurtech "is really taking the industry by storm, and in recent history this is the biggest thing out there."

Cyber risk will also be at the forefront with a record nine sessions offered at this year's conference — several of which were added in recent weeks to keep up with demand, said Ms. Brosius. "That's an ever-evolving exposure that we all have. I don't think any company is immune to cyber exposures."

Diversity and inclusion is another major focus, as last year's events were "standing

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Disaster test runs spark solutions for the real thing

BY GLORIA GONZALEZ

CHEPACHET, Rhode Island — FM Global engineers spend a lot of time lighting things on fire and blowing things up to figure out the best ways to prevent things from catching fire or blowing up.

FM Global engineers simulate a 7.1-magnitude earthquake.

During a tour of the 1,600-acre FM Global Research Campus, built in 2003, engineers for the Johnston, Rhode Island-based mutual insurer replicated the impact of the 2017 hurricanes — demonstrating the damage that can be caused by projectiles hurling at windows at wind speeds of about 110 miles per hour, as well

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Players rise to the top in Spencer/ Gallagher golf outing

Spencer/Gallagher golf outing winners are, from left: Andy Hixson, president; Dave Pearson, vice president; Bobby Chiasson, vice president of sales and marketing; and Austin Stone, head of national business development, for Northstar Recovery Services.

Panel stresses importance of diversity, inclusion

BY CLAIRE WILKINSON

Diversity and inclusion is no longer just about gender, race and sexual orientation, it's a much bigger topic that requires action from everybody, including risk managers, experts say.

Risk management needs to understand why diversity and inclusion is so important, said Robert Cartwright Jr., Exton, Pennsylvania-based safety and health manager at Bridgestone Retail Operations LLC and immediate president of the Risk & Insurance Management Society Inc.'s board of directors at the second annual diversity and inclusion meetup at the RIMS annual conference in Boston on Sunday.

"Inclusion includes more than talking about race, gender or sexual orientation," he said. "It includes thought."

A panel discussion featured New York-based John Doyle, president and CEO of Marsh LLC; Hartford, Connecticut-based Susan Johnson, chief diversity and inclusion officer, The Hartford Financial Services Group Inc.; East Hanover, New Jersey-based Jennifer Santiago, RIMS board member and director of risk management for Novartis Pharmaceutical Corp.; and Hartford, Connecticut-based Christopher J. Swift, chairman and CEO, The Hartford.

Better use of data, analytics seen as No. 1 priority

BY MATTHEW LERNER

Improving the use of data and analytics was the top risk management priority in the Excellence in Risk Management XVI survey released by Marsh LLC on Monday.

Nearly half of respondents, 47%, made it their top pick in the survey, which is based on more than 600 responses and a series of focus groups with leading risk executives in January and February 2019.

The Strategic Risk Finance in the Era of Big Data report also focuses on how data and analytics can be used to make alternative risk transfer decisions, according to Brian Elowe, Boston-based North American chief client officer for Marsh LLC.

There is a rising level of capital available for risk financing, with capital providers such as pension funds and sovereign wealth funds earmarking about $1 trillion to get involved in risk finance, he said.

At the same time, "there's definitely explosive growth in data and analytics," and the study this year "is really about the connection between the two," Mr. Elowe said.

Growth in the use of alternative risk transfer helped spur the decision, he said.

"Of the organizations we studied, a third of them are saying that they're using alternative risk transfer methodologies already, and another 8% expect to do so over the next two years," Mr. Elowe said. "That combination of things evidenced to us that this was an area worth diving into a little bit more deeply."

"For those organizations that are marshaling the data, it helps them understand and model out their own changing risk profiles," he added.

Similarly, "some of those alternative capital sources don't have longstanding underwriting and claims divisions, so for them it's all about the modeling in order to attract their capital," much like catastrophe bond investors seek robust hurricane modeling, Mr. Elowe said.

"Formalize/expand risk management training/education across the organization" was the second-highest risk management priority in the survey, selected by 33% of respondents.

"We see a real opportunity for risk executives to help their organizations by educating them," Mr. Elowe said. "There wasn't enough knowledge about the products and how they can best be used inside an organization. That creates a big opportunity for the risk executive and risk managers to become educators."

Risk managers view economy as top concern

BY MATTHEW LERNER

An economic slowdown or slow recovery is the top concern among businesses and risk managers, according to the Aon Global Risk Management Survey 2019.

