



Marsh Specialty

Cyber-related property damage and business interruption

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The cyber risk management landscape is undergoing a significant shift, with businesses dedicating more time and resources to understand and mitigate their cyber risk exposure. However, one area that remains relatively unexplored is cyber-related property damage and resulting business interruption (PDBI). It is crucial for organisations to understand the controls in place to manage the risks associated with digitally controlled/operated systems such as internet of things (IoT), operational technology (OT), and/or building management systems (BMS).

The widespread adoption of these systems has improved operational efficiencies but also increased vulnerability to cyberattacks. Geopolitical instability introduces new threat actors and motivations, emphasising the need to protect operational continuity. Most property and all risk insurance policies now exclude or restrict coverage for physical damage caused by cyber events. This creates a significant coverage gap unless organisations purchase specific cyber physical damage coverage.

REAL-WORLD IMPACT



Mobarakeh Steel Company and Khuzestan Steel Industries attacked in Iran

Both Iranian steel companies experienced cyberattacks that targeted their operational systems. The threat actors managed to gain unauthorised access, leading to operational disruption and physical damage to their infrastructure.



Ukraine Power

One of the most notable incidents in recent years was the cyberattack on the power grid in Ukraine. Threat actors successfully compromised the control systems of multiple power distribution companies, resulting in a widespread power outage that affected thousands of people.



Belgacom (Belgium Telecom)

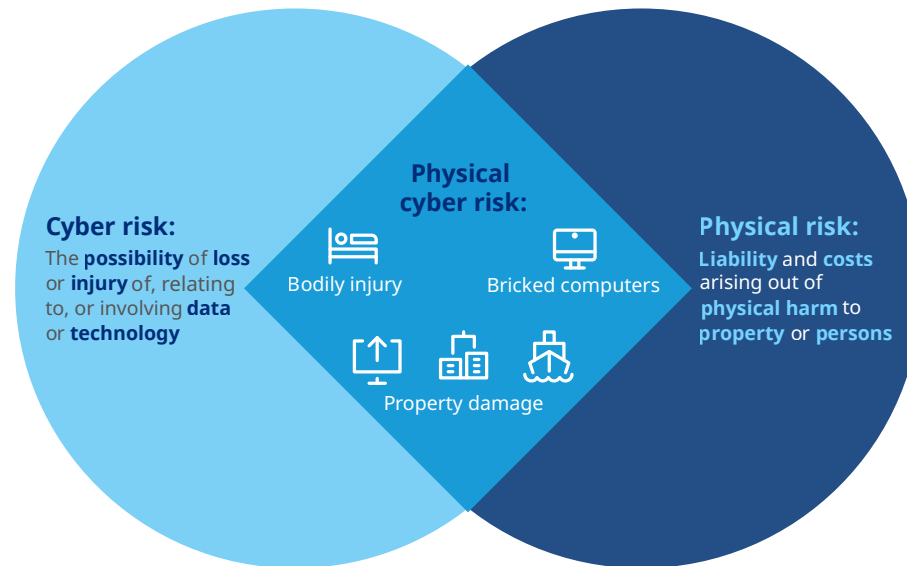
The leading Belgian telecom company faced major business interruption due to a sophisticated cyber espionage campaign. The deployment of Regin malware compromised their network, leading to extensive investigation and recovery efforts, as well as disruption to business operations.

The silent cyber problem

The phrase “silent cyber” relates to property and other all risks insurance products that are not clear about whether losses resulting from cyber events are covered. The products are “silent” on cyber.

This lack of clarity can arise from exclusionary language that may not align with a business’s operating reality and technology assets. To ensure confidence in cyber risk management, coverage certainty is essential for businesses and organisations.

When silent cyber exclusions are added to a traditional property, casualty, and all risks policies, resultant physical loss/damage/machinery breakdown and resulting interruptions to business income may no longer be covered. This coverage gap leaves businesses vulnerable to financial losses resulting from cyber-related PDBI.



In 2019, UK regulators identified silent cyber losses under traditional property and casualty insurances as a potential threat to insurer solvency. They instigated a programme of change to shift this exposure to a dedicated cyber property damage insurance market.

London’s cyber insurance market has since become the global leader in tailored cyber risk transfer solutions, bridging coverage gaps between property, casualty, and cyber insurance programmes. These bespoke products offer affirmative cover and enhance contract certainty for organisations’ risk-transfer programmes.

Bridging the gap

At Marsh, we collaborate closely with our clients to navigate the ever-changing landscape of cyber threats.

Our expertise lies in identifying gaps in coverage, understanding potential loss scenarios, and crafting tailored solutions to efficiently transfer cyber risk within the insurance market. With our comprehensive approach, we help our clients effectively manage and mitigate the risks associated with cyber threats.

We have a proven track record of successfully placing cyber property damage programmes for global clients using our proprietary wording and insurer-led programmes. We maintain ongoing collaborations with consortiums to continuously develop and enhance these wordings, ensuring our offerings are tailored to clients' needs.

PDBI CAPACITY

USD 300m+

advertised capacity available in London across 14 markets, depending on industry class and risk quality.

Up to

USD 215m

capacity for STREAM energy sector and power sector.

Up to

USD 170m

capacity for Brit Cyber Attack Plus (BCAP) Consortium. Preference for large quota share programmes, similar to the property market.

