

UMAL 2024 Spring Conference

James Roberts CEO

Presentation by
James Roberts CEO
19th March 2024



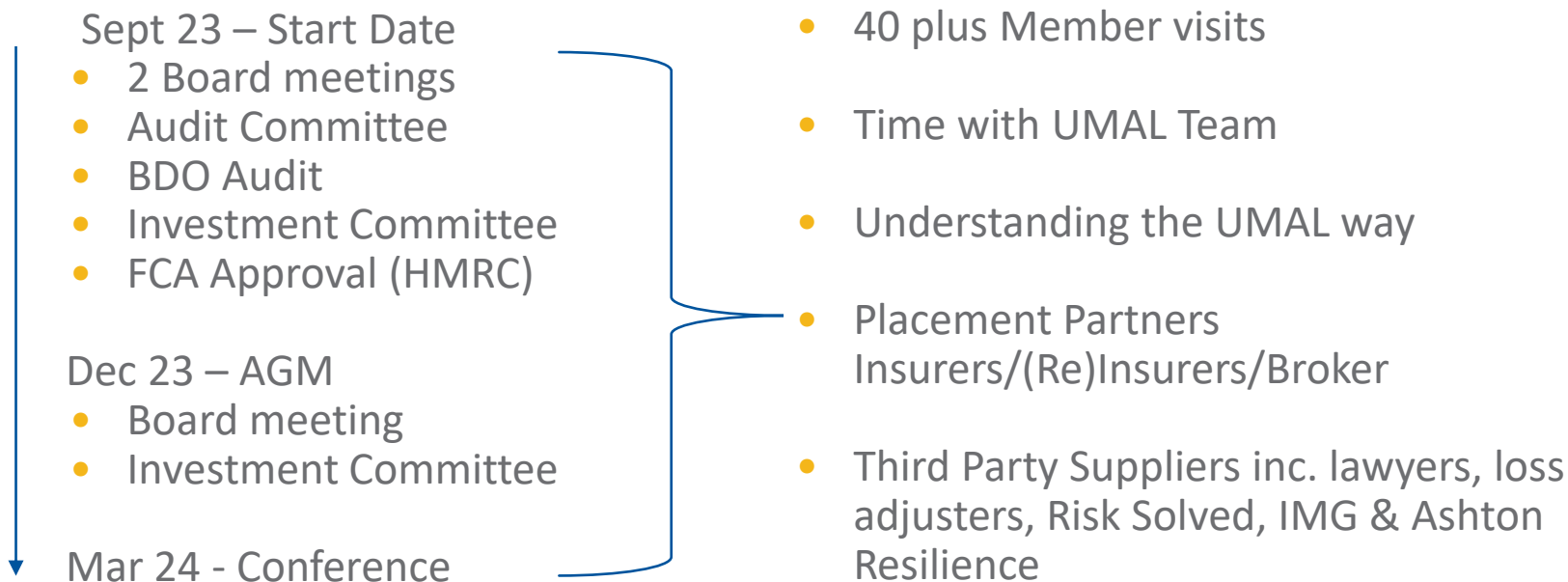


Agenda

- **Introduction**
- **2022/2023 Review**
- **2023 Renewal**
- **UMAL News**
- **Renewal 2024 Outlook**
- **Final Reflections**



My first 6 months





UMAL Contributions - £39.2m

- Insurance / Reinsurance £17.7M (45%)
- Claims £10.4M (26.5%)
- Expenses £3.9M (10%)
- MLB £3.8M (9.7%)
- Rebate £2.2M (5.6%)
- Members Services £0.3M (0.8%)
- Balance & Reserves £0.9M (2.4%)



- Members funds £26.9m (Increase from £24.9m v prior year)
- Total cash £58.7m (Increase from £50m v prior year)
- UMSR Subsidy - £1.5m
- Surplus – Rebate to Members of £2.2m & Reserves £2m
- Claims volumes up 46% in 22/23 compared to prior year – Covid, Increased exposure, Travel up 78%
- HMSL – Returned commission of £576k from £7.5m GWP



- Welcome SOAS, University of Aberdeen, Glasgow School of Art, University of Hull & University for the Creative Arts
- 136 Members
- Revenue up by over 10%, driven by new business and increased exposures
- Changes you will have noticed at Renewal
 - New UMAL Construction facility with up to £30m limit
 - Terrorism rate reduction
 - Excess layers placed though UMAL rather than HMSL generating MLB benefit
- UMAL protection
 - Property midway through LTA
 - New cross class LTA across EL/PL/PI/D&O/Clinical Trials and Med Mal (Loss ratio cap)
 - Terrorism allowed to run into final year
 - No change in (re)insurance partners
 - Modest increase in premium



New Starters

- Kirstie Clifton – Claims Executive
- Paul Cox – Claims Executive

Projects

- New Claims system – Internal
- Investment Strategy (Approved by Board/ Investment Committee)

On the horizon

- Recruitment Plans
- New Directors for Board
- Potential New services
- Renewal process
- June Forum



Renewal 2024 Outlook

- Key lines of business under LTA 
 - Property ✓
 - Liability ?
- Data Collection commenced!
- Terrorism review and expectations
- HMSL placements e.g. Cyber, Motor, Legal Expenses
- No major cover changes
- No mandated property indexation – 5%
- Scheme 3 for UMSR subsidy starts at renewal 2024. Final year of scheme 2 this year



- Competitive in challenging times
 - No IPT, no commission / fees
 - MLB, 10% expense ratio
- Not for profit - rebate
- Discretionary Mutual – positive approach to cover
- Service and expertise



