

Next generation of cyber insurance launched as new study shows threat moving from data breaches to global critical infrastructure

- In-depth research by Lloyd's of London insurer AEGIS London shows technology running the world's critical infrastructure is increasingly at risk of cyber attack
- State-sponsored cyber attacks are a serious and evolving threat to power and utility companies
- *CyberResilience* product launched to insure against growing threat to operational technology ("OT") and assets.

London, Wednesday 9 April 2014 – A new breed of cyber insurance product has been launched by Lloyd's of London insurer AEGIS London. The launch follows a major study of the evolution of cyber risk in the energy sector and its impact on so-called critical infrastructure businesses.

In addition to data protection and privacy issues – the staple of first-generation cyber policies – AEGIS *CyberResilience* offers businesses protection for operational technology (OT) and critical infrastructure, the first to do so.

The AEGIS study and new product offering are a direct response to the growing number of attempted attacks on the energy and utility sector. In the first half of the 2013 fiscal year, the US Department of Homeland Security's Industrial Control Systems–Computer Emergency Readiness Team responded to more than 200 incidents, 53% of which were in the energy and utility sector, and many of them sponsored by states such as China.

The study focussed on power and utility companies based in the US, UK, Canada and Europe. Conducted on behalf of AEGIS by BAE Systems Applied Intelligence ("BAE"), the leading specialist in the protection of critical operations and assets, the study found that:

- The overwhelming majority of respondents, as well as specialists and vendors who work with energy companies and utilities, believe it is not a matter of "if" – but "when" – there will be a cyber attack of major significance and impact on critical operational infrastructure such as the electric grid.
- Power companies are better prepared to deal with cyber threats to their operational technology than many recent media reports have indicated. These organisations have a good understanding of the cyber threats they face.
- The biggest challenges energy companies and utilities face are constraints outside their control such as the lack of 'adequate and mature technology solutions'.

CyberResilience product launch

The new AEGIS *CyberResilience* product is designed to help protect critical operational technology and assets, before and after a cyber attack. The product combines liability, business interruption and terrorism coverage with a service-based offering that consists of cyber underwriting assessment, risk management consultancy, loss control, threat analysis, incident response and vulnerability management.

Alan Maguire, Chairman of AEGIS London, said: "Cyber attacks are no longer focussed solely on IT environments. Cyber terrorists have turned their attention to operational technologies and the critical infrastructure they support, so we have expanded our coverage accordingly. Our new *CyberResilience* coverage is offered in conjunction with specialized pre- and post-attack services provided by our cybersecurity partners who are global experts in the critical infrastructure industry. Now, for the first time, businesses can obtain secure and reliable cyber insurance cover and service-based offerings for both operational and information technology."

David Croom-Johnson, Active Underwriter at AEGIS London, said: "We believe that vulnerabilities in and threats to operational technology have the potential to lead to business interruption or significant loss of operating capability and availability. These represent some of the most acute organisational risks currently facing critical infrastructure, which is why we developed *CyberResilience*. However, this is only our first step in evolving a complete suite of products and services around global critical infrastructure cybersecurity."

Rick Welsh, Head of Cyber Insurance with AEGIS London added: "Cyber risks are one of the biggest challenges the insurance industry faces today. Improving the security posture of critical infrastructure industries such as the energy sector is paramount and nobody understands this better than AEGIS. *CyberResilience* acknowledges the need to understand and underwrite the relationship between industrial control systems and enterprise networks without disregarding the impact of data security and privacy liability."

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Notes to Editors

AEGIS London

AEGIS London is the UK-based subsidiary of AEGIS (Associated Electric & Gas Insurance Services Limited), a mutual insurance company that serves the needs of the energy industry. It operates the AEGIS London Syndicate 1225 at Lloyd's with a capacity of £330 million for 2014.

AEGIS London has grown from its origins as an energy insurance specialist and is today a successful, diversified business, leading and participating in a wide range of classes traditionally written in the Lloyd's market. With over 110 people in its team in London and 2 in Canada, the business continues to develop its capabilities in new business lines, bringing its unique, collaborative style to new clients and new classes, while operating for the mutual benefit of all involved.

AEGIS London is recognised for offering specialist knowledge, expertise and leadership to a broad client base across a number of specialist classes globally.

AEGIS (Associated Electric & Gas Insurance Services Limited)

AEGIS is a mutual insurance company owned by its energy industry policyholder members, with surplus of more than US \$1 billion. Established in Bermuda in 1975, AEGIS is an eligible surplus lines insurer in the United States and a licensed carrier throughout Canada.

AEGIS aims to provide its members with superior insurance and risk management products through a secure and stable market to enable members to achieve the lowest overall long-term cost of risk. Industry sectors covered include gas and electric utilities, related energy companies, water utilities, pipeline companies, transmission & distribution companies, and oil and gas exploration and production companies.



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