

MARSH INSIGHTS:

OUTLOOK: PERSPECTIVES ON TOPICAL RISK AND INSURANCE ISSUES FOR UK CORPORATES

UNDERSTANDING AND MANAGING CYBER RISK

Today, it is difficult to bring to mind a type of business that does not depend upon IT to run critical business functions, for example, accounts in and out, payroll, email, and often manufacturing processes, online payments, and company website.

Recent press coverage of data breaches and other cyber attacks highlights that any business using IT can be exposed to cyber risks, which have the potential to cause significant financial loss and damage to reputation. Our [new document](#) is designed to help you expand your understanding of this risk, and the insurance and risk management options available.

If, having read the document, you believe you have a cyber risk exposure, we recommend you complete our short online [cyber risk assessment tool](#), which will help you evaluate:

- How relevant the consequences of a cyber event would be to your organisation.
- Which financial losses can be covered within new cyber insurance policies.
- To what degree cyber risk scenarios are fully recognised and measured by your organisation.

Please contact your usual Marsh representative for more information on this complex area of risk.

*See page two for details of a new report which focuses on how insurance can help make UK companies more resilient to the cyber threat.*



**In this edition:**

- Cyber risk.
- Business interruption insurance issues.
- Insurance market conditions.
- New drug driving legislation.
- In brief: safety footwear, “Bring Your Own Device” guidance, private motor insurance rates.

## UK CYBER SECURITY

### THE ROLE OF INSURANCE IN MANAGING AND MITIGATING THE RISK

As we outlined on page one of this newsletter, the cyber threat remains one of the most significant – and growing – risks facing companies and organisations.

A [new report](#) focuses on how insurance can help make UK companies more resilient to the cyber threat, and is the result of co-operation between representatives of the UK Government and the insurance industry, led by the Cabinet Office and Marsh.

The report addresses three themes and offers up recommendations for each:

1. Helping firms get to grips with cyber risk.
2. Helping the insurance industry to establish cyber insurance as part of firms' cyber toolkits.
3. Helping London to be a global centre for cyber risk management.

We hope you find this a useful addition to the information available to you on this topic.

## BUSINESS INTERRUPTION INSURANCE ISSUES

Risk management and risk transfer (insurance) must work together to make organisations more resilient, as exposure to major disasters and subsequent business interruption increases. Traditional property damage/business interruption insurance policies were never designed to meet the risks faced by organisations today, and the business interruption insurance market has not kept pace with these rapid changes.

Marsh's Risk Management Research, [Business Interruption Insurance Efficacy: Five Key Issues](#), highlights how the limitations of existing business interruption insurance are resulting in less than optimal coverage for businesses and organisations, and makes the case for insurance modernisation.

According to the report, published by Marsh's Business Interruption Centre of Excellence, there are five core areas in property damage/business interruption policies where improvements are required. These are:

- Insured values.
- Indemnity periods.
- Wide area damage scenarios.
- Supply chain.
- Claims settlement.



## NEWS IN BRIEF

### WORKPLACE SLIPS — NEW FOOTWEAR RATING SYSTEM

Statistics from the Health and Safety Executive (HSE) show that slips and trips continue to be the biggest cause of workplace injuries. It is therefore important that footwear provided to employees gives them good slip resistance.

The Health & Safety Laboratory (HSL) <http://www.hsl.gov.uk/> has launched a new footwear rating scheme called “GRIP”. GRIP provides free information to health and safety managers so that they can make informed decisions before purchasing resistance footwear. To obtain a copy of its paper, outlining how the scheme works, email [productsupport@hsl.gsi.gov.uk](mailto:productsupport@hsl.gsi.gov.uk), quoting GRIPWPHSE.

### BRING YOUR OWN DEVICE — GOVERNMENT GUIDANCE

Mobile phones and an increase in remote and flexible working means that many employees now wish to use their own phones and computers for their work. The UK Government has produced [guidance](#) for organisations considering a “Bring Your Own Device” (BYOD) approach. It sets out the key security aspects that should be considered in order to maximise the business benefits of BYOD while minimising the risks.

The guidance also acts as a useful reminder for those organisations that have already implemented a BYOD approach.

### PRIVATE MOTOR INSURANCE COSTS FALL

The Association of British insurers (ABI) states that since quarter 2, 2012, the average comprehensive motor insurance premium paid has fallen by 10% to £372.

Reforms to the civil justice system (introduced in April 2013) have removed some legal costs associated with claims and have enabled insurers to pass on the savings in lower premiums. However, measures to improve young driver road safety have not moved forward, which means premiums for young drivers remain high.

## INSURANCE MARKET UPDATE — HOW TO GET THE BEST DEAL

In general, competition among insurers and ample capacity helped drive down insurance market rates across Europe, the Middle East, and Africa (EMEA) in 2014. Clients with attractive risks and good loss histories are positioned to benefit most from the positive rate environment.

In the UK, depending on the type of insurance cover, rates either remained stable or declined by up to 10%, with the exception of employee benefits, where rates increased. As a result of increasing insurer competition and capacity in the UK market, more firms are taking the opportunity to negotiate broader cover and enhanced wordings for their insurance provision.

*In the absence of rate increases, underwriters are placing a greater emphasis on risk evaluation and selection, offering the most competitive terms only to clients that are able to demonstrate a robust approach towards risk management.*

Among the other findings of the report:

- Although trade credit insurance rates are still falling across EMEA, claims are continuing to increase, particularly in Africa and parts of Eastern Europe. This will have an adverse effect on premium rates in 2015, for all but the most attractive risks.
- Enquiries relating to cyber risk insurance products have continued to increase across EMEA.

Please contact your Marsh client executive for a complimentary copy of the report and a discussion about how to get the best results from the current insurance market conditions.



## NEW DRUG DRIVING LEGISLATION

On 2 March 2015, a new drug driving law came into force in England and Wales. It is now illegal to drive with certain drugs, including some prescription drugs, above the specified blood levels in the body.

The existing offence is related to driving while impaired by drugs, for which the police have to prove that the drug has caused this impairment. The new law makes it easier for the police to catch and convict drug drivers, as under the new offence the police need only to obtain a blood sample and show that certain drugs are present above specified limits in the sample.

Please read our new Adviser document to find out more about the changes. We have included some recommendations about actions employers should take.



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