"Changes in the macro economy and concerns about international trade conditions are making businesses more sensitive to volatility," said Rory Moloney, CEO of Aon Global Risk Consulting in London.

Such changes and forces also drove concerns over accelerated rates of change in market factors up to third place in the survey from 38th in 2017, according the latest biennial report comprising responses from those charged with managing risk at many of the world's companies.

Meanwhile, damage to reputation or brand slipped to second place from first place in the previous survey.

> "In some economies like Asia ... (workforce) shortages become more acute."
>
> Rory Moloney,
> Aon Global Risk Consulting

Business interruption rose to fourth from eighth in the last survey. "I think a lot of that is spurred by the cyber linkage and the fact that a lot of the cyber incidents we are seeing globally now are ones where a cyber trigger leads to a business disruption as opposed to loss of data or data theft," Mr. Moloney said.

Disruptive technologies rose to 14th from 20th previously. Technology is widely seen as an enabler of greater efficiency and other advantages, but it must also be looked at through a "risk lens," Mr. Moloney said.

Concerns about workforce shortages and an aging workforce and the impact of costs associated with related health issues are part of what Mr. Moloney calls "people-related risks." Workforce shortage moved to 18th place from 30th, and "In some economies like Asia, where there's less available talent than in North America, those shortages become more acute," he said.

Aging workforce and related health issues moved to 20th from 37th and is expected to move into the top 10 risks by 13 of the industries surveyed by the year 2022, Mr. Moloney said.

Loss of intellectual property fell to 34th place from 29th place in the previous survey despite the fact that "intellectual property for businesses is increasingly becoming a strategic issue and a risk issue," Mr. Moloney said, and represents a potentially "underrated risk by the risk management community."

This year's report encompasses nearly 2,700 businesses in 60 countries spanning 33 industries and eight languages, Mr. Moloney said.

"One of my favorite places in (Boston) is called Mapparium. It's this enormous inside-out glass globe. You can stand in it and it almost feels like you're inside a Christmas ornament. My favorite museum is the Isabella Stewart Gardner Museum ... it's absolutely beautiful."

Tracy Ryan

LIBERTY MUTUAL

Tracy Ryan is executive vice president and chief claims officer of global risk solutions at Liberty Mutual Insurance Co. and a 25-year Boston resident. Ms. Ryan, who has served on the boards of the National Council on Compensation Insurance Inc. and the Workers Compensation Research Institute, recently spoke to *Business Insurance* Reporter Angela Childers about her favorite things about Boston, the Risk & Insurance Management Society Inc.'s annual conference and how she believes technology will affect the future of claims. Edited excerpts follow.

Q What are your goals for RIMS this year?

A My No. 1 goal is always to make sure that I have the opportunity to engage with our customers and hear how they're doing and what is on their mind. I love that customer-broker engagement. It's a little more personal and one-on-one. I like to go to some of the sessions and sit around and be with risk managers, some of the other carriers and (third-party administrators) and learn about the new topics that are hot in the industry. And ... to see which vendors are in the exhibit hall.

Q What role do you think technology will play at this year's RIMS?

A I think it's just front of mind for everybody, whether you're a broker, risk manager, carrier or TPA. I can't imagine there will be a meeting at RIMS where some aspect of technology and digital capabilities isn't being discussed. People want access to their data ... people are looking for faster and easier ways to have that data managed effectively. Customers are going through this technology revolution as well, and understanding how that changes their exposure is a big piece of the discussion.

Q How do you see technology improving claims management in the future?

A Technology is infiltrating all aspects of our lives. Within claims, there's a lot of power coming into the technology that our claims professionals use every day ... enabling improved outcomes, access to data and making us more efficient. Just think about all the documents that come in.

We now can extract the data and use artificial intelligence to provide better insights to adjusters faster. We're also now using automation to streamline our processes, to free up our claims teams to focus on the more complex part of their jobs.

Q What are the biggest challenges in fully utilizing technology in the claims process?

A I think it's the change management aspect of it. As a large claims operation, we have 3,500 people, and they've been doing things in a certain way. The pace of change is certainly faster than we've seen in the past. We've had to make sure we have a very robust change management process within the organization so our people are ready and able to adapt to changes in processes and how they do their work.

Q Can you share any of your favorite hidden gems in Boston for conferencegoers?

A One of my favorite places in the city is called Mapparium. It's this enormous inside-out glass globe. You can stand in it and it almost feels like you're inside a Christmas ornament. My favorite museum is the Isabella Stewart Gardner Museum ... it's absolutely beautiful.

