



Cyber Risk Business Panel

TERMS OF REFERENCE

All Cyber Risk Business Panel members should familiarise themselves with the most recent set of LMA Competition Guidelines (these are at Appendix 1 hereto and the link to this document on the LMA website is: www.lmalloyds.com/competition_guidelines).

In accepting membership of any Panel, that individual/organisation agrees to be bound by these Terms of Reference and to comply with the Competition Compliance Guidelines.

1 DEFINITIONS

"LMA" means the Lloyd's Market Association;

"LMA Full Member" means any Managing Agency or Members' Agency operating at Lloyd's;

"LMA Executive" means the employees of the LMA, individually and collectively;

"Committee" means Non-Marine Committee

"Panel" means Cyber Risk Business Panel

2 CONTEXT/BACKGROUND

2.1 The LMA is the representative body for underwriting businesses at Lloyd's. It is a company limited by guarantee, owned by its members (managing and members' agents).

2.2 The LMA's mission is:

"to provide professional, technical support to the Lloyd's underwriting community.

2.3 The LMA Board, consisting of market leaders the majority of whom are directly elected by the members, sets the overall strategy, direction and priorities of the LMA. It delegates delivery to Policy Committees which in turn rely on a variety of specialist committees/panels, both permanent and ad hoc. The LMA depends on several hundred volunteers on all these committees/panels to ensure that the views it expresses are representative of the market and the services it provides are in tune with members' needs.



3 ROLE AND SCOPE OF THE PANEL

3.1 The Panel reports to the Non-Marine Committee.

- 3.2 The Panel is established in order to provide a representative forum for the Cyber and Technology Errors and Omissions Market Sectors. This includes but is not limited to business issues connected to the following Lloyd's Risk Code Classifications:
- 3.3 "CY" "Cyber Security Data and Privacy Breach": Coverage in respect of first or third party costs, expenses or damages due to a breach (or threatened breach) of cyber security and/or privacy of data, that does not include damage to physical property.
- 3.4 "CZ" "Cyber Security Property Damage": Coverage in respect of first or third party costs, expenses or damages due to a breach of cyber security that includes damage to physical property
- 3.5 "E8" and "E9" Miscellaneous Errors and Omissions (including US) where including Technology E&O. *[It is noted that this risk code may also be represented by the Errors and Omissions Panels][until 31st Dec 2015 when superceded]*
- 3.6 Technology and Telecommunications E&O: From 1st January 2016, "F4" and "F5" Technology and Telecommunications E&O : This provides cover for Technology and Telecommunications Providers E&O, excluding coverage allocated to CY or CZ.

3.7 The Panel has the following roles:

- 3.7.1 to promote efficient operation and the highest technical standards in the Cyber and Technology and Telecommunications E&O Underwriting sectors;
- 3.7.2 to represent the interests of practitioners in this sector to Lloyd's and other organisations relevant to the sector in the UK and overseas;
- 3.7.3 to respond to requests from practitioners in this sector, the LMA Executive, Policy Committees and other committees and panels for advice and recommendations on issues and, where necessary, raise with any organisation or individual issues with which that organisation or individual may be able to assist;
- 3.7.4 in relation to any LMA model wordings or model agreements, to consult with practitioners in the relevant sectors or classes of business, both representatives of LMA members and, as appropriate, external persons or organisations, and following this to publish such model wording or agreement on the LMA website and, if a policy wording, in the market wordings repository, in order to promote the highest level of market efficiency and standards for the benefit of LMA members, practitioners,



policyholders and their representatives and other counterparties of LMA members;

3.7.5 promoting education of issues relative to cyber risks underwriting.

3.8 The Panel will fulfil this role by:

3.8.1 being constituted so as to be representative of the interest of the Cyber and Technology E&O business sectors;

3.8.2 meeting on a regular basis with planned agendas and minutes of proceedings; and

3.8.3 publishing a summary of its work from time to time on the LMA's website by way of summary minutes of its meetings or an annual summary.¹

4 OFFICERS

4.1 Chairman

4.1.1 Duties

- (a) The Chairman will oversee the efficient and effective operation of the Panel in accordance with these Terms of Reference.
- (b) In fulfilling these duties The Chairman will use best endeavours to act independently with due regard for the interests of all managing and members' agents, and in accordance with any legal or regulatory requirements.²
- (c) In particular, the Chairman (with the assistance of the Secretary) shall ensure that the Panel conducts its business in accordance with the requirements of UK and EU competition law.

