



Cyber Data Exchange: Product Description



Product Overview

The lack of industrywide cyber insurance data is considered one of the biggest pain points for many in the cyber insurance industry. Without access to credible and relevant data, many carriers and other entities in the cyber insurance value chain often face serious challenges in making intelligent strategic decisions about their portfolios, developing quantitative models, and confidently providing coverage that is demanded by many in the market. The product description outlined in this document provides a solution that is designed to help alleviate some of these pain points and help advance the capabilities of the cyber insurance industry.

Companies participating in the Cyber Data Exchange will contribute their cyber insurance data into a data exchange managed by ISO. In return, ISO will aggregate the data, summarize it and provide business intelligence back to those contributing companies via interactive dashboards.

Product Details

Anonymity

Anonymity is one of the key considerations for ISO and its customers. The ingested company data will be aggregated and de-identified so as not to reveal the source of the data to other participants.

Flexibility

Companies can contribute data either via the statistical plan or their native format. The Cyber Data Exchange will accept data from any entity in the insurance value chain, including admitted and E&S carriers, reinsurers, MGAs and brokers provided such entity is authorized to provide such data.

Credibility

Summarized industry business intelligence will become available as soon as the Cyber Data Exchange attracts a critical mass of companies and gross written premium. In the interim, companies that sign up to participate will have access to dashboards showing a view of their own cyber data portfolio.

Balance

The Cyber Data Exchange is designed so that the makeup of the exchange is balanced and that no one company represents a disproportionate share of the group.

Reporting Cadence

Companies are expected to contribute data on a quarterly basis.

Delivery

Business intelligence will be delivered via interactive dashboards hosted on a webpage that's accessible only to participating companies.

Customization

Ability to create customized exhibits and extract summarized data based on desired criteria.

Contributed Data

Below is a sample of the data elements requested from participating companies. Participants are asked to submit historical data for the past 6 years and subsequently on an on-going basis. For the full list of requested data elements, please refer to the corresponding Data Framework document.

Policy/Premium:

- Transactional – transaction type (policy inception, endorsement, cancellation), transaction date
- Policy – policy #, effective date, expiration date, policy type (claims made, occurrence), retroactive date
- Insured – NAICS code, gross revenues, total assets, # of employees, years in business, company legal structure (private, public, non-profit), # of records, types of records
- Insurance terms – including any limits, and retentions for the policy
- Gross Written Premium

Claims:

- Dates – transaction date, accident date, claims made date, report date
- Details – claims description, attack vector, actor, asset compromised, coverage triggered
- Amounts – # of records exposed, paid loss, reserved, IBNR, length of business interruption, loss adjustment expenses

In order to maintain equity and encourage complete data reporting, companies will only have access to summarized data elements that they themselves report.

Business Intelligence

Below is an example of the kinds of metrics that can be displayed based on the data contributed by participating companies:

- Incurred Loss Ratio
- Claims Frequency
- Loss Severity
- Average Gross Written Premium
- Rate on Line (GWP / policy limit)
- Average account size (revenue)
- Average policy limits

Across the following dimensions:

- Policy / calendar year
- Coverage
- NAICS / Industry
- Revenue range
- Policy Limit range

Company Use Cases

Benchmarking

Participating companies can compare metrics for their own portfolios to aggregated industrywide metrics based on data from all other participating companies in order to better understand how they compare. This information can encourage root cause analysis of their portfolios to help identify what may be driving their results and why they may diverge from the broader industry.

Strategic Decision Making

Having access to summarized industry cyber data can help enable companies to make smarter strategic decisions with regard to their own cyber portfolio. They can analyze the profitability of different segments to determine where they can optimize their 'rate for risk'. This can facilitate entrance into new markets and growth of existing business. Having access to this information can also influence development of underwriting appetite and guidelines.

Analytics

Having access to industrywide metrics such as frequency, severity and trends across different dimensions can be very beneficial to companies that are analyzing their portfolios or developing quantitative models. Actuaries can leverage

the Cyber Data Exchange to: develop risk selection or pricing tools, support rate filings, conduct reserving analyses, , and perform profitability reviews of their cyber book of business.

