Program business: Understanding risks and exposures

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Agenda

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Section 2: Program business exposures and coverage concerns

Section 3: Examples of program business and case studies

Section 4: How we can help

Section 5: Connect platform demo

Section 6: Q&A

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What is program business?

The grouping of insurance customers with common operations that often form associations or risk purchasing groups

Key concerns

Inadequate cover for clients

Increased broker exposure

Admin heavy processes

Punchy premium & volume targets

Coverage concerns

Coverage worries associated with transacting business via programs:

- Emphasis on shared limits – potential for a single claim to erode the aggregate limit
- Restrictive wordings with broad exclusion clauses
- Limited coverage – cover is often limited to E&O with no frills or additions
- Transaction errors and mistakes leading to gaps in cover
- Tightening underwriting appetites and worsening loss runs affecting the capacity provided

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What does program business mean for CFC?

The collaboration between an insurer and agent to efficiently insure a grouping of customers or applicants with common operations that often form associations or risk purchasing groups.

What does this mean in reality?

- The discussion between an insurer and broker to distinguish a group of likeminded clients, that can be underwritten in a similar manner.
- The design of a tailored question set for the customers in question
- Tailored cover specific to the requirements of the grouping of customers
- The use of pre-determined parameters & rules (size of revenues, breadth of service etc.) to determine competitive program premiums
- Immediate binding for risks on separate and individual policies which fall within the parameters of the program. Subject to a statement of fact.
- Open market review (within 24 hours) for risks which fall outside of the parameters.

Program business at CFC

What we like

- Companies dependent on subcontractors
- Franchisees required to have their own insurance
- Staffing agencies
- Trade associations
- A group of SMEs providing homogenous services

Team appetite

E&O

We would consider any business which would ordinarily write on a primary basis including:

- Target miscellaneous pro accounts - i.e. management consultants, translators, life coaches
- Oil & gas contractors
- Bookkeepers including those providing tax prep
- Light engineering classes

Healthcare

- Band 1 or tier 1 healthcare providers
- Allied health: Massage therapist, nutritionist, energy healing
- Spa and clinic: Manicurist, beauty consultant, hair stylist, eyelash technician
- Fitness and wellbeing: Online fitness instructors

Team appetite

P&C

Have a number of small programs in place currently but there is a focus on target services. This currently includes things like amazon sellers and office based professionals which cannot be considered by the Pro team.

Tech

Can consider IT consultants, web developers, hardware consultants and software as a services companies, so long as they’re not servicing high risk sectors.

Life science

There is no focus on transacting business via programs but the team will consider opportunities on a case by case basis.

Case studies

We love program business and have a broad appetite

Oil & gas contractors

GL limit: Up to $5M

We were approached by a broker who insures a large energy company in Alberta who wanted to arrange an insurance program for their 200+ subcontractors.

Staffing agency

GL limit: Up to $5M

E&O limit: Up to $2M

Our insured, a staffing agency, won a contract to supply a large number of engineering contractors to a manufacturing company who required they all hold their own insurance. We put together an online platform for all the individual contractors to purchase their own policies.

Trade association

GL limit: Up to $5M

E&O limit: Up to $2M

A trade association for massage therapists needed to organise individual insurance policies for their 3,000 members. They required a fixed price for all members and the cover had to be written under one contract.

Innovative insurance

CFC is a specialist insurance provider, pioneer in emerging risk and market leader in cyber. Our global insurance platform uses cutting-edge technology and data science to deliver smarter, faster underwriting and protect customers from today's most critical business risks.

★★★★★

Innovator of the Year

Reactions London Market Awards 2020

★★★★★

Broker Partner of the Year

British Insurance Awards 2020

★★★★★

5 star Excellence Award

Insurance Business UK 2020

100k Customers

90+ Customer countries

$950m Premium

500+ Employees

1999 Founded

5 Global offices

An insurance platform built for the future

Built with cutting-edge technology and advanced data science, CFC's global insurance platform delivers smarter, faster underwriting, identifies threats that could impact our clients and enables brokers across 90+ countries, 50 products and 20 different classes of insurance.

★★★★★

Best use of technology

Insurance Times Tech & Innovation Awards 2020

- Broker self-service
- Anticipates risk
- Powers our people
- Rapid product development

We love Canada!

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CFC has been trading in Canada for nearly two decades, and handles tens of thousands of submissions each year from Canadian businesses. We pride ourselves on our services levels – responding to over 90% of new business enquiries in 24-hours or less.