4.1.2 Appointment

- (a) The Chairman will be elected by a simple majority decision following a vote by Panel members.
- (b) Relevant experience/criteria³
 - Broad experience of the sector
 - Recognised authority among practitioners in the sector
 - Ability to represent practitioners' interests to external bodies
 - Reputation for fairness and integrity
 - Technical knowledge



- (c) Any person applying for membership of the Panel must be prepared to serve as Chairman if (s)elected.
- (d) A secret ballot will be held if requested by any member of the Committee/Panel.

4.1.3 Termination/Retirement

- (a) The Chairman will retire every 2 year(s), but will be eligible for re-nomination.
- (b) By notice served by the LMA Chief Executive the Chairman may be removed from office if he/she (i) ceases to fulfil the requirements of membership of the Panel, (ii) becomes incapable of performing the functions of the office as outlined in these Terms of Reference whether by illness, infirmity, incompetence or (iii) is found by a properly constituted tribunal or supervisory authority to have breached any law or regulation applicable in the Lloyd's market or the relevant sector.
- (c) At a meeting a majority of two thirds or more of the Members of the Panel may decide to remove and replace the Chairman during the course of his/her term of office if there are serious concerns as to how he/she is discharging his/her role under these Terms of Reference. The Chairman will cease to act with immediate effect and the Deputy Chairman will become the new Chairman until a replacement has been appointed.
- (d) The Chairman can appeal against his/her removal in accordance with section 7.

4.2 Deputy Chairman

4.2.1 Duties

The Deputy Chairman shall perform the functions of the Chairman in the event of the Chairman's absence, incapacity or on an interim basis in the event of the Chairman's removal.

4.2.2 Appointment

- (a) The Deputy Chairman will be elected by a simple majority decision following a vote by Panel members.
- (b) Relevant experience/criteria⁴

As per the Chairman's appointment



4.2.3 Termination

- (a) The Deputy Chairman will retire every 2 year(s) but will be eligible for re-nomination.
- (b) By notice served by the LMA Chief Executive the Deputy Chairman may be removed from office if he/she ceases (i) to fulfil the requirements of membership of the Panel, (ii) becomes incapable of performing the functions of the office as outlined in these Terms of Reference whether by illness, infirmity, incompetence or (iii) is found by a properly constituted tribunal or supervisory authority to have breached any law or regulation applicable in the Lloyd's market or the relevant practice area.
- (c) At a meeting a majority of two thirds or more of the Members of the Panel may decide to remove and replace the Deputy Chairman during the course of his/her term of office if there are serious concerns as to how he/she is discharging his/her role under these Terms of Reference. The Deputy Chairman will cease to act with immediate effect and a replacement will be appointed.
- (d) The Deputy Chairman can appeal his/her removal in accordance with section 7.

4.3 Secretary

4.3.1 Duties

The Secretary will be responsible for the efficient administration of the Panel including the convening of meetings, preparation and circulation of agendas and minutes, reporting, timely follow-up of agreed actions, updating relevant webpages, research or investigations etc; and shall ensure that members of the Panel comply with the LMA's Competition Compliance Guidelines, bringing any potential breaches to the attention of the Chairman and LMA Executive.

4.3.2 Appointment

The Secretary shall be a member of the LMA Executive.

5 MEMBERSHIP OF THE PANEL

5.1 The Panel shall consist of 21 members.⁵

5.2 At the penultimate meeting of each year, the LMA will decide in consultation with the Panel, the relevant Policy Committee and practitioners in the relevant sector, how many places will exist on the Panel the following year.

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5.3 Current membership

The members of the Panel are listed in Appendix 2 hereto.

[NOTE: List the current members of Committee/Panel in Appendix 2.]

5.4 Membership criteria⁶

5.4.1 Members of the Panel may be drawn from the following groups:

- a) Employees of managing agency members of the LMA.
- b) Representatives of other Market sectors and organisations.
- c) Representatives of the Ins-Sure Services Limited, Xchanging Claims Services Limited and/or Corporation of Lloyd's departments and relevant service providers;
- d) In the event that a Panel member no longer meets the requirements of 5.4.1 (a) (b) or (c), then their membership shall cease as outlined in paragraph 5.6 and the vacancy shall be filled in accordance with 5.5.4.

5.5 Admission Procedures

MEMBERSHIP BY SELECTION

5.5.1 The Panel will be constituted by the selection of individual members by the LMA.

5.5.2 At the last meeting of the year, the LMA will decide in consultation with the Panel and practitioners in the relevant sector how many places will exist on the Panel the following year.