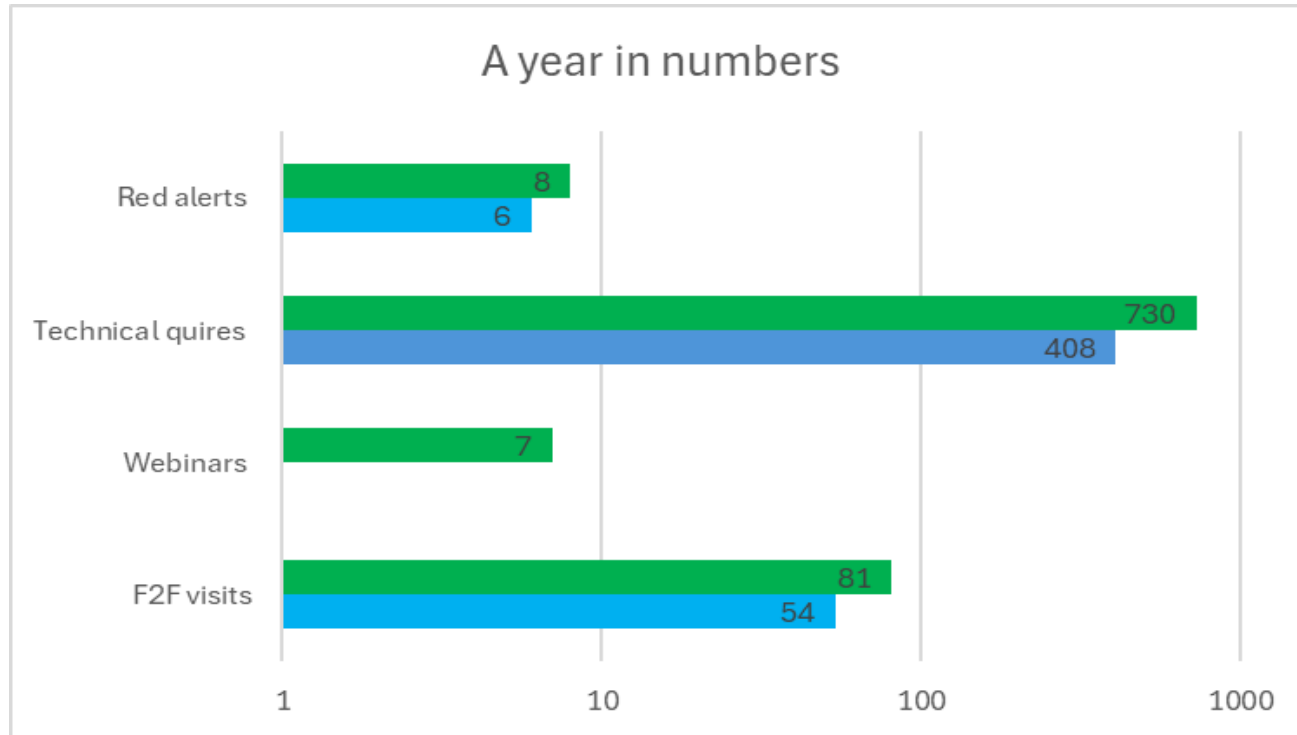
Thank you

A close-up photograph of a hand reaching for a bright yellow folder. The folder is part of a row of several other folders in various colors including green, white, grey, and black. The background is softly blurred, showing what appears to be an office or library setting with shelves and a plant.

Risk Feedback

Andy Peacock

Overview



2022
2023



Statistics and recommendations

Data source



Background information

- RSL is has been live for 2 years.
- Members have a benchmark against group average (the scores).
- Data extracted from 02/22 – 02/24.
- All data is from surveys not post lost or bespoke visits

Health and Safety Controls and Protection			
Risk Category	Current Survey Rating	Previous Survey Rating	Current UMAL Average
Documentation of Safety Rules & Procedures	-	-	2.36
Risk Assessments	-	-	2.18
Safe Systems of Work	-	-	2.42
Work Equipment	-	-	2.05
Occupational Health	-	-	2.35
Accident Investigation & Reporting	-	-	2.35
Safety Inspection Procedures	-	-	2.38
Safety Training	-	-	2.81
Third Party Controls	-	-	2.46
Claim Defence Capability	-	-	2.04