MARSH CYBER PRACTICE

>\$4bn

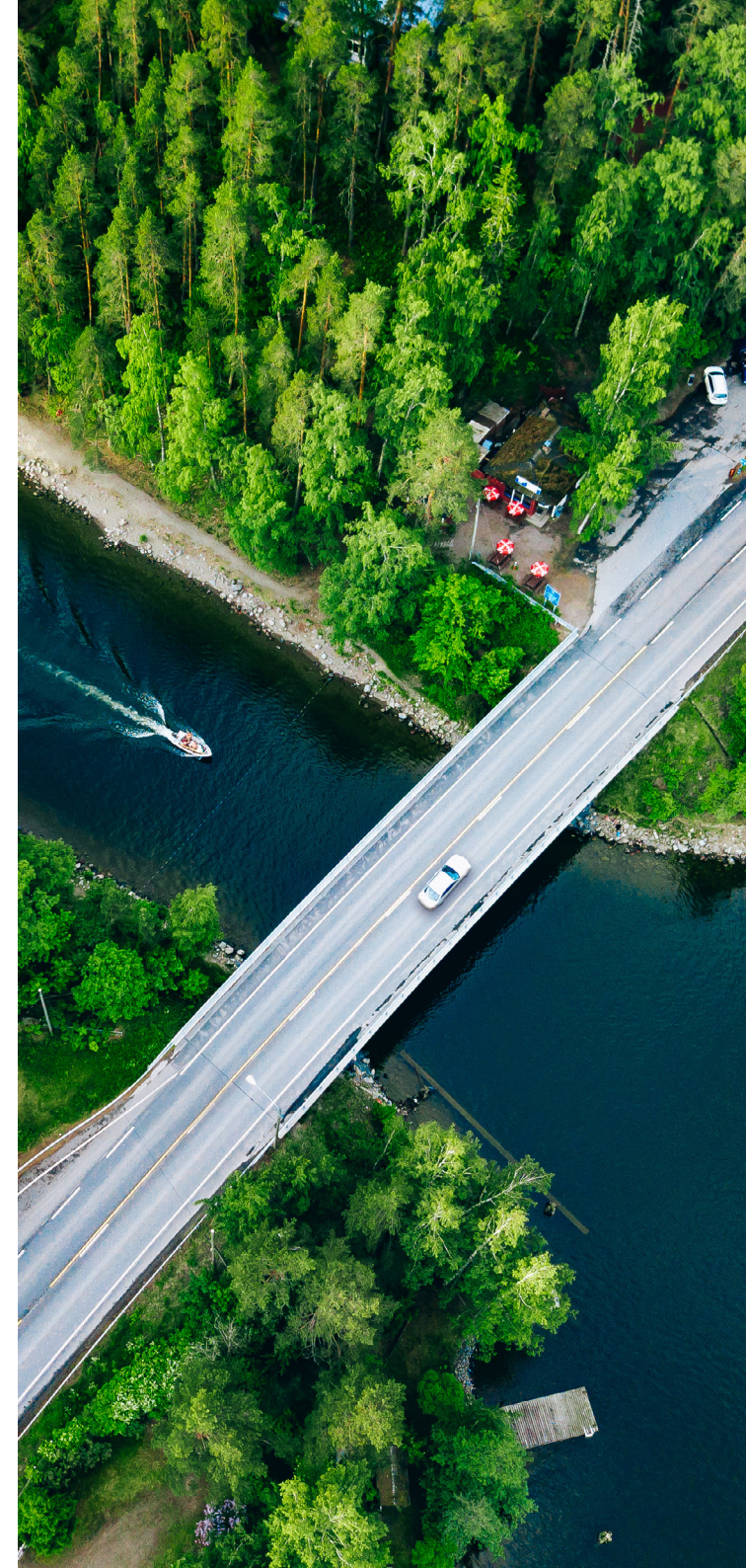
in premiums placed on our clients' behalf into the global marketplace; real time monitoring of market trends.

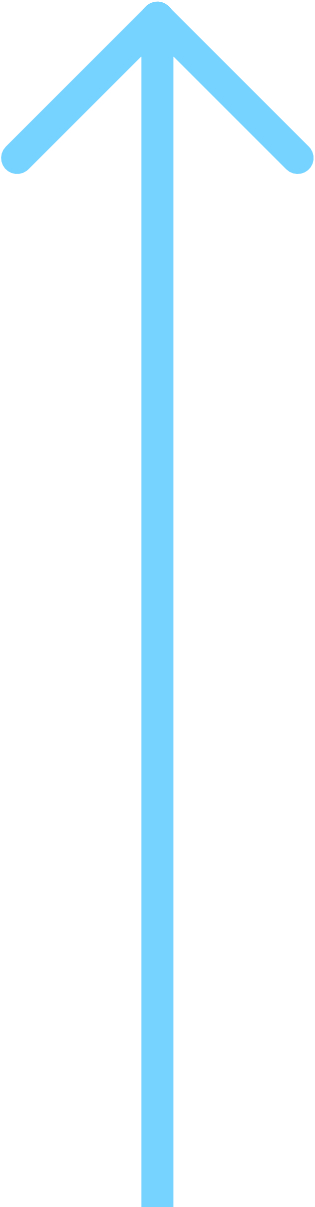
25+

years experience and event data; pioneering innovative solutions to anticipate and meet client needs.

500

global cyber colleagues: brokers, actuaries, former underwriters, cybersecurity advisors, and lawyers.





For more information about cyber insurance solutions from Marsh visit [marsh.com](https://www.marsh.com), or contact your local Marsh representative.

William Hall

Vice President, UK Cyber
Cyber, Media & Technology Practice

 +44 (0) 7833 221 139
william.m.hall@marsh.com

Will Vernon

Vice President, UK Cyber
Cyber, Media & Technology Practice

 +44 (0) 7392 123 303
william.vernon@marsh.com

Nazirul Ansari

UK Cyber Wholesale Leader

 +44 (0) 7392 122 065
nazirul.h.ansari@marsh.com



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