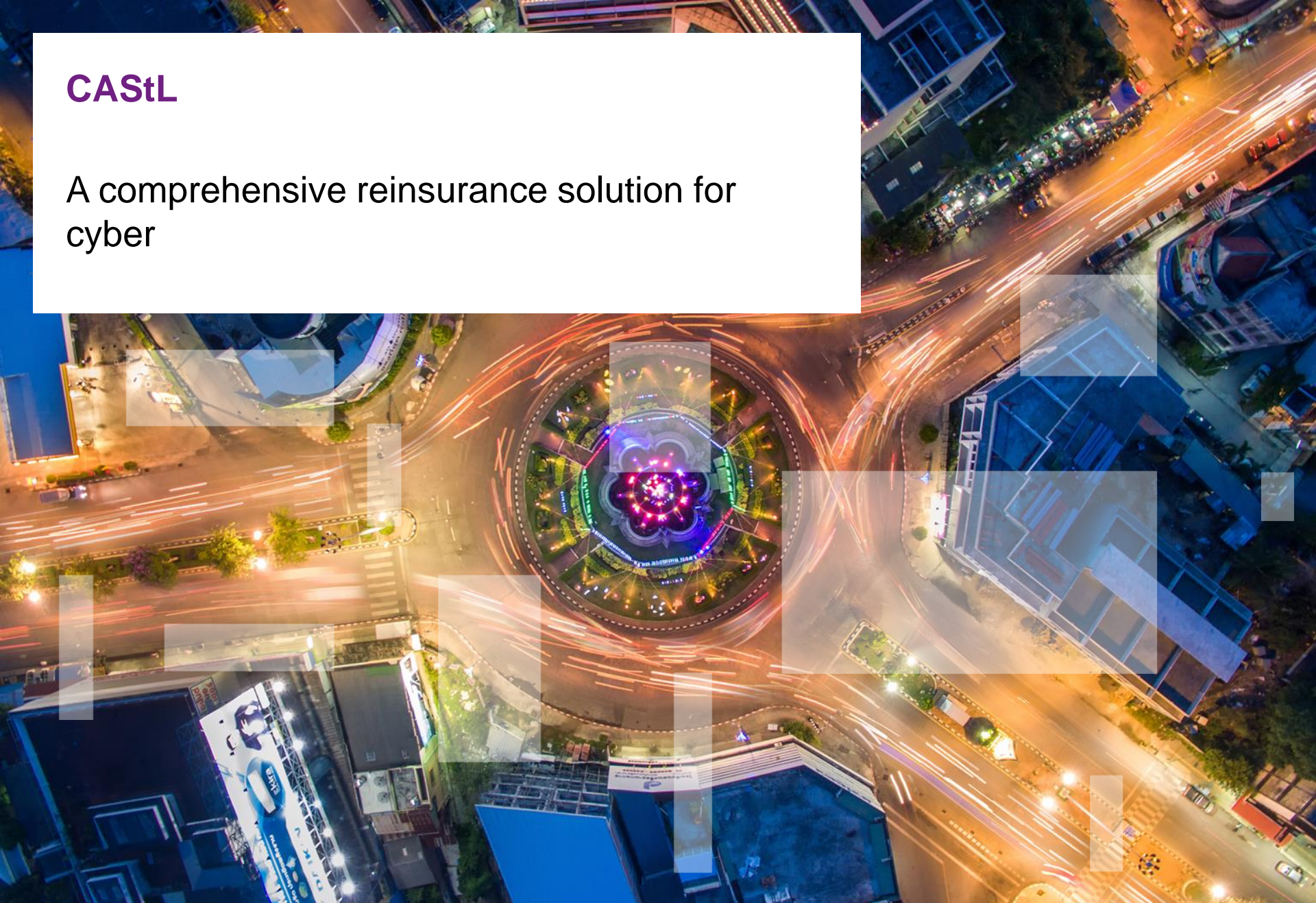


# CAStL

A comprehensive reinsurance solution for  
cyber



# Silent Cyber – Today’s leading Cyber issue

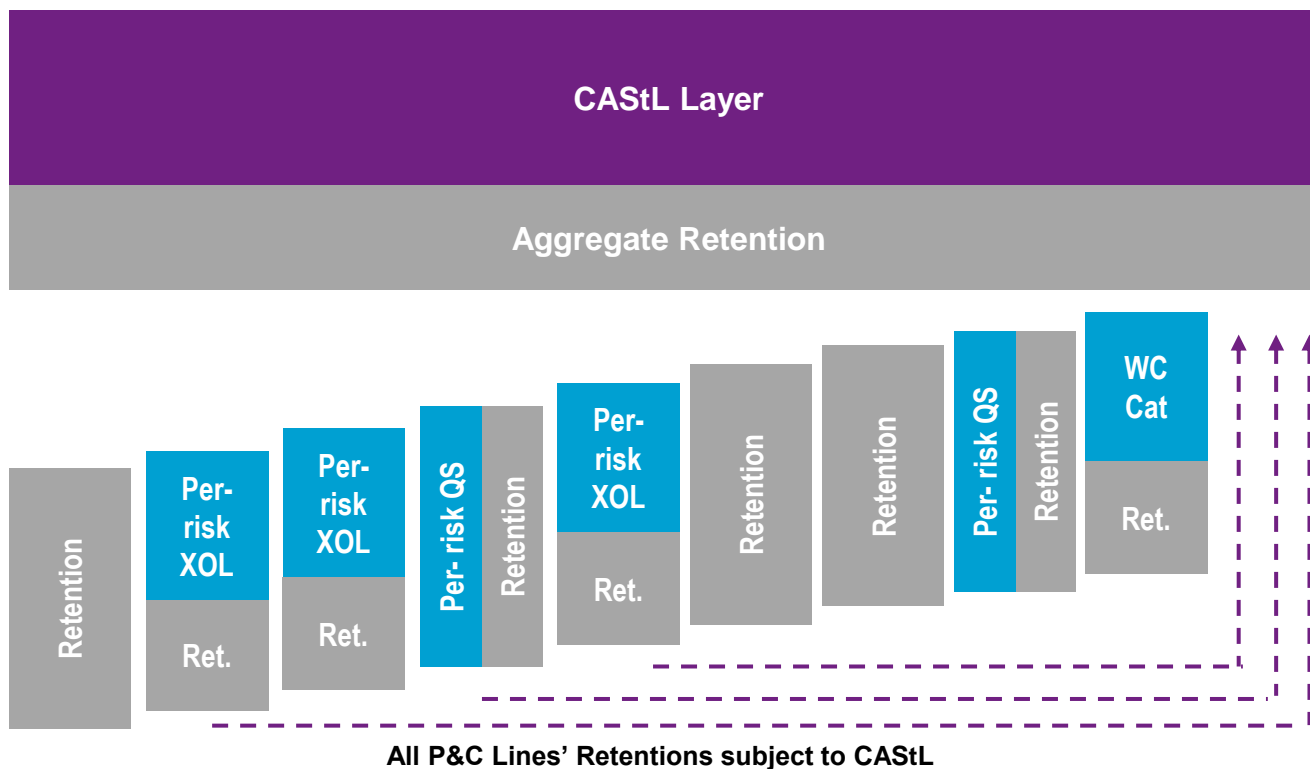
- We define Silent Cyber as
  - Cyber risk exposure that is neither affirmatively granted nor specifically excluded
- Fixating (re)insurer stakeholders at all levels – management, BODs, regulators, rating agencies
- (Re)insurers looking to address silent cyber coverage across multiple lines via
  - “Clarifying” contract language
  - Sub-limits
  - Exclusions
- However, activity is variable and competitive market conditions mean there are still multiple areas where silent cyber exposure may exist
- (Re)insurers beginning to assess exposure and estimate downside potential – typically using Realistic Disaster Scenarios (RDSs)
  - Multiple challenges- dearth of historical losses, growing and mutating exposure, etc.
- Willis Re PRISM-Re model now extended to cover silent cyber and utilised by clients to provide an alternative perspective (see *separate overview*)

*“It is the PRA’s view that the potential for a significant ‘silent’ cyber insurance loss is increasing with time. As both ‘silent’ cyber insurance awareness and the frequency of cyber-attacks grow, so does the loss potential from ‘silent’ cyber exposures. Insurance firms may find it increasingly challenging to argue that all risks or other liability policies did not intend to cover this type of risk given the publicity and awareness of the issue”*

*UK Prudential Regulatory Authority  
November 2016*

# Cyber Aggregate Stop Loss (CAStL)

- Aggregate stop loss cover designed to protect against all losses resulting from Cyber as a peril and a product (explicit and silent Cyber)
  - Net of all other reinsurance protection
  - Avoids the difficulties inherent in defining a “cyber event”



## CAStL: product development

- Product developed by Willis Re in 2017 as a response to the growing threat posed by silent cyber
- Contract vetted with key reinsurers