Just numbers



2816

36

78

13%

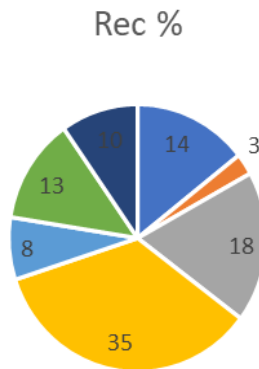
12%

1739

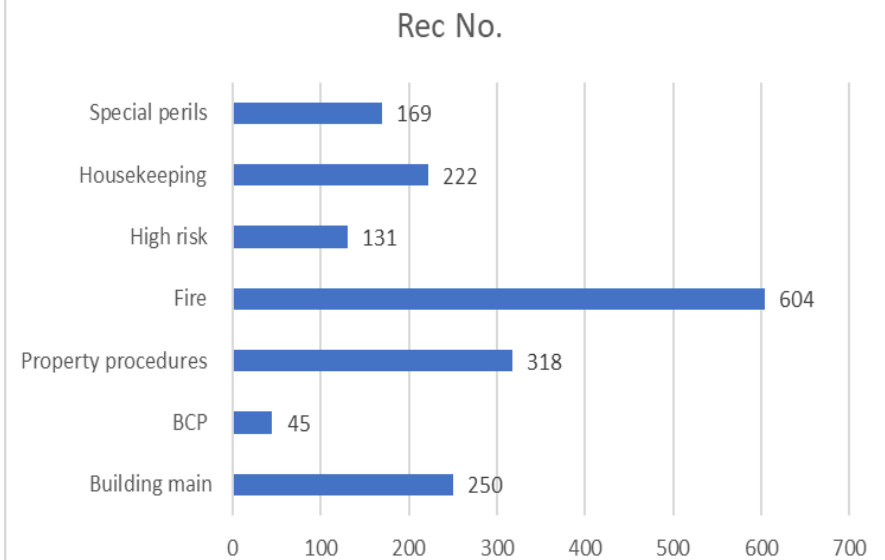
60/40

1077

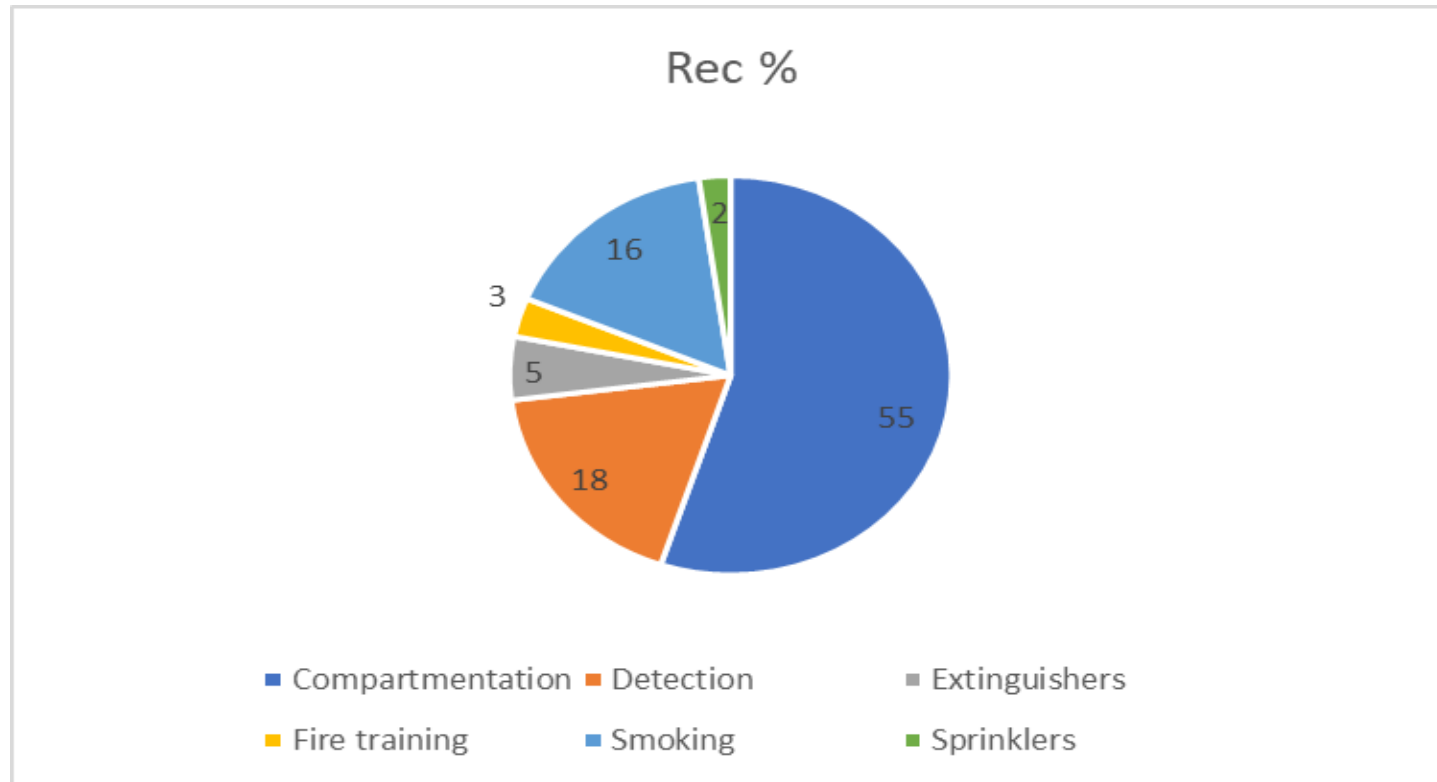
Property dashboard



- Building main
- Property procedures
- High risk
- Special perils
- BCP
- Fire
- Housekeeping



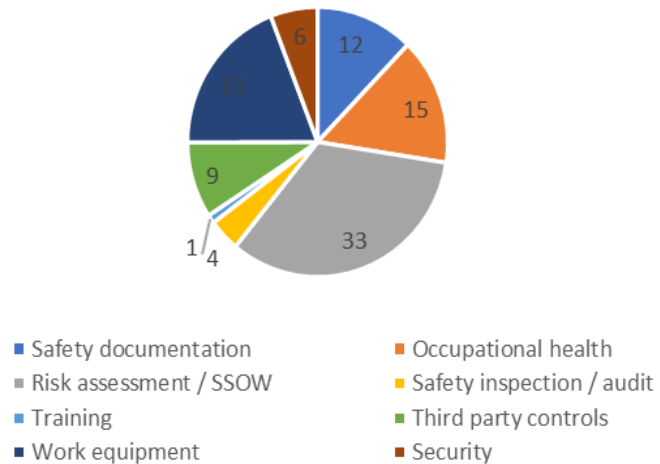
Property dashboard – fire



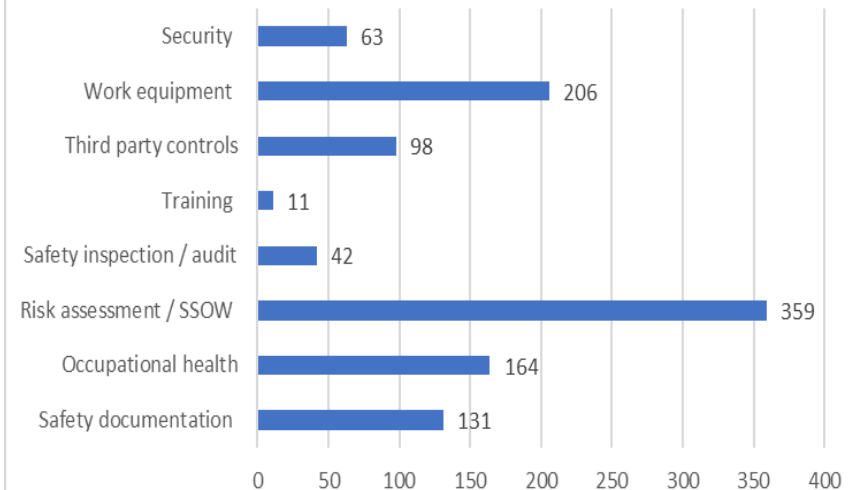
EL dashboard



Rec %.



Rec No.



Trend analysis



Topic areas	Trend	Focus area
Safety inspection & audit, Housekeeping, accident investigation .	Increasing	Focus on housekeeping as vacant become more widespread
Building maintenance, fire extinguisher systems, fire training, risk assessments & SSOW	Static	Fire training changes to work profiles
BCP, Property Protection, Safety Procedures, Fire compartmentation, Fire Detection, Hot Works, Occupational Health, Safety training, Security, Smoking, Special perils, Third Parties and Work Equipment.	Reducing	General trend of reducing – although this does not cover severity. Within each topic this can be further broken down to small sub-sample



Service & survey

Onsite



Surveys

Recommendations to RSL

- Planned
- UMAL driven

Reactive visits

RSL Recommendations to member

- Unplanned – post loss / managing change
- Member / UW driven

Bespoke

Recommendations to member / others

- Unplanned - events / new research
- Members / students driven

Online



- Access to information
 - Portal – members library
 - Alerting (Red / Amber alerts)
 - Webinars
 - Conference

On demand



- Technical Help (growth area)
 - Risk opinions – industry guides
 - Phone / email
 - Data share
 - Focused training

What next?



- Projects
- Members feedback
- What works / what doesn't
- Value vs. resource vs. impact

Thank you





Claims Trends – Increasing Claims Complexity

Paul Francis – Head of Claims

Presentation by
Paul Francis – Head of Claims
19.03.2024





- **Why does increasing claims complexity matter?**
- **Drivers of increasing claim complexity**
- **Claim example 1**
- **Claim example 2**
- **Claimant solicitor strategies**
- **Conclusions**



Why does increasing claims complexity matter?

Why does increasing claims complexity matter?



