



Cyber Risk Presentation for IRM North West 13th Oct. 2011

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Information - does increased availability heighten the risks?

The insurance perspective

Who needs insurance?

- Who might be interested?
- What's covered?
- What's not covered?
- What does it cost?
- How much benefit?

Likely clients and claim circumstances

- Healthcare including doctors' and dentists' practices and care homes
- Hospitality including hotels, restaurants pubs and event organisers
- Professionals lawyers, accountants, media, consultants, telecoms
- Retail including high street stores, online retailers, supermarkets
- Travel including airlines, tour operators, travel agents

Claim Scenarios

- Social Networking Slip.
- Social Media Gossip.
- Social Media Account Hijacked.
- Corporate Website Hacked.
- Cyber Espionage.
- Loss Of Customers' Credit Card.
- Data Loss.
- Cyber Theft.

Traditional Insurance policies

- Any cover at all?
- How are e-risks excluded?

Computer Insurance

- Loss or damage (equivalent to All Risks including Theft without forcible entry) INCLUDING BREAKDOWN
- All Hardware incl. Proprietary Software Programs
- OPTIONAL Increased cost of Working, denial of access, interruption to electricity supply and telecoms
- OPTIONAL Reinstatement of Data by Virus or Similar Mechanism and Hacking

Cyber Risks- Available Insurance covers

- Network restoration in the event of a loss of data, communications, applications
- Loss of Business income and extra expense
- Liability-disparagement, plagiarism and infringement through use of the internet and e-mail
- Liability in respect of data breaches
- Transmission of a virus to a third party and denial of access

What constitutes a claim?

- Claim defined as “..a demand from, or the assertion of a right against, any Insured..”

OR

- Civil, regulatory, or administrative proceedings whereby it is alleged a WRONGFUL ACT has been committed

Definitions

DAMAGES

WRONGFUL ACT

Network restoration in the event of a loss of data, communications, applications

- Will indemnify against the cost of reinstating data lost or damaged in consequence of an ACCIDENT
Includes costs of
 - Conducting computer forensic investigations
 - Notifying individuals and/or regulators
 - Operating call centres
 - Offering credit monitoring services
 - Employing PR company

Loss of Business income and extra expense

- Loss of internet sourced revenue
- Hacking extension and threat to publish material obtained

Liability-disparagement, plagiarism and infringement through use of the internet and email

- Claims Made
- Defamation, Libel and Slander, harm to TP reputation
- Infringement of T.P. Intellectual Property (I.P)
- Negligent Act or Error on the Internet

Liability in respect of data breaches (right to privacy and breach of confidence)

- Invasion, Infringement, Interference with any Right of
- Privacy including Disclosure of Data which amounts to Breach of Data Protection Act including Costs associated there with.
- Unauthorised Disclosure of Confidential Information

Transmission of a virus to a third party and denial of access

- Claims Made:
 - a. Negligent and Inadvertent Transmission of a Computer Virus to a T.P.
 - b. Inability to access your own system due to a Denial of Service

So what does it cost? And who are the markets?

- Three examples
- Market Capacity

Risk Identification

Potential Risk Event	Likelihood	Potential Impact
Website copyright/trademark infringement claims	Low	Low
Legal liability to others for computer security Breaches (non-privacy)	Low-Medium	Low-Medium
Legal liability	High	High
Privacy breach notification costs credit and monitoring	High	Medium
Privacy regulatory action defence and fines	Low	Medium
Costs to repair damage to your information assets	Low	Medium
Loss of revenue due to failure of security or computer attack	Medium (overall) High (e-commerce)	Medium (overall) High (e-commerce)
Loss of revenue due to a failure of security at a dependent technology provider	Low	Medium
Cyber extortion threat	Low	Medium