

Insure TV: Claire Harty

Transcript

MARK COLEGATE: To discuss Aviva's latest product launch, Cyber Respond, I'm joined now by Claire Harty. She is Commercial Product Lead at the group. Claire, thanks so much for joining us. First of all, what exactly is Cyber Respond?

CLAIRE HARTY: Hi there. So Cyber Respond is our new cyber product. It's our simplest cyber product, designed with micro businesses in mind. So ideally, for customers with a £1mill or under turnover, 10 or less employees and really importantly, quite simple cyber insurance requirements. And so it is designed around our incident respond service. So the Incident Respond Service is something that we give with all of our cyber covers. But for this cohort of customers is absolutely critical. These business owners are spinning many, many plates, so they are in marketing, sales. They're doing everything. So cyber is not always top of their list. So with the cyber incident response we provide them a solution for when that cyber incident happens, they pick up the phone and talk to our team. Then we get the required experts out there to help them with that incident.

MARK COLEGATE: So how did you go about identifying the need for the particular section of the broker community and for a very particular section of their client base.

CLAIRE HARTY: So we started and we are always looking at our current book. You know what's happening inside that book, how our customers using our product and what we identified was that over 95% of the UK business community falls into that micro sector. But when we look at our account, it doesn't match that profile. So we knew that there was something going on and we wanted to dig a little bit further and find out what was happening there. So we continued on with the research. We spoke to brokers. We spoke to customers. We did roadshows. We then looked internally. We looked at the metrics. How are our customers using our product? What are the product reviews telling us? What are the claims telling us. Actually what we've seen is that our third party organisations are starting to tell us a little bit of information as well.

There was a recent report out at the beginning of September by Global Data that backed up a lot of our findings and basically what that was that, was micro customers; cyber insurance is just too expensive for them. That's one of the main barriers to them buying insurance. So the price point was too high. The excesses were too high. They understand the need for the cover. They understand that they have an exposure now, but they just can't put the cover together with the cost. You know, cyber insurance is very expensive. It tends to be significantly more than customers are paying for the rest of their main business insurance; for public liability and employers liability and it's difficult for them to bring those two things together

MARK COLEGATE: And how consumer duty requirements affect the shape and the features of this problem.

CLAIRE HARTY: So we've had a robust product oversight in governance and development through Aviva for many, many years, and the introduction of these regulations so Prod 4 last year and Consumer Duty this year. And they've just allowed us to enhance that framework slightly. And what we did do with the introduction of consumer duty; it allowed us to take a little bit of a step back and think about things slightly differently. So actually explore how our product, and how those outcomes affect different customer cohorts in different ways. So when we looked at the micro businesses and the way that they were using our cyber product, we knew there was something different that we had to consider.

MARK COLEGATE: And coming back to the product itself. What's the problem? Or problems that

Cyber Respond solves for clients.

CLAIRE HARTY: So Cyber Respond takes our most frequently used covers; covers that are most likely to be used by your smaller customers and packages it up with our incident response service. The key thing it does is it puts that much lower price point and and with no excess. So basically, it put cyber insurance within reach of these micro customers and on gives them access is to a suite of resources. And there's specialists at the end of the phone to help them, if and when a cyber event happens.

MARK COLEGATE: But the core of it is if something goes wrong, you need experts that can help, rather than you need somebody who provides a cheque and says, 'be lucky'.

CLAIRE HARTY: Absolutely, absolutely. It is all about the response service and even more so for customers that don't have an internal IT team ready to deal with the really complex world of a cyber claim. Yeah, that's the value. At the moment these customers can't afford it. You know, in the current economic climate as well, you know, these customers are fighting tooth and nail for every penny; they're trying to cut costs, they're not trying to spend more. And we knew that the value that this product could give them was something that we really wanted - a gap that we wanted to close.

MARK COLEGATE: When you've been out about talking to micro companies and SME's would have been some of the reasons for not really engaging with cyber full stop.

CLAIRE HARTY: Yeah, there, are a few;
The first one is it will never happen to me. I am not, a big company. I don't have money to give to people. Nobody is going to be interested in my data. I'm not a digital business, so I don't have anything. I don't have an exposure. Again, they don't understand necessarily the exposures that they do face. And the same is you that I probably don't understand the exposures that we face when we, you know, use our phone on a daily basis. So there's lots and lots of reasons. But what we are seeing is that it's starting to shift. You know, customers are starting to understand the exposure that they do have.

MARK COLEGATE: What are some of the things that would be in our policy; bells and whistles that would really appeal to a FTSE 100 company but really make no sense for somebody employing eight people in a shop.

CLAIRE HARTY: Yeah, absolutely. So when we look our claims data and again from our conversations with our brokers and our customers, we know that traditionally, micro customers don't tend to claim for some of the more expensive and the more long tail covers that's included within a cyber product. So that's things like full business interruption that we offer and cyber liabilities. So these elements; they don't see the value in these particular elements, so those are not included within the Cyber Respond product. I do just want to touch on the fact that at Aviva, any customer that thinks they do have an exposure to them whether they're micro or not, still has access to those covers in our standard cyber products, so they can still access all of those covers any time they do feel that they have an exposure there.

MARK COLEGATE: So if you take out some of these elements of your complete cover package that much are more applicable to large companies, what does that do to the pricing point?

CLAIRE HARTY: We've touched on the cyber liabilities and the business interruption. The full business interruption covers are quite expensive because of the long tail nature of them, we have to reserve quite

heavily for these covers. So actually, by stripping these out we've been able to bring that price point down to a much more manageable, much more reachable level for our Cyber Respond customers.

MARK COLEGATE: What else are you able to do to help brokers and their clients understand these Cyber risks, particularly in the micro and SME space?

CLAIRE HARTY: And that's a really good question. We really understand that cyber is a little bit of an alien concept for people that haven't necessarily been involved in it. So we do put a lot of effort into the material that we put out there for our brokers. So a lot of our marketing material has a very educational spin on it. So it talks to brokers about what the risks look like, the things they should be talking to the customers about, even as far as talking about the differences in the sort of products that they might see out in the market because the market's still isn't really standardised. So things that Aviva do and you know somebody else might not do and vice versa. So I think it's about being transparent about that but there are things that they should be looking out for.

We have material that our brokers can take to their customers and have that conversation with them. Stephen Ridley, our Head of Cyber, has built a really strong cyber team. He's out and about with his team across the country, speaking to brokers and talking to them about the risks that their customers might face. And we've got a couple of quite exciting developments that are coming. So we are launching a certified training course that's available through our Dev Zone Service that's available for brokers; some more training to help them with those conversations. And really excitingly, we have just partnered with the Cyber Resilience Centre Group as National Ambassadors.

MARK COLEGATE: Tell us a little bit more about the group.?

CLAIRE HARTY: So the group's purpose is to engage with smaller customers and strengthen the cyber resilience of the community. The group is backed by the Government and the police, and so it is very exciting.

MARK COLEGATE: Finally Claire. When's the product available? How do brokers find out more?

CLAIRE HARTY: Our product is available on our Fast Trade and our digital e-trade platforms, and if any brokers want to find more information, you can go onto the Fast Trade system. There's lots of information there. There's also lots of information about all of our cyber products, including Cyber Respond on Aviva Broker pages or speak to your sales manager.

MARK COLEGATE: We have to leave it there. Claire Harty - thank you.

CLAIRE HARTY: Thank you.