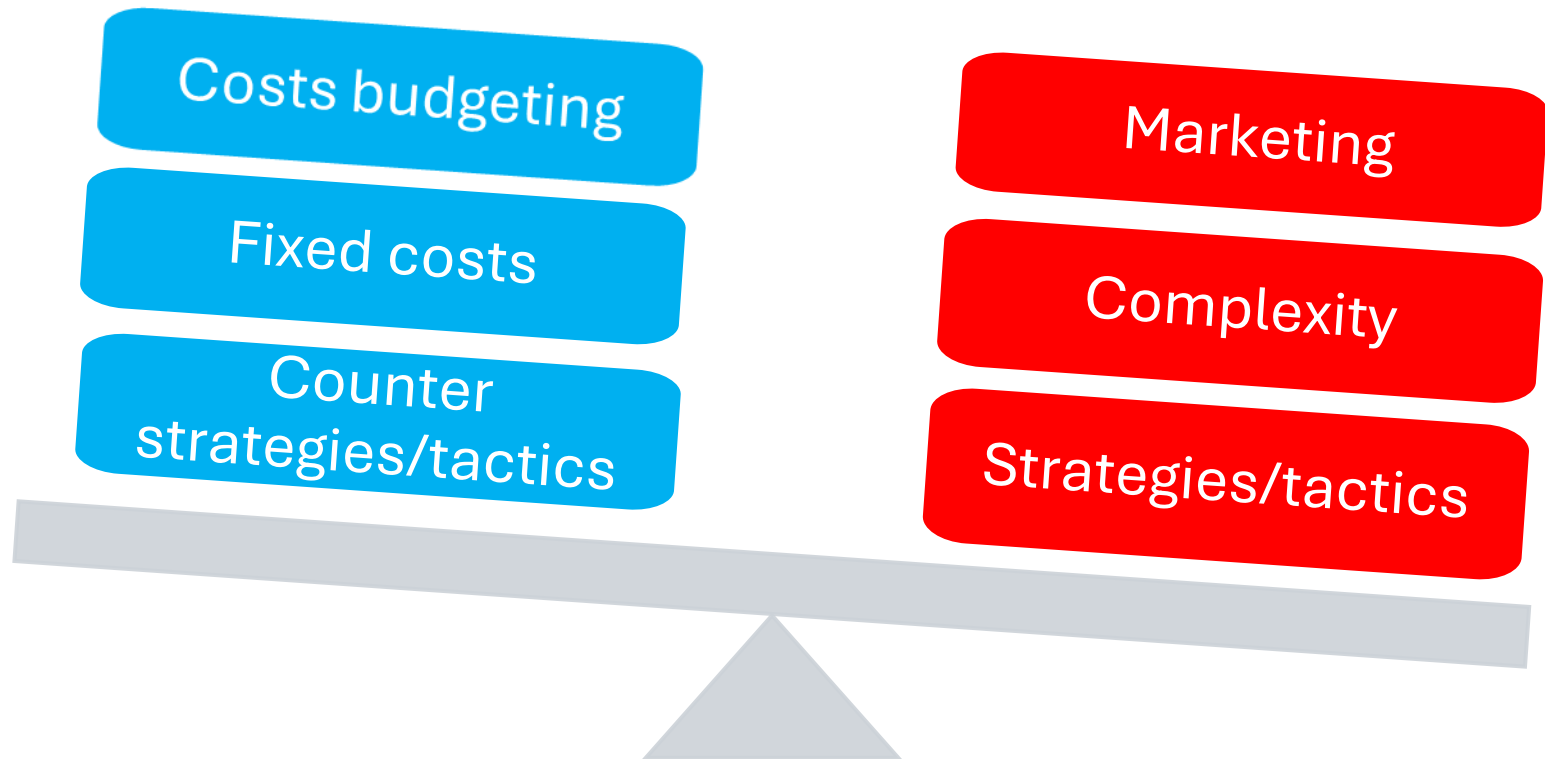
- Increased cost
- Uncertainty of outcome:
 - Novel causes of action
 - Evolution of the common law and new legislation
 - Use of legislation for other than 'intended' aim
 - Objective of creating supportive case law
- Adverse effect on resources and staff
- Reputational risk



What drives increased claims complexity?



What they want





Court Track	Prior to 1/10/2023	Since 1/10/23
Small Claims Track	No costs liability	No costs liability
Fast Track ≤ £25k	Fixed costs (Injury - EL / PL / RTA)	<u>Fixed costs (All)</u>
Intermediate Track £25k - £100k	Hourly rates	<u>Fixed costs (All)</u>
Multi-track > £100k	Hourly rates	Hourly rates



Increased 'Guideline Hourly Rates'

- Guidelines issued by HM Courts & Tribunals Service as to recoverable solicitor costs
- Average increase of 6.5% - Jan 2024
- “Guidelines” only
- Can be departed from
- “A significantly higher” hourly rate may be justified in “substantial and complex” cases where factors such as value, complexity, urgency or importance are in play
- Another potential benefit to claimant solicitors of promoting complexity



Claim example 1



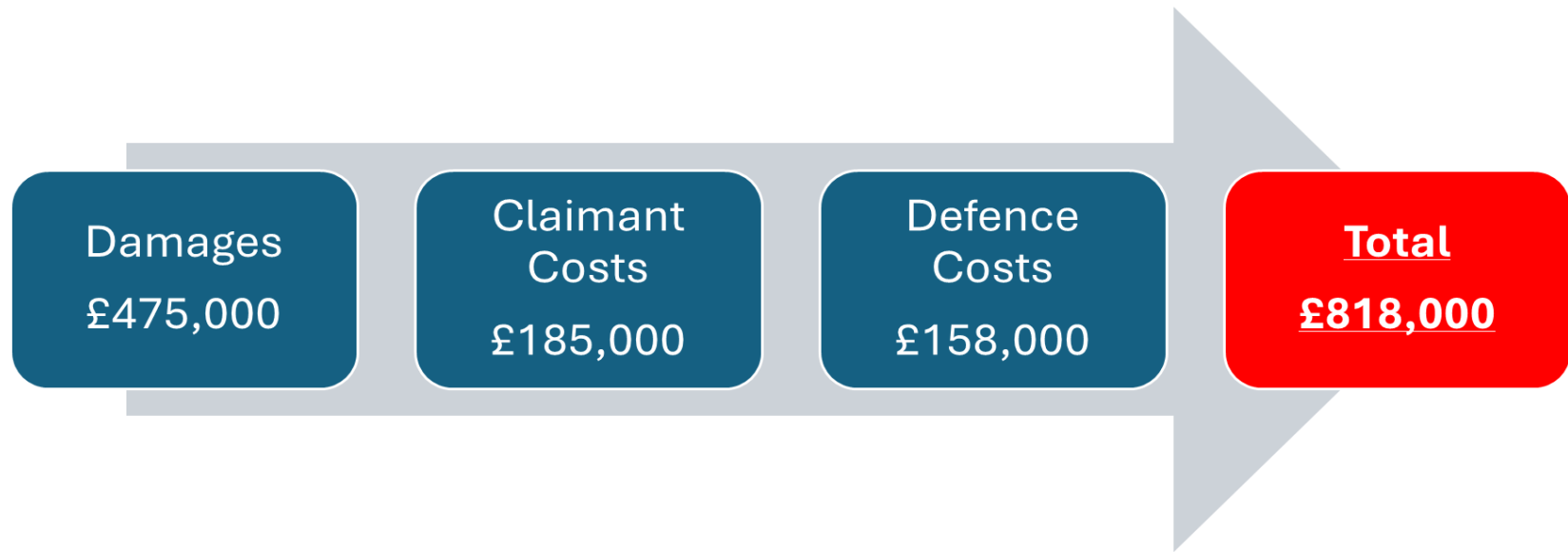
- Accident at work = Employers' Liability claim
- Clearing a shelf not adequately secured
- Shelf fell onto foot
- Soft tissue injury
- Straightforward incident that should have resulted in a straightforward injury

Claim chronology



Date	Event
May 2017	Incident occurred
Sept 2017	Claim made via low value claim portal (< £25k)
Nov 2017	Liability admitted
May 2020	Claimant solicitors advise claim legal proceedings issued and will drop from portal due to revised value
Aug 2020	Medical evidence served with legal proceedings - endorsed at a value > £300k
Jun 2021	Permission to rely on orthopaedic / psychiatric / neurology / pain management / care 5-day trial ordered for late 2022
Jun 2021	Schedule of Loss served at £1.24 million
Dec 21	Defendant offers £375k
Jan 22	Claimant offers to accept £650k
Mar 22	Joint Settlement Meeting - damages agreed