30,000+
customers

$165m+
premium

Top
cyber provider

40+
underwriters

★★★★★

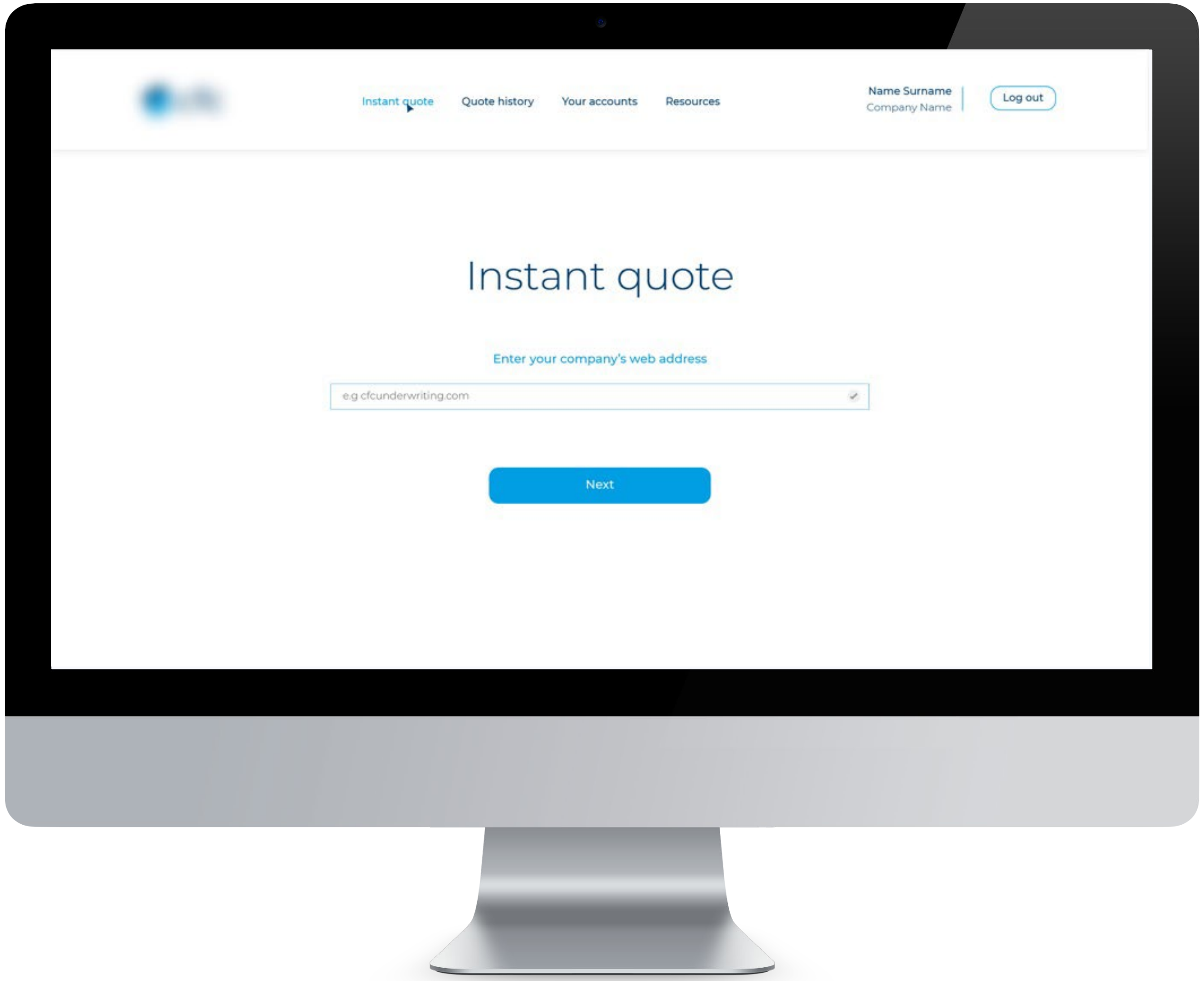
Rated 5 stars

Insurance Business Canada 2020

Connect

Single question quoting

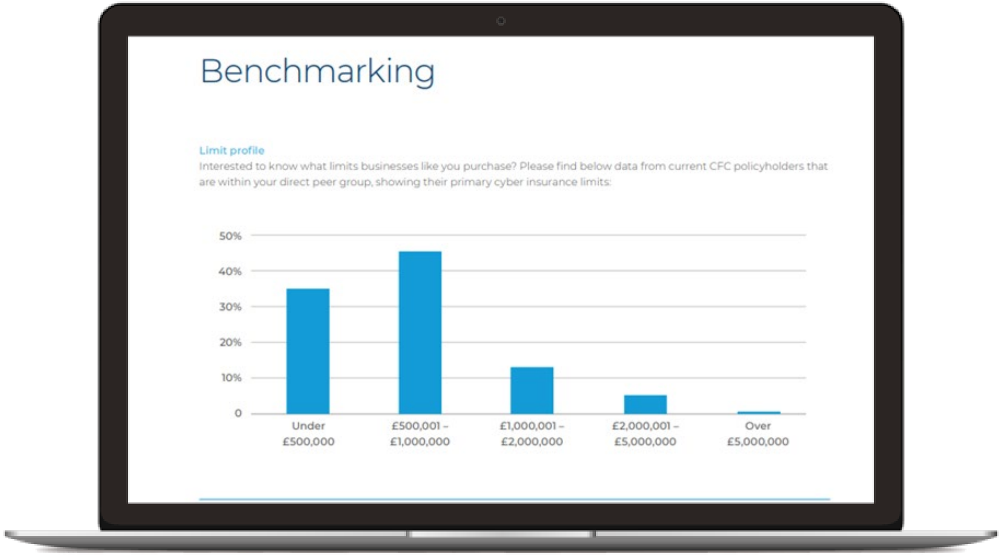
Simply enter your client's web address, and our system will enrich the data to give you an accurate and fully binding quote



