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## Press release

# Beazley and Munich Re to offer enterprise-wide cyber protection for the digital assets of the world's largest companies

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### As hacking threats intensify, one of the world's leading reinsurers joins forces with market pioneer of cyber and data breach response insurance.

Beazley, a pioneer in data breach response insurance and the largest insurer of cyber liability risks in the Lloyd's market, has partnered with the Corporate Insurance Partner unit of Munich Re, one of the world's leading reinsurers, to offer the broadest protection yet for the digital assets and IT infrastructure of the world's largest companies.

Coverage options have been developed in close collaboration with a number of large companies and their brokers. The needs of such organisations vary widely and cover will be tailored specifically to the exposures of individual clients, providing up to \$100m or €100m of protection for a wide range of cyber risks. Based on the individual needs of clients, coverage can be tailored to include elements for risks such as:

- Hacking or malware attacks. Such attacks have been growing steadily in scale and frequency. In the US alone, 193.5 million customer records have been stolen in large breaches involving more than 10 million records apiece in the past two years.
- Distributed denial of service (DDoS) attacks. Half of all major US companies sustained a denial of service attack to their websites last year and more than 10% of these attacks interrupted the companies' web-based service capabilities. The potential for significant business interruption losses from a successful DDoS attack is high.
- Cyber extortion. So-called ransomware attacks have recently intensified. Those that have been disclosed have generally been small in scale. But the potential undoubtedly exists for far larger cyber extortion attempts.
- Property damage and bodily injury exposures deriving from malicious cyber attacks. The impact of an attack on the smooth functioning of plant and machinery and the safety of employees, with the increasing interconnectivity of systems, is becoming more and more severe.

Beazley and Munich Re have seen significant demand for insurance cover of this type and have already bound insurance for multinational clients seeking the broad protection – both in terms of perils covered and financial limits – that their

partnership uniquely affords. Working together in close collaboration with clients, brokers and IT companies, they are able to better understand the specific cyber risk profile of an individual client and develop bespoke solutions accordingly.

Adrian Cox, head of specialty lines at Beazley, said: "The London insurance market is a crucible for innovation in cyber insurance. I am delighted that we have been able to build on our strong relationship with Munich Re to expand the coverage available for this prototypical 21st century risk."

Mike Donovan, Beazley's focus group leader for technology, media and business services, said: "Rapidly flowing data is the lifeblood of modern business. When that data ceases to flow, or is siphoned off, the costs for large interconnected enterprises can be huge. We can now provide the kind of robust and flexible protection that large businesses need at a time when cyber threats are proliferating worldwide."

Chris Storer, head of cyber solutions for Corporate Insurance Partner, which is dedicated to industrial clients and part of Munich Re's Risk Solutions activities, said: "In recent years, cyber threats have risen steadily up the agenda of the world's largest companies as they have observed the real impact of cyber incidents, with significant implications for their balance sheet and financing capabilities, through to dealing with regulators and rating agencies. Corporate Insurance Partner, with its broad industrial and complex single risk expertise, is in a unique position to push the boundaries of insurability when it comes to helping clients cushion the true financial impact of a cyber event. Through our close partnership with Beazley and the combining of our expertise, we believe that we can offer a service that is unique in providing large corporate and industrial clients with fit for purpose cyber solutions that help them manage the manifold risks that cyber attacks can present."

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**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 2015, the Group – which combines primary insurance and reinsurance under one roof – achieved a profit of €3.1bn on premium income of over €50bn. 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 the ERGO Insurance Group, 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 2015, ERGO posted premium income of €17.9bn. In international healthcare business, Munich Re pools its insurance and reinsurance operations, as well as related services, under the Munich Health brand. Munich Re's global investments (excluding insurance-related investments) amounting to €215bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

**Beazley plc (BEZ.L)** 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 2015, underwrote gross premiums worldwide of \$2,080.9 million. All Lloyd's syndicates are rated A by A.M. Best.

#### **Disclaimer**

This press release contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

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