The financials





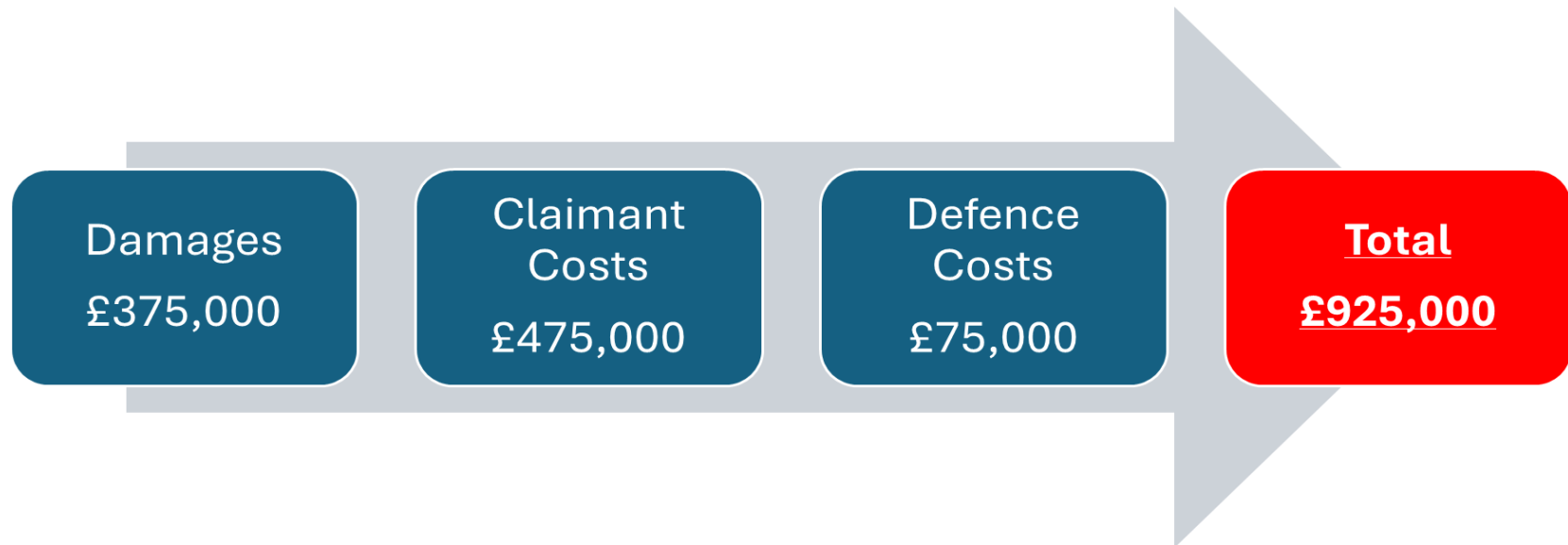
Claim example 2



- Academic research project – UK university in collaboration with a local university
- Sensitive research in a geo-politically unstable region
- Employee of the local university undertook research amongst the local population
- Allegedly detained and assaulted
- Physical and psychiatric harm allegedly suffered
- Individual allegedly had to flee their homeland



Date	Event
Oct 2019	C allegedly detained and assaulted
Nov 2019	C claimed asylum in the UK
Sept 2022	Letter of claim and legal proceedings issues. Alleged: • De facto employer / assumption of a duty of care • Negligent for failing to minimise foreseeable risks
Oct 2022	Initial legal advice: • Not an employee • Possible assumption of a duty of care • Debatable if duty breached • Causation questionable
Feb 2023	Proceedings stayed – to allow Alternative Dispute Resolution
May 2023	A key defence witness declines to assist Parties agree to mediate.
Nov 2023	C serves prior to mediation: • Schedule of Loss = £1.34million • Schedule of Costs = £745k
Nov 2023	Claim compromised at mediation





Claimant solicitor strategies



Example 1

- Complex regional pain syndrome
- Psychiatric harm
- Employment
- Causation
- Care

Example 2

- Court jurisdiction
- System of law
- Duty for negligent omission
- Assumption of responsibility
- Psychiatric harm
- Causation
- Care



Complexity - late notification of claim

- Second example involved late intimation of claim.
- Nearly the third anniversary of the incident.
- We know the claimant solicitors had been instructed long before claim made.
- The pre-action Practice Direction expects claims to be brought promptly.
- Late notification can give claimants a tactical advantage:
 - The claim can be built up and perfected.
 - The defendant's investigations are delayed (evidence may be compromised, witnesses unavailable, memories fade).
 - The defendant is unable to make protective offers.



- Injury May 2017
- Claim made September 2017 (< £25k)
- Liability admitted November 2017
- Nil further heard until limitation in May 2020 (> £300k)
- Deprives defendant of investigation time
- Deprives defendant of opportunity to make early offers and consider rehab
- Proportionality of investigation



Complexity – layering

- Example 1 = Initially general damages + gratuitous care + incidentals (low value < £25k claim)
- When litigated:
 - General damages
 - Future loss of earnings
 - Loss of pension
 - Additional transport (automatic car)
 - Care
 - Services (domestic tasks / DIY)
 - Gardening
 - Aids and equipment
 - Future holidays
 - Future therapies
 - Accommodation
 - £1.2 million pleaded