Risk Selection

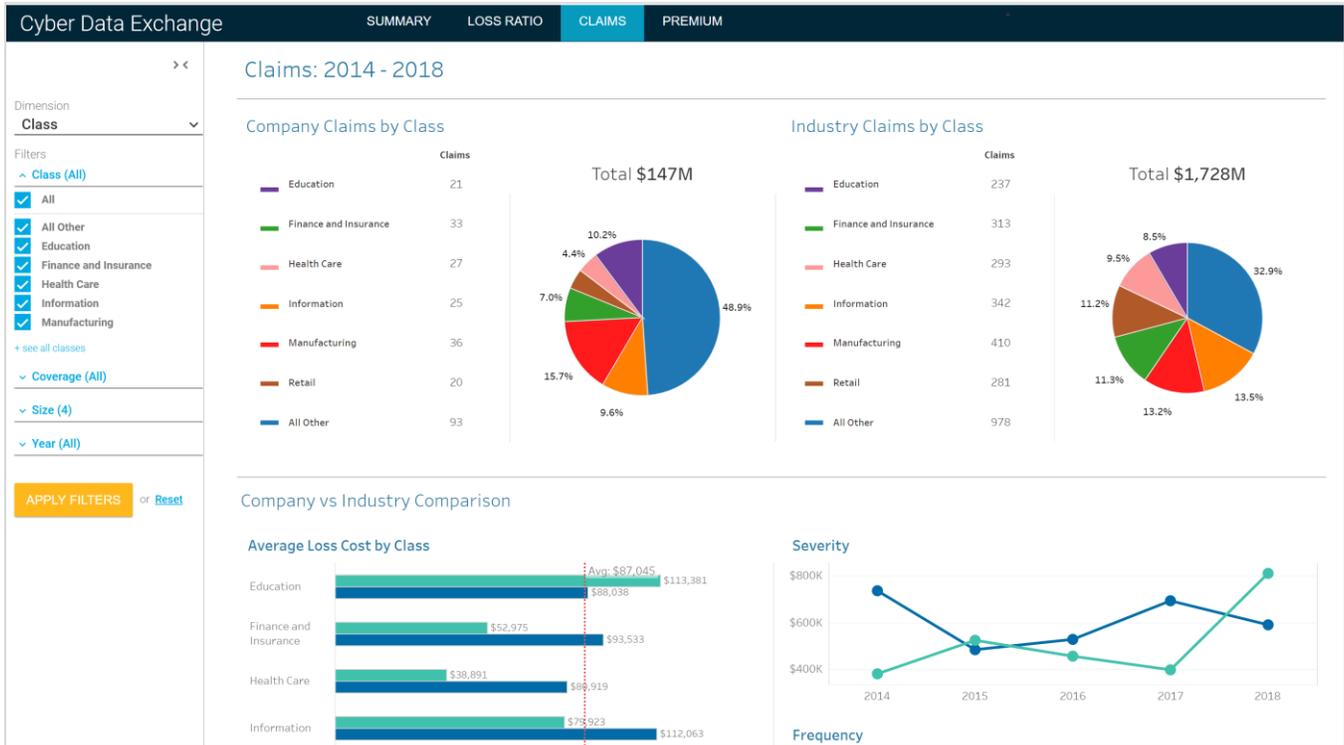
Many cyber insurance underwriters often face challenges when it comes to evaluating the risk on new submissions, especially for classes of business and organization sizes that they might not have previously been exposed to. When a new risk is submitted to an underwriter for a quote, with access to summarized industry metrics, the underwriter could obtain information such as the average claim frequency and severity, profitability, and premium for that segment of business and confidently make a highly informed decision concerning writing the policy, as well as negotiating pricing, terms and conditions.

Regulatory Reporting

In addition to providing companies with business intelligence, ISO can also report their data to various regulatory bodies to satisfy applicable statistical reporting requirements, subject to the appropriate level of detail provided by the company.

Dashboards

For a demo of the dashboards please email us at: cde@verisk.com



The data displayed here is hypothetical and for illustrative purposes only.