What you see

Brokers will be able to see a range of options for each client including:

- Your underwriter
- Client details
- Limit profile
- Claims profile & insight
- Tailored case studies



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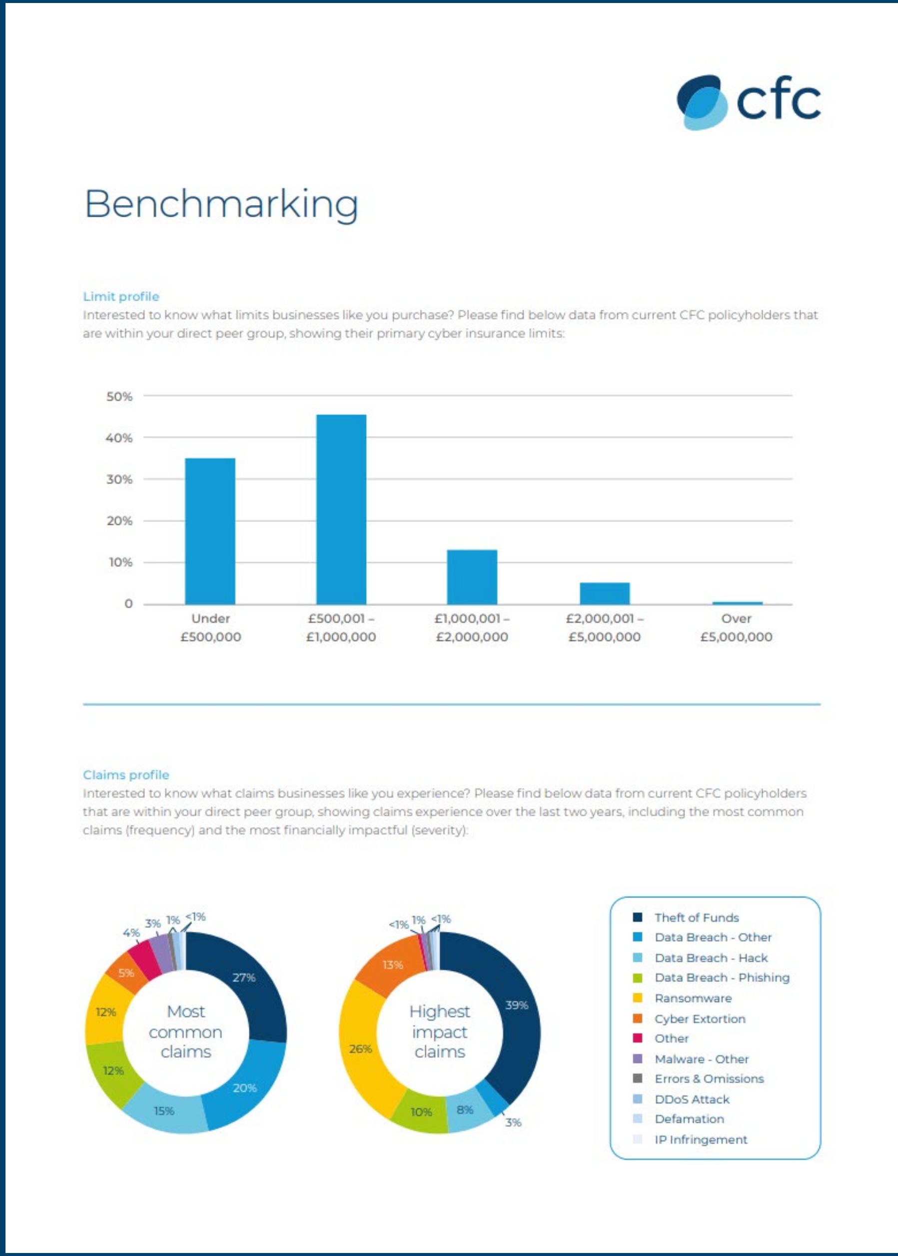
Limit and claims profile resources