Conclusions

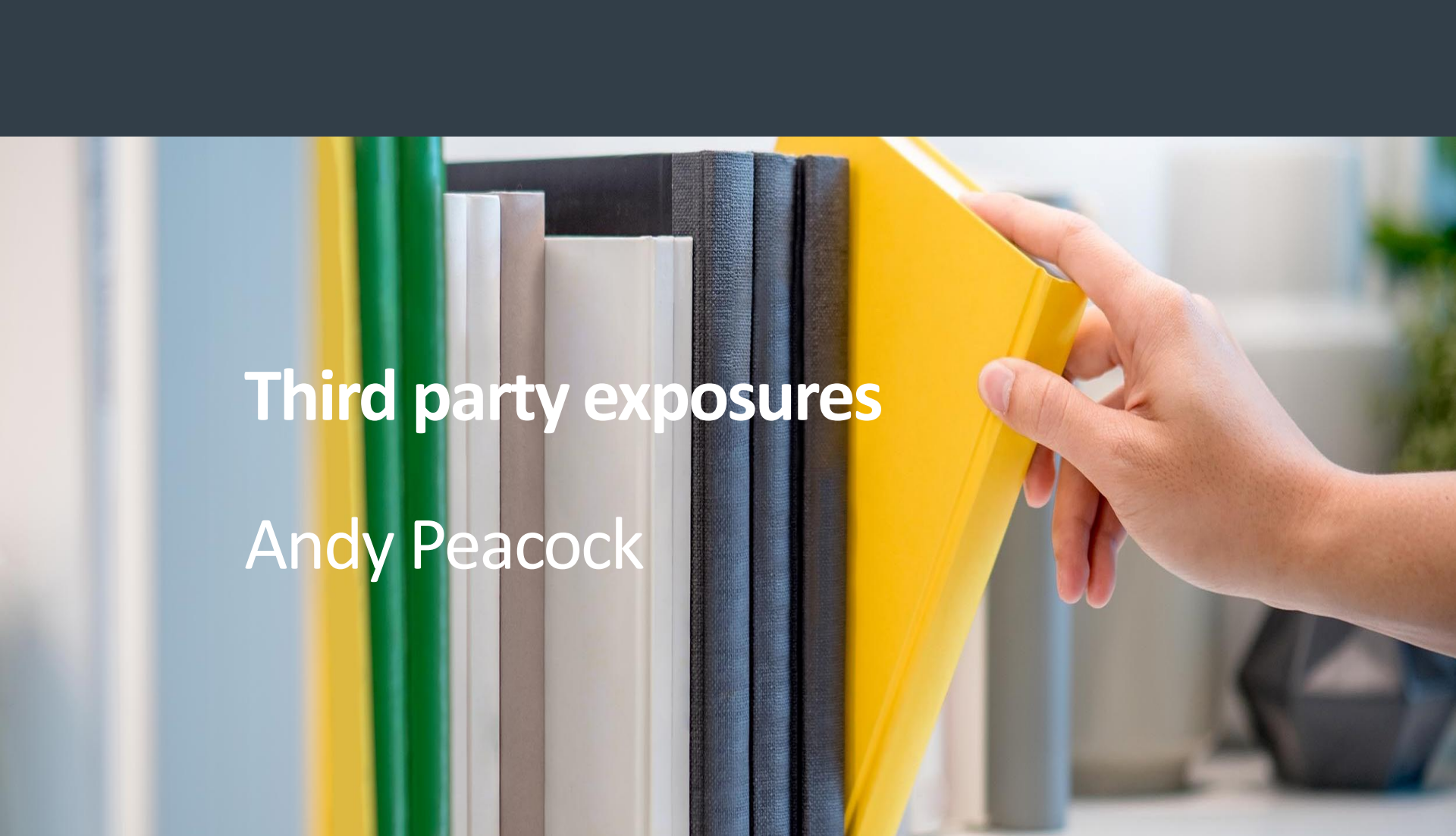


Conclusions and takeaways

- Complexity is on the increase
- Depending on business model, many claimant solicitors seek or wish to maximise complexity
- Multiple drivers
- Underpinned by desire to increase costs
- Responses:
 - Be vigilant as to new legislation and case law – claimant solicitors will look to exploit opportunities
 - Be vigilant as to the changing context – geo-political risks, ESG, changing consumer attitudes
 - Risk assess, risk assess, risk assess – initially at a high level and then on a more intrusive level as scenarios arise (avoid being overly generic where possible and seek out actual practical mitigations)
 - Collect early evidence following a claim or circumstances that may result in a claim
 - Be open to commercial settlements in appropriate cases
 - Notify UMAL



Thank you

A close-up photograph of a hand reaching for a bright yellow book in a row of books on a shelf. The books have various colored spines: yellow, green, white, grey, and dark blue. The background is softly blurred, showing more of the library environment.

Third party exposures

Andy Peacock

UMAL Questions



‘Member leases property to a third party through a managing agent – who competes the TR19?’

‘Community group uses a member's premises for free. Who tests the electrical portable equipment brought to campus for presentations?’

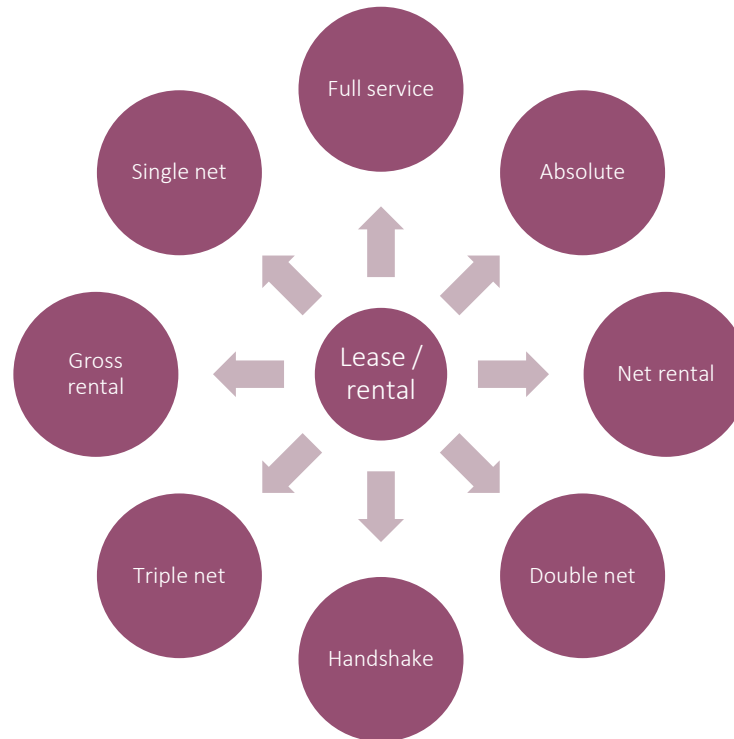
‘Student Union hosts events on University property – who’s insurance covers the activity and footfall?’

Introduction



- Members are becoming increasingly commercialised in their operations, this includes using their property assets to generate revenue.
- Our members can share space, rent space, tenant space and even operate privately owned public spaces.
- This can involve tenants, landlords (or managing agents) or members owning the duty holder roles.....sometimes multiple roles.

Arrangements Scope



Exposures



Exposure	Arrangements and Duty holder
Leased premises	• Maintained (University / managing agent) • Non - maintained (Tenant inline with commercial lease) • Shared space (Landlord to coordinate) • Fire (responsible person)
Tenants	• Maintained (University as landlord or agent) • Non - maintained (Tenants / occupiers)
Vacant	• Short term empty (University direct or via Security) • Long term vacant
Hiring venues	• Weddings (T&C's) • Summer schools • Third party conferences
POP's	• Community exposure (landowner and tolerated trespass) • Third party use (awareness)
Less formal arrangements	• Gentleman's / historic agreements (not formal) • Community use

Managing Agents



- Managing agents manage the property in accordance with the terms of the lease and statutory requirements on behalf of their client (e.g. landlord, Resident Management Company (RMC), Right to Manage (RTM) company).
- Organising periodic health and safety checks, fire risk assessments, asbestos and legionella checks and ensuring appropriate risk assessments are in place
- Arranging for specialist checks and tests by contractors and specialists.
- Relationships that may impact our members property – third party student accommodation

