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## CYBER RISK – WHAT YOU SHOULD KNOW



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*Cyber threat remains one of the most significant and growing risks facing businesses today. “In the UK, 81% of large businesses and 60% of small businesses suffered a cyber-security breach in the last year, and the average cost of breaches to business has nearly doubled since 2013”.*

(Source: 2014 Information Security Breaches Survey, UK Department for Business Innovation & Skills, London, 2014)

Hitherto, cyber insurance has not been a typical insurance and rarely is it a “lender-required insurance”. However, the level of cover available has developed substantially since the early days of cyber insurance 15 years ago, where policies provided limited cover.

Today, cyber risk insurance can be procured to cover a wide range of risks arising from cyber incidents, such as data breaches, business disruption or network outage. Cover is available for losses directly incurred by the insured (first party) for claims such as damage caused to data or IT systems, as well as third parties such as customers, suppliers, and other stakeholders for defence costs, and damages arising out of liability.

While the insurers develop their solutions, capacity, cost of risk, and policy wordings (there is no standard coverage at present), due to the ever complex and evolving nature of cyber risk, we would envisage that cyber insurance will become a feature of the overall risk management and financing strategy.

We would suggest that cyber risk insurance be added to the scope of work of the lender insurance adviser.

# ABOUT MARSH'S STRUCTURED FINANCE TEAM

Marsh's structured finance team is exclusively dedicated to provide lenders' insurance, due diligence, and advisory services for projects worldwide.

Since 1995, our team of professionals (based in the UK) has acted as lenders' insurance adviser (LIA) on more than 700 projects, and in the last three years on projects spanning more than 40 countries and 20 industry sectors. Our objective on all our engagements is to assist lenders and project counterparties to achieve a bankable insurance solution.

Our depth and breadth of knowledge and experience in this specialist area of insurance advice is further reinforced by being a component of our Global Infrastructure Practice. Marsh's extensive global infrastructure expertise assists clients' interests throughout negotiation and execution of contractual structure, design and build, operations, maintenance and refurbishment – all this in context of construction projects, secondary purchase and sale of assets, public and/or private financing, or related capital raising.



For more information about Marsh's risk management services and solutions, contact your local Marsh representative or visit [uk.marsh.com](http://uk.marsh.com)

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