

Security Incident Response (SIR)

Crisis Management



Working with Hiscox Special Risks, the leading provider of specialist kidnap, detention, and extortion insurance, and Control Risks, a global risks consultancy with expertise in political, security, and integrity risk, Marsh has developed a security incident response (SIR) policy. The policy provides peace of mind for organizations of any size, offering easily accessible crisis management, strategic advice, and recovery services.

What is SIR?

SIR is a proactive indemnification policy that provides businesses with a comprehensive corporate security and business integrity solution. This product establishes a contractual mechanism, which allows Hiscox to pay, on behalf of the insurance buyer, all of Control Risks' fees and expenses incurred while assisting an insured with the management of complex issues throughout the readiness, response, and recovery phases.

Control Risks' services can be called upon by the insured not only following an incident but also upon suspicion, imminent threat, or allegation of an incident.

What is Covered?

The SIR policy provides access to Control Risks' specialist consultants to support the policyholder in managing, mitigating, or eliminating any event listed within the six security and integrity risk categories.

SIR provides cover for the following insured events:

Act of terrorism, blockade, civil commotion, civil war, commercial retaliation, coup, insurrection, malicious damage, occupation, product tampering, rebellion, revolution, riot, sabotage, unauthorized premises access, war.

Abduction, assault, detention, hijack, hostage crisis, missing person, murder, radicalization, stalking, suspicious death, threat, workplace violence.



Control Risks

Agent misconduct, competitor malfeasance, contract and procurement fraud, counterfeiting, criminal facilitation, defamatory allegation, embezzlement, financial statement fraud, internal bribery and corruption, malicious prosecution, money laundering, employee sanctions breach.

Triggers

- **Occurrence** of an insured event.
- **Suspicion** of an insured event.
- **Imminent threat** of an insured event.
- **Allegation** of an insured event.

Limits

Risk mitigation fund: 20% of the premium immediately made available to the policyholder is allocated towards Control Risks' risk mitigation and prevention services.

Evaluation and assessment: Cover for 20 days for Control Risks to conduct an initial analysis, assessment, and preliminary investigation of facts. If Control Risks determines that the event has likely occurred or concludes that there is clear and imminent danger of an event occurring, the full cover will trigger as follows:

- Response and recovery services, including:
 - Danger of bodily injury to an insured person: Control Risks' fees and expenses are unlimited.
 - For all other non-life threatening risks: Control Risks' fees and expenses are covered for up to 60 days' indemnity period.
 - Where an insured event requires Control Risks' digital forensics, eDiscovery, and unstructured data analytics services: Control Risks' fees are covered up to a specified financial limit of indemnity.
- Response and recovery expenditures. Hiscox will cover the costs incurred by the policyholder for the temporary containment, protection, and remediation measures as follows:
 - Costs for temporary physical security measures to protect the insured's property and insured persons.

- Gross salaries of persons specifically assisting with an insured event and assisting in the coordination of the business continuity and recovery plan.
- Cost of communication equipment.
- Travel and accommodation costs.
- Costs for the search for explosives or other harmful materials on your premises.
- Costs for electronic sweeps for bugs or other electronic listening devices.
- Reward paid to an informant for information leading to the resolution of an insured event.

Benefits for Marsh Clients

Marsh worked with Hiscox to develop a proprietary version of the Security Incident Response product. The Marsh-specific product features broader coverage and lower costs. Marsh clients will receive expanded coverage for no additional premium, including:

- Unauthorized employee sanctions breaches as an additional insured event.
- Reputation response and recovery services provided by a crisis communications advisor to mitigate the impact of adverse publicity, media coverage, or community sentiment.

Marsh clients can benefit from a loyalty discount that reduces open-market premiums quoted for first and second renewals by 5%. Marsh clients that move their kidnap and ransom policies to Hiscox will also get a 5% discount on those policies, while current Hiscox K&R policyholders will receive a discount of between 3% and 5% on their SIR premium.

Several other policy enhancements are also available to Marsh clients, including the ability to cancel the policy mid-term, which can facilitate the acquisition of premium financing.



EXAMPLE 1:

IMMINENT WORKPLACE VIOLENCE

A global manufacturer suspected a disgruntled former employee might conduct violent acts against one of its US subsidiaries.



- The manufacturer anticipated the situation and activated the services of Control Risks before it escalated.
- Control Risks conducted detailed investigations into the background of the individual and the likelihood of the threat.
- A Control Risks consultant conducted a security assessment of the site and provided recommendations on how to minimize security breaches and protect employees and customers.
- A Control Risks workplace violence expert advised on how to engage with the former employee and his family to improve relations with the client and diminish the likelihood of the incident occurring.



- The preemptive activation of Control Risks' consultancy support enabled the client to prevent, rather than react to, a crisis.
- Insight enabled the company to roll out a more effective corporate social responsibility program.
- The long-term measures recommended by Control Risks addressed the source of the crisis and ensured that the client was implementing effective security measures at all of its sites to prevent similar incidents occurring.
- The client's senior management and principal investors were kept fully informed and reassured that the potential threat had been averted.

EXAMPLE 2:

RIOTS AND CIVIL COMMOTION

Rioting in a Middle Eastern city where a social networking company was located raised concerns about the safety of employees, disruption to business production, and delays. The company used its SIR policy to access Control Risks' support.



- Control Risks assessed the safest routes for employees to travel from their homes to their office and briefed and trained staff on safe conduct.
- Guards were temporarily stationed outside the office and senior management were given executive protection teams.
- The client benefited from detailed advice on security threats, potential escalations, and how best to engage with local authorities.



- A number of staff had been missing work due to the rioting, but as a result of Control Risks' assistance, employees were reassured and continued normal business operations, enabling the client to meet vital project deadlines.
- The employees and investors were reassured that the site was safe by the presence of Control Risks' security detail.
- Any likely threats against the office were likely deterred by the visible increase in security. The likelihood of future threats was also likely diminished by the security recommendations provided.
- The client was able to guarantee the safety of its employees in the affected area.
- The final report included detailed lessons learned and recommendations for improved security planning.

Key Benefits of a SIR Policy

1. **Duty of Care.** Demonstrates to stakeholders that duty of care obligations have been considered and that anti-fraud and anti-corruption measures are in place.
2. **20% of the SIR premium is made available to the policyholder on day one.** These funds are used to invest upfront in resilience programs for mitigating the likelihood of critical events occurring or their impact if they do occur. This can be used on any of Control Risks' services, across any of its disciplines.
3. **Simplicity.** A SIR policy gives the policyholder immediate access to Control Risks' services via a single activation number. All Control Risks' fees are paid by Hiscox, so there is no requirement to engage with third-party providers on a case-by-case basis.
4. **Crucially, the policy can be triggered before a loss has occurred — on suspicion, allegation, or imminent threat of an insured event, as well as when one takes place.**
This means the SIR policy can mitigate the impact of an ongoing incident or allow it to be averted altogether, potentially reducing claims on other more costly insurances.

Why Buy a SIR Policy?

- The policy provides a simple and robust mechanism to access expertise on demand.
- It eliminates the financial volatility of responding to unpredictable events.
- A SIR policy complements your existing capabilities in security and business continuity functions – providing bench strength and technical expertise.
- The ability to activate the policy in advance of a crisis allows clients to use SIR to increase business resilience to unforeseeable and unbudgeted critical events.
- Enhances business continuity and enablement by ensuring that you have the correct resource immediately on hand when needed.
- The policy complements other insurances by acting as a first line of defense, particularly where other insurances will not trigger until the event has occurred. This can act as a deductible gap-fill.



About Marsh

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