Q What should be the city of Boston's greatest concern in hosting RIMS?

A The weather! Boston is a fun city to walk in. Hopefully if the weather is nice, people can get out and explore. Another thing the city should be worried about is a lot of people descending ... who may not all be Red Sox, Patriots and Bruins fans!

Digital contingent business interruption cover responds to cyber risks in supply chains

BY JUDY GREENWALD

Supply chain-related cyber risks are an increasing concern for organizations as cyber attacks become more sophisticated, but risk management and insurance strategies to address the problem vary.

Large policyholders often seek coverage for the exposure, but smaller policyholders remain exposed, cyber insurance experts say.

Insurers are meeting the demand for protection by providing contingent business interruption coverage within cyber policies, sometimes for higher rates. But such risks create underwriting challenges for insurers, particularly surrounding the problem of risk aggregation.

Organizations are vulnerable to cyber-related disruptions at their critical vendors, which may sometimes be caused by criminals or state actors that use a vendor as the first step in reaching a target victim, experts say.

> "Not enough due diligence is going on to understand the IT security makeup" of entities "to make sure there's no cross-contamination."
>
> Bernard Regan,
> BTVK Advisory LLP

A cyber breach can have a "waterfall effect throughout the supply chain," said Jon M. Boyens, cyber supply chain management program manager at the Gaithersburg, Maryland-based National Institute of Standards and Technology.

A study issued in November 2018 by Traverse City, Michigan-based Ponemon Institute LLC reported that 59% of 1,038 companies said they had experienced a data breach caused by one of their vendors or third parties.

Cyber-related supply chain risks are often associated with ransomware attacks, experts say. This was the case in the recent incident involving Norwegian aluminum maker Norsk Hydro ASA, which recently reported it was back to near normal several weeks after a ransomware attack. The attack impacted parts of its production.

Norsk Hydro's experience has raised awareness of the issue, say observers.

"We're having a lot of dialogue with first-time buyers," said Stephanie Snyder, Chicago-based senior vice president and national sales leader for cyber insurance with Aon PLC.

But there remains a lack of awareness with some buyers, say many experts.

"Not enough due diligence is going on to understand the IT security makeup" of entities "to make sure there's no cross-contamination," said Bernard Regan, director at BTVK Advisory LLP, a London-based forensic accounting firm.

"I don't think it's necessarily being effectively sold, and there's a lot of education and further understanding that needs to happen before the demand will really kick up," said Brad Gow, Purchase, New York-based cyber product leader for Sompo International Holdings Ltd.

John Farley, New York-based managing director of the cyber liability practice for Arthur J. Gallagher & Co., said, "Probably the larger, more sophisticated companies are going to be focused on supply chain risks, but as we go down the lines of the smaller and medium-sized businesses, they are less focused on cyber risk management."

Contingent cover

More insurers are starting to offer contingent business interruption coverage as an integral part of their coverage, say experts.

Bob Wice, Farmington, Connecticut-based head of the U.S. cyber underwriting team for Beazley PLC, said the market typically covers "that initial step down with the dependent business."

Robert Parisi, New York-based managing director and cyber product leader for Marsh LLC, said the cyber market is "stepping up to fill" the void created by property insurers because that market "is no longer being

See **SUPPLY CHAIN** page 17

RISK PERSPECTIVES | QBE

Customer-focused approach helps QBE differentiate

Uwe Schoberth | Global Head of Market Management for QBE Insurance Group

Uwe Schoberth, Global Head of Market Management for QBE Insurance Group, recently sat down to discuss the large international insurer's investments to create a more unified customer experience, from sales through client services. Australia-based QBE, one of the world's major insurers, employs more than 12,000 people in 31 countries. The company recently launched the Global Market Management (GMM) a new 'centre of excellence', demonstrating a clear statement that QBE puts the customer, including clients and distribution partners, at the centre of everything it does.

Q. You recently were appointed to head up a new organization within QBE—Global Market Management (GMM). Tell us about GMM and its focus.

A. GMM is a center of excellence comprised of more than two-dozen representatives drawn together from various company and functions like distribution, underwriting, claims and technology. The team's mandate is to further embed a unified culture into QBE with a Global Customer Commitment approach as the foundation. This will be accomplished by collaborating with the Divisions to create consistent customer-centric practices and then replicating them across our international operations. We believe the GMM team has the knowledge, experience and expertise to move the needle on all our strategic priorities in 2019 and beyond.