Fixtures vs Fittings



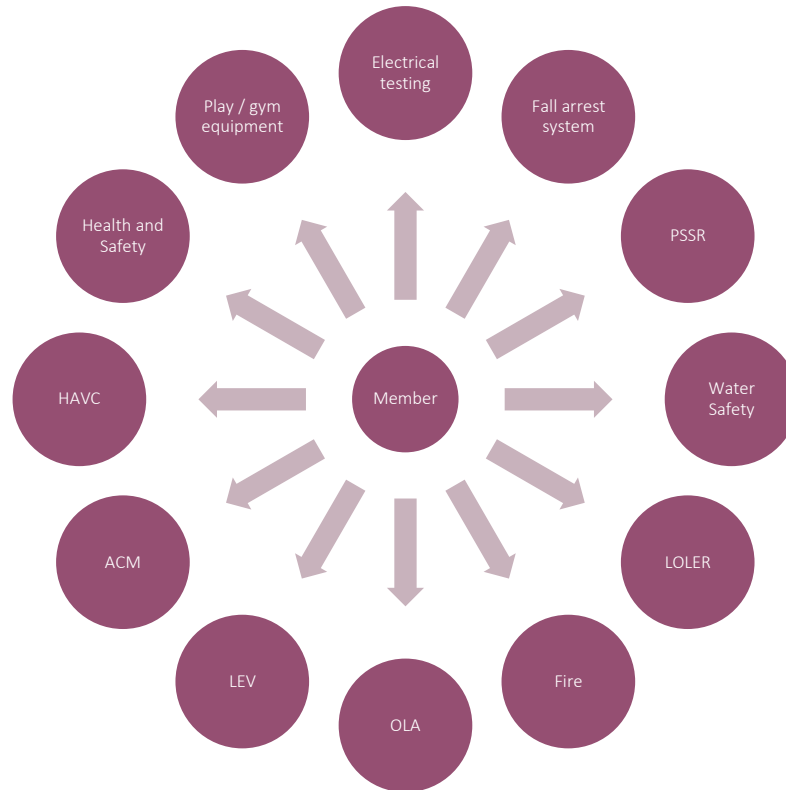
- Fixtures are those items that are attached to the property (hard services) such as heating or lighting systems.
- Fittings are not attached to the property (are not inherent to the building running).
- A commercial landlord is responsible for all the fixtures and fittings they own (inventory), and these must be safely installed and maintained properly.
- The tenant is responsible for the safety and maintenance of any fixtures and fittings they have installed, and that should be clear in the lease.

Soft Services



- Soft services are those needed to maintain a healthy environment
- Mixture of practice depending upon non maintained, maintained rental space or tenants in a multi occupancy building. Think cleaning, security, grounds keeping, waste management.
- Some elements change the dynamic – guardians
- Ownership should be clear in the lease – consider here the spectrum of risk.

Statutory duties



Student Union's



- Emerging trends – some exposures we may not be aware of casualty / property.
- New question for Universities on renewal – feedback pending
- Members ensure SU – cover's own exposures / provision of services
- Protect from claims / awareness of exposures – treat as other third parties.

Thank you





Beazley: Cyber

Matthew Fage
Lead UK & Ireland, Cyber & Technology Underwriter



Agenda

1. Beazley Cyber Division: who are we?
2. The Market
3. Claims landscape
4. Risk Management
5. Q & A



Beazley Cyber: Who are we?



Beazley. Who are We and What Do We Do?

- We are a specialist insurer with three decades of experience in providing clients with the highest standards of underwriting and claims services worldwide, all our insurance businesses are rated A (Excellent by A.M. Best.
- Beazley is a proud participant in the Lloyd's market, the largest and oldest insurance market in the world Through the Lloyd's broker network and the markets trading licenses, we are able to access a wide range of insurance and reinsurance businesses from around the world.
- Beazley has evolved from a specialist Lloyd's syndicate transacting business exclusively from the Beazley "box" at Lloyd's in London to a global insurer with offices in Europe, Asia, and across North America.

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Beazley. Cyber

- Beazley is currently the largest cyber insurer globally with approximately a 14% market share. Our growth targets remain significant.
- Cyber is Beazley's primary line of insurance, and an integral part to our business model.
- We have underwriters and internal cyber services teams on the ground across the globe, USA, Canada, UK, Europe, and Asia.
- Our USP, is our internal cyber services team, for pre and post breach service fulfilment, made up of CISO's Red Teamers, and Privacy Attorneys, which are separate from our claims team.
- Handled > 25,000 incidents since 2009.

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The Market



UK Cyber Market

- The cyber insurance market is now approximately 20 years old, which is extremely young in comparison to its peers in property, liability, professional indemnity etc.
- Over the past 3 years, the market 'hardened', due to claims severity and frequency rapidly increasing, however the past 12 months it has been progressively softening to a stable environment.
- Academia was one of the worst hit industries, with most of the market withdrawing their appetite to write the industry.
- It remains an industry under scrutiny by most, and sits in the same bracket as Manufacturing, Public Sector, and National Infrastructure.
- There's more capacity in the market to provide higher limits now the loss landscape has stabilised, premiums have reduced also.
- High frequency of new entrants to market.

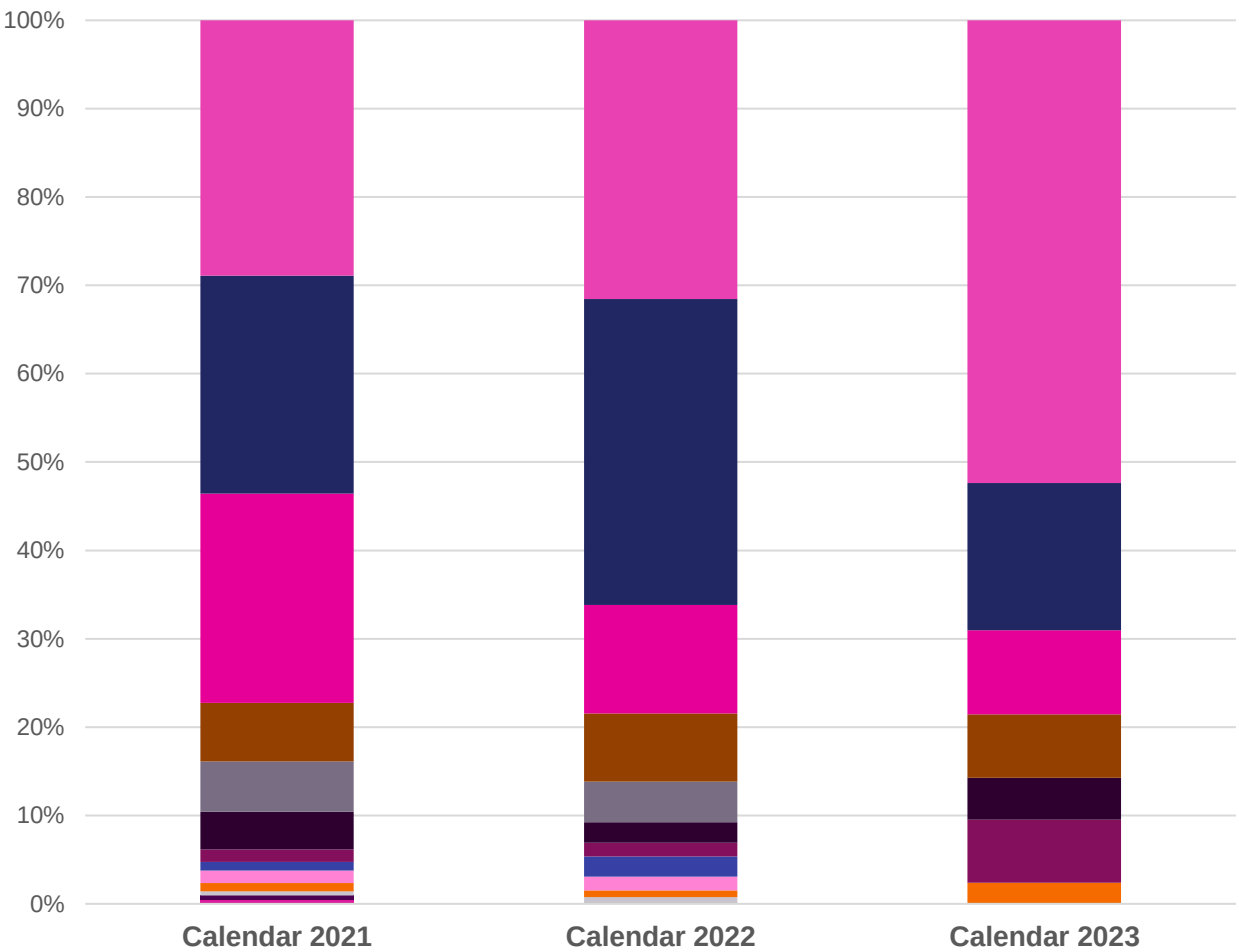
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Claims landscape