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Benchmarking

Limit profile

Interested to know what limits businesses like you purchase? Please find below data from current CFC policyholders that are within your direct peer group, showing their primary cyber insurance limits:

Claims profile

Interested to know what claims businesses like you experience? Please find below data from current CFC policyholders that are within your direct peer group, showing claims experience over the last two years, including the most common claims (frequency) and the most financially impactful (severity):

Industry specific case studies

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Case studies

Poached payment

We look at how an insurance brokerage was impersonated by a cybercriminal who managed to trick one of the brokerage's customers into transferring funds into a fraudulent account.

The scam began when one of the brokerage's employees fell for a phishing email that resulted in the employee inputting his email login credentials onto a fraudulent site. With these credentials now at his or her disposal, the criminal was able to gain access to the employee's inbox and was able to impersonate the employee and trick the customer into transferring the premium for their insurance policy over to a fraudulent account.

Because it was the broker's email account that was compromised, the customer blamed the brokerage for the loss, and so the brokerage reimbursed the customer for the loss at a cost of £14,850. Fortunately, the brokerage was able to recoup the reimbursement costs under their cyber policy with CFC.

Read the full case study

Backup breakdown

We look at how a ransomware attack prevented an engineering firm from accessing their data

In 2017, the organisation was hit by the global outbreak of the ransomware known as WannaCry, which encrypted all the data files on their server. This included a catalogue of technical drawings, prints and complex design specifications for the various projects and bids they had worked on over the years.

Not only was this valuable intellectual property and the very foundation of their business, but they also often used modified versions of these previous drawings and specifications to help with marketing, preparing for bids and undertaking new projects. The company thought that they had a contingency plan in place for data recovery in the form of a remote cloud backup. However, it soon transpired that the policyholder's cloud backup had been failing for three years. This meant that the only option was for the data to be re-created from scratch, at a cost of over £270,000.

Read the full case study

Software shutdown

We look at how a property management company was hit by a ransomware attack that had a major impact on one of the company's legacy software programmes.

Alongside building maintenance and administration, the company produces monthly financial reports for their clients. The company fell victim to a ransomware attack that disabled their computer systems. Despite having regained access to their computer systems, however, it soon transpired that one of the insured's legacy software programmes used to produce their customers' financial reports had been irreparably damaged by the ransomware attack.

This necessitated an accelerated migration process over to a new software programme over a 4-month period. During this time, the monthly financial reports were still being produced but were of a lower quality and subject to delays, resulting in customer dissatisfaction and cancelled contracts. The incident resulted in a business interruption loss in excess of £200,000, alongside the £94,083 incurred to deal with the incident and carry out the data re-entry tasks associated with the migration process.

Read the full case study

Limit / deductible options

Deductible \ Limit	£250K	£500K	£1M	£2M
£2.5K	£890.00	£950.00	£1,190.00	£1,780.00
£5K	£890.00	£940.00	£1,180.00	£1,770.00
£10K	£870.00	£930.00	£1,160.00	£1,740.00
£15K	£860.00	£920.00	£1,140.00	£1,710.00
£20K	£850.00	£900.00	£1,130.00	£1,690.00

Don’t forget to complete the quiz!

Questions?

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