

## LEGAL UPDATE

### **AFM calls attention to comparability of cyber insurances**

Date: 24 March 2023

The Dutch Financial Markets Authority (AFM) has conducted an exploration of the Dutch cyber insurance market, the results of which it [published](#) on 27 February 2023.

Cyber insurances cover risks due to cyber incidents. Examples of risks that can be covered by cyber insurances include losses due to cyber extortion, identity fraud, data loss or monetary loss due to fraudulent financial payment transactions.

The AFM notes that cyber insurance policies offered by Dutch insurers are difficult to compare among themselves. This is due to the complexity of terms and conditions, different interpretation of key terms and coverages that are not made fully explicit by insurers. For example, the definition of 'cyber incident' varies widely and ranges from cover for human faults to only cover for malicious attacks. According to the AFM, insurance terms are difficult to fathom because cyber risks are particularly IT risks so that a certain degree of IT knowledge is required.

The AFM calls on the insurance industry to jointly look at how it can increase the mutual comparability of product offerings. A policy adviser of the Association of Insurers (*Verbond van Verzekeraars*) [responded](#) to the AFM's exploration on 2 March 2023, stating that the findings do not surprise. According to the Association of Insurers, there are several reasons why cyber insurances are difficult to compare. This is mainly because cyber insurances are still limited and the market is developing. Furthermore, there is still little data on cyber incidents available and insurers are therefore also searching for the right terms and conditions. The Association of Insurers also points out that cyber risks are very dynamic and that what an insurer writes down in its terms and conditions now may be different again in two months' time. Before the summer of 2023, the Association of Insurers expects to publish a paper addressing how the cyber market is evolving and what circumstances play a role. We will of course keep you updated of any developments in this area.

If you have any questions about drafting insurance terms or cyber insurances in general, please feel free to contact one of our specialists.

This is a Legal Update by Mark Murriss and Dylan Verheij.

For more information:

Mark Murriss  
+31 30 25 95 577  
[markmurriss@vbk.nl](mailto:markmurriss@vbk.nl)

Dylan Verheij  
+31 30 25 95 577  
[dylanverheij@vbk.nl](mailto:dylanverheij@vbk.nl)