

The background of the slide features a close-up of two hands in dark blue business suits shaking. Overlaid on this is a complex, glowing blue digital network of interconnected nodes and lines, symbolizing technology and digital transformation.

**Cyber Guiding the Future**

**Changing Risk Landscapes: The Property UW Perspective**

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## Summary

Data is everywhere,

and it's here to stay.

~~(Silent)  
Cyber~~

Cyber  
& Data

We need clarity on what is covered and how to future-proof Property Re-/Insurance contracts!

# Y2K – An Early Wake-Up Call



Jahr-2000-Problem – Wikipedia  
de.wikipedia.org



Y2K - Network Encyclopedia  
networkencyclopedia.com



Data Representation and Crashing ...  
medium.com



What wa:  
quora.com



## Early attempts to clarify property coverage

### ELECTRONIC DATE RECOGNITION EXCLUSION (LISTED PERILS)

1. This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:
  - (a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not; or
  - (b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or

#### IT Clarification Agreement

Property damage covered under this Agreement shall mean physical damage to the substance of property.

Physical damage to the substance of property shall not include damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure.

Consequently the following are excluded from this Agreement:

Daten sind keine Sachen

## How to avoid *systemic* loss?

## Is Data (insured) *Property*?

## What is (Physical) *Damage*?

## 2017: the *NotPetya* shock

- June 2017: Merck, FedEx, Maersk, Mondelez, ... hit by a ransomware attack with catastrophic impact
- On Merck, press articles talk about thousands of crippled computers and servers, years of Research and Development lost...
- ... and a potential multi- USD100 million claim under their Property Insurance program



## The push against 'Silent Cyber'



Making noise about "silent" cyber



- avoiding 'hidden' or 'unintended' coverage
  - moving 1<sup>st</sup> party Cyber exposure to Cyber Insurance policies
  - the 'ransomware epidemic' in the spotlight
- > Focus on malicious 'cyber acts';  
Write-backs for perils 'covered by the policies'

## How silent is 'silent'?

### **Electronic vandalism**

This policy provision offers coverage for the costs to replace or restore direct physical loss or damage to electronic data as a result of a denial-of-service attack, electronic infections or network impairment caused by vandals anywhere in the world.

### **Data, Programs or Software Coverage – Protection Against Malware**

The [redacted] policy treats data as insured property, and physical loss or damage to this property includes its destruction, distortion or corruption—whether caused by a fire or a virus.

### **LOSS OR DAMAGE INSURED**

This policy insures against all risks of physical loss or damage to property, not otherwise excluded in this policy, while at an Insured Location except as hereinafter excluded.

Physical loss or damage shall include any destruction, distortion or corruption of any computer data, coding, program or software except as excluded specifically in Clause ..., Electronic Date Recognition Exclusion, and as hereinafter excluded.

From a reinsurance standpoint, the scope of cover is what counts – no matter whether 'silent' or not.

**Wordings** should mirror the scope of cover that has been intended, assessed, and underwritten.

# Risk landscape Today & Tomorrow: Data is everywhere

## **(Stored) Data as an Asset**

*Customer Data,  
R&D Data, ...*

## **Data as a Peril (Manipulation or Failure)**

*Malware, Manipulation  
of Control Systems;  
Bugs, System Failure ...*

## **Data (Connection) as a Utility**

*Data & Telecom  
Services, Online  
Platforms, ...*

# Contracts Today & Tomorrow: Where can we improve?

## **(Stored) Data as an Asset**

if affected by a  
(re-)insured peril

- *Property vs (Restoration, or Re-Creation) Cost?*
- Business Interruption impact (of *Data loss vs Hardware loss*)?

## **Data as a Peril (Manipulation or Failure)**

if affecting (re-)  
insured Property

- *Malicious vs non-malicious;*  
burden of proof?

## **Data (Connection) as a Utility**

if provider affected  
by a (re-)insured  
peril

- Contingent Business Interruption impact from damage at provider: Is the Service Provider a *Supplier* (of *Products...*)?

## 2021: Fire at a cloud provider



fire at French cloud services ...  
reuters.com



OVHcloud, a large cloud provider, lost ...  
host-telecom.com



French Cloud Computing Firm Catches ...  
techtimes.com



OVH Data Center Fire Darkens Popular ...  
searchenginejournal.com



fire at French cloud services firm  
tbsnews.net



largest cloud services firm OVHcloud ...  
malaymail.com

An 'old' peril,  
but a new  
source of  
accumulation?

***Millions of websites offline after fire at French cloud services firm***

*9 Mar 2021: PARIS (Reuters)– fire at a French cloud services firm has disrupted millions of websites*

Need to look at Cyber  
& Data more broadly now,  
*before a big loss.*

It's not just about Hacking &  
Malware!

Any  
questions?

# Thank you!

## Contact us



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