

June 2, 2017

Tokio Marine & Nichido Fire Insurance Co.,Ltd.

Strategic Partnership with Cyence in Cyber Risk

Tokio Marine & Nichido Fire Insurance Co., Ltd. (President: Toshifumi Kitazawa, hereinafter "our company") and Cyence Inc. (CEO: Arvind Parthasarathi) who has superior expertise in data collection and analysis related to cyber risk have signed a strategic partnership agreement. Through this partnership, we will endeavor to expand our insurance business by improving our underwriting capability and enhance risk management in Cyber Risk.

1. Background

According to the announcement of the National Police Agency, the total number of targeted mail attacks that occurred in 2016 was 4,046 cases which increased 218 from the previous year. In addition to an increase in the number of damage caused by cyber attacks, the method of attacks have been diversifying and getting more sophisticated year by year so that it is told that preventing completely damage from cyber attacks would be very challenging.

We have started providing "Cyber Risk Insurance" since February 2015. It is expected that this insurance will be utilized more and more as a solution of risk hedging in this field against cyber attacks,

On the other hand, cyber risk is unique compared to other risks such as natural disasters. There is a special nature that sufficient past accident data does not exist and cyber risks themselves are constantly changing so that it is challenging to predict potential losses due to cyber risk. Contributing factors that companies suffer from cyber attacks are not simple but diverse. In general, companies tend to think that the cause of the damage from cyber attacks are mainly due to technical factors such as security vulnerabilities, but in fact it is indispensable to insight comprehensively not only technical factors but also non-technical factors such as the recognition of the company, the nature of business and the amount of personal information held by the company.

In light of the above-mentioned cyber risk specificity and the diversity of cyber risk factors, we are enhancing R&D activity for further data collection and improvement of the risk analysis method.

2. Outline of Cyence

Cyence is a Cyber Risk analytics firm dedicated to cyber risk based in Silicon Valley, USA with deep expertise in collecting data, analyzing cyber risks and building risk models. The company has its own expertise to build Cyber risk model by continually gathering and analyzing cyber-risk data that continues to change. The company provides this model to customers in insurance industry, rating agencies and

banks, so offer the solution for their own business and already has many achievements in Europe and the United States.

Company name	Cyence Inc.
Location	San Mateo, California, USA (Silicon Valley)
Establishment date	September 2014

3. Purpose of this Strategic Partnership

Through this business alliance, by utilization of Cyence’s knowledge on cyber risk and collaborative research on security incidents in the domestic market with the company, we will reinforce the following measures with the aim of realizing and further expanding business in the cyber field expected to grow further.

- (1) Data collection on cyber risk
- (2) Strengthening the method of cyber risk assessment
- (3) Enhancing underwriting / risk management capability of Cyber Risk Insurance

4. What is Cyber Risk Insurance?

It is an insurance that comprehensively provides coverage for various risks that companies suffer in case of cyber attack by one contract, and we started selling in February 2015. In addition to responding to lawsuits for damages in Japan and overseas, we will also compensate for various response costs when cyber attacks such as unauthorized access occurs. Starting in October 2015, we began offering “Cyber Risk Comprehensive Support Service” related to cyber risk.