



Cabinet Office

On 5 November, the Right Hon Francis Maude, Minister for the Cabinet Office, and Marsh Ltd hosted a meeting with CEOs of some of the UK's biggest insurers to drive forward collaboration. The insurance industry and Government must work together to make the UK one of the safest places to do business in cyberspace.

The risk to business in the UK and globally is growing. 81% of large businesses and 60% of small business suffered a cyber security breach in the last year and the average cost of breaches to business has nearly doubled since 2013^[1].

The Government supports the growth of the cyber insurance market to improve how UK businesses manage cyber security risk. The Government believes cyber insurance has a strong role to play in helping firms outside of the critical national infrastructure to manage their cyber risks efficiently.

The UK insurance sector is a global leader and a natural home for a growing international cyber insurance market.

Since the launch of its National Cyber Security Strategy, the Government has worked closely with industry to raise awareness of the threat posed by cyber attack to business reputation, revenue and intellectual property, and of the measures that businesses can take to mitigate this threat. For example, the Cyber Essentials scheme helps businesses small and large by clarifying the basic technical controls needed to provide better protection against the most common cyber threats.

Insurers providing cyber breach and wider operational risk cover can play an integral role in driving improvements in cyber security risk management. By asking the right questions and helping customers, insurers and insurance brokers can help promote the adoption of good practice, including Cyber Essentials, that reduce the frequency and cost of breaches. Not only can cyber insurance help businesses to meet the costs of a security breach event, but it can also provide front end risk analysis to gauge the organisation's exposure to cyber risk, and deliver rapid incident response services that are critical to minimising the impact of a breach.

Cyber insurance does not, of course, remove the need for businesses to manage their risk from cyber attack. It should be seen as part of a holistic approach to cyber risk management including business controls, investment in security and education of staff and customers.

^[1] 2014 Information Security Breaches Survey - <http://www.pwc.co.uk/assets/pdf/cyber-security-2014-technical-report.pdf>

At the meeting on 5 November, all participants recognised the severity of the risk of cyber attack to UK businesses and committed to work together with Government to develop the cyber insurance offer. To deliver this offer, industry-chaired working groups will be established including representatives from Government. These working groups will explore how best to:

- use insurance as a driver for improving cyber security practice in UK businesses, and SMEs in particular;
- model the impact of cyber attack scenarios on UK businesses and the insurance response; and
- explore the possible role for the insurance industry in reducing the impact of cyber attack on critical national infrastructure.

These groups will help contribute to a shared goal of driving growth in the effective use of cyber insurance and establishing the UK as the leading market for global business. The working groups will report emerging conclusions to the Cabinet Office by April 2015.

This commitment contributes to the delivery of the Government's National Cyber Security Strategy. Partnership between Government and industry is crucial and this event is the next step in an ongoing partnership to address cyber threats to UK businesses and to wider UK interests.