Q. What was the impetus for forming this global team at this particular juncture in time?

A. Our industry is clearly at a crossroads. Competition is intense and growing, pressuring a need for market differentiation. By investing in new technology tools like predictive analytics, we will be able to provide more efficient, seamless and frictionless experiences to current and prospective clients, helping us stand out in the increasingly crowded marketplace. Our view of digital and data transformation is that it must be driven by what is best for customers—not just in the products we offer, but also *how* we offer them. We are also working closely with our distribution partners to identify joint opportunities for collaboration by leveraging the best of our data and analytic strategic offerings which could create value for our mutual clients. The enhanced focus with our technology and internal industry expertise will continually strengthen our ability to simplify processes, enhance customer engagement, and deliver a consistent level of outstanding service across our global footprint.

Q. Tell us a bit more about the GMM team's plans to enhance client and broker experience.

A. We want client and distribution partners to come to us because they view QBE as a valued partner that delivers relevant insights, advice and support with industry leading tools and resources at different touchpoints—not just 30 days before the policy renewals. To make good on this commitment, the GMM team will facilitate building a global framework that provides easy access to all of QBE's global capabilities and resources.

But that's only part of the picture. We want to institutionalize the relationships we have with customers, communicating with them on a regular cadence to cultivate a closer and more value-added relationship.

Q. Is helping clients with their total cost of risk a key GMM imperative?

A. It is, indeed. We perceive the GMM team as an extension of our clients' risk assessment and risk engineering practices. For example, if we see an exposure emerging, we'll directly engage brokers and risk managers to ensure they're mindful of this risk and potential mitigation strategies. We want to become more than an insurer in the traditional sense—to be a trusted partner that really knows the clients' business models and operations, can identify key risks to these processes, and, above all, can help them improve business resilience.

Q. Is it fair to say that QBE, through GMM, is developing a differentiating customer value proposition?

A. I would say that we are looking to provide more than traditional insurance products that transfer client risks. We want to help clients better manage their total cost of risk—not just their risk financing costs via insurance but also direct loss costs like retained risks and uninsured losses, their indirect costs like reputation and workforce morale, and even their taxes, administrative costs, and so on. With today's market volatility, clients want more options than a traditional insurance product that transfers their risks. Many clients are looking for coverages tailored closely to their unique exposures and risk appetites. And they want the (insurance-buying) experience to be as frictionless as possible. We're here to help them explore innovative ways to manage all of this, designing bespoke policy forms, helping them form captives, creating new products to transfer and manage emerging risks, and so on.

Q. An insurer's reputation for innovation has become a crucial component in the considerations of brokers and clients. Do you agree?

A. Absolutely. Carriers must step up and be as innovative if not more so than the dozens of InsurTech startups that have raised nearly $5 billion over the past six years to reimagine insurance. In doing this, we must consider each client's unique risk profile to provide more targeted and innovative insurance products and services.

Q. Technology offers a means to do that, of course.

A. That's true but the important thing is data first, technology second. There has been an explosion in both internal and publicly available data, in addition to increasingly innovative software tools to collect and analyze this information for decision-making purposes. Underwriters using predictive analytics can better segment and price risks. Claims professionals can more easily detect possible fraud, reducing aggregate claims costs for the benefit of all policyholders. Lastly, the analytics present a tremendous opportunity to ease and simplify interactions with customers, from sales and policy submission through the filing of claims.

Q. Will the GMM team be involved in developing innovative cyber risk solutions to enhance clients' risk resiliency?

A. Cyber security is of increasing concern for businesses of every size, right around the world. We plan to more closely align our technical resources to help risk managers better prepare for cyber incidents and mitigate the outcomes.

Many growing small and medium sized businesses, for whom data is central to their operations, too often lack the resources to effectively manage it. This creates significant risk. QBE already offer cyber-insurance in some regions, and through our partnership with Zeguro, we have the potential to augment our position globally, leveraging the power of Zeguro's platform.

That's just another benefit of our 'working together' approach.


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HEARD ON THE STREET

What are you most looking forward to at RIMS this year?

SUSAN GORDON

Former risk manager and current Contreras Family Executive in Residence for Risk Management
St. Mary's University
San Antonio

"What I'm most excited about is the opportunity that the RIMS conference provides for students who are the next generation of risk management professionals."

