

# Professional Indemnity Insurance: cyber cover

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# Agenda

- The risk of cyber-attacks on law firms
- Regulatory intervention
- Our MTCs
- Our proposals
- Your views

# The risk of cyber-attacks

- *'Cybercrime continues to rise in scale and complexity, affecting essential services, businesses and private individuals alike. Cybercrime costs the UK billions of pounds, causes untold damage, and threatens national security.'* National Crime Agency, 2019
- *'Cybercriminals are developing and boosting their attacks at an alarming pace, exploiting the fear and uncertainty caused by the unstable social and economic situation created by COVID-19.'* Jürgen Stock, INTERPOL Secretary General

# The risk of cyber-attacks

- Law firms hold critically sensitive information and large sums of money for people and businesses.
- In the first half of 2020, firms told us that nearly £2.5m of money held by firms had been stolen by cybercriminals.
- Firms have had to quickly adjust to using technology during lockdowns - means that some systems are more vulnerable to attack.

# Regulatory intervention

- The Prudential Regulation Authority (PRA), which regulates insurers, has asked them to identify, quantify and manage cyber insurance underwriting risk.
- Lloyd's of London mandated that all policies must provide clarity by either expressly excluding or expressly providing affirmative cyber cover.

# Our MTCs

- PII policies for law firms are written on a broad "civil liability" basis for claims arising out of its 'private legal practice'.
- The primary aim of a law firm's PII policy is to make sure that there is protection for consumers.
- For insurers to be able to exclude or provide affirmative cyber cover they would need to make changes to policies that are written in accordance with our MTCs.

# Our proposals aim to:

- Maintain the current level of consumer protection intended by our insurance arrangements.
- Allow insurers to be clear in their response to regulators and therefore better able to manage their exposure.
- Provide clarity to law firms about what is and is not covered by their PII policy.

# Your views

- Do you agree with the proposed change to our MTCs?
- Does the draft clause, in your view, maintain, expand or reduce the current scope of consumer protection afforded through our PII arrangements?
- Does the draft clause bring about any unintended consequences and if yes, how might the draft clause be amended?
- Are there any other impacts which you think we need to consider?

- The consultation can be found at [sra.org.uk/consultations](https://sra.org.uk/consultations)
- You have until 25 May, 2021 to respond