

Guidance Note to LMA5668 and LMA5669

LMA5668 and LMA5669 are model 'hybrid' cyber clauses developed by the LMA's Terrorism and Political Violence Committee, for use with Terrorism and Political Violence policies. The clauses combine the cyber and data exclusion of LMA5409A with the cyber extension of either LMA5378A (LMA5668) or LMA5379A (LMA5669).

As per the requirements set out by Lloyd's in Risk Code Guidance and Mapping Notes July 2024 in respect of cyber exposures in the Terrorism and Political Violence market, policies should:

- exclude all cyber losses as a starting point; and
- construct separate, affirmative cyber cover.

LMA5668 and LMA5669 have been published for information and guidance, to assist LMA Members in addressing the above requirements via a single model clause, where appropriate.

Cyber Extension

LMA5668 and LMA5669 are model clauses that grant cover for losses caused by an act of terrorism, sabotage or any other insured act carried out using cyber means. LMA5668 covers physical damage only and LMA5669 covers physical damage and resulting business interruption. In both cases cover is subject to a sublimit.

To trigger coverage under either clause, a Cyber Act (as defined within the endorsement) must:

- a) be used as a means of carrying out an act that meets the original policy's definition of 'terrorism', 'sabotage', or any other insured act; and
- b) result in physical damage to property insured under the original policy.

Please note that when providing this coverage, members will need to ensure that the appropriate Lloyd's risk code is used.

Cover for acts of terrorism and sabotage is provided under LMA5668 and LMA5669 and there is the option of extending cover to additional insured acts depending on appetite. Where cover for additional insured acts is purchased by the insured, the model clauses must be amended to ensure the additional insured acts are specified.

Definitions

As drafted, 'terrorism', 'sabotage', and all additional insured acts covered under LMA5668 and LMA5669 are defined as per the original policy. Therefore, LMA Members may wish to ensure that:

- 'terrorism', 'sabotage', and any additional insured acts they agree to cover when using LMA5668 or LMA5669 are defined in the original policy; and
- these definitions are drafted such that it is possible that an act of terrorism, sabotage, or any additional insured acts could be carried out using cyber means.

The model clauses can be amended as necessary to include cyber-specific definitions of 'terrorism', 'sabotage', or any additional insured acts. This can be done where LMA Members deem the definitions in the original policy are not suitable for providing coverage for insured acts carried out using a cyber means. For example, many definitions of political violence perils used in the market make explicit reference to 'violence' / 'use of force' and/or 'disturbance of the public peace'. An act carried out using cyber means may not meet these definitions, meaning that such definitions may not be compatible with the coverage granted under LMA5668 or LMA5669.

Use of LMA Model Wordings

LMA model wordings are purely illustrative and distributed for the guidance of its Members, who are free to agree to different conditions or amend as they see fit. It is for Underwriters to decide whether or not any contractual language is acceptable on any given risk.