

# Watch Insure TV: Aviva's plans for the cyber market

**MARK COLEGATE:** Casper Stops is London market cyber underwriting manager at Aviva, and he joins me now. Casper, tell us a little bit about your role at Aviva. What are the plans for the group in the cyber market?

**CASPAR STOPS:** Yes. So Aviva started underwriting cyber insurance in 2017, and the product was aimed really at the UK SME market. But Aviva has a number of corporate customers, and I think what the business realised in that time was, we didn't have a solution for those customers. And these corporate customers are some of our longest standing customers as well, with some of our deepest relationships. So the business really wanted to expand its proposition to support those organisations in the corporate space. And the way we look at it now is very similar to Costa Coffee, right? Costa Coffee is a fantastic business in the UK. There's 13,000 of them there on every high street. We are building a network of 500 underwriters throughout the UK that are accessible to policyholders, brokers, stakeholders for our cyber product. And of course, we're going to overlay that with cyber specialists who will be based in the North, the East, the West, the South and in London. But this is a huge investment by the Aviva group, so it's in the region of around £10 million for us to build out our cyber capability.

**MARK COLEGATE:** If we roll back to some of the larger corporate clients you've got at the moment, what are the main demands that they've gotten when it comes to cyber right now?

**CASPAR STOPS:** So right now, corporate customers vary hugely in terms of their maturity. So just to give you an example, we write a number of financial institutions across Aviva. When you talk to a financial institution, typically, they're very sophisticated in their risk management and their risk management towards cyber. Those sorts of customers are much more interested in pushing the coverage of cyber making sure it really fits their business nuances and their business needs. And they're also interested in capacity. How much insurance can they buy to meet some of their needs, which can be incredibly large up to kind of 400-500 million towers of insurance? But not all corporate customers are like that. In fact, we have some. When we look at our spectrum of corporate customers, we think about 75% of them don't buy cyber insurance. And of the ones that do buy, they're actually very underinsured in terms of the limits that they buy. So with those customers, it's actually about talking to them about their cyber insurance buying journey. Which is, are they set up to go to market to buy cyber insurance? Do they know what sort of limit they want? We also do things around helping them with their risk management framework, getting certified to certain standards. Can we help them put a road map in place to hit specific cyber security milestones? So it really varies what sort of customer you're talking to.

**MARK COLEGATE:** But how much appetite has Aviva got to write business in this space? I mean, you were talking a moment ago about sort of towers of 4- 500 million. That's that's a lot of risk. If it goes wrong for you, you know, we can see that the risks from cyber seem to just keep going up and up. So how are you thinking about scaling the business?

**CASPAR STOPS:** Yes, So I think I mean, it's important to say, you know, no one insurer, Aviva included can write the full 4-500 million. I think, you know, we are an insurer and risk is part of our business, so we certainly shouldn't run away from risk. And I think one of the things that that cyber insurance actually has done over the last few years is really help organisations improve their risk and quantify and qualify their risk as well. You know, I think back five or 6, 7 years ago we had lots of customers coming to us saying

they didn't know how to quantify their cyber risk or qualify it or what could a business interruption event look like? We've really helped those customers in that space in terms of knowing what sort of limit they should be buying. The other part of the business is actually improving risk management and risk maturity. And we saw that really come through probably in the last 18 months to two years where we actually had a hard market in cyber and as part of that hard market underwriting standards really shot up around minimum security controls, things around having MFA in place across your business, patching of vulnerabilities swiftly, data backups and so forth. And actually, you couldn't get cyber insurance unless you hit those minimum standards. And that's helped to manage the risk as well, with a lot of these customers bringing that risk maturity up from where it was before

**MARK COLEGATE:** you mentioned that risk gets parcelled up between insurers. But is there a particular place on that risk reward spectrum you want to be? Do you want to be right at the front line? Do you want to be in this excess of loss part of the market? What are your thoughts?

**CASPAR STOPS:** Yeah, so right now the proposition is based on excess of loss, and again that's based off listening to our customers in the last 18 months or so, where really there was a hard market in cyber and a shortage of cyber security of cyber insurance capacity. Our customers were saying, we want more limit, but we just can't get it OK? And that's very important that we listen to our customers and react as quickly as we can. But equally we want to be at the forefront of cyber insurance in what we're doing and really that means two things to us; one is we want to offer excellence in our services and our product itself. And the other thing about being a leader in the space is, we want to be a brand that when someone wants to buy cyber insurance, they think, well I either want to get a quote to Aviva. Aviva should be in that top tier of insurers that brokers should be approaching for their clients, whether they be a micro customer up to a large corporate customer for cyber insurance.

**MARK COLEGATE:** What exactly are the main benefits to clients for you focusing on that excess of loss area at the moment?

**CASPAR STOPS:** I think that the benefits for clients at the moment is the market has gone through a period of change recently, and it appears to be adjusting back to more of an equilibrium. Now. I think there is a risk within cyber insurance; the claim environment, which drives the losses which can drive pricing, has the potential to be quite lumpy and spiky in terms of what's going on with the world. You know, we've got the war with Ukraine going on at the moment. Are we expecting that actually that will lead to a tranche of cyber attacks against Western organisations that has the propensity to create volatility within our market, which is really what none of the stakeholders want, particularly customers. How much limit can you buy? What's your price going to be? What standards do insurers require you to achieve for cyber insurance? And I think coming from Aviva one thing we really want to offer our clients and it's often undersold and it's hard to market is that consistency and continuity that we can offer. That having Aviva we're a long term insurer in the UK. We're going to be in cyber for the long term, and that's really a value proposition of having us as your insurer. Whether it's primary or as an excess carrier,

**MARK COLEGATE:** Casper stops a final question, a bit of a crystal ball now, in three years time, how would you say you'd like to see Aviva position? What do you want people to be saying about Aviva then?

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**CASPAR STOPS:** So our ambition is to be the number one cyber insurer by market share within the UK and that is specifically within the UK market. And what that means to us is when people see Aviva organisations they will go to their broker and say I'd really like to see cyber insurance from Aviva. Why do they want to see cyber insurance from Aviva? Because they trust us as a brand, because they recognise our value and because we have really good products and services off the back of it that can support them in their business.

**MARK COLEGATE:** Casper Stops. Thank you.

**CASPAR STOPS:** Thank you very much.

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