System Infiltration deep-dive

- Ransomware
- Business Email Compromise
- Other Hack/Malware
- Vendor Ransomware
- Wire Transfer
- Misemail
- Data Access/Exfil
- Other
- Misconfiguration
- Verbal
- Vendor System Failure
- Payroll



What's going on right now?

- Claims in the UK continue to dominate vs other international territories (excluding USA)
- Overall increase in reported ransomware cases, circa 10%
- Volume increased as per the above, however volume of encrypted systems decreased
- Increase in average ransom demand, and ransom payments
- A broader increase in level of complexity
- An increase in data extortion, without systems being encrypted

4M€

average cost of
data breach caused
by phishing*

82%

of cyber incidents
caused by
human error**

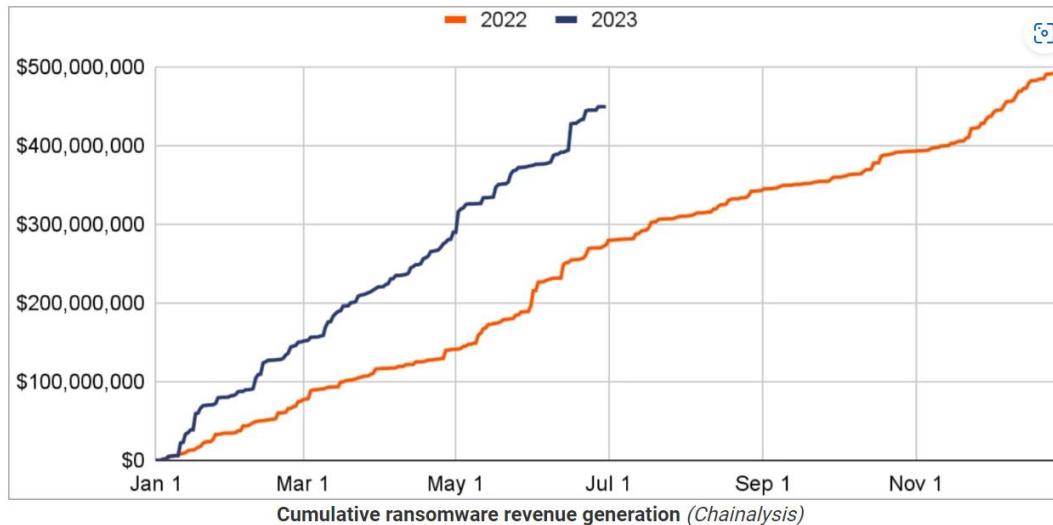
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Ransomware

[Ransomware payments on record-breaking trajectory for 2023 \(bleepingcomputer.com\)](https://bleepingcomputer.com)

"In fact, ransomware attackers are on pace for their second-biggest year ever, having extorted at least \$449.1 million through June."

As shown in the below graph by Chainalysis, the cumulative yearly ransomware revenue for 2023 has reached 90% of the 2022 total figure in the first half of the year.



Ransomware trends

- We continue to see law enforcement activity in dismantling RW groups, most recently bringing a standstill to operations of individuals deploying various RW strains (including Hive and Dharma)
- Threat actors are starting to leverage AI in the form of advance social engineering campaigns, automated spear phishing, polymorphic malware, enhanced encryption, and automated attack optimization.
- We are actively monitoring the Israel/Hamas conflict for potential impact on our insureds, attacks thus far have included both military and civilian assets.

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Trends by industry

- Top industries by incidents incurred: Academia, Manufacturing, and Engineering
- Although Academia remains a 'severe' industry, there is no specific evidence of targeting of the sector
- Academia is also a very broad term, including underfunded schools, with older more vulnerable IT systems, not as regularly maintained, with students and teachers using their own unvetted devices.
- The same can be said for colleges and universities, whereby a large variety of users, and machines connecting to a network can create a large surface area for attacks to occur.
- It's thought by some that University data could be seen as a big opportunity for threat actors, due to research findings being the target of international espionage.

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Risk Management



Controls in focus

- Not skipping on the basics.

MFA, Backups, EPP/EDR

- Behaviours across an organisation

Phishing training, passion for diligence, top to bottom

- Continuity throughout network (broad resilience)

Subsidiaries, teams, centrally organised

- Privileged accounts

Domain admin, service accounts

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Beazley Cyber Services



Beazley. Cyber Services

NEW: Improving cyber resilience • Crisis simulation workshop • Cyber insights session focusing on actionable insights from major incidents • Review of incident response plan • Access to out-of-band crisis coordination room	NEW: Reducing human error • Simulated phishing attack campaigns • Discounts on anti-phishing training and tools
More options: new cyber resilience offerings	
NEW: Managing digital risks • Phishing-resistant Multi-Factor Authentication (MFA) keys • Proactive Microsoft 365 cybersecurity assessment • Port scanning and monitoring • Risk management discussions	NEW: Discounted vendor services • Endpoint detection and response • Email security solutions • Secure remote access • Privileged access management • Vulnerability and patch management

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Beazley. Cyber Services

Risk management offerings: quick glance summary

	Free offerings for cyber clients	30K+ premium	50K+ premium	100K+ premium
Available throughout the policy year				
Risk management portal	✓	✓	✓	✓
Vendor discounts	✓	✓	✓	✓
Risk management discussion with Cyber Services	✓	✓	✓	✓
Risk management webinars	✓	✓	✓	✓
Onboarding video	✓	✓	✓	✓
Port scanning and monitoring	✓	✓	✓	✓
Out-of-band crisis communication room	✓	✓	✓	✓
Incident Response Plan (IRP) review	✓	✓	✓	✓
Onboarding call with Cyber Services*	✓	✓	✓	✓
One risk management offering per policy year				
M365 cybersecurity assessment		✓	✓	✓
Phishing-resistant MFA keys		Up to 30 keys	Up to 60 keys	Up to 100 keys
Simulated phishing campaigns for one year (managed by insured)		Up to 200 users	Up to 1000 users	Up to 2000 users
Simulated phishing campaigns for one year (vendor-managed)			Up to 500 users	Up to 1000 users
Crisis simulation workshop			2-hr virtual	4-hour onsite
Cyber Insights session				✓

* 20K+ premium.

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Thank you