- First CAStL cover placed at 1/1/2018
  - Coverage and pricing in line with expectations, with minor adjustments tailored for client's preference
  - Range of market appetite depending on attachment level
    - Effectively two different perspectives, those who preferred to attach lower for low double-digit ROL and those who preferred to attach “out of the money”

Indicative CAStL Pricing							
Attachment \$	Attachment as % of Explicit Cyber Premium	Attachment as % of Silent Cyber Subject Base	Limit \$	Limit as % of Explicit Cyber Premium	Limit as % of Silent Cyber Subject Base	Premium \$	ROL
\$50M	143%	1.7%	\$100M	286%	3.3%	\$10M	10.00%
\$100M	286%	3.3%	\$100M	286%	3.3%	\$6.25M	6.25%



# CAStL: Key coverage features

Operational Feature	Rationale	Reinsured Benefit
<b>LOD Cover</b>	All claims made or reported during the term are aggregated	Clearly defined accident year coverage
<b>Aggregate Retention</b>	Avoids definition of event	All explicit and silent cyber claims are accumulated in the aggregate
<b>Broad Definition of Cyber Peril</b>	Mechanism to sweep up all silent cyber claims	Avoids gaps in coverage and provides holistic solution
<b>No Claims Bonus (Optional)</b>	Intended to act as a “Cat” cover for major accumulations of loss	Financial benefit for loss free years

# CAStL: Key reinsurance markets

## Lead / Quoting Markets

RenaissanceRe

PartnerRe

hannover re<sup>®</sup>



 **TransRe**  
We value risk.

## Potential Following Markets

 ODYSSEYRE<sup>®</sup>

  
**EVEREST**  
Everest Re Group, Ltd.

**AXIS**

  
**CINCINNATI**  
FINANCIAL CORPORATION

  
**MARKEL**<sup>®</sup>

**FIDELIS**

 Arch | Re

## CAStL: Data requirements

- Historical and Projected GWP by Division
- Explicit Cyber in-force bordereau with coverage and exposure details (can be anonymized)
- Ground-up historical cyber claims listing
- Maximum gross and net policy limits by Division
- Discussion/Narrative around overall approach to and management of explicit and silent Cyber exposures across the Company