

# MARSH CYBER ECHO: A PREDICTABLE EXCESS COVERAGE SOLUTION UNDERWRITTEN BY LLOYD'S



Following a series of high-profile cyber losses, underwriters have become more selective, and in some cases are reducing the amount of capital that they are willing to deploy on certain risks — especially those involving health care and payment card data. This trend is particularly acute in the excess cyber market, where rates have more than doubled in the US over the last 12 months. To address this issue, Marsh's Cyber ECHO provides access to additional insurance capacity that can be deployed efficiently on favorable terms and conditions — bringing more stability to the volatile market for excess cover.

## CHALLENGES OF THE CYBER INSURANCE MARKETPLACE

At a time when many companies perceive an increasing exposure to cyber events and are looking to transfer more of their risk, pricing for excess cyber cover has become more expensive and less predictable. With insurers reducing the amount of capital that they deploy, clients may need participation from more insurers in order to procure the amount of cover they require. Additionally, often only small sublimits are available

for some key cyber exposures, such as payment card industry fines and regulatory investigations.

## PITFALLS TO RECOVERY UNDER EXCESS POLICIES

Although excess policies often receive little attention, the terms can vary significantly. Some standard excess policies contain confusing wording for the unwary that can serve as barriers to recovery of a loss. Types of policies include:

### Who it's for

- Marsh clients exclusively — public and private companies that purchase (or would like to purchase) more than \$5 million of cyber cover per year.
- Companies of all sizes and industries.

### What you get

- Up to \$50 million<sup>1</sup> in limits, excess of an underlying cyber cover.
- Consistency of terms and conditions with the primary cyber policy.
- Pre-priced options to reinstate the ECHO excess limit after insurers are notified of a cyber event during the policy period.
- Innovative structure designed to avoid issues that could complicate or delay insureds from recovering on a loss under a more traditional excess policy structure.
- The financial strength of Lloyd's syndicates.

COVER NOT CONSISTENT WITH PRIMARY POLICY

**Limited follow form.** An excess policy is generally intended to “follow form,” or be subject to all of the terms and conditions of the primary insurance policy beneath it, but that is not always the case. Some either do not state that they will follow the terms and conditions of the primary policy or do so with exceptions.

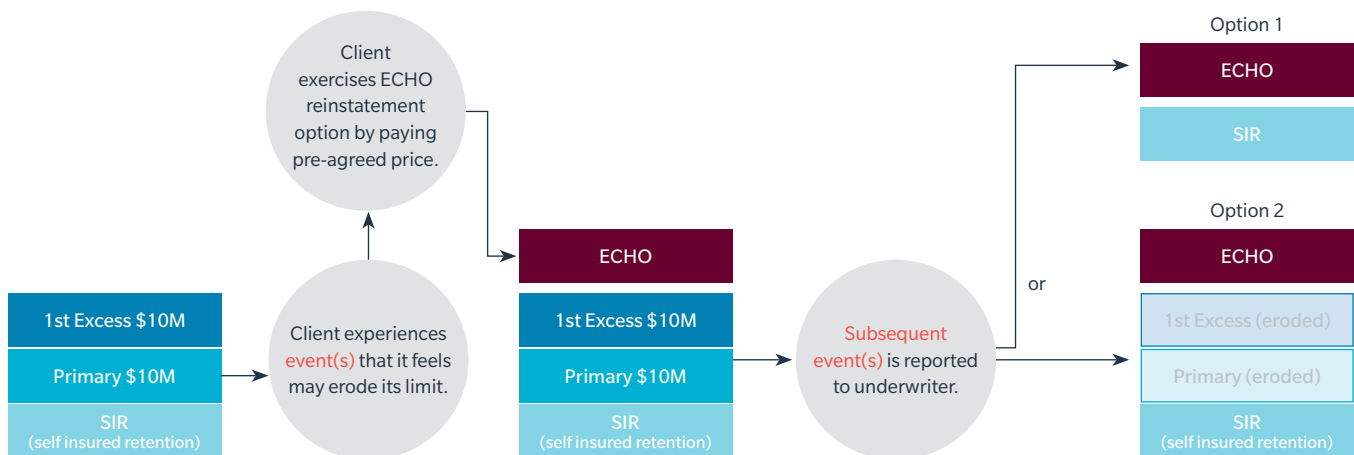
**Conditions precedent and warranties.** Some excess policies contain clauses creating client warranties or conditions precedent to the insurers’ liabilities. These terms can have serious implications and are often heavily negotiated in the primary policy.

COVER CONDITIONED ON RESPONSE OF UNDERLYING INSURERS

Insurers’ obligations under excess wordings are generally conditioned on the response of the underlying policies. This type of language has prevented or delayed insureds from recovering under excess policies in the past.

KEY BENEFITS OF CYBER ECHO

- Pre-priced options to reinstate the limit either at the original attachment point or as primary cover.
- Up to \$50 million<sup>1</sup> in additional excess capacity for all industries.
- Clear and concise policy wording:
  - Free of independent onerous clauses.
  - True follow-form language.
- Innovative trigger of cover. This makes Cyber ECHO insurers’ obligations independent of those of underlying insurers.
- Provides uninterrupted capacity for key coverages that are sublimated in the primary layer. Cyber ECHO insurers can provide additional sublimits that “step down” to attach in excess of underlying sublimits.
- An efficient placement process, in which several insurers’ capital can be accessed through one lead insurer.
- Underwritten by a panel of Lloyd’s syndicates.
- Claims approvals are limited by the Lloyd’s claims protocols.



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1. US\$50 million or equivalent other currency.