5.5.3 The criteria for selection shall be as follows:

- Broad experience of the sector
- Recognised authority among practitioners in the sector
- Ability to represent practitioners' interests to external bodies
- Reputation for fairness and integrity
- Technical knowledge



CO-OPTION⁷

5.5.4 The Panel may invite individuals to join the membership or specified meetings by majority vote. Candidates will be selected on the basis of:

- Employment by an Undertaking active in sector;
- Technical expertise;
- Relevant practical experience;

5.5.5 Such co-opted members will not be able to exercise voting rights equivalent to those of other members.⁸

5.5.6 Any member or co-opted expert wishing to withdraw from the Panel need only inform the Secretary in writing. Members and co-opted experts may also be requested to withdraw by the Chairman or the Secretary in writing in the case of concerns about non-compliance with these Terms of Reference.

5.5.7 Co-opted Members will be reviewed at the time of the overall review of Committee/Panel membership (see 5.2).

5.6 Withdrawal of Membership and Resignation

5.6.1 The Panel may, at its discretion, withdraw the membership of any member who does not attend three successive regular meetings of the Panel.

5.6.1.1 In addition, any Member may have their membership withdrawn if they (i) cease to fulfil the requirements of membership of the Panel, (ii) become incapable of continuing as a member whether due to illness, infirmity or incompetence, (iii) if there are serious concerns as to how the Member is discharging their role under these Terms of Reference or (iv) is found by a properly constituted tribunal or supervisory authority to have breached any law or regulation applicable in the Lloyd's market or the relevant practice area.

5.6.2 Members wishing to resign from the Panel must do so formally in writing (for which purpose email will be acceptable) to the Secretary.

6 MEETINGS AND ADMINISTRATION

6.1 The Chairman, or in his absence the Deputy Chairman, shall preside at meetings. In the absence of the Chairman and the Deputy Chairman, a Chairman elected by a simple majority of those members present at the meeting shall preside.⁹

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- 6.2 In the conduct of all its meetings the Panel shall comply with all applicable competition and other relevant laws.
- 6.3 The Secretary will ensure that an agenda is circulated ahead of each meeting.
- 6.4 A copy of the draft minutes of every meeting of the Panel shall be sent as soon as reasonably practicable to every member of the Panel. The minutes remain in draft until adopted at a quorate meeting of the Panel.
- 6.5 The quorum for a meeting of the Panel shall be [5] of its members. The Secretary may make and circulate notes of meetings of members of the Panel which are inquorate but such a meeting shall not constitute a formal meeting of the Panel, except for the purpose of asking the LMA Executive to terminate the existence of the Panel where it has been inquorate for three or more successive meetings called by the Secretary in a period of three months.
- 6.6 The Secretary shall publish a summary of the work of the Panel from time to time on the LMA website in accordance with section 3.2.3 above.
- 6.7 Where it is deemed necessary the Panel may set up a sub-group to deal with specific projects and invite a limited number of members and co-opted experts to participate (a "Sub-Group"). The Sub-Group shall report back to the Panel with any recommendations, which will be considered by the Panel.
- 6.8 Venue, material, equipment and secretarial facilities will be arranged and provided by the LMA.

7 APPEALS

- 7.1 Where an applicant to the Panel has been refused membership of it, he/she can appeal against such decision in accordance with the procedures set out in this section.¹⁰
- 7.2 The first step will be for the applicant who has been refused membership under clause 7.1, or the Member whose membership has been withdrawn under 5.6 shall approach the Chairman of the Panel setting out the arguments for membership; the Chairman will then reconsider the matter having due regard to the Chairman's Responsibilities set out in the Terms of Reference.
- 7.3 A member who has been asked to withdraw from membership of the Panel may appeal in writing to the Chairman in accordance with these Terms of Reference.¹¹
- 7.4 In cases where membership of the Panel is refused or withdrawn the Chairman shall respond in writing within ten business days setting out the reasons for the decision.¹²
- 7.5 If an applicant to, or member of, the Panel is still not satisfied with the outcome of the Chairman's decision he/she may appeal to the LMA Chairman, the LMA Deputy Chairman and the LMA CEO, who shall jointly decide on the matter and respond in writing within fifteen business days.

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7.6 A Panel Officer who has been removed from office can appeal his/her removal to the LMA Chairman, the LMA Deputy Chairman and LMA Chief Executive, who shall jointly decide the matter and respond in writing within fifteen business days.

8 PROFESSIONAL FEES

8.1 Where the Panel wishes to seek professional advice in the course of its work, the nature and estimated cost of such work should be discussed with and agreed by the LMA Executive prior to instructing. The LMA will require the Panel minutes to record the approval of any expenditure.

