

Press Release

Munich Re and Beazley launch Vector to provide enhanced solutions to large cyber risks

London, 20 April 2017

Building on their existing collaboration, Beazley and Munich Re's Corporate Insurance Partner today announce the creation of Vector, a partnership to bring innovation and capacity to the large cyber market.

Vector cements a relationship between the two insurers forged a year ago, through which the world's largest companies can obtain up to \$100 million (or €100 million) of cover for a wide range of first party and third party cyber exposures. The partnership garnered an award for innovation at the European Risk Management Awards in December 2016.

Since the launch, many Fortune 1000 businesses have built stronger cyber towers with the support of the partnership, typically at the primary level. Half of the organisations considering Vector are new to the cyber market and span across the globe.

"We're seeing particularly strong demand for first party cover from industrial enterprises such as manufacturers and other organisations that have not historically bought cyber insurance or have only bought low limits," said Chris Storer, head of cyber solutions for Munich Re's Corporate Insurance Partner. "Production line shutdowns triggered by cyber attacks can be complex to resolve, generating large business interruption costs."

This trend is reflected in broader cyber market indices. According to insurance data specialists Advisen, manufacturers' purchases of cyber insurance almost doubled between 2015 and 2016.

Another trend that is spurring demand for cover is intensifying regulatory scrutiny. The US Food and Drug Administration recently joined a long list of US regulators expressing concerns about the adequacy of certain companies' cyber security precautions. And under the European Union's General Data Protection Regulation, due to come into force in May 2018, fines of up to 4% of global annual turnover can be imposed on companies that are negligent in the handling of personal data.

"Regulators have the bit between their teeth," said Paul Bantick, international focus group leader for Beazley's technology, media and business services team. "For years, regulators in the United States have taken a far tougher approach to cyber security issues than their counterparts elsewhere. But that is changing and regulatory pressure is undoubtedly a driver of demand for cyber insurance."

"But intensifying regulation is by no means the whole picture. The operational and reputational risks of cyber attacks also weigh increasingly heavy on large companies."

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Note to editors:

Beazley plc (BEZ) is the parent company of specialist insurance businesses with operations in Europe, the US, Latin America, Asia, the Middle East and Australia. Beazley manages six Lloyd's syndicates and, in 2016, underwrote gross premiums worldwide of \$2,195.6 million. All Lloyd's syndicates are rated A by A.M. Best.

Beazley's underwriters in the United States focus on writing a range of specialist insurance products. In the admitted market, coverage is provided by Beazley Insurance Company, Inc., an A.M. Best A rated carrier licensed in all 50 states. In the surplus lines market, coverage is provided by the Beazley syndicates at Lloyd's.

Beazley is a market leader in many of its chosen lines, which include professional indemnity, property, marine, reinsurance, accident and life, and political risks and contingency business.

For more information please go to: www.beazley.com

Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. In the financial year 2016, the Group – which combines primary insurance and reinsurance under one roof – achieved a profit of €2.6bn. It operates in all lines of insurance, with over 43,000 employees throughout the world. With premium income of around €28bn from reinsurance alone, it is one of the world's leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a much sought-after risk carrier. Its primary insurance operations are concentrated mainly in ERGO, one of the leading insurance groups in Germany and Europe. ERGO is represented in over 30 countries worldwide and offers a comprehensive range of insurances, provision products and services. In 2016, ERGO posted premium income of €16.0bn. Munich Re's global investments (excluding insurance-related investments) amounting to €219bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

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