LINCOLN ROMAIN

Senior risk manager
CenturyLink Inc.
Randolph, New Jersey

"I'm most interested in education, networking with my colleagues and of course meeting with my brokers and carriers ... and last but not least, the great parties."

BARRY DILLARD

Director of risk strategies, insurance and compliance
Walt Disney Parks and Resorts U.S. Inc.
Orlando, Florida

"I think the RIMS technology competition will be exciting. It's kind of like "Shark Tank," with six companies presenting ... it's going to be pretty cool."

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PREVIEW

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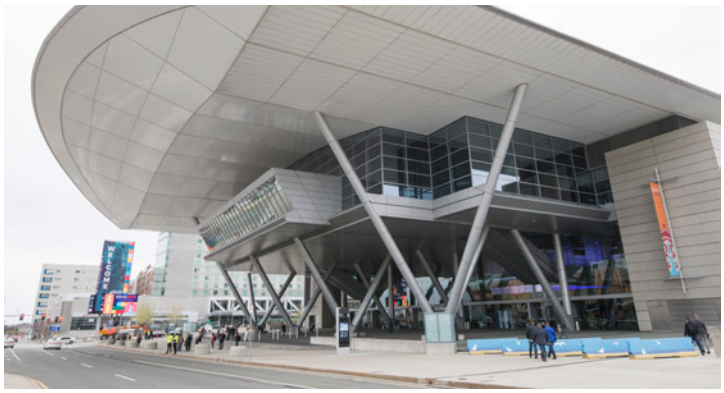
room only," said Ms. Brosius. Monday's panel discussion on leveraging diversity and inclusion efforts to uncover talent, growth and profit opportunities will feature risk and insurance leaders discussing current efforts to recruit and retain a diverse workforce and help change the underrepresentation of minorities in the industry. A session on taking diversity and inclusion to the next level on Tuesday will update attendees on RIMS' efforts to increase diversity and inclusiveness both within the organization and the industry at large.



Erin Meyer, a business consultant who offers managers advice on navigating cultural differences in the global marketplace, will deliver Monday morning's opening keynote, "The Culture Map: Breaking Through the Invisible Boundaries of Global Business," while tennis champion Billie Jean King will deliver the closing keynote on Wednesday.

RIMS will also honor Luke Figora, who was named its 2019 Risk Manager of the Year, during Monday's general session, as well as David Stills, who was inducted into the 2019 Risk Management Honor Roll, during Monday's lunch event.

Meanwhile, attendees can expect additional opportunities for mini-information sessions, giving time-challenged risk professionals greater options, said Ms. Brosius.

"Another thing that RIMS is doing really well is understanding how busy people are at RIMS," she said. "If people have an extra 30 minutes, there's a variety of formats that they can customize to fit their schedule through the conference."

FM GLOBAL

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as protective measures — in its natural hazards laboratory for about 50 people on Sunday.

"We all know that natural disasters are very fierce and very violent, and there's massive potential for damage," said Victor Jaworski, manager of brand experience for FM Global based in Johnston. "We can't choose where a hurricane is going to make landfall. We can't choose when an earthquake is going to strike. But there is hope. Really there's a choice in how we decide to plan for and respond to these massive disasters."

FM Global simulates the Grenfell Tower fire, left, and a chemical fire, right, as it researches how to prevent such tragedies in the future.

For example, one Houston-based client put up a flood barrier prior to Hurricane Harvey, which kept all its utilities dry during the storm. "And once the water receded and everybody could drive back to work, that building was operational and they could continue to serve their clients and make the revenues that business was designed to do," Mr. Jaworski said.

FM Global engineers also simulated the impact of an earthquake similar to the 7.1 magnitude quake that killed 370 people in Mexico in 2017.

"Most of the damage from earthquakes don't happen to the outside of the building, especially as you're building to a little more modern, higher standards," he said. "It's the internal bleeding that really gets you because, unlike flood barriers that keep the flood out and plywood that keeps the wind out, you can't keep the shake out. And inside your building, things topple and shatter and break. With earthquake, we design some things to move with the earthquake and some things to withstand the movement of the earthquake."

FM Global engineers also simulated a combustible dust explosion and an event similar to the Grenfell Tower fire that killed 72 people in London in 2017.

"It was a tragic fire, but probably the most tragic thing about that fire was that it was completely avoidable," Mr. Jaworski said. "The management of the building wanted to modernize the building. They wanted to add some insulation factors. What they didn't know was that the (aluminum composite materials) product they decided to go with would turn this building … into a fire trap."