9 REVIEW OF TERMS OF REFERENCE

9.1 Not less than TWO years after the date on which these Terms of Reference come into effect, the LMA in consultation with the Panel and practitioners in the sector shall undertake a review of the workability and practicability of these terms and, in the light of the outcome of such review, make proposals for changes to these terms as appropriate. The conclusions shall be published on the LMA website shortly after the review.¹³

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APPENDIX 1 - LMA COMPETITION COMPLIANCE GUIDELINES

[Note: Insert copy and link]

APPENDIX 2 - [CYBER PANEL] MEMBERSHIP

Geoff White (Acting Chair)	Barbican Insurance - Syndicate 1955
Iain Ainslie	Ace
Rick Welsh	AEGIS Managing Agency Ltd
Lloyd Fielder	Amlin
Philip Mayes	ANV Syndicate 1861
James McPartland	Argo International
Tom Allen	Aspen Syndicate 4711
Wesley Butcher	Atrium Underwriters Ltd Syndicate 609
Alessandro Lezzi	Beazley
Ben Maidment	Brit Insurance
Jeremy Hyne	Canopus 4444/958
Chris Pavlou	Chubb Managing Agent Ltd
Chris Thorne	Faraday Syndicate 435
Marcus Breese	Hiscox
Matthew Hogg	Liberty
Scott Bailey	Markel Syndicate 3000
Dan Trueman	Novae
Danny Clack	Pembroke Syndicate 4000
James Tuplin	QBE
Russell Bean	Talbot
Laila Khudairi	Tokio Marine kiln

APPENDIX 3 - ELECTION PROCEDURE

The election will be administered by the Panel Secretary who shall determine the election procedure and timetable at his or her discretion.

- 1 The Secretary will publicise the election within the LMA's membership in a timely manner and invite applications from eligible persons.
- 2 Applications should be made via the Secretary.

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- 3 Each LMA member will be entitled to vote. All votes will be counted equally. In the event of a tie, the matter upon which there is disagreement will be referred to the LMA Board.
- 4 All votes will be confidential.

¹ *[NOTE: The production of summaries ensures that all matters addressed by the committee/panel are properly recorded in a transparent manner, and imposes a duty on the Chairman and Secretariat to ensure that this is carried out.]*

² *[NOTE: The requirements of independence and consideration of all market participants emphasise that the Association is designed to be an inclusive forum furthering the interests of all, rather than furthering the aims of a limited number of powerful operators.]*

³ *[NOTE: The qualities for which a Chairman will be chosen should be known in advance, and should be clearly linked to the Chairman's duties. If there is reason to believe that these qualities are being used to ensure candidates from particular areas or organisations are being selected that cannot be objectively justified, these should be open to review.]*

⁴ *[NOTE: These will mirror those for the Chairman.]*

⁵ *[NOTE: The Panel should be of a size which reflects the nature and importance of the relevant sector both within Lloyd's and to Lloyd's in the national or international context.]*

⁶ *[NOTE: If membership is to be limited to specific classes or organisations, it is essential that the selection of these be objectively justifiable. The exclusion of any class or organisation might otherwise be interpreted as an attempt to deny those excluded a competitive advantage enjoyed by panel/committee members, which may infringe competition law. The provision of reasons is an important part of maintaining transparency, and therefore as much information as practicable should be provided concerning the criteria for membership.]*

⁷ *[NOTE: Co-option is available whether the Committee/Panel is elected or selected. Both selection and co-option can confer valuable benefit and care needs to be taken not to abuse these procedures. Using these procedures to exclude particular organisations or individuals from participation is unacceptable. It is particularly important to set out objective selection and co-option criteria.]*

⁸ *[NOTE: You may want to consider whether voting rights for such individuals are necessary or proportionate.]*

⁹ *[NOTE: Consider whether a simple majority will be sufficient for these purposes.]*



¹⁰ *[NOTE: An effective appeal procedure is a vital part of promoting fairness. Subjecting all material decisions to independent review enables organisations to identify potential cases of discrimination and to ensure decision-makers are accountable.]*

¹¹ *[NOTE: It is vital that the appeal process directs the appeals to appropriate, impartial individuals or organisations.]*

¹² *[NOTE: Setting and adhering to appropriate time limits is an important part of ensuring effective redress.]*

¹³ *[NOTE: Regularly reviewing the Terms of Reference ensures that these procedures adequately reflect legal, technical and structural developments and that they remain in keeping with their original purpose. You may also consider a provision allowing members to challenge or seek amendments to the Terms of Reference.]*