For the fire that recently damaged the Notre Dame cathedral in Paris, "the very early indications are that it was probably an electrical fault" that started it, said Chris Johnson, an FM Global executive vice president based in Luxembourg. "It will be very, very hard to prove exactly how it began."

"What frustrates me is why on earth can't we put some fire protection into these buildings?" he said, referring to such historical sites.

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SUPPLY CHAIN

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picked up in the same robust way it might have been" by them in prior years.

Cyber insurers are trying "to expand their policies to say they're one of the more comprehensive carriers out there in terms of coverage," said Mr. Farley.

"It's a competitive market, and they want to stand out. That's one way to do it," he said.

"The coverage has been evolving, and it's certainly been much more readily available in the last couple of years," said Elissa Doroff, New York-based underwriting and product manager for cyber and technology for Axa XL, a unit of Axa SA.

Meanwhile, the Norsk Hydro attack "will certainly add more scrutiny to the underwriting questions that are being asked to provide the coverage," Ms. Doroff said.

Mr. Gow said this coverage "typically isn't priced out or offered independent of other coverages. It's just kind of rolled into the price of the policy."

He added, however, with respect to larger companies, "usually if a company has a very complex supply chain or is a heavily logistical firm, often the primary carriers will limit coverage, typically to 50% of the policy limit."

There is growing concern about aggregation risk, particularly from critical vendors, but also from related lines such as property that may be affected by a major event as well, even if the coverage is "silent" and not affirmatively written.

Aggregation is "the scariest word in cyber insurance," said Jim Leonard, Nashville, Tennessee-based director of cyber insurance solutions at Kroll LLC.

Tim Francis, Hartford, Connecticut-based enterprise cyber lead for Travelers Cos. Inc., said, "We spend an awful lot of time" thinking about aggregation risk, including how it is being modeled, whether the right tools are being brought to bear on the issue, and whether the tools have the right level of maturity.

There is still some degree of the unknown, although "the industry is getting better at understanding, if some events happen, what is the ultimate aggregation potential," he said.

> "We just need to be careful we're approaching the risk with adequate levels of underwriting and data collection."
>
> James Burns,
> CFC Underwriting Ltd.

"It's not just an aggregate exposure to one particular risk or one particular insured," said Max Perkins, Atlanta-based senior vice president for global cyber and technology, global professional and financial risks with Lockton Cos. LLC. "It is the systemic exposure across their book."

"We just need to be careful we're approaching the risk with adequate levels of underwriting and data collection, and that we're comfortable with the portfolio" as to how systemic events might impact it, said James Burns, London-based cyber product leader for CFC Underwriting Ltd.

Aggregation is an issue of great concern, said Shiraz Saeed, Starr Insurance Cos.' New York-based cyber risk national practice leader, who said Starr works with outside experts "to help us try to understand and gain control" of aggregation risk.

Vendor networks complicate business interruption analysis

Underwriting cyber-related contingent business interruption coverage is a challenge, experts say.

"Underwriters are having a hard time getting their arms around the risk," because many policyholders do not know what the risk is, said Max Perkins, Atlanta-based senior vice president for global cyber and technology, global professional and financial risks with Lockton Cos. LLC.

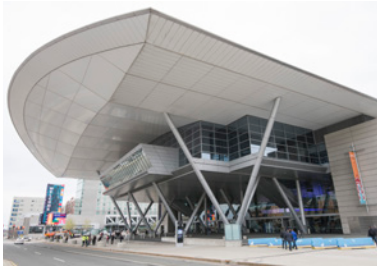
"The interconnectiveness of the supply chain makes it very difficult" to underwrite, said Eric Cernak, Windsor, Connecticut-based president of cyber at The Hanover Insurance Group Inc. As entities in the supply chain get further away from the policyholder, it "becomes murky at best from an underwriting standpoint," so even if the business can be underwritten, "it's a very challenging discussion to have with an insured," Mr. Cernak said.

One of the challenges of writing the coverage is cyber insurers "don't usually get the same amount of underwriting information a property underwriter would get," said Shiraz Saeed, New York-based cyber risk national practice leader at Starr Insurance Cos.

"What we underwrite to is our insured's diligence in vetting their own suppliers and vendors and supply chains," said Brad Gow, Purchase, New York-based cyber product leader for Sompo International Holdings Ltd.

Judy Greenwald

AROUND THE HALL



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